

1. INFORMATION SUMMARY

THE INFORMATION SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE GROUP AND INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN THE SHARES OF THE COMPANY. THE INFORMATION SUMMARY SET OUT BELOW IS DERIVED FROM THIS PROSPECTUS AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS.

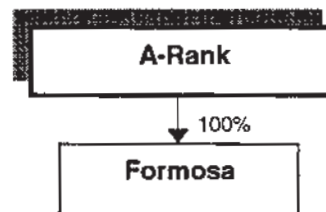
1.1 HISTORY AND BUSINESS

A-Rank was incorporated in Malaysia under the Act on 7 November 2003 as a private limited company under the name of A-Rank Sdn Bhd. Subsequently, on 30 March 2004 it was converted to a public limited company and assumed its present name.

A-Rank is an investment holding company and was incorporated to facilitate the IPO. A-Rank has only one(1) wholly-owned subsidiary company, Formosa, and does not have any associated companies.

Formosa was incorporated on 9 June 1997 as Malkaya Enterprises Sdn Bhd and subsequently changed its name to Formosa Shyen Horng Metal Sdn Bhd on 2 January 1998. The present issued and paid-up share capital of Formosa is RM1,250,000 comprising 1,250,000 ordinary shares of RM1.00 each. Formosa does not have any subsidiary or associated companies.

The structure of the Group is as set out below:-



The strength and the success of the Group is drawn from the founders of Formosa, namely, TWL, CHJ and LCC who have an average of about 19 years of experience in the aluminium industry. Together, their experience and in-depth knowledge of the aluminium industry have provided a platform to develop a strong business foundation which is critical to sustain the future growth of the Group.

The A-Rank Group, through Formosa, is principally involved in the manufacturing and marketing of aluminium billets. Since commencing operations in 1998, the Group has via its subsidiary company, Formosa, established itself as a major manufacturer of aluminium billets in Malaysia recording consistent growth in revenue from only RM3.3 million for the financial year ended 31 January 1999 to RM121.1 million for the financial year ended 31 July 2004 (and RM51.6 million for the five (5)-month period ended 31 December 2004). This consistent growth is achieved on the back of the increase in its installed annual production capacity of 12,000 tonnes as at 31 January 1999 to 72,000 tonnes as at 31 July 2004.

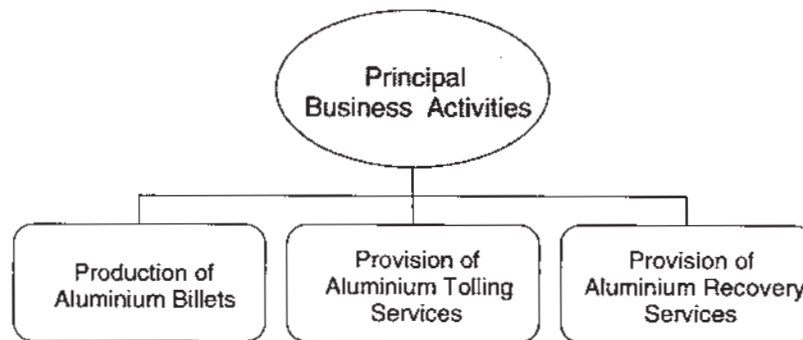
As part of the Group's expansion plans, Formosa first ventured into the export market in 1999. Since then, the export market has grown for the Group's products. For the five (5)-month period ended 31 December 2004, exports constituted approximately 22% of total Group revenue (this does not include the sale of billets to customers in Bangladesh via an agent in Malaysia which amounted to RM4.902 million representing 9.51% of the Group's total revenue for the same period up to 31 December 2004). The Group's primary export markets presently include Vietnam, USA, China, Singapore and Thailand. The Group intends to further expand its international clientele.

1. INFORMATION SUMMARY (Cont'd)

The principal business activities of the A-Rank Group comprise the following:-

- (i) Production of aluminium billets from primary aluminium ingots and aluminium scrap;
- (ii) Provision of tolling services by converting primary aluminium ingots into aluminium billets; and
- (iii) Provision of recovery services by converting aluminium scrap into aluminium billets.

The principal business activities of the A-Rank Group may be illustrated in the figure below:-



Aluminium billets are the primary raw material for aluminium extruders to produce various extruded profiles and shapes before undergoing further downstream processes to become final end-products. Aluminium products have a broad spectrum of application including building and construction, electrical and electronic, machinery and equipment, transportation, engineering, furniture, aviation industry, consumer products etc. Hence, aluminium billets have many types of alloys depending on its application or end-user industry.

Briefly, primary aluminium ingots and aluminium scrap form the primary raw materials in the production of aluminium billets. Primary aluminium ingots are cast in smelting plants where aluminium ore, most commonly in the form of bauxite, is refined into aluminium oxide trihydrate (alumina) and then electrolytically reduced into metallic aluminium through the Hall-Heroult Process. Aluminium scrap, on the other hand, takes several forms ranging from everyday household items such as aluminium foil and sheets to window frames, garden furniture as well as scrap from extrusion plants and power line wires etc.

The tolling services provided by the A-Rank Group entail the conversion of primary aluminium ingots into aluminium billets. These primary aluminium ingots are owned and normally provided by the customer, and the converted aluminium billets are then returned to the original customer. The customers are charged a fee for the tolling services provided.

The recovery services involve the process of remelting and refining of aluminium scrap, supplied by aluminium extruders themselves, into aluminium billets. The aluminium scrap generated during the extrusion process is typically the unused or excess tail-ends of aluminium billets. This is considered a by-product of the aluminium extrusion process. As aluminium extruders do not generally operate a remelt plant, the A-Rank Group provides a valuable service to these extruders by converting these aluminium by-products into aluminium billets for re-use.

Further information on the history and business of the Group is set out in Section 4.3 of this Prospectus.

1. INFORMATION SUMMARY (Cont'd)

1.2 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT OF A-RANK

The direct and indirect shareholdings of the promoters, substantial shareholders, Directors and key management of the Group as at 31 March 2005 are as follows:-

Name	Designation	Before the IPO				Proforma After the IPO			
		Direct (No. of Shares)	* (%)	Indirect (No. of Shares)	* (%)	Direct (No. of Shares)	^ (%)	Indirect (No. of Shares)	^ (%)
Promoters									
TWL	Managing Director	7,904,000	10.40	⁽¹⁾ 34,655,994	45.60	# 5,946,000	7.43	⁽¹⁾ 25,193,994	31.49
CHJ	-	9,120,000	12.00	-	-	6,630,000	8.29	-	-
LCC	-	4,560,000	6.00	-	-	3,315,000	4.14	-	-
Substantial Shareholders									
ARGSB	-	34,655,994	45.60	-	-	25,193,994	31.49	-	-
ARASB	-	-	-	⁽²⁾ 34,655,994	45.60	-	-	⁽²⁾ 25,193,994	31.49
TWL	Managing Director	7,904,000	10.40	⁽¹⁾ 34,655,994	45.60	# 5,946,000	7.43	⁽¹⁾ 25,193,994	31.49
RNSB	-	14,440,000	19.00	-	-	14,440,000	18.05	-	-
DSAJ	Non-Independent Non-Executive Chairman	-	-	⁽³⁾ 14,440,000	19.00	# 100,000	0.13	⁽³⁾ 14,440,000	18.05
CHJ	-	9,120,000	12.00	-	-	6,630,000	8.29	-	-
LCC	-	4,560,000	6.00	-	-	3,315,000	4.14	-	-
LHT	-	4,560,000	6.00	-	-	3,315,000	4.14	-	-
Directors									
DSAJ	Non-Independent Non-Executive Chairman	-	-	⁽³⁾ 14,440,000	19.00	# 100,000	0.13	⁽³⁾ 14,440,000	18.05
TWL	Managing Director	7,904,000	10.40	⁽¹⁾ 34,655,994	45.60	# 5,946,000	7.43	⁽¹⁾ 25,193,994	31.49
AABA	Independent Non-Executive Director	-	-	-	-	# 100,000	0.13	-	-
LCW	Independent Non-Executive Director	-	-	-	-	# 100,000	0.13	-	-
Key Management									
TWL	Managing Director	7,904,000	10.40	⁽¹⁾ 34,655,994	45.60	# 5,946,000	7.43	⁽¹⁾ 25,193,994	31.49
Fam Lian Fatt	Purchasing and Administration Manager	-	-	-	-	# 80,000	0.10	-	-
Tan Tze	Accountant	-	-	-	-	# 60,000	0.08	-	-
Wong See Nane	Production Manager	-	-	-	-	# 60,000	0.08	-	-
Jason Tay Tat Sem	Sales and Marketing Manager	-	-	-	-	# 20,000	0.03	-	-
Kok Chik Song	Production Engineer	-	-	-	-	# 60,000	0.08	-	-
Tan Kek Yau	Sales Engineer	-	-	-	-	# 20,000	0.03	-	-

1. INFORMATION SUMMARY (Cont'd)Notes:-

- # Including entitlements for the pink form share allocation pursuant to the IPO.
- * Based on the issued and paid-up share capital of 76,000,000 Shares before the IPO.
- ^ Based on the enlarged issued and paid-up share capital of 80,000,000 Shares after the IPO.
- (1) Deemed interested by virtue of Section 6A of the Companies Act, 1965 through his shareholdings in ARASB.
- (2) Deemed interested by virtue that ARGSB is a wholly-owned subsidiary of ARASB.
- (3) Deemed interested by virtue of Section 6A of the Companies Act, 1965 through his shareholdings in RNSB.

The details of the Promoters, substantial shareholders, Directors and key management of A-Rank Group are set out in Section 5 of this Prospectus.

1.3 FINANCIAL HIGHLIGHTS

The following table sets out a summary of the proforma consolidated results of the Group for the two(2) financial years ended 31 January 2000 and 2001, the financial period ended 31 July 2002, the two(2) financial years ended 31 July 2003 and 2004 as well as the five (5)-month period ended 31 December 2004, prepared on the assumption that the Group has been in existence throughout the period under review (the financial year end of the Group has been changed from 31 January to 31 July effective year 2002). The proforma consolidated results are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 10 of this Prospectus.

Financial year/ period ended	Eighteen (18) months ended					Five (5) months ended
	31.01.2000 (RM'000)	31.01.2001 (RM'000)	31.07.2002 (RM'000)	31.07.2003 (RM'000)	31.07.2004 (RM'000)	
Revenue	18,182	31,910	73,913	87,071	121,128	51,565
Gross Profit	3,785	5,874	8,910	7,594	9,743	5,013
EBIDTA	3,782	5,896	9,578	8,144	10,132	4,706
Interest expense	(77)	(57)	(113)	(361)	(342)	(154)
Depreciation	(527)	(713)	(1,895)	(1,588)	(1,737)	(787)
PBT	3,178	5,126	7,570	6,195	8,053	3,765
Taxation	(449)	(888)	(877)	(1,163)	(1,701)	(737)
PAT	2,729	4,238	6,693	5,032	6,352	3,028
No. of Shares in issue ('000) @	76,000	76,000	76,000	76,000	76,000	76,000
Gross EPS @ (sen)	4.18	6.74	9.96	8.15	10.60	4.95
Net EPS @ (sen)	3.59	5.58	8.81	6.62	8.36	3.98

Notes:-

- @ Based on the enlarged issued and paid-up share capital of A-Rank after the Acquisition and Rights Issue but before the Public Issue.

There were no extraordinary or exceptional items for the financial years/period under review.

The detailed commentaries on the historical performance of the Group is set out in the Accountants' Report included in Section 10 of this Prospectus.

1. INFORMATION SUMMARY (Cont'd)**1.4 PROFORMA CONSOLIDATED BALANCE SHEETS OF A-RANK AS AT 31 DECEMBER 2004**

The Proforma Consolidated Balance Sheets of A-Rank as at 31 December 2004 set out below has been prepared for illustrative purposes only to show the effects on the audited balance sheet of A-Rank, had the Listing Scheme been effected on that date.

	Audited as at 31 December 2004 RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000
ASSETS EMPLOYED				
PROPERTY, PLANT AND EQUIPMENT	-	23,438	23,438	23,438
CURRENT ASSETS				
Inventories	-	8,792	8,792	8,792
Trade receivables	-	10,373	10,373	10,373
Other receivables, deposits and prepayments	-	335	335	335
Cash and bank balances	*	632	10,912	13,312
	*	20,132	30,412	32,812
CURRENT LIABILITIES				
Trade payables	-	1,838	1,838	1,838
Other payables and accruals	1	1,469	1,469	1,469
Amounts owing to directors	5	626	5	5
Amounts owing to shareholders	-	1,129	-	-
Amount owing to shareholders of Formosa before the Acquisition	-	^2,800	^2,800	^2,800
Hire-purchase creditor	-	30	30	30
Bank borrowings	-	5,706	5,706	5,706
Tax liabilities	-	523	523	523
	6	14,121	12,371	12,371
NET CURRENT (LIABILITIES)/ASSETS	(6)	6,011	18,041	20,441
	(6)	29,449	41,479	43,879
FINANCED BY				
SHARE CAPITAL	*	25,970	38,000	40,000
SHARE PREMIUM	-	8	8	408
RESERVES ON CONSOLIDATION	-	229	229	229
ACCUMULATED LOSSES	(6)	(6)	(6)	(6)
(CAPITAL DEFICIENCY)/ SHAREHOLDERS' EQUITY	(6)	26,201	38,231	40,631
LONG TERM AND DEFERRED LIABILITIES				
Hire-purchase creditor	-	5	5	5
Bank borrowings	-	1,493	1,493	1,493
Deferred tax liabilities	-	1,750	1,750	1,750
	(6)	29,449	41,479	43,879
Net (liabilities)/tangible assets	(6)	26,201	38,231	40,631
Net (liabilities)/tangible assets per ordinary share of RM0.50 each (RM)	(1,460.75)	0.50	0.50	0.51

Notes:-

* Represents RM2.00

^ The amount relates to the declaration of the special interim tax-exempt dividends of RM2.8 million by Formosa to its existing shareholders prior to the Acquisition on 7 March 2005. The said special interim tax-exempt dividends were subsequently paid on 18 March 2005.

Proforma I – Incorporates the effects of the Acquisition and the payment of the special interim tax-exempt dividends of RM2.8 million by Formosa to its existing shareholders prior to the Acquisition.

Proforma II – Incorporates the effects of Proforma I and the Rights Issue.

Proforma III – Incorporates effects of Proforma II and the Public Issue as well as Offer for Sale and after adjusting for the estimated listing expenses of RM1.6 million against the share premium account.

1. INFORMATION SUMMARY (Cont'd)

The detailed Proforma Consolidated Balance Sheets of A-Rank as at 31 December 2004 and the Reporting Accountants' letter thereon are set out in Sections 9.10 of this Prospectus.

1.5 AUDITORS' QUALIFICATION

The financial statements of the A-Rank Group for the financial years/period under review were not subjected to any audit qualification.

1.6 SUMMARY OF MATERIAL RISK FACTORS

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

Prospective investors should rely on their own evaluations and to carefully consider the investment considerations before buying any of the IPO Shares, which are the subject of this Prospectus. The investment consideration that should be considered includes, but are not limited to, the following: -

Item	Risk factors	Summary
(a)	No Prior Market for A-Rank's Shares	There can be no assurance of an active market for A-Rank's Shares upon its listing on the Second Board of Bursa Securities.
(b)	Business Risks	As in any other business, A-Rank is subject to risks inherent within the manufacturing industry.
(c)	Exposure to the Building Industry	The Group supplies aluminium billets to aluminium extruders who are dependent to a large extent on the building industry. However, this risk is mitigated as the Group also exports its billets to various geographical areas. In addition, most extruders are diversifying their customer base by expanding their business to other supporting industries.
(d)	Foreign Exchange Risk	The Group's import of primary aluminium ingots are conducted in USD. Currently, the Ringgit is pegged to the USD at an exchange rate of RM3.80 for every USD1.00, thus eliminating currency fluctuations. Aluminium billets exported by the Group are priced in USD thus forming a natural hedge which mitigates part of this risk. Further, the Group's back-to-back order and pricing arrangements with its customers also mitigate its exposure to this risk.
(e)	Pricing of Raw Materials	To ensure constant and reliable deliveries, the Group endeavours to maintain long-term relationships with foreign suppliers in order to obtain its purchases at competitive rates. The orders from customers are also priced back-to-back with that of suppliers to reduce the risk of any price increases.
(f)	Dependence on Key Management	The Group's success will depend to a significant extent upon the abilities and continued efforts of its existing Directors and key management. However, every effort has been made to groom the junior members and personnel to complement the management team to ensure the continuity and the competency of the management team.

1. INFORMATION SUMMARY (Cont'd)

Item	Risk factors	Summary
(g)	Political, Economic and Regulatory Consideration	Adverse developments in political, economic and regulatory conditions in Malaysia and other countries where the Group may supply or source its raw materials could materially and adversely affect the financial and business prospects of the Group.
(h)	Achievability of Forecasts	There can be no assurance that the forecasts contained herein will be realised and investors will be deemed to have read and understood the assumptions and uncertainties underlying the forecasts that are contained herein.
(i)	Capital Market Risks	The volatility of trading volumes witnessed on Bursa Securities may add risk to the market price of the listed shares of A-Rank. However, the profitability of A-Rank Group is not dependent on the performance of Bursa Securities as the business activities of the Group have no direct correlation with the performance of Bursa Securities.
(j)	Delay in or Abortion of the Listing of A-Rank	The success of the listing exercise is also exposed to the risk that it may be delayed or aborted should certain events occur.
(k)	Forward-Looking Statements	There can be no assurance that forward-looking statements in relation to the Group as contained in the Prospectus will prove to be correct. Any differences in the expectations of the Group may materially affect the Group's financial and business performances and plans.
(l)	Control by Substantial Shareholder	After the IPO, TWL will directly and indirectly control 7.43% and 31.49% respectively of A-Rank's issued and paid-up share capital, and thus will be able to exercise some extent of influence of the outcome of certain matters requiring voting of shareholders.
(m)	Impact of AFTA	Notwithstanding that AFTA does not pose any material risk directly to the Group's business, no assurance can be given that the impact of AFTA on the user-industry such as aluminium extrusion will not affect the financial performance of the Group.
(n)	Breakout of fire, energy crisis and other emergencies	Notwithstanding the measures taken, there is no assurance that any of the crises may not cause interruptions in the Group's operation in the future.
(o)	Insurance Coverage on Assets	The Group reviews and ensures adequate coverage for its assets on a continuous basis. Notwithstanding this, the Group continues to be exposed to other risks which cannot be reasonably or capable of being insured against.
(p)	Material Litigation/Legal Uncertainties	The Group is not engaged either as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of the Group.

1. INFORMATION SUMMARY (Cont'd)

Item	Risk factors	Summary
(q)	Borrowings	Upon completion of the Listing, the Group's total outstanding borrowings is expected to reduced to RM9.792 million. The Group's gearing ratio is also expected to reduce to 0.24 times. Unless the Group increases its gearing level, any adverse changes in interest rates is not expected to significantly impact its financial performance.
(r)	Related-Party Transactions / Conflict of Interest	<p>The Directors and/or substantial shareholders of A-Rank have given their undertakings that all future business transactions between them and the Group and their related persons, if any, shall be based on arms-length basis and on commercial terms that shall not be unfavourable to the Group.</p> <p>Some of the Promoters and/or substantial shareholders of A-Rank have interests in a company (or companies) carrying on similar businesses as those of the Group. However, these companies are not in competition with the Group. Furthermore, these affected Promoters and/or substantial shareholders concerned are not involved in the management of the Group.</p>
(s)	Dependence on Suppliers	The Group focuses its purchases from amongst the largest suppliers to build a relationship from which to negotiate for better pricing, terms and conditions and to secure a stable supply. Notwithstanding this, primary aluminium ingots is a commodity and can be sourced easily due to the abundant supply of the metal from the global market.
(t)	Long Term Contracts	The Group enters into long term contracts with certain suppliers to enable the Group to leverage on its bargaining position and negotiate for better pricing on purchases. However, the loss of such contracts does not pose a problem to the Group as aluminium is a commodity and its supply is readily available from alternative suppliers.
(u)	Competitive Risks	No assurance is given that the Group will be able to compete successfully with existing or new competitors. Nonetheless, the Group's pro-active measures will help ensure that this risk is minimised.
(v)	Environmental Risk	The A-Rank Group engages the services of licensed contractors to recycle dross and has also consistently complied with smoke emissions standards. The Group will continue to ensure all necessary measures and steps are taken to comply with the relevant environmental regulations.
(w)	Dependency on Imports of Primary Aluminium Ingots	Any interruptions in the supply of primary aluminium ingots, which is the principal raw material used in the production of aluminium billets, will impact on the Group's production. Notwithstanding this, there is no restriction imposed by the Malaysian Government on the import of primary aluminium ingots and neither is there any tariff levied. Further, as primary aluminium ingots is a commodity, it can be sourced easily due to the abundant supply of the metal from the global market. The Group also has contractual arrangements with primary aluminium ingot producers and as such, the Group is in a strong position to secure its supply of aluminium ingots.

Further information on the material risk factors are set out in Section 3 of this Prospectus.

1. INFORMATION SUMMARY (Cont'd)**1.7 PRINCIPAL STATISTICS RELATING TO THE IPO**

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

	No. of Shares	Share capital (RM)
AUTHORISED SHARE CAPITAL	<u>200,000,000</u>	<u>100,000,000</u>
ISSUED AND FULLY PAID-UP SHARE CAPITAL		
- 76,000,000 Shares	76,000,000	38,000,000
TO BE ISSUED PURSUANT TO THE PUBLIC ISSUE		
- 4,000,000 new Shares	4,000,000	2,000,000
ENLARGED SHARE CAPITAL	<u>80,000,000</u>	<u>40,000,000</u>
TO BE OFFERED FOR SALE		
- 16,600,000 existing Shares	16,600,000	8,300,000
IPO PRICE PER SHARE		RM1.00
PROFORMA CONSOLIDATED NTA		
Proforma Consolidated NTA as at 31 December 2004 (after taking into account the Acquisition, payment of the special interim tax-exempt dividends of RM2.8 million by Formosa to its existing shareholders prior to the Acquisition, Rights Issue, Public Issue, Offer for Sale and estimated listing expenses of RM1.6 million) (RM'000)		RM40,631
Proforma Consolidated NTA per Share		RM0.51

PROFORMA CONSOLIDATED PROFIT FORECAST

Financial year ending 31 July	Forecast 2005 (RM'000)
Revenue	<u>185,444</u>
Consolidated PBT	11,079
Less: Taxation	<u>(1,736)</u>
Consolidated PAT	<u>9,343</u>

Based on enlarged issued and paid-up share capital of 80,000,000 Shares

Gross EPS (sen)	13.85
Net EPS (sen)	11.68
Gross PE Multiple (times) *	7.22
Net PE multiple (times) *	8.56

Based on the weighted average share capital of 28,497,503 Shares ^

Gross EPS (sen)	38.88
Net EPS (sen)	32.79
Gross PE Multiple (times) *	2.57
Net PE Multiple (times) *	3.05

Notes:-

* Based on the IPO Price of RM1.00 per Share.

^ Assuming the Acquisition and Rights Issue is completed in mid March 2005 and the IPO is completed in early May 2005.

1. INFORMATION SUMMARY (Cont'd)**DIVIDEND FORECAST**

Financial year ending 31 July	Forecast 2005
Gross/Tax-exempt dividend per Share (sen)	3.50
Gross/Tax-exempt dividend yield (%) *	3.50
Net dividend cover (times)	3.34

Note:-

* Based on the IPO Price of RM1.00 per Share.

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

1.8 PROPOSED UTILISATION OF PROCEEDS

The total gross proceeds arising from the Rights Issue and the Public Issue will be utilised by the Group in the following manner:-

<u>Proceeds raised</u>		Amount (RM'000)
(i)	Rights Issue	10,280
(ii)	Public Issue	4,000
Total proceeds		14,280
<u>Nature of utilisation</u>		<u>Timeframe for utilisation</u>
(i)	Expansion plan	} By end 2005
(ii)	Estimated listing expenses *	
Total proceeds		14,280

Note:-

* Any unutilised amount shall be used for working capital purposes of the Group which has no fixed timeframe for utilisation. Any shortfall will be met via internally-generated funds.

A-Rank will bear all expenses incidental to the listing of and quotation for its Shares on the Second Board of Bursa Securities which include underwriting commission, brokerage, registration fee, the SC's fees, professional fees, advertising and printing costs and other fees the aggregate of which is estimated to be approximately RM1.6 million.

The Offer For Sale will raise gross proceeds of RM16,600,000. This amount shall accrue to the Offerors only and no part of the proceeds is receivable by A-Rank. The Offerors shall bear all expenses such as brokerage, underwriting commission, registration fee and share transfer fee relating to the Offer Shares.

Further details of the proceeds raised and their utilisation are set out in Section 2.7 of this Prospectus.

1. INFORMATION SUMMARY (Cont'd)**1.9 MATERIAL LITIGATIONS, BORROWINGS, CONTINGENT LIABILITIES AND COMMITMENTS****(i) Material Litigation**

As at 31 March 2005 (*being the latest practicable date prior to the issuance of this Prospectus*) the Group is not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution which has a material effect on the financial position of the Group and the Directors have no knowledge of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of A-Rank and its subsidiary company.

(ii) Borrowings

As disclosed in Section 9.4(iii) of this Prospectus, as at 31 March 2005 (*being the latest practicable date prior to the issuance of this Prospectus*) the total borrowings (*which are all interest-bearing*) in the form of term loans and bankers' acceptance amounted to approximately RM15.320 million as set out below:-

Borrowings	Amount outstanding as at 31 March 2005 (RM'000)
<u>Long Term borrowings</u>	
Term Loan	6,807
<u>Short Term borrowings</u>	
Term Loan	963
Bankers' acceptance	7,550
Total Borrowings	15,320

The Group has no foreign currency borrowings.

The Group has also not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout the five (5)-month period ended 31 December 2004 and up to 31 March 2005, being the latest practicable date prior to the issuance of this Prospectus.

(iii) Contingent Liabilities

As at 31 March 2005 (*being the latest practicable date prior to the issuance of this Prospectus*), the Group does not have any contingent liabilities which, upon becoming enforceable, may have a material impact on the profits or net asset value of the Group.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

1. INFORMATION SUMMARY (Cont'd)**(iv) Material Commitments**

Save as disclosed below and in Section 9.4(v) of this Prospectus, as at 31 March 2005 (*being the latest practicable date prior to the issuance of this Prospectus*) there are no material commitments for capital expenditure incurred or known to be incurred by the Group, which may have a substantial impact on the financial position of the Group:-

Material commitments	Amount (RM'000)
<u>Approved and contracted for</u>	
Plant and machinery *	6,009
Cost of additional land and construction of new remelt plant *	2,164
<u>Approved but not contracted for</u>	
Plant and machinery *	889
Construction cost of new office building	1,500
Total	10,562

Note:-

* *Being capital expenditure in relation to the Group's expansion plan. Please refer to Section 2.7(i) of this Prospectus for further information.*

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. PARTICULARS OF THE IPO

This Prospectus is dated 20 April 2005.

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

The approval of the SC obtained vide its letter dated 27 January 2005 shall not be taken to indicate that the SC recommends the IPO and that investors should rely on their own evaluation to assess the merits and risks of the IPO.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the Shares of the Company as a prescribed security. In consequence thereof, the IPO Shares 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 the Rules of Bursa Depository.

An application has been made to Bursa Securities for admission to the Official List and for the listing of and quotation for the issued and fully paid-up share capital of A-Rank 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 enlarged issued and fully paid-up Shares on the Second Board of Bursa Securities. Accordingly, monies paid in respect of any Application accepted from the IPO will be returned 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)*.

Pursuant to the Listing Requirements of Bursa Securities, at least 25% of the total number of Shares for which listing is sought must be held by a minimum number of 1,000 public shareholders holding not less than 100 shares each at the point of listing. In the event that the above requirement is not met pursuant to the IPO, the Company may not be allowed to proceed with its listing on the Second Board of Bursa Securities.

Bursa Securities assumes no responsibility for the correctness of any statements made or opinions 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 the Company or of its shares.

Applicants of the IPO Shares must have a CDS account. 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 the case of an Application by way of Electronic Share Application, only an applicant who is an individual and has a CDS account can make an Electronic Share Application and the applicant shall furnish his CDS account number to the Participating Financial Institution by keying his CDS account number if the instructions on the ATM screen at which he/she enters his Electronic Share Application requires him/her 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 A-Rank. 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 A-Rank since the date hereof.

2. PARTICULARS OF THE IPO (Cont'd)

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 in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

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 SHARE CAPITAL

	No. of Shares	Share capital (RM)
AUTHORISED SHARE CAPITAL	<u>200,000,000</u>	<u>100,000,000</u>
ISSUED AND FULLY PAID-UP SHARE CAPITAL		
- 76,000,000 Shares	76,000,000	38,000,000
TO BE ISSUED PURSUANT TO THE PUBLIC ISSUE		
- 4,000,000 new Shares	4,000,000	2,000,000
ENLARGED SHARE CAPITAL	<u>80,000,000</u>	<u>40,000,000</u>
TO BE OFFERED FOR SALE		
- 16,600,000 existing Shares	16,600,000	8,300,000
IPO PRICE PER SHARE		RM1.00
PROFORMA CONSOLIDATED NTA		
Proforma Consolidated NTA as at 31 December 2004 (after taking into account the Acquisition, payment of the special interim tax-exempt dividends of RM2.8 million by Formosa to its existing shareholders prior to the Acquisition, Rights Issue, Public Issue, Offer for Sale and estimated listing expenses of RM1.6 million) (RM'000)		RM40,631
Proforma Consolidated NTA per Share		RM0.51

The Issue/Offer Price is RM1.00 per Share payable in full upon application, subject to the terms and conditions of this Prospectus.

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

Subject to any special rights attaching to any Shares which may be issued by the Company in the future, the holders of Shares in the Company 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 the liquidation of the Company, in accordance with its Articles of Association.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each Share held.

2. PARTICULARS OF THE IPO (Cont'd)**2.2 OPENING AND CLOSING OF APPLICATION**

The Application for the IPO will open at 10.00 a.m. on 20 April 2005 and will remain open until 5.00 p.m. on 28 April 2005 or for such further period or periods as the Directors, Promoters and/or Offerors of A-Rank together with the Managing Underwriter in their absolute discretion may decide. Late applications will not be accepted.

Should the closing date of the aforesaid application be extended, the dates for the balloting, allotment and listing of A-Rank's entire issued and paid-up share capital on the Second Board of Bursa Securities might be extended accordingly. Any changes to the application period for the Public Issue and Offer For Sale will be notified to the public via an advertisement in a widely circulated daily Bahasa Malaysia and English newspapers.

2.3 CRITICAL DATES FOR THE IPO

Events	Tentative Date
Date of Prospectus/ Opening date of the Application for the IPO	20 April 2005
Closing date of the Application for the IPO*	28 April 2005
Tentative balloting date of Applications	3 May 2005
Tentative date for despatching Notices of Allotment of the new A-Rank Shares to successful applicants	10 May 2005
Tentative Listing date	11 May 2005

Note:-

* *The Closing Date of the IPO may be extended for further period or periods as the Directors, Promoters and/or Offerors together with the Managing Underwriter in their absolute discretion may decide.*

2.4 BASIS OF ARRIVING AT THE IPO PRICE

The IPO Price of RM1.00 per Share was determined and agreed upon by the Company, the Offerors and AmMerchant Bank as Adviser and Managing Underwriter based on various factors including the following:-

- (i) The Group's financial operating history and conditions and financial position as outlined in Sections 9.1 and 9.2 of this Prospectus;
- (ii) The prospects of the industry in which the Group operates as outlined Section 4.4.8 of this Prospectus;
- (iii) The estimated market coverage, position and share the Group within the industry in which the Group operates as outlined Section 4.3.9 of this Prospectus;
- (iv) The future plans and prospects of the Group as outlined Section 4.7 of this Prospectus;
- (v) The forecast net PE Multiple of 8.56 times based on the forecast net EPS of 11.68 sen based on the enlarged issued and paid-up share capital of 80,000,000 Shares in A-Rank;
- (vi) The Proforma Consolidated NTA of A-Rank as at 31 December 2004 of RM0.51 per Share based on the enlarged issued and paid-up share capital of 80,000,000 Shares in A-Rank;

2. PARTICULARS OF THE IPO (Cont'd)

- (vii) The forecast tax-exempt dividend yield of 3.5% based on the IPO Price of RM1.00 per Share and the enlarged issued and paid-up share capital of 80,000,000 Shares in A-Rank; and
- (viii) Comparison with other companies involved in the aluminium upstream industry as set out in Section 4.4.5 of this Prospectus.

The Directors and Promoters of the Group and AmMerchant Bank are of the opinion that the IPO Price is fair and reasonable after careful consideration of the abovementioned factors. However, investors should also note that the market price of A-Rank Shares upon listing on Bursa Securities is subject to the vagaries of market forces and other uncertainties which may affect the market price of A-Rank Shares. Investors should form their own views on the valuation of the Group and the IPO Shares before deciding to invest in the IPO Shares.

2.5 DETAILS OF THE IPO

Public Issue

The Public Issue of 4,000,000 new ordinary shares, representing 5.00% of the enlarged issued and paid-up share capital of A-Rank, at an issue price of RM1.00 per Share are payable in full upon application subject to the terms and conditions as set out in this Prospectus and will be allocated and allotted to the Malaysian Public via balloting, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

Offer For Sale

The Offer For Sale of 16,600,000 Shares by the Offerors at an offer price of RM1.00 per Share are payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:-

(i) Malaysian Public via Balloting

2,000,000 Offer Shares representing 2.50% of the enlarged issued and paid-up share capital of A-Rank will be made available for application by the Malaysian Public via balloting, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions subject to the terms and conditions as set out in this Prospectus.

(ii) Selected Investors via Placement

3,900,000 Offer Shares representing 4.87% of the enlarged issued and paid-up share capital of A-Rank will be placed out to selected investors who have been identified.

(iii) Eligible Employees, Directors and/or Business Associates of the Group

1,900,000 Offer Shares representing 2.38% of the enlarged issued and paid-up share capital of A-Rank will be reserved for the eligible employees and Directors as well as business associates (*comprising selected domestic customers*) of the Group.

(iv) Bumiputera Investors

8,800,000 Offer Shares representing 11.00% of the enlarged issued and paid-up share capital will be allocated to Bumiputera investors approved by the MITI.

2. PARTICULARS OF THE IPO (Cont'd)

In summary, the Public Issue Shares and the Offer Shares will be allocated and allotted in the following manner: -

	Public Issue		Offer For Sale	
	No. of Shares	* %	No. of Shares	* %
(a) Malaysian Public (<i>via balloting</i>)	4,000,000	5.00	2,000,000	2.50
(b) Selected investors (<i>via placement</i>)	-	-	3,900,000	4.87
(c) Eligible Directors, employees and business associates of the Group	-	-	1,900,000	2.38
(d) Bumiputera investors approved by the MITI	-	-	8,800,000	11.00
	4,000,000	5.00	16,600,000	20.75

Note:-

* Based on the enlarged share capital of 80,000,000 Shares.

Based on the table above, all the IPO Shares available for application by the Malaysian Public and the eligible employees, Directors and/or business associates of the Group in (a) and (c) respectively have been fully underwritten. The IPO Shares in (b) and (d) are not underwritten as they have been/will be placed out to selected investors and Bumiputera investors respectively.

In the event of an under-subscription of the Malaysian Public portion of the IPO Shares in (a), the unsubscribed portion will be made available to selected investors via placement. Any portion of the IPO Shares which are not taken up by eligible employees and Directors of the Group and/or the business associates of the Group in (c) will be made available for application by the Malaysian Public and/or selected investors via placement. Any further IPO Shares not subscribed for will be allocated to the Underwriters.

2.6 PURPOSES OF THE IPO

The purposes of the IPO are as follows: -

- (i) To provide the opportunity for the eligible employees and Directors of the Group and/or the business associates of the Group and the Malaysian investing public and institutions to participate in the equity and continuing growth of the Group;
- (ii) To comply with the National Development Policy requirements in respect of Bumiputera equity participation in the Group;
- (iii) To enable the Group to gain recognition and certain stature through its listing status and further enhance its corporate reputation and assist the Group in expanding its customer base;
- (iv) To enable the Group to gain access to the capital market to raise funds for future expansion, diversification, modernisation and continued growth of the Group; and
- (v) To facilitate the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the Second Board of Bursa Securities.

2. PARTICULARS OF THE IPO (Cont'd)**2.7 UTILISATION OF PROCEEDS**

The Rights Issue and the Public Issue are expected to raise gross proceeds of RM14,280,000 which shall accrue to the Company.

The Company intends to utilise the proceeds raised in the following manner:-

Nature of utilisation		Amount (RM'000)
(i)	Expansion plan	12,680
(ii)	Estimated listing expenses *	1,600
Total proceeds		14,280

Note:-

* Any unutilised amount shall be used for working capital purposes of the Group with no fixed timeframe for utilisation. Any shortfall will be met via internally-generated funds.

A-Rank will bear all expenses incidental to the listing of and quotation for its Shares on the Second Board of Bursa Securities which include underwriting commission, brokerage, registration fee, the SC's fees, professional fees, advertising and printing costs and other fees the aggregate of which is estimated to be approximately RM1.6 million.

The Offer For Sale will raise gross proceeds of RM16,600,000. This amount shall accrue to the Offerors only and no part of the proceeds is receivable by A-Rank. The Offerors shall bear all expenses such as brokerage, underwriting commission, registration fee and share transfer fee relating to the Offer Shares.

There is no minimum subscription to be raised from the IPO as the IPO Shares are fully underwritten where appropriate.

Brief details on the utilisation of proceeds from the Rights Issue and the Public Issue are as follows:-

(i) Expansion Plan

The Group is currently embarking on an expansion program which entails the following:-

Details	Description	Status as at 31 March 2005	Estimated cost (RM'000)
1. Construction of new remelt plant	The new factory premises to be situated on Lots 2-36 & 2-36(A) Mukim Beranang, Daerah Ulu Langat, Selangor will have a built-up area of approximately 4,060 m ²	Groundworks commenced in December 2004	4,500
2. Acquisition & installation of plant and machinery	Melting and holding furnaces and other ancillary equipment primarily comprising a furnace charger, a vertical casting machine, an overhead crane, forklifts, a sawing machine and cooling tower	Receiving various components on an on-going basis for installation and full scale operation by July 2005	12,949
TOTAL			17,449

The cost of the expansion plan is currently being financed by a term loan facility and from internally-generated funds.

2. PARTICULARS OF THE IPO (Cont'd)

As at 31 March 2005, approximately RM9.36 million has been incurred for the expansion plan. The Group will utilise RM12.680 million from the proceeds of the Rights Issue and Public Issue to finance the expansion plan by repaying part of the term loan facility as set out below:-

Borrower	Type of facility / facility limit / interest rate	Financial institution	Summary terms of repayment	Amount outstanding as at 31 March 2005 (RM'000)	Amount to be repaid from proceeds of the Listing
Formosa	<u>Fixed Loan 3 ("FL3")</u> Limit : RM4 million, of which RM2.8 million is allocated for the construction of a new remelt plant pursuant to the Group's expansion plan. Interest rate : 1% per annum above base-lending rate (presently 6% per annum)	United Overseas Bank (Malaysia) Berhad	To be repaid by 84 equal monthly instalments of RM60,371 (including interest) or until the FL3 and all interest are fully settled, whichever the earlier, commencing either:- i) one month after the full release of FL3; or ii) the ninth month from the date of the first drawdown.	1,387	Up to RM12.680 million for FL3 and FL4 *
	<u>Fixed Loan 4 ("FL4")</u> Limit : RM12 million for the acquisition and installation of plant and machinery pursuant to the Group's expansion plan. Interest rate : 1% per annum above base-lending rate (presently 6% per annum)	United Overseas Bank (Malaysia) Berhad	FL4 is to be repaid fully at the end of 24 months from the date of the first release or not later than 3 months from the successful listing of the Group, whichever is earlier.	4,169	
				5,556	

Note:-

- * The balance of the proceeds of RM12.680 million which is not used to repay FL3 and FL4 will be utilised directly to fund the expansion plan

The new remelt plant is expected to further increase the Group's production capacity of aluminium billets by an additional 3,000 tonnes per month or 36,000 tonnes per annum. The equipment installed at the new plant employs the latest advances in technology and will enable the Group to further improve the quality of its products and meet the increasing sophistication of customer requirements.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

2. PARTICULARS OF THE IPO (Cont'd)

Below sets out the details of some of the new equipment and the technology that would be employed in the new remelt plant:-

	Existing remelt plant	New remelt plant
<u>Melting furnace</u>		
Quantity/capacity	Four(4) units of melting furnaces each with an operating capacity of 25 tonnes per load.	Two(2) units of melting furnaces each with an operating capacity of 28 tonnes per load.
Technology employed	Melting furnaces are equipped with regenerating burners and diesel fuel as sources of energy.	Melting furnaces are equipped with regenerating burners and natural gas fuel as a source of energy. Advantages of using natural gas compared to diesel fuel are as follows:- (i) higher burning calories; (ii) clean and environmental friendly; and (iii) cost effective.
<u>Holding furnace</u>		
Quantity/capacity	No holding furnace. Aluminium billets are cast out directly from melting furnaces.	One(1) unit holding furnace with an operating capacity of 30 tonnes per load.
Technology employed	Not applicable.	The holding furnace allows alloy regulating works (<i>to control the mix of elements in the molten alloy</i>) to be carried out without interrupting the process in the melting furnace. In addition, the tilting feature and hydraulic system will enable the safe transfer of the molten aluminium at a consistent volume into the launder system leading to the casting machine.
<u>Casting equipment</u>		
Quantity/capacity	Two(2) units of fully automated vertical direct-chilled machine each with an operating capacity of 20 tonnes per casting drop and one(1) unit of vertical hot-top direct-chilled casting equipment with an operating capacity of 10 tonnes per casting drop.	One(1) unit of fully automated vertical direct-chilled hydraulic-controlled casting machine with an operating capacity of 23 tonnes per casting drop.
Technology employed	Uses hot-top mould system.	Uses the Wagstaff(TM) Airslip(TM) billet casting technology or "air pressurised method" equipped with air cushion to restrict the metal contact with the mould wall (<i>friction free</i>), hence resulting in very little heat transferred through the mould wall. Billets that are produced from this technology are of high quality, possess very thin outer shell in the solidifying process, are uniformly-grained with excellent surface smoothness and with an improved metallurgical microstructure, all of which translates to improved efficiency in the extrusion process and cause less wear on the extrusion moulds.

The new remelt plant is expected to be completed by June 2005 and testing and commissioning of the plant will follow immediately thereafter. The Directors anticipate the new remelt plant to commence full-scale operations by July 2005.

2. PARTICULARS OF THE IPO (Cont'd)**(ii) Estimated Listing Expenses**

The listing expenses for the listing of and quotation for the entire issued and paid-up share capital of A-Rank on the Second Board of Bursa Securities are estimated as follows: -

Estimated listing expenses	Amount (RM)
Fees to authorities	62,500
Professional fees #	700,000
Underwriting and brokerage fees	160,000
Issuing House fees and disbursement	140,000
Printing, advertising and other miscellaneous expenses	537,500
Total @	1,600,000

Notes:-

Include fees of the Adviser, Reporting Accountants, Solicitors and other professional advisors.

@ *Any unutilised amount shall be used for working capital purposes of the Group which has no fixed timeframe for utilisation. Any shortfall will be met via internally-generated funds.*

The listing proceeds are expected to be received by May 2005 and the Group is expected to fully utilise the listing proceeds by the end of year 2005.

2.8 FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS

Based on the audited shareholders' funds of the proforma A-Rank Group as at 31 December 2004 and assuming that the proceeds from the IPO will be received by early May 2005 and utilised to repay approximately RM8.4 million of the outstanding term loan for the expansion plan, the Group's gearing ratio will reduce from 0.45 times to 0.24 times. The remaining estimated cost of the expansion plan will be financed from the listing proceeds, further drawdown of the term loan facility and/or internally generated funds, and hence will accord the Group with net interest cost savings of about RM0.213 million for financial year ending 31 July 2005. However, with the construction of the new remelt plant expected to be completed by June 2005, the impact on the income statement is an interest savings of only RM0.156 million (*in view that the interest costs incurred prior to June 2005 is mostly capitalised instead of expensed of in the accounts of the Group*).

2.9 UNDERWRITING COMMISSION AND BROKERAGE

The Underwriters have agreed to underwrite the 7,900,000 IPO Shares to be offered to the Malaysian Public, the eligible employees, Directors and/or business associates of the Group. Underwriting commission is payable by the Company in respect of the Public Issue and by the Offerors in respect of the Offer for Sale at the rate of 1.5% of the total underwritten 7,900,000 IPO Shares at the IPO Price of RM1.00 per Share to the respective Underwriters.

Brokerage is payable by the Company in respect of the Public Issue and by the Offerors in respect of the Offer for Sale made available for application by the Malaysian public at the rate of 1.0% of the IPO Price of RM1.00 per Share in respect of successful applications which bear the stamp of AmMerchant Bank, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MfH.

2. PARTICULARS OF THE IPO (Cont'd)

2.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

Note: Unless stated, all capitalised terms shall bear the same meanings as prescribed in the Underwriting Agreement.

The following are some of the Clauses of the Underwriting Agreement dated 30 March 2005 ("**Agreement**"), including escape clauses, which may allow the underwriters to withdraw from obligations under the agreement after the opening of the offer: -

Clause 3 (Representations, Warranties and Undertakings)

"3.01 Representations and Warranties by the Company and the Offerors

As a condition of the agreement by the Underwriters to underwrite the Underwritten Shares and in consideration thereof, the Company and the Offerors hereby represent, warrant and undertake to the Underwriters that: -

- (a) the Directors of the Company and the Offerors have made all reasonable enquiries to ensure all facts material for 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.*
- (b) the Prospectus:-*
 - (i) will comply in all material respects with the Companies Act 1965, 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 and all other relevant authorities;*
 - (ii) will contain all information which is material in the context of the IPO, and such information as contained therein will be true, complete, and accurate in all material respects;*
 - (iii) will not omit to state or disclose any material fact or information required or necessary to be stated therein with regard to the IPO 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;*
 - (iv) will be finalised after a sound due diligence and verification process no less stringent than the minimum requirements as set out in the guidelines published by the SC entitled "Due Diligence Guidelines on Submission of Proposals to the Securities Commission" have been commissioned by the Company, and all information given to the Underwriters during the course of the due diligence and verification process is complete, accurate and contains no material omission;*
 - (v) will not be distributed by the parties and/or any other persons in any country or in any jurisdiction other than Malaysia; and*
 - (vi) is to be registered with the SC (and a certificate of such registration obtained) and lodged with the Companies Commission of Malaysia within thirty (30) days after the date of this Agreement or such extended period of time as the Company and the Managing Underwriter may mutually agree in writing;*

2. PARTICULARS OF THE IPO (Cont'd)

- (c) *the IPO and compliance by the Company and the Offerors with the terms of this Agreement:-*
- (i) *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 its subsidiary or the Offerors or the IPO; and*
 - (ii) *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 the Offerors is/are a party or by which the Company or its subsidiary or any part of the undertakings, assets, properties or revenues of the Company or its subsidiary or of the Offerors is bound or affected.*
- (d) *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:-*
- (i) *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 and the Offerors (after due and careful enquiry), threatened against the Company or its subsidiary or the Offerors (as the case may be), the effect of which would materially and adversely affect the financial condition of the Company or the Group as a whole, or of the Offerors; and after making due and careful enquiries, the Company and the Offerors are not aware of any facts or circumstances likely to give rise thereto;*
 - (ii) *neither the Company nor its subsidiary nor any of the Offerors is in default or in breach of any agreement to which it/they is/are 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/them, the effect of which would materially and adversely affect the financial condition of the Company or the Group as a whole, or of the Offerors;*
 - (iii) *the Company has good marketable title to all assets and properties owned by it;*
 - (iv) *neither the Company nor its subsidiary has otherwise disposed of any material fixed assets or any material assets otherwise than in the ordinary course of carrying on their respective business;*
 - (v) *the Company's business has not been adversely affected in a material way by any abnormal factor affecting similar businesses and after making due and careful enquiries, the Company is not aware or ought to be aware if reasonable enquiries are duly made of any facts or circumstances which are likely to give rise to any such effects and there has been no adverse change in its financial condition;*

2. PARTICULARS OF THE IPO (Cont'd)

- (e) *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 any of the Offerors or the Company or the Group as a whole, or the success of the IPO;*
- (f) *each of the Company and its subsidiary 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;*
- (g) *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 its subsidiary nor any of the Offerors has entered into any contract and/or commitment of an unusual or onerous nature, which, in the context of the IPO, might be material for disclosure;*
- (h) *all necessary consents, waivers, approvals, authorisations or other orders of all regulatory authorities required for or in connection with the execution of this Agreement, the issue of the Public Issue Shares, the Offer For Sale of the Offer Shares and any other matters contemplated hereby:-*
- (i) *have been or will be unconditionally obtained prior to the Closing Date; or*
- (ii) *if granted subject to conditions, such conditions will be fulfilled to the satisfaction of the Underwriters by the Closing Date;*
- (iii) *and are or will remain in full force and effect;*
- and all other action will be taken by the Company and the Offerors to comply with all legal and other requirements necessary to ensure that the foregoing actions will not infringe any existing laws or the terms of any such consent, approval or authorisation;*
- (i) *all information furnished or supplied or to be furnished or supplied to the Underwriters for the purpose of or in connection with the IPO 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 to underwrite the Underwritten Shares;*
- (j) *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 Offerors and 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;*
- (k) *the IPO or as the case may be, the execution and delivery by the Company and the Offerors, of the Prospectus and this Agreement and the performance of the obligations to be assumed thereunder and hereunder by the Company and the Offerors have been duly authorised by all necessary corporate action of the Company and the relevant Offeror, including but not limited to the approval of the shareholders of the Company and the relevant Offeror 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 and the Offerors in accordance with their terms;*

2. PARTICULARS OF THE IPO (Cont'd)

- (l) *the Company and each of its subsidiary and the relevant Offeror which is a body corporate are respectively companies duly incorporated under the laws of its respective place of incorporation and validly existing with full power and authority to conduct its respective business in the jurisdiction where it carries on business and is not in liquidation 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 subsidiary or the relevant Offeror or any of their respective assets or undertakings;*
- (m) *the audited accounts of the Company and the Group 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 five (5) months ended 31st. December 2004 since the last financial year ended 31st. July, 2004, 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 at such date 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 31st. December, 2004, save for the payment of the special tax-exempt interim dividends to be declared out of the distributable profits of Formosa Shyen Homg Metal Sdn. Bhd. ("**Formosa**") for the financial year ending 31 July 2005 to the existing shareholders of Formosa, 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;*
- (n) *other than indebtedness contested in good faith by the Company 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 subsidiary has become or is likely to become payable by reason of default by the Company or any such subsidiaries 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;*
- (o) *all statutory payments and obligations, all taxes (whether income tax, property tax or otherwise) of the Company and the Group, in particular but not limited to, all statutory payments and obligations and taxes which are material in the context of the IPO, 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;*

2. PARTICULARS OF THE IPO (Cont'd)

- (p) *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;*
- (q) *all 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 premia 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;*
- (r) *there will be no material 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 Underwriters;*
- (s) *that the IPO Shares will be free from all claims, charges, liens and other encumbrances, and shall rank pari passu in all respects with the then existing Shares except that they shall not be entitled to any dividends, rights, allotments and/or distributions, the entitlement date of which is prior to the Closing Date.*

3.02 Undertakings by the Company and the Offerors

The Company and the Offerors irrevocably and unconditionally covenant and undertake with the Underwriters to do the following:-

- (a) *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 IPO Shares and the execution of this Agreement including any interest and penalties resulting from delay or omission on the part of the Company and/or the Offerors;*
- (b) *to apply for and obtain the approval-in-principle of Bursa Securities for the 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) months from the date of this Agreement and to comply with all requirements and provisions of the Companies Act 1965, the SC Act, Bursa Securities Listing Requirements and all other applicable laws, rules and regulations and the requirements of all other relevant authorities in relation to the IPO; and the Company and the Offerors shall at all times promptly furnish and deliver all documents, instruments, information, certificates and undertakings as may be necessary or advisable in order to obtain such permission and quotation;*
- (c) *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;*

2. PARTICULARS OF THE IPO (Cont'd)

- (d) *to promptly and without any delay whatsoever notify the Managing Underwriter who shall thereafter inform the other Underwriters of any breach of any of the representations, warranties or agreements or of any facts, information, situations or circumstances which 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 and/or the Underwriters (as the case may be) to remedy and/or publicise the same, at any time prior to the Closing Date;*
- (e) *to give to the Underwriters any or all information which the Underwriters may require in respect of the accounts or affairs of the Company or the Group in connection with the IPO or the other proposals contained in the Prospectus and the documents (if any) attached thereto;*
- (f) *to fix the Closing Date together with the Managing Underwriter, PROVIDED THAT any extension of the Closing Date shall only be made with the prior approval of the Managing Underwriter; and*
- (g) *to do all other things and sign or execute such other documents as may reasonably be required by the Managing Underwriter and/or the Underwriters (as the case may be).*

3.03 Effect of Representations and Warranties

- (a) *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 Clause 3 and with the intention that such representations, warranties and undertakings shall remain true and accurate in all respects , and in consideration of such commitment to underwrite, the Company and the Offerors irrevocably and unconditionally undertake with the Underwriters that they shall:-*
 - (i) *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 and/or the Offerors or any breach on its part of such representations, warranties or undertakings or any failure by the Company and/or the Offerors to perform its/their obligations under this Agreement, in particular but not limited to the Company's and/or the Offerors' failure to deposit the Underwritten Shares allotted to the Underwriters or its nominees pursuant to provisions of this Agreement, into the securities accounts in the CDS of the Underwriters (unless the Underwriters shall have been advised in writing of a change or termination of any of such representations, warranties or undertakings prior to the Closing Date, pursuant to Clause 3.03(ii) below and the Underwriters shall have elected not to terminate this Agreement notwithstanding such advice) or any failure by the Company and/or the Offerors to perform its/their obligations herein which entitles the Underwriters to terminate this Agreement pursuant to the provisions of Clause 6 hereof;*

2. PARTICULARS OF THE IPO (Cont'd)

- (ii) *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 hereunder;*
- (iii) *not publish any amendment or supplement to the Prospectus which the Underwriters have not previously been notified in writing of or to which the Underwriters or their legal advisers shall reasonably object but the giving of any such notice shall not affect or prejudice any of the rights of the Underwriters hereunder;*
- (iv) *notify in writing and discuss with the Underwriters 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 hereunder; and*
- (v) *to the extent permitted by law, not make public any information which will or is likely to affect the market price of the IPO Shares without prior written notice to and the prior written consent of the Underwriters unless required to do so by law.*
- (b) *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 and the Offerors, then the Underwriters and/or the Managing Underwriter (as the case may be) shall notify the Company and the Offerors in writing thereof, and the Company and the Offerors shall to the extent required by the Underwriters and/or the Managing Underwriter and permitted by law assume the defence thereof on behalf of and/or in the name of the Underwriters and/or Managing Underwriters, including the employment of legal advisers selected by the Managing Underwriters and/or the Underwriters (as the case may be), and the Company and the Offerors 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 and the Offerors shall bear all fees and expenses of such separate legal advisers in relation thereto and arising therefrom.*
- (c) *At any time prior to the Closing Date, the Company and the Offerors 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.*

2. PARTICULARS OF THE IPO (Cont'd)**3.04 Representations, Warranties and Undertakings by the Underwriters**

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

- (a) it will duly observe and comply with all applicable laws and regulations in each jurisdiction in which it may offer or sell the IPO Shares;*
- (b) its obligations under this Agreement constitute the legal, valid and binding obligations of the Underwriters enforceable by the Company and/or the Offerors against the Underwriters in accordance with its terms; and*
- (c) subject to compliance by the Company and the Offerors with the terms hereof, it will consent to the inclusion of its names in the Prospectus in the form and context in which it appears in the Prospectus.*

3.05 Representations and Warranties to Survive Agreement

- (a) The representations and warranties 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 credit of such shares in the respective CDS accounts by Bursa Depository referred to in Clause 2.08(b) above as if made on each day with reference to the facts and circumstances existing on each such day.*
- (b) The rights and remedies conferred upon the Underwriters by the aforesaid representations, warranties, agreements and indemnities in Clauses 3.01, 3.02 and 3.03 hereof shall continue in full force and effect notwithstanding the completion of the issue and subscription of the Underwritten Shares.*

3.06 Underwriters Entitled to Elect to be Discharged in Case of Breach

- (a) In the event of any material breach of the warranties, representations or undertakings herein set out or failure on the part of the Company and/or the Offerors to perform any of the obligations herein contained or any change rendering any of the said representations, warranties, obligations or undertakings inaccurate in any material respect coming to the notice of the Managing Underwriter and/or the Underwriters prior to the Closing Date, the Managing Underwriter shall be entitled (but not bound) by notice in writing to the Company and the Offerors to elect or treat such breach, failure or change as releasing or discharging it and the Underwriters from their obligations hereunder PROVIDED THAT the Company and the Offerors shall remain liable for the payment of all costs and expenses referred to in Clause 7.03 hereof AND PROVIDED FURTHER THAT failure to make such election as aforesaid shall be without prejudice to the right of the Managing Underwriter and/or the Underwriters to treat any further or other breach, failure or change as releasing and discharging the Managing Underwriter and the Underwriters from their obligations as aforesaid.*
- (b) On delivery of such a notice pursuant to Clause 3.06(a), this Agreement shall become void and each party's rights and obligations hereunder shall cease and neither parties (except for the liability of the Company and the Offerors in respect of payment of costs and expenses referred to in Clause 7.03 incurred prior to or in connection with such termination) shall have any claim against the other party hereto. Thereafter the Underwriters and the Company and the Offerors shall confer with a view to deferring the IPO or amending its terms and/or entering into a new Underwriting Agreement PROVIDED THAT the Company and the Offerors or the Underwriters shall not be under any obligation to enter into such new agreement.*

2. PARTICULARS OF THE IPO (Cont'd)**3.07 Withdrawal or Non-Procurement of Approval for Listing by Bursa Securities**

The Underwriters, subject to the agreement of the Managing Underwriter, 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 and the Offerors in the event that the approval of Bursa Securities for the listing of and quotation for the Issue Shares on the Second Board of Bursa Securities is not procured within three (3) months from the date of this Agreement or is withdrawn or procured but subject to conditions not acceptable to the Managing Underwriter and/or the Underwriters; and upon such termination the liabilities hereto of the Company, the Offerors and the Underwriters shall become null and void and neither parties shall have a claim against the 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 PROVIDED THAT the Company and the Offerors shall remain liable for the payment of the Underwriting Commission and Management Fee pursuant to Clause 2.06 and for the payment of all costs and expenses referred to in Clause 7.03 hereof."

Clause 4 (Conditions Precedent)

"The obligations of the Underwriters under this Agreement shall be conditional upon the following conditions:-

- (a) upon the Company's application, the SC having approved the Prospectus and the Managing Underwriter being reasonably satisfied that the listing of and quotation for all the issued ordinary share capital of the Company on the Second Board of Bursa Securities will be granted two (2) clear business days (or such other period as Bursa Securities may permit) after Bursa Securities has received all the necessary supporting documents and 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;*
- (b) there not having been, on or prior to the Closing Date, in the opinion of the Managing Underwriter (whose opinion is final and binding) any material adverse change or any development reasonably likely to involve a prospective material adverse change in the condition (financial or otherwise) of the Company from that set forth in the Prospectus which in the opinion of the Managing Underwriter (whose opinion is final and binding) is material in the context of the issuance of the Issue Shares or the occurrence of any event rendering untrue or incorrect to an extent which is material as aforesaid any representations, warranties or undertakings contained in this Agreement as though they had been given or made on such date;*
- (c) upon the Company's application, the registration with the SC and lodgment with the Registrar of Companies of the Prospectus together with copies of all documents required by the SC Act and the issue by the SC of the relevant certificate of registration;*
- (d) the issuance of the Prospectus within one (1) month from the date of this Agreement or such other date as the parties hereto may mutually agree upon in writing;*
- (e) the delivery to the Managing Underwriter:-*
 - (i) prior to the date of issuance of the Prospectus, of a certified true copy by an authorised officer of the Company of all the resolutions of the directors of the Company and the shareholders in general meeting approving this Agreement, the Prospectus, the IPO and authorising the execution of this Agreement and the issuance of the Prospectus; and*

2. PARTICULARS OF THE IPO (Cont'd)

- (ii) *on the Closing Date, of a certificate in the form or substantially in the form contained in the Third Schedule dated the on the Closing Date signed by the duly authorised officer of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence of any event which makes any of the representations and warranties as is referred to in Clause 3.01 hereof being untrue or incorrect in any material adverse respect as at the Closing Date;*
- (iii) *on the Closing Date, of a certificate in the form or substantially in the form contained in the Fourth Schedule dated the on the Closing Date signed by the Offerors stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence of any event which makes any of the representations and warranties as is referred to in Clause 3.01 hereof being untrue or incorrect in any material adverse respect as at the Closing Date;*
- (f) *the delivery to the Managing Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the board of directors of the Company as the Managing Underwriter may reasonably require to ascertain that there is no material change of condition or circumstances subsequent to the date of this Agreement that would or may have an adverse effect on the performance or financial position of the Company;*
- (g) *the Managing Underwriter having been satisfied that adequate arrangements have been made by the Company and the Offerors to ensure payment of the expenses referred to in Clause 7.03;*
- (h) *the IPO is not being prohibited by any statute, order rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia;*
- (i) *the Managing Underwriter having been satisfied that the Company has complied and that the IPO is in compliance with the policies, guidelines and requirements of the SC and Bursa Securities and all revisions, amendments and/or supplements thereto;*
- (j) *the acceptance for registration by the SC of the Prospectus and such other documents as may be required in accordance with the SC Act in relation to the IPO and the lodgement of the Prospectus with the Registrar of Companies on or before its release under the IPO;*
- (k) *the offering of the IPO Shares having been approved by the SC and or any other relevant authority or authorities and the shareholders of the Company and the Offeror (if applicable) in General Meeting; and*
- (l) *this Agreement having been duly executed by all parties hereto and duly stamped.*

If any of the conditions stipulated in Clause 4 (a) to (l) above is not satisfied on or before the Closing Date and if after the Closing Date it shall become apparent to the Underwriters that the Public Shareholding Spread has not been met, the Underwriters shall thereupon (subject to the agreement of the Managing Underwriter) be entitled to terminate this Agreement by notice in writing to the Company and the Offerors and in that event the parties hereto shall be released and discharged from their respective obligations hereunder PROVIDED THAT the Company and the Offerors shall remain liable for the payment of the Underwriting Commission and Management Fee and of all other costs and expenses including but not limited to those referred to in Clause 7.03 hereof.

In addition, the Managing Underwriter may waive any of the conditions stipulated in Clause 4(a) to (l) above, except those which are mandatory under law or requirement of governmental, public or regulatory authorities in connection with this Agreement."

2. PARTICULARS OF THE IPO (Cont'd)**Clause 5 (Force Majeure)**

"Notwithstanding anything herein contained the Underwriters may (subject to the agreement of the Managing Underwriter) at any time before the Closing Date be entitled to terminate their obligations under this Agreement with a notice in writing delivered to the Company and the Offerors on the occurrence of all or any of the matters stated in this Clause 5 before the Closing Date if the success of the IPO is, in the opinion of the Managing Underwriter (whose opinion is final and binding), seriously jeopardised by:-

- (a) any Government requisition or other occurrence of any nature whatsoever which in the opinion of the Managing Underwriter (whose opinion is final and binding) seriously affects or will seriously affect the business and/or financial position of the Company; or*
- (b) any change or any development involving a prospective change in national or international monetary, financial political or economic conditions or in market condition (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regards to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or exchange control legislation or regulations or currency exchange rates as would in the reasonable opinion of the Managing Underwriter prejudice materially the success of the IPO and its distribution or sale (whether in the primary or in respect of dealings on the secondary market); or*
- (c) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, which in the opinion of the Managing Underwriter (whose opinion is final and binding) has or is likely to have a material adverse effect on the condition, financial or otherwise, or the earnings, business affairs or business prospects (whether or not arising in the ordinary course of business) of the Company; or*
- (d) any event or series of events beyond the reasonable control of the Managing Underwriter (including without limitation national disorder, outbreak of war, the declaration of a state of national emergency, acts of government, strikes, lockouts, fire, explosion, flooding, civil commotion, acts of war, sabotage, acts of God or accidents) which has or is likely to have the effect of making any material part of this Agreement incapable of performance with its terms or which prevents the processing of application, crediting of accounts and/or payments pursuant to the IPO or pursuant to the underwriting hereof; or*
- (e) the imposition of any moratorium, suspension or material restriction on trading in securities generally in Bursa Securities due to exceptional financial circumstances or otherwise.*

On delivery of such a notice by the Managing Underwriter to the Company and the Offerors and confirmation of such a notice by facsimile or by hand, this Agreement shall be terminated and the obligations of the Underwriters under this Agreement shall be discharged accordingly. In the event of any such termination under this Clause 5, the Company and the Offerors shall remain liable for the payment of the Underwriting Commission and Management Fee and shall further bear all the cost and expenses incurred under this Agreement including but not limited to those stated in Clause 7.03 hereof."

2. PARTICULARS OF THE IPO (Cont'd)

Clause 6 (Termination)

"6.01 Notwithstanding anything herein contained, the Underwriters, subject to the agreement of the Managing Underwriter, may by notice in writing to the Company and the Offerors given at any time before the Closing Date, terminate and cancel and withdraw their commitment to underwrite the Underwritten Shares if:-

- (a) there is any breach by the Company and/or the Offerors of any of the representations, warranties or undertakings contained in Clause 3, 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 and the Offerors; or*
- (b) there is failure on the part of the Company and/or the Offerors to perform any of its/their obligations herein contained; or*
- (c) 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 Managing Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Company, the success of the IPO, or the distribution or sale of the IPO Shares; or*
- (d) in the opinion of the Managing Underwriter, there shall have occurred, or happened any material and adverse change in the business or financial condition of the Company;*

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 IPO, or the distribution or sale of the IPO 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.

6.02 Upon any such notice(s) being given pursuant to Clause 6.01, 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 the other in respect of this Agreement, save and except that the Company and the Offerors shall remain liable for the payment of the Underwriting Commission and Management Fee and in respect of its obligations and liabilities under Clause 7.03 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."

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

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 general and specific risks of the following investment considerations:-

(a) No Prior Market for A-Rank's Shares

Prior to this IPO, there has been no public market for A-Rank's Shares. There can be no assurance that an active market for A-Rank's 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 of RM1.00 has been determined after taking into consideration a number of factors, including but not limited to, the Group's financial and operating history and condition, its prospects and the prospects of the industry in which the Group operates, the management of the Group, the market prices for shares of companies engaged in business similar to that of the Group and market conditions prevailing at the time this Prospectus is issued.

(b) Business Risks

Companies involved in the aluminium remelting industry such as the A-Rank Group face certain risks that are inherent within the manufacturing industry. These risks include, but are not limited to, shortages of labour and raw materials, raw materials prices, disputes with suppliers and customers and changes in the general economic and business conditions. The Group has to date not experienced any adverse effects from such risks although there is no assurance that they will not have an effect on the Group's business in the future.

The Directors are aware of these risks and have implemented various strategies to mitigate these risks. Some of the steps taken by the Group include diversifying its customer base and purchasing direct from aluminium smelters and international trading companies, and pricing purchases of raw material prices against customer orders to reduce the impact of fluctuation in raw material prices.

(c) Exposure to the Building Industry

The A-Rank Group's current principal activity is in supplying the raw materials, i.e. aluminium billets, to aluminium extruders who are dependent to a large extent on the building industry. Any downturn in the building industry whether in Malaysia or the markets these extruders supply to may have an adverse effect on the Group's performance.

However, the Group endeavours to minimise any adverse impact from its exposure to the building industry by exporting its billets to different geographical areas such as Singapore, China, Thailand, USA and Vietnam. In addition, most extruders in Malaysia are also diversifying their customer base by expanding their business to other supporting industries to reduce their dependence on the building sector which further mitigates this risk.

(d) Foreign Exchange Risk

The Group imports its raw materials being mainly primary aluminium ingots which are denominated in USD, thereby subjecting the Group to foreign exchange risk.

This risk is mitigated in the medium term due to the Ringgit being pegged to the USD. However, there can be no assurance that the peg of the Ringgit to the USD will remain and that future foreign exchange fluctuations arising from the lifting of the peg or from currency controls will not adversely impact the Group.

Notwithstanding the above, the Group's sales to its overseas customers are also denominated in USD, hence forming a natural hedge which mitigates part of this risk. The Group also expects to be able to pass the costs of the volatility of the USD, if any, to its customers via back-to-back order and pricing arrangements thus further mitigating its exposure to this risk.

3. RISK FACTORS (Cont'd)**(e) Pricing of Raw Materials**

The Group's raw materials are primarily aluminium ingots and its price is dependent upon world demand and supply situation and is a commodity traded on the LME. A shortage of supply may increase the pricing of these raw materials. The Group endeavours to maintain long-term relationships with foreign suppliers to ensure constant and reliable deliveries and also to obtain its purchases at competitive rates. With regards to the prices, the Group expects to be able to pass on the costs of any increase to its customers, as the orders from customers are priced back-to-back with that of its suppliers thus reducing the risk of any price increases.

(f) Dependence on Key Management

The continued performance of A-Rank Group will largely depend on the abilities and continued efforts of its existing Directors and senior management as well as the ability to attract and/or retain qualified personnel. The loss of key management personnel may adversely affect A-Rank Group's ability to compete in the industry.

The Group is headed by a dedicated management team with the relevant knowledge, experience and skills. Further, every effort has been made to groom the junior members and personnel to complement the management team to ensure the continuity and the competency of the management team. Please refer to Section 5.6.3 for further details of the Group's management succession plan.

(g) Political, Economic and Regulatory Consideration

Adverse developments in political, economic and regulatory conditions in Malaysia and the other countries where the Group may supply or source its raw materials could materially and adversely affect the financial and business prospects of the Group. Political and economic uncertainties include (*but are not limited to*) risks of war, expropriation, nationalization, renegotiation or nullification of existing contracts and methods of taxation and currency exchange controls. Whilst the A-Rank Group will continue to take effective measures such as financial management and efficient operating procedures, there is no assurance that any adverse political, economic and regulatory conditions will not materially affect the Group.

(h) Achievability of Forecasts

This Prospectus contains forecasts for the Group that is based on assumptions that are subject to uncertainties and contingencies. The Directors have considered the assumptions used in the preparation of the forecasts to be reasonable. Because of the subjective judgments and inherent uncertainties of forecasts, and because events and circumstances frequently do not occur as expected, there can be no assurance that the forecasts contained herein will be realised and actual results may be materially different from those shown. Investors will be deemed to have read and understood the description of the assumptions and uncertainties underlying the forecasts that is contained herein.

(i) Capital Market Risks

The performance of our local bourse is very much dependent on external factors such as the performance of the regional and world bourses and the flow of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risk to the market price of the listed shares of A-Rank. It should be noted that the profitability of the A-Rank Group is not dependent on the performance of Bursa Securities as the business activities of the Group have no direct correlation with the performance of Bursa Securities.

3. RISK FACTORS (Cont'd)

(j) Delay in or Abortion of the Listing of A-Rank

The occurrence of any one or more of the following events may cause a delay or an abortion of the listing A-Rank:-

- (a) the selected investors fail to subscribe for the portion of the IPO Shares;
- (b) the Underwriter(s) exercising its(their) rights pursuant to the underwriting agreement to discharge itself(themselves) from its(their) obligations thereunder; or
- (c) the Company is unable to meet the public spread requirement, that is, at least 25% of the total number of Shares for which listing is sought must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each upon completion of the IPO at the point of listing of the Company's Shares on Bursa Securities.

Although the Directors of A-Rank will endeavour to ensure compliance by the A-Rank Group of the various listing requirements, no assurance can be given that the abovementioned factors will not cause a delay in or abortion of the Listing.

(k) Forward-Looking Statements

This Prospectus contains several forward-looking statements i.e. those other than statements of historical facts. Although the Directors believe that the expectations reflected in such forward-looking statements are reasonable at this time, there can be no assurance that such expectations will prove to be correct. Any differences in the expectations of the Group from its actual performance may result in the Group's financial and business performances and plans to be materially different from those anticipated.

(l) Control by Substantial Shareholder

After the IPO, TWL will control directly 7.43% and indirectly 31.49% of the Company's issued and paid-up share capital. As a result, TWL will be able to exercise some extent of influence of the outcome of certain matters requiring the vote of the Company's shareholders unless he is required to abstain from voting by law, covenants and/or by the relevant authorities.

(m) Impact of AFTA

Currently, Malaysia does not impose any tariff on the import of aluminium billets. Thus, the implementation of AFTA does not pose any material threat or risk to the Group's business. In fact, the Group views the zero percent (0%) import duty as an opportunity to export its aluminium billets to neighbouring countries.

However, the implementation of AFTA may impact aluminium extruders, which represent the user-industry of the Group's products. The implementation of AFTA has reduced import duty of aluminium extrusions from 25% to no more than 5%. Only extruded products that meet the 40% ASEAN content requirements are able to qualify for the CEPT rate of no more than 5% import duty. With the CEPT in place, any increase in imports of aluminium extrusions may substitute for those which are locally produced thereby reducing purchases of aluminium billets and impact the Group indirectly.

3. RISK FACTORS (Cont'd)

The Group endeavours to further expand its export market to mitigate this risk. For the five (5)-month period ended 31 December 2004, 22% of the Group's revenue was derived from export markets (*this does not include the sale of billets to customers in Bangladesh via an agent in Malaysia which amounted to RM4.902 million representing 9.51% of the Group's total revenue for the same period up to 31 December 2004*). Notwithstanding the implementation of AFTA, the Group believes its proximity to local extruders is an important consideration to end-users who may be concerned about the stability and efficiency of the supply chain and avoid any disruption for their products. The Group will also provide a more stable cost structure to extruders as well as end-users in Malaysia resulting in a more stable business environment.

Notwithstanding the above, no assurance can be given that the impact of AFTA on the user-industry such as aluminium extrusion will not affect the financial performance of the Group.

(n) Breakout of Fire, Energy Crisis and Other Emergencies

As mentioned in part (o) below, the Group has adequately provided fire insurance coverage for all assets such as stock-in-trade, factory building, plant and machinery. To mitigate the risk of a fire breakout, the Group has also made fire safety a priority among its employees.

The Group has an in-house fire/emergency team which reports to the "Jawatankuasa Keselamatan dan Kesihatan" (*also established in-house*). As set out in Section 4.3.12 of this Prospectus, the Group's internal safety training programmes include, amongst others, safety and fire evacuation training for personnel. This training is conducted as a safety precaution to prevent any breakout of fire as well as to create awareness amongst the employees of the actions/steps that should be taken in the event of a fire breakout.

Despite the measures taken, there is no assurance that any of the above-mentioned crises may not cause interruptions in the Group's operations in the future.

(o) Insurance Coverage on Assets

The Group is aware of the adverse consequences arising from inadequate insurance coverage that could affect its business operation. In ensuring such risks are reduced, the Group reviews and ensures adequate coverage for its assets on a continuous basis.

For the Group's operations, all assets such as stock-in-trade, factory building, plant and machinery are sufficiently insured under fire and other relevant insurance policies.

Notwithstanding this, the Group continues to be exposed to the risk of damage as a consequence of a state of riot, general strike, acts of terrorism or any other risks which cannot be reasonably or capable of being insured against.

(p) Material Litigation/Legal Uncertainties

As at 31 March 2005, the Group is not engaged either as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of the Group and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of A-Rank and its subsidiary. However, there can be no assurance that there would be no proceedings that would adversely affect the operations and profitability of the Group in the future.

3. RISK FACTORS (Cont'd)**(q) Borrowings**

All the loans granted to the Group are interest-bearing. Subsequently, any increase in the interest rates will increase the burden of the Group with regards to the interest payments of the loans depending on the total loan amount outstanding at that point in time. However, the aforementioned financial impact on the Group is expected to be minimal due to its relatively low borrowings and gearing level. The Group's total outstanding borrowings is expected to be approximately RM18.139 million as at end April 2005. Upon completion of the IPO, this is expected to reduce to RM9.792 million resulting in a gearing ratio of 0.24 times (*based on the audited shareholders' funds of the Group as at 31 December 2004*). Consequently, unless the Group increases its gearing level, any adverse changes in the interest rates is not expected to significantly impact its financial performance.

(r) Related-Party Transactions / Conflict of Interest

As at 31 March 2005 (*being the latest practicable date prior to the issuance of this Prospectus*) there are no existing or proposed related-party transactions involving the Directors and substantial shareholders and/or persons connected with the Directors and/or substantial shareholders of A-Rank. The Directors and/or substantial shareholders of A-Rank have given their undertakings that all future business transactions between them and the Group and their related persons, if any, shall be based on arms-length basis and on commercial terms that shall not be unfavourable to the Group.

As disclosed in Section 7.4 of this Prospectus, some of the Promoters and/or substantial shareholders of A-Rank have interests in a company (*or companies*) carrying on similar businesses as those of the Group. However, these companies are not in competition with the Group as they are either not in the exact nature of business with the Group, caters to a different set of clientele from the Group or does not export its products and hence its principal market is different from those of the Group. Furthermore, these affected Promoters and/or substantial shareholders concerned are not involved in the management of the Group.

(s) Dependence on Suppliers

For the five (5)-month period ended 31 December 2004, Alcoa of Australia Limited, Australia ("**Alcoa**") which is amongst the largest in terms of aluminium production, contributed about 60.35% of total Group purchases. By concentrating its purchases from this supplier, the Group is able to do the following:-

- (i) build a relationship with the supplier;
- (ii) secure a stable supply of raw materials to meet its needs through contractual arrangements; and
- (iii) negotiate for better pricing, terms and conditions.

Notwithstanding this, primary aluminium ingots, which is the principal raw material for the Group, is a commodity and can also be easily sourced from other producers overseas such as Hydro Aluminium a.s., Norway ("**Hydro**"), BHP Billiton, Comalco and Alcan due to the abundant supply of the metal from the global market. There is no restriction imposed by the Malaysian Government on the import of primary aluminium ingots and neither is there any tariff levied. (*Source: Prospect and Future Plans of A-Rank Group prepared by Vital Factor*)

3. RISK FACTORS (Cont'd)

(t) Long Term Contracts

Even though pricing of aluminium ingots is determined by the LME and is a function of supply and demand forces, the Group, in accordance with industry practice, enters into long term contracts with certain suppliers to ensure a secure/stable supply of raw materials and to lock in the premium over the price of aluminium. By entering into long term contracts with certain suppliers, the Group is also able to leverage on its bargaining position and negotiate for better pricing on its purchases.

The Directors believe that the loss of these contracts does not have a material impact on the Group as supplies are available from alternative suppliers at competitive pricing given that aluminium is a commodity traded on the LME.

(u) Competitive Risks

The Group is principally involved in the manufacturing and marketing of aluminium billets catering to aluminium extruders.

At present, there are two(2) remelt plants in Malaysia (*including the Group*) producing aluminium billets for external sales (*Source: Assessment of the Aluminium Billet Industry prepared by Vital Factor*). The Group has experienced and expects to continue to experience competition from its other competitor or any other entrants. The Group believes that its ability to compete depends upon many factors both within and outside its control, including the timing and market acceptance of its products and services, enhancements developed by the Group and its competitor, price, reliability, sales and marketing efforts and services.

In addition, local manufacturers of aluminium billets also compete directly with imports as no tariff is levied on imported aluminium billets in Malaysia. However, the Group believes it has an edge over its overseas competitors in that it is able to provide flexibility in deliveries to its customers in Malaysia complementing its ability to produce high quality aluminium billets and this, in turn, further improves the efficiency and cost structure of local aluminium extruders.

The Group has also taken and continues to implement pro-active measures to minimise the competitive risks, which include, *inter-alia*, upgrading its manufacturing processes with the adoption of the latest technology that will further enhance the quality of as well as the recovery rate for its products, diversification and expansion of its customer base especially in the export market, and further improvement of the delivery time for its products and quality of its customer services.

Notwithstanding the efforts of the Group to mitigate this risk, no assurance is given that the Group will be able to compete successfully with its existing or even new competitors. However, the Directors are confident that the A-Rank Group will be able to tap on its distribution channels and to establish a stronger rapport with its customers to aggressively expand its sales.

(v) Environmental Risk

During the remelting process, there are wastes generated in the form of aluminium dross which are impurities and aluminium oxide formed through the oxidation of molten aluminium metal during the remelting process. The disposal of this dross must comply with the Environmental Quality (Scheduled Wastes) Regulations 1989. The A-Rank Group engages the services of licensed contractors approved by the Department of Environment to recycle the dross.

3. RISK FACTORS (Cont'd)

The Group also has to comply with the smoke emissions standards under the Third Schedule of the Environmental Quality (Clean Air) Regulations 1978 under the Environmental Quality Act and Regulations. To comply with the smoke emissions standards, the A-Rank Group undertakes smoke emissions tests once every six(6) months and submits the results of the tests to the Department of Environment. To-date the A-Rank Group has consistently complied with all the requirements for smoke emissions standards.

The Group will continue to ensure all necessary measures and steps are taken to comply with the relevant environmental regulations.

(Source: Assessment of the Aluminium Billet Industry prepared by Vital Factor)

(w) Dependency on Imports of Primary Aluminium Ingots

Primary aluminium ingots is the principal raw material used in the production of aluminium billets. Any interruptions in the supply of primary aluminium ingots will impact on the Group's production.

For the five (5)-month period ended 31 December 2004, primary aluminium ingots accounted for 67.4% of total raw material purchases of A-Rank Group.

The A-Rank Group purchases almost all of its primary aluminium ingots from overseas. This is due to the following reasons:-

- Local production is predominantly secondary aluminium ingots (*which are ingots that are cast from remelting and recovery of industrial aluminium scrap and other forms of aluminium alloys*);
- To achieve a certain level of quality, the Group requires primary aluminium ingots with the purity level of 99.7% and these are only available through imports;

As mentioned earlier, there is no restriction imposed by the Malaysian Government on the import of primary aluminium ingots and neither is there any tariff levied. In addition, as primary aluminium ingot is a commodity, it can be easily sourced due to the abundant supply of the metal from the global market.

Notwithstanding the abundant supply of the metal from the global market, to ensure constant and reliable deliveries, the Group have contractual arrangements with foreign primary aluminium ingot producers to maintain long-term relationships with them in order to obtain its purchases at competitive rates.

The A-Rank Group currently has contractual arrangements with its suppliers, namely Hydro, Alcoa and Premier World International Company, China for the supply of primary aluminium ingots.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK