

1. CORPORATE DIRECTORY**DIRECTORS**

Name	Address	Profession	Nationality
Y. Bhg Dato' Ir Ng Chong Yuen (Chairman/Independent Non-Executive Director)	No.29, Jalan SS 22/22 Damansara Jaya 47400 Petaling Jaya Selangor	Company Director	Malaysian
Chong Sze San (Managing Director)	Block A-17-5, Jalan 15/119 Awana Puri Condominium Taman Mutiara Barat Cheras 56000 Kuala Lumpur	Company Director	Malaysian
Lim Beng Koon (Executive Director)	No.6, Jalan 2 Taman Kepong 52100 Kuala Lumpur	Company Director	Malaysian
Len Yoong Chan (Executive Director)	Block A-17-5, Jalan 15/119 Awana Puri Condominium Taman Mutiara Barat Cheras 56000 Kuala Lumpur	Company Director	Malaysian
Len Yok Chin (Executive Director)	Block B-13A-1, Jalan 15/119 Awana Puri Condominium Taman Mutiara Barat Cheras 56000 Kuala Lumpur	Company Director	Malaysian
Chiam Soon Hock (Independent Non-Executive Director)	No.55, Jalan Setiabakti Bukit Damansara 50490 Kuala Lumpur Malaysia	Company Director	Malaysian
Yap Fatt Lam (Independent Non-Executive Director)	A14-4 Prima Setapak Condo Jalan Prima Setapak 53300 Kuala Lumpur Malaysia	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Yap Fatt Lam	Chairman of the Committee	Independent Non-Executive Director
Y. Bhg Dato' Ir Ng Chong Yuen	Member of the Committee	Chairman/Independent Non-Executive Director
Chong Sze San	Member of the Committee	Managing Director
Chiam Soon Hock	Member of the Committee	Independent Non-Executive Director

1. **CORPORATE DIRECTORY (CONT'D)**

COMPANY SECRETARIES

PA

Catherine Mah Suik Ching
(LS 01302)
19, Jalan BK3/8D
Bandar Kinrara
47100 Puchong
Selangor Darul Ehsan

Cheong Choon Yin
(MAICSA 7019120)
No. 11 Jalan USJ 3/4J
Subang Jaya
47600 Petaling Jaya
Selangor Darul Ehsan

PAE, PAS, PAMC, PAMP

Tham Lin Fong
(LS 00329)
No.5, Lorong Anggor
3 3/4 Mile, Jalan Klang Lama
58100 Kuala Lumpur

REGISTERED OFFICE

22nd Floor, Menara EON Bank
288 Jalan Raja Laut
50350 Kuala Lumpur

Tel. No.: 03-2694 8788
Fax No.: 03-2693 9137

PRINCIPAL OFFICE

No. 11, Jalan 5/118C
Desa Tun Razak
56000 Kuala Lumpur

Tel. No.: 03-9172 4828
Fax No.: 03-9172 4515
E-mail: pagroup@tm.net.my
Website: www.pagroup.com.my

PRINCIPAL BANKERS

Bumiputra-Commerce Bank Berhad
29 & 31, Jalan PCR 1
Kawasan Perusahaan Cheras Jaya
Batu 11
43200 Selangor Darul Ehsan
Tel. No.: 03-9076 9159 / 9076 9169

AmBank (M) Berhad
Level 18, Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel. No.: 03-2026 3939

1. CORPORATE DIRECTORY (CONT'D)

AUDITORS & REPORTING ACCOUNTANTS	WH Hau & Co. No. 7.19B, 7th Floor Wisma Central Jalan Ampang 50450 Kuala Lumpur Tel. No.: 03-2163 4133
REGISTRAR	Epsilon Registration Services Sdn Bhd 312, 3rd Floor Block C, Kelana Square 17 Jalan SS7/26 47301 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-7806 2116 / 7803 1126
SOLICITORS	Wong Beh & Toh Level 12, West Block Wisma Selangor Dredging 142-C, Jalan Ampang 50450 Kuala Lumpur Tel. No.: 03-2713 6050
VALUERS	TD Aziz Sdn Bhd 16th Floor, Bangunan MNI Takaful No. 23, Jalan Melaka 50100 Kuala Lumpur Tel. No.: 03-2692 1299
INDEPENDENT MARKET RESEARCHER	Infocredit D&B (Malaysia) Sdn Bhd Level 9-3A Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50450 Kuala Lumpur Tel. No.: 03-2718 1000
ISSUING HOUSE	Malaysian Issuing House Sdn Bhd 27th Floor, Menara Multi Purpose Capital Square No.8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel. No.: 03-2693 2075
ADVISER, MANAGING UNDERWRITER, UNDERWRITER AND PLACEMENT AGENT	Commerce International Merchant Bankers Berhad 5th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel. No.: 03-2084 8888
UNDERWRITER	OSK Securities Berhad 20th Floor, Plaza OSK Jalan Ampang 50200 Kuala Lumpur Tel. No.: 03-2162 4388
LISTING SOUGHT	Second Board of Bursa Securities

2. INFORMATION SUMMARY

THIS SECTION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT US AND THE PUBLIC ISSUE AND SPECIAL ISSUE AND IS EXTRACTED FROM THE FULL TEXT OF THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THIS SECTION TOGETHER WITH THE WHOLE PROSPECTUS BEFORE YOU DECIDE WHETHER TO INVEST IN US.

2.1 HISTORY AND BUSINESS

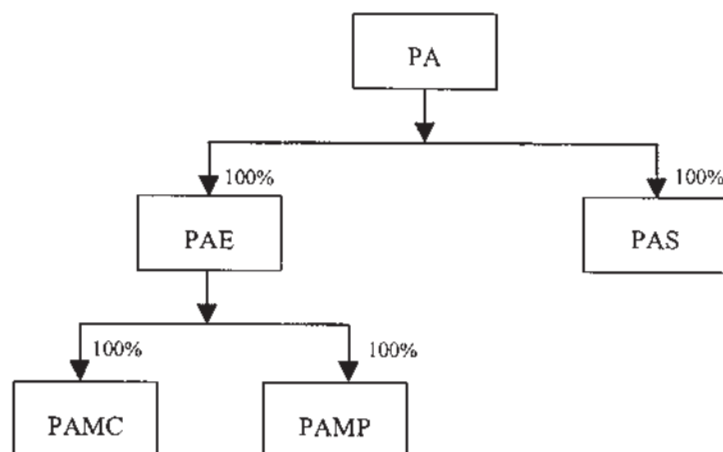
We were incorporated in Malaysia under the Act on 1 September 2004 as a private limited company under the name of P.A. Resources Sdn Bhd. Subsequently, we were converted into a public limited company on 28 April 2005 and assumed our present name.

We are an investment holding company with subsidiaries that have the following principal activities:

Subsidiaries	Principal activities
<i>Subsidiaries of PA</i>	
PAE	: Aluminium extrusion, fabrication and related services
PAS	: Manufacturing aluminium billets and rendering of related services
<i>Subsidiaries of PAE</i>	
PAMC	: Dormant
PAMP	: Dormant

As at the date hereof, we do not have any associated companies.

Our group structure is as follows:



See Section 6 for detailed information on the PA Group.

2.2 OWNERSHIP AND MANAGEMENT

Our management team is headed by Chong Sze San, the Managing Director, Lim Beng Koon, Len Yoong Chan and Len Yok Chin, our Executive Directors. Our key management team comprises people with experience in their respective fields including aluminium extrusion, product fabrication, billet casting, product distribution, quality control, R&D, finance, marketing and human resource management.

2. INFORMATION SUMMARY (CONT'D)

The respective direct and indirect interests of our Directors, promoters and substantial shareholders, key management and key technical personnel in us after the IPO will be as follows:

Directors

Name	Designation	<-----Direct----->		<-----Indirect----->	
		No. of Shares	Percentage of issued and paid-up share capital %	No. of Shares	Percentage of issued and paid-up share capital %
Y.Bhg Dato' Ir Ng Chong Yuen	Chairman/ Independent Non-Executive Director	-	-	-	-
Chong Sze San	Managing Director	35,230,000	38.29	-	-
Lim Beng Koon	Executive Director	10,840,000	11.78	-	-
Len Yoong Chan	Executive Director	-	-	-	-
Len Yok Chin	Executive Director	8,130,000	8.84	-	-
Chiam Soon Hock	Independent Non-Executive Director	-	-	-	-
Yap Fatt Lam	Independent Non-Executive Director	-	-	-	-

Promoters

Name	Designation	<-----Direct----->		<-----Indirect----->	
		No. of Shares	Percentage of issued and paid-up share capital %	No. of Shares	Percentage of issued and paid-up share capital %
Chong Sze San	Managing Director	35,230,000	38.29	-	-
Lim Beng Koon	Executive Director	10,840,000	11.78	-	-
Len Yok Chin	Executive Director	8,130,000	8.84	-	-

2. INFORMATION SUMMARY (CONT'D)***Substantial shareholders***

Name	Designation	<-----Direct----->		<-----Indirect----->	
		No. of Shares	Percentage of issued and paid-up share capital %	No. of Shares	Percentage of issued and paid-up share capital %
Chong Sze San	Managing Director	35,230,000	38.29	-	-
Lim Beng Koon	Executive Director	10,840,000	11.78	-	-
Len Yok Chin	Executive Director	8,130,000	8.84	-	-

Key management and technical personnel (who are not Directors or promoters of PA)

Name	Designation	<-----Direct----->		<-----Indirect----->	
		No. of Shares	Percentage of issued and paid-up share capital %	No. of Shares	Percentage of issued and paid-up share capital %
Len Fook Poh	General Manager (Production)	*175,000	0.08	-	-
Low Kim Tek	Factory Manager	*160,000	0.07	-	-
Koo Lee Huang	Finance Manager	*15,000	0.02	-	-
Ng Eu Kiat Oliver Jude	R&D cum Export Manager	*15,000	0.02	-	-
Clement Chung	Marketing Manager	*15,000	0.02	-	-

Note:

* Assuming full subscription of the Public Issue Shares offered to our eligible employees.

See Section 7 for further details of our Directors, promoters and substantial shareholders, key management and key technical personnel.

2. INFORMATION SUMMARY (CONT'D)

2.3 FINANCIAL HIGHLIGHTS

The table below sets out a summary of the proforma consolidated income statements of our Group for the past five (5) financial years ended 31 December 2001 to 2005, prepared based on the assumption that our current structure has been in existence throughout the periods under review. The proforma consolidated income statements are presented for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report as set out in Section 12 of this Prospectus.

	< ----- Financial years ended 31 December ----- >				
	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000	2005 RM'000
Revenue	12,311	22,026	42,888	88,249	127,763
Profit before depreciation, interest expense and taxation	1,679	2,724	5,918	11,196	15,038
Depreciation	(472)	(710)	(793)	(1,268)	(1,825)
Interest expense	(476)	(579)	(839)	(1,722)	(2,952)
PBT	731	1,435	4,286	8,206	10,261
Taxation	-	(292)	(747)	(1,183)	(1,737)
PAT	731	1,143	3,539	7,023	8,524
Gross EPS (sen) [*]	1.33	2.62	7.82	14.97	18.72
Net EPS (sen) ^{**}	1.33	2.09	6.46	12.82	15.55

Notes:

^{*} Strictly for illustrative purpose, the proforma consolidated gross EPS and net EPS have been computed based on the enlarged share capital before the Public Issue and Special Issue of 54,800,000 Shares.

^{**} There were no extraordinary or exceptional items during the financial years under review.

2.4 AUDIT QUALIFICATIONS

The financial statements of our subsidiaries are not subject to any audit qualification for the periods under review as set out below:

Companies	Financial year/period ended
PAE	Financial years ended 31 December 2001 to 2005
PAS	Financial period ended 29 April 2003 (date of incorporation) to 31 December 2003, the financial year ended 31 December 2004 and 2005
PAMC	Financial period ended 23 February 2005 (date of incorporation) to 31 December 2005
PAMP	Financial period ended 15 March 2005 (date of incorporation) to 31 December 2005

See Section 11 for more details on our Group's proforma financial performance.

2. INFORMATION SUMMARY (CONT'D)

2.5 SUMMARY PROFORMA CONSOLIDATED BALANCE SHEETS

Our proforma consolidated balance sheets below have been prepared for illustrative purposes only, based on our audited consolidated balance sheet as at 31 December 2005 to show the effects of our Pre-IPO Restructuring, the IPO, the Listing and the use of proceeds arising from the Public Issue and Special Issue. We have assumed that these transactions were completed on 31 December 2005. We advise you to read the proforma consolidated balance sheets together with the accompanying notes and assumptions included in the full set of the proforma consolidated balance sheets set out in Section 11.8.

		(I)	(II)
	Audited as at 31 December 2005 RM'000	After the Pre-IPO Restructuring RM'000	After (I), the IPO, Listing and the use of proceeds RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	38,696	38,696	38,696
Deferred expenditure - Listing expenses	757	757	-
	<u>39,453</u>	<u>39,453</u>	<u>38,696</u>
CURRENT ASSETS			
Inventories	18,534	18,534	18,534
Trade receivables	28,347	28,347	28,347
Other receivables	2,319	2,319	2,319
Cash and bank balances	12,384	16,384	33,981
	<u>61,584</u>	<u>65,584</u>	<u>83,181</u>
CURRENT LIABILITIES			
Trade payables	1,926	1,926	1,926
Other payables	1,844	1,844	1,844
Amount due to a director	765	765	765
Bank borrowings	59,763	59,763	52,763
Taxation	421	421	421
	<u>64,719</u>	<u>64,719</u>	<u>57,719</u>
NET CURRENT ASSETS	<u>(3,135)</u>	<u>865</u>	<u>25,462</u>
	<u>36,318</u>	<u>40,318</u>	<u>64,158</u>
SHAREHOLDERS' EQUITY			
Share capital	23,400	27,400	46,000
Share premium	-	-	5,240
Revaluation reserve	3,522	3,522	3,522
Revenue reserve	1,111	1,111	1,111
	<u>28,033</u>	<u>32,033</u>	<u>55,873</u>
Bank borrowings	6,074	6,074	6,074
Deferred taxation	2,211	2,211	2,211
	<u>8,285</u>	<u>8,285</u>	<u>8,285</u>
	<u>36,318</u>	<u>40,318</u>	<u>64,158</u>
No. of ordinary shares assumed in issue ('000)	46,800	54,800	92,000
NTA per ordinary share (RM) ⁹	0.58	0.57	0.61

Note:

⁹ Assumed nominal value of RM0.50 per share in issue throughout the period review.

2. INFORMATION SUMMARY (CONT'D)

2.6 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with the other matters in this Prospectus, risk and investment considerations below. The following is only a summary of the risks and investment considerations and is not an exhaustive list of challenges that we currently face or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on us or our Shares. See Section 4 for detailed information on the risks in investing in us and our Shares.

- (i) No prior market for our Shares;
- (ii) Business risks;
- (iii) Dependence on our customers;
- (iv) Political, economic and legislative considerations;
- (v) Dependence on particular industries;
- (vi) Competition;
- (vii) New products, services and geographical market risk;
- (viii) Production risks;
- (ix) Foreign exchange risk;
- (x) Adequacy of insurance coverage on our Group's assets;
- (xi) Environmental concerns;
- (xii) Dependence on key personnel;
- (xiii) Dependence on supply of labour;
- (xiv) Pricing and availability of raw materials;
- (xv) Borrowings;
- (xvi) Control by substantial shareholders;
- (xvii) Failure or delay in the Listing; and
- (xviii) Forward-looking statements.

2. INFORMATION SUMMARY (CONT'D)

2.7 PRINCIPAL STATISTICS

The principal statistics of the IPO are as follows:

(i) Share Capital	RM
<i>Authorised</i>	
200,000,000 Shares	<u>100,000,000</u>
<i>Issued and fully paid-up as at the date of this Prospectus</i>	
54,800,000 Shares	27,400,000
<i>To be issued pursuant to the Special Issue</i>	
27,600,000 Shares	13,800,000
<i>To be issued pursuant to the Public Issue</i>	
9,600,000 Shares	4,800,000
<i>Enlarged issued and paid-up share capital</i>	
92,000,000 Shares	<u>46,000,000</u>

(ii) Classes of Shares and Ranking

We only have one (1) class of shares, namely ordinary shares of RM0.50 each, all of which rank equally with one another. The Public Issue Shares and Special Issue Shares will, upon allotment and issue, rank equally in all respects with our existing issued Shares which are fully paid-up, including voting rights and rights to all dividends, allotments and/or other distributions that may be declared subsequent to the date of this Prospectus.

See Section 3.2 for further information on our share capital.

(iii) Issue price for each Public Issue Share/Special Issue Share RM0.70

See Section 3.6 for the basis of arriving at the issue price.

(iv) Proforma Group NTA as at 31 December 2005

Proforma Group NTA (RM'000) RM55,873

(After the Public Issue and Special Issue and deducting total estimated listing expenses amounting to RM2.2 million)

Proforma Group NTA per Share RM0.61

(Based on the enlarged issued and paid-up share capital of 92,000,000 Shares)

See Section 11.8 for further information on our proforma consolidated balance sheets.

2. INFORMATION SUMMARY (CONT'D)**(v) Consolidated Profit Forecast for the Financial Year Ending 31 December 2006**

Financial year ending 31 December	Forecast 2006 RM'000
Revenue	135,743
Consolidated PBT	11,675
Taxation	(1,897)
Consolidated PAT	9,778
Weighted average number of Shares in issue ('000) ⁱ	82,030
Gross EPS (sen)	
- Based on the weighted average number of shares in issue	14.2
- Based on the enlarged share capital of 92,000,000 Shares	12.7
Net EPS (sen)	
- Based on the weighted average number of shares in issue	11.9
- Based on the enlarged share capital of 92,000,000 Shares	10.6
Gross PE Multiple based on the issue price of RM0.70 per Share (times)	
- Based on the weighted average number of shares in issue	4.9
- Based on the enlarged share capital of 92,000,000 Shares	5.5
Net PE Multiple based on the issue price of RM0.70 per Share (times)	
- Based on the weighted average number of shares in issue	5.9
- Based on the enlarged share capital of 92,000,000 Shares	6.6

Note:

ⁱ The weighted average number of Shares in issue is calculated based on the assumption that the Public Issue and Special Issue were effected in early April 2006.

See Sections 11.3 and 11.4 for further information on the profit forecast of our Group.

(vi) Dividend Forecast for the Financial Year Ending 31 December 2006

Financial year ending 31 December	Forecast 2006
Gross dividend per Share (sen)	3.00
Net dividend per Share (sen)	2.16
Gross dividend yield (based on the issue price of RM0.70 per Share) (%)	4.29
Net dividend yield (based on the issue price of RM0.70 per Share) (%)	3.09
Gross dividend cover (times)	3.54
Net dividend cover (times)	4.92

See Section 11.6 for further information on our dividend forecast.

2. INFORMATION SUMMARY (CONT'D)

2.8 USE OF PROCEEDS

The gross proceeds received from the Public Issue and Special Issue of approximately RM26.04 million will be used as follows:

	RM'000
Purchase of machinery	7,800
Construction of warehouse and factory cum office building	3,000
Repayment of borrowings	7,000
Working capital	6,040
Estimated listing expenses	2,200
Total	26,040

Our Directors expect the proceeds from the Public Issue and Special Issue to be fully used within 18 months from the date of Listing.

See Section 3.8 for further information on the use of proceeds.

2.9 WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

2.9.1 Working Capital

Our Directors are of the opinion that, after taking into account, amongst others, the consolidated cashflow position, available banking facilities and the gross proceeds from the Public Issue and Special Issue, our Group will have adequate working capital for a period of 12 months from the date of this Prospectus.

2.9.2 Borrowings

Our Group's total outstanding borrowings as at 31 December 2005 was RM65.84 million. We have not defaulted on any interest and/or principal sum payments for any borrowings throughout the past one (1) financial year and during the subsequent financial period until the date immediately preceding the date of this Prospectus. Further, our Directors are of the opinion that after taking into account, amongst others, the consolidated cashflow position and gross proceeds from the Public Issue and Special Issue, our Group will be able to sustain the future payments of both the interest and principal sum of all our borrowings and continue to obtain loan facilities for its subsequent operational needs, as and when necessary. See Section 11.2.2 for further details on our Group's outstanding borrowings.

2.9.3 Contingent Liabilities

As at 28 February 2006, our Directors are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the profit or net asset value of our Group.

2. INFORMATION SUMMARY (CONT'D)

2.9.4 Material Commitments

Save as disclosed below, as at 28 February 2006, our Directors are not aware of any material commitments which, upon becoming enforceable, may have a material impact on the profit or net asset value of our Group.

	RM'000
Authorised and contracted	5,400

See Section 11.2.4 for further details on our Group's material commitments.

2.10 MATERIAL LITIGATION

As at 28 February 2006 our Group is not engaged in any litigation and/or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of our Group and our Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

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3. PARTICULARS OF THE IPO

3.1 INTRODUCTION

This Prospectus is dated 29 March 2006.

We have registered a copy of this Prospectus with the SC. We have also lodged a copy of this Prospectus, together with the Application Form with the Registrar of Companies. Neither the SC nor the Registrar of Companies takes any responsibility for their contents.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed our Shares as a prescribed security. Therefore, we will deposit the Public Issue Shares and Special Issue Shares directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the aforesaid act and the rules of Bursa Depository. We will not issue share certificates to successful applicants.

We will make an application to Bursa Securities within three (3) Market Days from the date of this Prospectus for admission to the Official List of the Second Board of Bursa Securities and for permission to deal in and for the listing of and quotation for our Shares on the Second Board of Bursa Securities. Our Shares will be admitted to the Official List of the Second Board of Bursa Securities and official quotation will commence after receiving confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment despatched to all successful applicants.

Acceptance of the applications will be conditional upon permission being granted by Bursa Securities to deal in and for the listing of and quotation for our Shares on the Second Board of Bursa Securities. Accordingly, monies paid in respect of any applications accepted will be returned without interest if the said permission for our listing is not granted within six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC) provided we are notified by or on behalf of Bursa Securities within the aforesaid timeframe.

Pursuant to the Listing Requirements of Bursa Securities, at least 25% of our issued and paid-up share capital must be in the hands of public shareholders with a minimum number of 1,000 public shareholders holding not less than 100 shares each upon completion of the IPO. We expect to meet the public shareholding requirement at the point of Listing. If we do not meet the public shareholding requirement, we may not be allowed to proceed with the Listing. In such an event, we will return in full, without interest, monies paid in respect of all applications.

You should have a CDS account. If you apply by way of Application Form, you should state your CDS account number in the space provided in the Application Form. If you do not presently have a CDS account, you should open a CDS account at an ADA. If you apply by way of Electronic Share Application, you must be an individual and have a CDS account. You should then furnish your CDS account number to the Participating Financial Institution by keying in your CDS account number, as instructed on the ATM screen. If you are a corporation or institution, you cannot apply for the Public Issue Shares by way of Electronic Share Application.

You should rely only on the information contained in this Prospectus. We or our Adviser have not authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our Group's affairs since the date hereof.

3. PARTICULARS OF THE IPO (CONT'D)

The distribution of this Prospectus and the sale of the Public Issue Shares and/or Special Issue Shares are subject to Malaysian law. CIMB and us take no responsibility for the distribution of this Prospectus and/or sale of the Public Issue Shares and/or Special Issue Shares outside Malaysia which may be restricted by law in other jurisdictions. Persons who may be in 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 offer to sell or invitation of an offer to buy any Public Issue Shares and/or Special Issue Shares in any circumstance in which such an offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such an offer or invitation.

You should rely on your own evaluation to assess the merits and risks of the Public Issue and Special Issue. In considering the investment, if you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

3.2 SHARE CAPITAL AND RIGHTS ATTACHING TO THE PUBLIC ISSUE SHARES AND SPECIAL ISSUE SHARES

	RM
<i>Authorised</i>	
200,000,000 Shares	<u>100,000,000</u>
<i>Issued and fully paid-up as at the date of this Prospectus</i>	
54,800,000 Shares	27,400,000
<i>To be issued pursuant to the Special Issue</i>	
27,600,000 Shares	13,800,000
<i>To be issued pursuant to the Public Issue</i>	
9,600,000 Shares	4,800,000
<i>Enlarged issued and paid-up share capital</i>	
92,000,000 Shares	<u>46,000,000</u>

We only have one (1) class of shares, namely ordinary shares of RM0.50 each, all of which rank equally with one another. The Public Issue Shares and Special Issue Shares will, upon allotment and issue, rank equally in all respects with our existing issued Shares which are fully paid-up, including as to voting rights and rights to all dividends, allotments and/or other distributions that may be declared subsequent to the date of this Prospectus.

Each member at any general meeting of the Company shall be entitled to vote in person or by proxy. On a show of hands, every person present who is a member or proxy shall have one (1) vote and on a poll, every member present in person or by proxy shall have one (1) vote for each ordinary share held. A proxy may but need not be a member of the Company.

Subject to any special rights attaching to any Shares that we may issue in the future, our members are entitled proportionately to share in part or whole of the profits paid out by us as dividends and other distribution and any surplus in the event of liquidation in accordance with our Articles of Association.

3.3 OPENING AND CLOSING OF APPLICATIONS

We will be accepting applications from 10.00 a.m. on 29 March 2006 to 5.00 p.m. on 5 April 2006 or such other later date or dates as we and/or the Underwriters may in their absolute discretion mutually decide. Late applications will not be accepted.

3. PARTICULARS OF THE IPO (CONT'D)

If the closing date of the application is extended, notice of such extension(s) will be advertised in a widely circulated Bahasa Malaysia and English newspaper in Malaysia.

3.4 IMPORTANT TENTATIVE DATES

The following events are intended to take place on the following tentative dates:

Events	Date
Opening of Applications	29 March 2006
Closing of Applications	5 April 2006
Tentative date for balloting	7 April 2006
Tentative date for despatch of notices of allotment to successful applicants	17 April 2006
Tentative date for Listing	18 April 2006

Note:

This timetable is tentative and is subject to changes which may be necessary to facilitate implementation procedures. The Application period will remain open until 5.00 p.m. on 5 April 2006 or such other later date or dates as our Directors and/or the Managing Underwriter may mutually decide, at their absolute discretion. We will announce any extension of the Public Issue and Special Issue in a widely circulated Bahasa Malaysia and English newspaper within Malaysia.

3.5 PARTICULARS OF THE IPO

The IPO comprises an offering of the following:

(i) Eligible employees of our Group

1,600,000 Public Issue Shares have been reserved for eligible employees of our Group.

(ii) Private placement

2,000,000 Public Issue Shares and 27,600,000 Special Issue Shares have been reserved for private placement to identified investors and identified Bumiputera investors respectively.

(iii) Malaysian public

6,000,000 Public Issue Shares will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

The Public Issue Shares in respect of Section 3.5(i) above are allocated based on the position and number of years of service of the eligible employees who are confirmed Malaysian employees of our Group as at 31 December 2005. Based on these criteria, there are 116 employees who are eligible to subscribe for the Public Issue Shares reserved for the eligible employees of our Group.

3. PARTICULARS OF THE IPO (CONT'D)

In the event that any of the Public Issue Shares under Section 3.5(i) above is not taken up by the eligible employees of our Group, the unsubscribed Public Issue Shares will first be re-allocated to the eligible employees who apply for excess Public Issue Shares on top of their pre-determined allocation on a proportionate basis (subject to rounding of odd lots). This is to enable our eligible employees who are interested in subscribing for more Public Issue Shares to have another chance at participating in the Public Issue based on their individual financial ability. If there are still Public Issue Shares not taken up after the above re-allocation, they will then be made available for application by the Malaysian public as set out in Section 3.5(iii) above.

All the Public Issue Shares in respect of Sections 3.5(i) and (iii) above are fully underwritten. The 2,000,000 Public Issue Shares and 27,600,000 Special Issue Shares to be issued by way of private placement as stated in Section 3.5(ii) above need not be and will not be underwritten as the identified investors have provided irrevocable undertakings to acquire the said shares. See Section 3.9 for the details of the brokerage, underwriting commission and placement fees.

The minimum level of subscription in respect of the Public Issue and Special Issue shall be the entire 9,600,000 Public Issue Shares and 27,600,000 Special Issue Shares. The minimum level of subscription has been determined based on the estimated level of funds to be raised from the Public Issue and Special Issue of approximately RM26.04 million and the number of shares required to meet the minimum public shareholding spread.

3.6 BASIS OF ARRIVING AT THE PUBLIC ISSUE PRICE/SPECIAL ISSUE PRICE

We and CIMB, as Adviser, Managing Underwriter, Underwriter and Placement Agent have determined the issue price of the Public Issue Shares and Special Issue Shares of RM0.70 per Share after taking into consideration, amongst others the following factors:

- (i) Our operating and financial history and conditions;
- (ii) Our future prospects and the industries in which we operate in, as outlined in Sections 5 and 6;
- (iii) The prevailing market conditions;
- (iv) The forecast net PE Multiple of 6.6 times based on our forecast EPS for the financial year ending 31 December 2006 of 10.6 sen and our enlarged issued and paid-up share capital of 92,000,000 Shares;
- (v) Our proforma audited consolidated NTA per Share of RM0.61 as at 31 December 2005, details of which are set out in Section 11.8;
- (vi) Our forecast net dividend yield of 3.09% based on the forecast net dividend per Share of 2.16 sen for the financial year ending 31 December 2006 and the issue price of RM0.70 per Share, details of which are set out in Section 11.6; and
- (vii) Our qualitative and quantitative factors as outlined in Sections 5, 6, 7 and 11.

Prior to the IPO, there has been no trading market for our Shares. You should also take note that the market price of our Shares upon the Listing is subject to the vagaries of market forces and other uncertainties which may affect the market price of our Shares. You should also bear in mind the risk factors in Section 4 before deciding on whether or not to invest in us and our Shares.

3. PARTICULARS OF THE IPO (CONT'D)

3.7 PURPOSES OF THE IPO

The purposes of the IPO are as follows:

- (i) To provide an opportunity for eligible employees of our Group and the Malaysian public to participate in our equity and continuing growth;
- (ii) To enable us to have access to the capital market for cost effective capital raising in order to give us the financial flexibility to pursue growth opportunities;
- (iii) To achieve listing status for our Company which will enhance the liquidity of our Shares; and
- (iv) To raise proceeds for the purposes stated in Section 3.8.

3.8 PROCEEDS FROM THE PUBLIC ISSUE AND SPECIAL ISSUE

The gross proceeds received from the Public Issue and Special Issue of approximately RM26.04 million will be used for the core businesses of our Group in the following manner:

	Notes	RM'000	Timeframe of using the fund from the date of Listing
Purchase of machinery	*i	7,800	Within 18 months
Construction of warehouse and factory cum office building	*ii	3,000	Within 12 months
Repayment of borrowing	*iii	7,000	Within 6 months
Working capital	*iv	6,040	Within 6 months
Estimated listing expenses	*v	2,200	Within 3 months
Total		26,040	

Notes:

- *i We have allocated RM7.8 million for the purchase of machinery. The machineries that we have identified to be purchased are as follows:

	RM'000
Powder coating facility (1 production line)	1,800
2200 US Tonne Press Extrusion Line (1 production line)	6,000
Total	7,800

The powder coating facility will allow us to move up the value added chain by providing a type of surface finishing facility for the extrusion profile. We have acquired and installed the said powder coating facility in October 2005. The 2200 US Tonne Press Extrusion Line will provide extended cross section profiles that will enhance both our production capacity and also increase our existing range of products. We have already placed an order for the purchase of the machine and paid a 10% deposit on the 2200 US Tonne Press Extrusion Line as at 28 February 2006. These new facilities or production line will be set up in our existing factory.

Since the Listing is expected to be completed only in early 2006, our Group has utilised a mix of credit facilities and internally generated funds to finance the purchase of the above machineries/facilities. In this respect, the amount allocated for the above machineries/facilities will be used in full or in part to repay the credit facilities or to recoup the internally generated funds utilised for such purpose. Hence, the machineries/facilities will ultimately be paid using the proceeds from the IPO.

- *ii In line with our expansion plan, we have constructed a warehouse of 8,400 square feet ("sq.ft.") beside our Ijok factory to provide warehouse space. In addition, we have also constructed a new 4 storey factory cum office building of 19,200 sq.ft. next to our existing factory in Ijok to house the production, administration and R&D departments. The renovation works of the new factory cum office building are still in progress and are scheduled to be

3. PARTICULARS OF THE IPO (CONT'D)

completed by the end of first quarter 2006.

Our Group has utilised credit facilities to finance such construction cost. In this respect, the amount allocated for the construction of warehouse and factory cum office building will be used in full or in part to repay the credit facilities utilised for such purpose.

- *iii We intend to use RM7.0 million from the above proceeds to repay part of the borrowings of our Group. The actual facilities which may be repaid as well as the outstanding amounts of these facilities, which vary from time to time, can only be determined at a later date. The actual facilities and outstanding amounts of each of the facilities to be repaid will be determined later in the best interest of the Company at the discretion of our Directors. Notwithstanding the above, the facilities that may be repaid, in full or in part, may include the following:

Name of lender	Type of facilities	Purpose of borrowings	Terms of repayment	Existing limit of facilities as at 31 December 2005 RM'000	Amount outstanding as at 31 December 2005 RM'000
PAE					
Bumiputra-Commerce Bank Berhad ("BCB")	Term loan	To among others, part finance the purchase and construction of land and building and purchase billet casting machinery	By 84 monthly instalments	4,486	3,986
BCB	Multi option line (trade line)	To among others, finance import/purchase and export/sales of goods and purchase of raw materials	Various, from at sight to a maximum of one (1) year subject to renewal	33,300	32,795
PAS					
AmBank (M) Berhad	Term Financing - i	To refinance previous credit facilities from Malayan Banking Berhad which was used to among others, purchase of land and factory, finance import/purchase and export/sales of goods and purchase of raw materials.	By 84 monthly instalments	2,000	1,719
				39,786	38,500

Further details of the above borrowings are set out in Section 11.2.2.

- *iv We have allocated RM6.04 million to finance our working capital requirements. We will use it to, amongst others, purchase raw materials and pay for our Group's operating expenditures relating to the manufacturing activities.

- *v Estimated listing expenses amounting to RM2.2 million, which include brokerage and underwriting commission relating to the Public Issue Shares, will be borne by us and we expect to use it within one (1) month from the date of Listing. An amount of about RM825,000 out of the above estimated listing expenses is provided for professional fees of advisers and experts. Any excess or shortfall in the amount allocated to finance listing expenses will be transferred to or from the amount allocated to working capital requirements.

We shall bear all of the expenses and fees of the IPO. We expect to fully use the proceeds from the Public Issue and Special Issue within 18 months from the date of Listing.

3. PARTICULARS OF THE IPO (CONT'D)

We expect the repayment of borrowings from the proceeds to reduce our Group's gearing level from 2.06 times (based on the proforma balance sheet after the Pre-IPO Restructuring but before the Public Issue, Special Issue and the Listing) to approximately 1.05 times (based on the proforma balance sheet after the Pre-IPO Restructuring, Public Issue, Special Issue and the Listing as at 31 December 2005). Henceforth, at the prevailing average interest rate of approximately 7.0% per annum, the repayment of RM7.0 million of outstanding borrowings will enable us to save interest cost before savings in tax of approximately RM490,000 per annum.

3.9 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEES

We will pay brokerage at the rate of 1.0% of the issue price of the Public Issue Shares of RM0.70 per Share for successful applications which bear the stamps of CIMB, member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or the Issuing House. We will also pay brokerage at a rate of 1.0% of the issue price of the Public Issue Shares of RM0.70 per Share from successful applications by the employees.

The Managing Underwriter and the Underwriters have agreed to underwrite the 7,600,000 Public Issue Shares to be issued to the employees of our Group and the Malaysian public. We will pay the underwriters an underwriting commission of 1.75% of the issue price of the Public Issue Shares of RM0.70 per Share which is underwritten. We will also pay the Managing Underwriter a Managing Underwriter's commission of 0.25% of the issue price of the 7,600,000 Public Issue Shares which are underwritten.

We will pay the Placement Agent placement fees at the rate of 1.75% on the value of the 2,000,000 Public Issue Shares and 27,600,000 Special Issue Shares placed out to identified investors as stated in Section 3.5(ii) above.

3.10 DETAILS OF THE UNDERWRITING AGREEMENT

We have entered into an Underwriting Agreement with the Underwriters on 28 February 2006 ("Agreement") to underwrite the 7,600,000 Public Issue Shares ("Underwritten Shares") which are made available for application by the eligible employees of our Group and the Malaysian public as stated in Sections 3.5(i) and (iii) above. Some of the salient terms of the Agreement are as follows:

- (i) The obligations of the Underwriters to underwrite the Underwritten Shares and the Managing Underwriter to manage the Underwritten Shares under this Agreement are conditional on the performance by the Company of its obligations under this Agreement and on:
 - (a) The Managing Underwriter being provided with such reports or confirmations and being satisfied on the last date for application, acceptance and payment of the subscription or purchase monies for the placement shares under the Prospectus and application form ("Issue Documents"), which shall not be later than 30 April 2006 and subject to the extension of the closing date ("Closing Date") that:
 - (aa) no material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of the Group taken as a whole from that subsequent to the Agreement date; or
 - (bb) there has not occurred any event or the discovery of any facts or circumstances which would render any representations, warranties or undertakings in clause 11 (Representations Warranties and Undertakings) of the Agreement materially untrue or inaccurate or result in a material breach of the Agreement by the Company;

3. PARTICULARS OF THE IPO (CONT'D)

- (b) The Managing Underwriter receiving a certificate in the form or substantially in the form contained in Schedule 3 (Certificate) of this Agreement dated 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 as referred to in clause 11 (Representations, Warranties and Undertakings) of the Agreement;
- (c) The issue of the Prospectus not later than 2 months from the Agreement date or such later date as the Managing Underwriter and the Company may from time to time agree in writing;
- (d) The registration of the Prospectus and such other documents as may be required in accordance with the Securities Commission Act, 1993 in relation to the Public Issue with the SC and its lodgement with the Registrar of Companies by the issue date;
- (e) All the approvals of SC, FIC and MITI referred to in clause 2.2 (Approvals) of the Agreement remaining in full force and effect and that all conditions precedent to the approvals (except for any which can only be complied with after the Public Issue has been completed) have been complied with;
- (f) The approval-in-principle of Bursa Securities for the admission of the Company to the Official List and the listing of and quotation for its entire issued and paid-up share capital being obtained on terms acceptable to the Managing Underwriter and remaining in full force and effect and that all conditions precedent (except for any which can only be complied with after the Public Issue has been completed) have been complied with;
- (g) The Managing Underwriter being satisfied that the Company will, following completion of the Public Issue and Special Issue be admitted to the Official List and its share capital be listed and quoted on the Second Board without undue delay;
- (h) The Managing Underwriter and Underwriters being satisfied with the arrangements of the Company to pay the costs and expenses and interest (if applicable) referred to in clause 10 (Fees and Commission) of the Agreement;
- (i) The Managing Underwriter receiving copies certified by a director or the company secretary of the Company to be a true and accurate copy and in full force and effect of a resolution of the Directors:
 - (aa) approving the Issue Documents, the Agreement and the transactions contemplated by it;
 - (bb) authorising the issuance of the Issue Documents; and
 - (cc) authorising a person to sign and deliver the Agreement on behalf of the Company;
- (j) The Agreement being duly signed by all parties and stamped;

3. PARTICULARS OF THE IPO (CONT'D)

- (k) The Public Issue not being prohibited or impeded by any statute, order, rule, directive, guideline (whether or not having a force of law) or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any condition imposed by the regulators in approving the Public Issue and all consents, approvals, authorisations or other orders required by the Company under such laws for or in connection with the Public Issue and/or listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of the Bursa Securities have been obtained and are in force on the Closing Date or the Managing Underwriter being reasonably satisfied that the same will be in force on the Closing Date;
 - (l) The Managing Underwriter being satisfied that the Company has complied with and that the Public Issue is in compliance with the policies, guidelines and requirements of the SC and Bursa Securities and all revisions, amendments and/or supplements to it;
 - (m) The Public Issue being approved by the shareholders of the Company in an extraordinary general meeting;
 - (n) The composite index of Bursa Securities being no less than 800 points for 3 consecutive Market Days between the Agreement date and the Closing Date, both dates inclusive;
 - (o) There being no breach of and/or failure to perform any of the terms and/or the undertakings contained in the Agreement;
 - (p) All necessary approvals and consents required in relation to the Public Issue (including but not limited to shareholders', governmental and authorities' approvals) in relation to the extension of time in implementing the Listing Scheme (if any) having been obtained and being in full force; and
 - (q) The receipt of the subscription monies for the placement shares in full by the Managing Underwriter on or before the last date for payment of the placement shares, the date of which will be notified by the Managing Underwriter to the respective placees of the placement shares.
- (ii) If any of the conditions in clauses 6.1.3 (Details), 6.1.4 (Details), 6.1.9 (Details), 6.1.10 (Details), or 6.1.13 (Details) (to the extent not waived) of the Agreement are not satisfied by the Issue Date; and if any of the conditions other than those referred to in clause 6.3.1 (Pre Issue Date) of the Agreement to the extent not waived are not satisfied by the Closing Date, the Managing Underwriter after consultation with OSK and the Company shall be entitled to terminate the Agreement and in such event the provisions of clause 14 (Termination) of the Agreement shall apply but without prejudice to the rights of the Managing Underwriter and the Underwriters under clause 10 (Fees and Commission) and clause 11.3.1 (Indemnity) of the Agreement. The parties hereto shall thereafter be released and discharged from their respective obligations hereunder.
- (iii) Notwithstanding anything contained in the Agreement, the Managing Underwriter on behalf of the Underwriters may by notice in writing to the Company given at any time on or before the Closing Date, terminate, cancel and withdraw their respective commitment to underwrite their respective portion of the Underwritten Shares ("Underwriting Commitment") if in the reasonable opinion of the Managing Underwriter there shall have occurred happened or come into effect any of the following circumstances:

3. PARTICULARS OF THE IPO (CONT'D)

- (a) any material breach by the Company of any of the representations, warranties or undertakings contained in clause 11 (Representations, Warranties and Undertakings) of the Agreement which, if capable of remedy, is not remedied within 3 Market Days after notice of such breach shall have been given to the Company by the Underwriters or by the Closing Date, whichever is the earlier;
- (b) there is failure on the part of the Company to perform any of its obligations contained in the Agreement;
- (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 Group, the success of the Public Issue;
- (d) there shall have occurred, or happened any material or adverse change in the business or financial condition of the Company or the Group;
- (e) any change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the abovementioned events or occurrences;
- (f) any change in any law, regulation, directive, policy or ruling in any jurisdiction;
- (g) the Closing Date of the application for the Issue Shares does not occur on or before 30 April 2006, subject to clause 30 (Extension of Closing Date) of the Agreement;
- (h) there shall have occurred, or happened any of the following force majeure circumstances:
 - (aa) any material adverse change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or currency exchange rates or the occurrence of any combination of any of the foregoing which would prejudice the Public Issue; or
 - (bb) any new law or change in law, regulation, directive, policy or ruling in any jurisdiction, interpretation or application by the court/authorities which has/likely to have material adverse effect on the PA Group; or

3. PARTICULARS OF THE IPO (CONT'D)

- (cc) any event or series of events beyond the reasonable control of the Underwriters including (without limitation) acts of government, acts of God (including, without limitation, the occurrence of a tsunami and/or earthquakes and/or landslides), acts of terrorism, strikes, national disorder, declaration of a state of emergency, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war, diseases 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 applications and/or payments pursuant to the Public Issue or pursuant to the underwriting of the Underwritten Shares; or
- (dd) any imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities due to exceptional financial circumstances or otherwise; or
- (ee) any material change in financial conditions as stated in clause 14.1.1.4(a) of the Agreement to include stock market conditions and interest rates. For this purpose, a drop in the composite index of Bursa Securities by 10% or more from the date of the Agreement can be deemed a material adverse change in the stock market condition to allow the Underwriters to invoke a termination under this clause 14.1 of the Agreement; or
- (ff) any government requisition or occurrence of any other nature which materially and adversely affect or will materially or adversely affect the business and/or financial position of the Company or its Subsidiaries;
- (i) in the event that the listing of and quotation for the entire issued and paid up share capital of the Company on the Second Board of Bursa Securities is withdrawn or not procured or procured but subject to conditions not acceptable to the Underwriters;
- (j) there is non fulfilment of any of the Conditions contained in clause 6 (Conditions) of the Agreement by the respective compliance dates and such non-fulfilment is not waived by the Managing Underwriter with the consent of the Underwriters; or
- (k) in the event of a unilateral termination by the Company,

which, in the reasonable 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 Group taken as a whole or the success of the Public Issue or the listing of the Company on the Second Board of Bursa Securities or market conditions generally or which has or is likely to have the effect of making any material part of the Agreement incapable of performance in accordance with its terms.

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3. PARTICULARS OF THE IPO (CONT'D)

- (iv) Upon such notice(s) being given pursuant to clause 14.1 (Termination) of the Agreement, the Managing Underwriter and the Underwriters shall be released and discharged of their obligations without prejudice to their rights under this Agreement, and where the Underwriters have terminated or withdrawn their underwriting commitments pursuant to clause 14.1 (Termination) of the Agreement, the Agreement shall be of no further force or effect and no party shall be under any liability to any other parties in respect of this Agreement, save and except that the Company shall remain liable in respect of any of their obligations and liabilities under clause 11 (Representations, Warranties and Undertakings), clause 12 (Costs and Expenses) and clause 11.3.1 (Indemnity) of the Agreement for the payment of the costs and expenses already incurred up to the date on which such notice was given and under clause 8.3.2 (Prospectus and Listing) of the Agreement for the payment of any taxes, duties, interests or levies and for any antecedent breach and for the payment of the full underwriting commission to the Underwriters and the full managing underwriting commission to the Managing Underwriter under clause 10.1 (Fees and Commission) of the Agreement.

3.11 MORATORIUM ON THE DISPOSAL OF OUR SHARES

Under the SC Guidelines and as a condition of the SC's approval for the Listing, certain of our shareholders are not allowed to sell, transfer or assign their shareholdings of 41,400,000 of Shares, representing 45% of our enlarged issued and paid-up share capital within one (1) year from our date of admission to the Official List of the Second Board of Bursa Securities.

Our shareholders who are subject to the moratorium are as follows:

Shareholders	No. of Shares held after the IPO	% of enlarged share capital	No. of Shares placed under moratorium	% of enlarged share capital
Chong Sze San	35,230,000	38.29	29,900,000	32.50
Lim Beng Koon	10,840,000	11.78	7,820,000	8.50
Len Yok Chin	8,130,000	8.84	3,680,000	4.00
Total	54,200,000	58.91	41,400,000	45.00

The restriction, which is fully acknowledged by the aforesaid shareholders, is specifically endorsed on the share certificates and notices of allotment representing the shareholdings of the aforesaid shareholders which are under moratorium, to ensure that our Registrar does not register any transfers which are not in compliance with the restriction imposed by the SC and Bursa Securities.

The remarks endorsed on these share certificates are as follows:

"The shares comprised herein are not capable of being sold, transferred or assigned for a period as determined by the SC ("Moratorium Period"). Accordingly, the shares comprised herein will not constitute good delivery pursuant to the Rules of the Exchange during the Moratorium Period. No share certificate or certificates will be issued to replace this certificate unless the same shall be endorsed with this restriction."

4. RISK FACTORS

Before investing in our Shares, you should carefully consider, along with the other matters in this Prospectus, the risk and investment considerations set out below. The risk and investment considerations set out below are not an exhaustive list of challenges that we currently face or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on us and/or our Shares.

4.1 NO PRIOR MARKET FOR OUR SHARES

Prior to this IPO, there was no public market for our Shares. There can be no assurance that an active market for our Shares will develop upon our listing on the Second Board of Bursa Securities or that such market, if developed, will be sustained. The issue price of RM0.70 for the Public Issue Shares and Special Issue Shares was determined after taking into consideration a number of factors. These include, but are not limited to, our operating and financial history and conditions, the prospects of the industries in which we operate, our management and the prevailing market conditions prior to the issue of this Prospectus. Our Shares could trade at a price that may be lower than the issue price depending on many factors, including, among others, the depth and liquidity of the market for our Shares and investors' perceptions of us. Neither we, the Adviser, Managing Underwriter nor the Underwriters have any obligation to make a market in our Shares.

4.2 BUSINESS RISKS

We are involved in aluminium extrusion and aluminium billet casting businesses. We are subject to certain business risks inherent in the aluminium extrusion and aluminium billet casting businesses that include, among others, changes in general economic conditions in Malaysia, in the region and/or globally. Such risks also include changes in business conditions such as changes in the Government policies, interest rate, constraints in labour supply, increase in costs of labour and raw materials, increase in production costs, duties and availability of imported supplies and raw materials, changes in law and tax regulations and technological obsolescence. No assurance can be given that these factors will not have a material adverse effect on our business.

We seek to limit these risks through, inter-alia diversifying and increasing our customer base, storing sufficient levels of raw material and pricing purchases of raw material prices against customer orders to reduce the impact of fluctuation in raw material prices.

4.3 DEPENDENCE ON OUR CUSTOMERS

We have several key customers for our aluminium billet businesses, who order large quantities of billets from us consistently. Details of our top ten (10) customers, which include these key customers, for the financial year ended 31 December 2005 are set out in Section 6.4.7.

The business risks that we face due to these several key customers for our aluminium billet casting business are, among others, the termination of business relationships, cessation of certain product lines by the customers which may result in us losing a substantial portion of our business and in turn, have an adverse effect on our operations and financial performance.

4. RISK FACTORS (CONT'D)

Considering that we are one (1) of the three (3) commercial aluminium billet manufacturers in Malaysia, which produces and sell billets on a commercial basis, our Directors believes that our risk of losing these key customers are low so long as consistent good quality of billets are delivered and fair pricing is offered to the customers. We also have strong working relationships with most of our customers and we are committed to provide good business support to our customers, as evidenced by the continued bilateral working relationships throughout the years. Notwithstanding the above, no assurance can be given that we will continue to enjoy our key customers' support in the future.

4.4 POLITICAL, ECONOMIC AND LEGISLATIVE CONSIDERATIONS

As with any other businesses, our performance is susceptible to political, economic and legislative conditions, both locally and internationally. Depending on the circumstance, the impact of changes to the general political and economic environment as well as changes to legislative considerations domestically and internationally may have adverse or unfavourable effects on us. These include, but are not limited to, the risks of war, terrorism, riots, expropriation, nationalisation, renegotiations or nullification of existing contracts, currency exchange controls, changes in interest rates and methods of taxation.

4.5 DEPENDENCE ON PARTICULAR INDUSTRIES

The end market for aluminium billets and the market for aluminium extruded products includes, but are not limited to, the electrical and electronics ("E&E") industry, the transport industry, construction and building material industry and furniture industry. In view of the wide range of industries where our products can be used, directly or indirectly, we believe that the risk of overdependence on a particular industry is low. Notwithstanding the above, there can be no assurance that a decline in one or more particular industries will not adversely impact our operating results.

4.6 COMPETITION

The competition faced by us is as follows:

4.6.1 Aluminium Billets

We are currently one (1) of the three (3) commercial aluminium billet manufacturers in Malaysia that produces and sell billets on a commercial basis. In addition, there are a number of aluminium extruders which have their own in-house billet casting facilities that produce billets mainly for their own consumption, which includes Fujisash (Malaysia) Sdn Bhd and Press Metal Berhad. PA can be deemed as both a commercial aluminium billet manufacturer as well as an aluminium extruder with its own in-house aluminium billet casting facilities. Competition may cause our market share to decrease, sales to decline and/or lower the profit margin for our products. To improve our competitiveness locally, we provide additional service to meet our customers' requirements such as manufacturing or producing customised in-house aluminium alloy and casting our billets into customers' required size and length.

On the international front, we face competition mainly from manufacturers in the ASEAN countries, especially with the initiation of the Common Effective Preferential Tariff ("CEPT") scheme under AFTA, and also other Asian countries like China, Taiwan and India. The competitive advantage that we have over our overseas competitors is mainly the additional transport charges faced by our overseas competitors as aluminium billets are heavy and hence, more expensive to transport.

4. RISK FACTORS (CONT'D)

4.6.2 Aluminium Extrusion

In the aluminium extrusion business, we face competition from competitors locally and abroad. Due to this competition, we face the risk of, amongst others, losing our market share, and/or having lower profit margin, which will affect our operations and financial performance. Nevertheless, we are confident of maintaining and improving our competitive advantage by ensuring prompt delivery, extruding consistent high quality value-added products, continuous product development, and providing technical consulting services to advise customers on ways to improve product design and product quality.

Although we have taken continuous efforts to maintain our competitiveness, there is no assurance that we will be able to maintain our market share and/or profit margin in the future.

4.7 NEW PRODUCTS, SERVICES AND GEOGRAPHICAL MARKET RISK

We place continuous emphasis on expansion of our range of products, services, and penetration into new geographical markets. With our R&D capability and the additional machinery acquired, we will be able to develop new extrusion products and provide a more complete range of services to meet our customers' specifications, such as powder coating and sizing. With such improvement in our capability, we are in the better position to market our products and services to other countries. However, there can be no assurance that our new products and/or services will be accepted by customers locally or abroad, or if accepted, sales of those new products and/or services will be able to continue in the future.

4.8 PRODUCTION RISKS

We currently operate two (2) furnaces for billet casting, three (3) extrusion lines and various fabrication processes. Any breakdown of critical machinery either caused by a disruption in energy supply, fire outbreaks, wear and tear or other emergencies may adversely affect our production capabilities and the confidence of our customers in us.

To minimise the production risk, we employ a strict preventive maintenance and service procedure for our machinery. The extrusion production facilities are shut down for thorough cleaning and maintenance on a bi-monthly basis. The billet casting furnace is closed for three (3) to four (4) days every month to carry out overhauls, maintenance and service works.

We also face the risk of losses arising from emergencies such as breakout of fire and energy crisis. Our Directors have taken note of such risks and have taken various steps to reduce such risks by having proper fire-fighting equipment systems and carrying out periodic review on our security and maintenance procedures. We have also taken insurance coverage to mitigate the financial losses from the occurrence of risk, such as fire, where possible. In the event of a temporary energy crisis, the shortfall in production volume can be made up by increasing subsequent scheduled production volume.

In addition, our factory operates on a dual-mode power supply which allows the use of back-up generators in the event of a power failure and/or other emergencies. We have also established healthy, safety and security measures for our employees. For the last twelve (12) months, we have not experienced any breakdown that has severely disrupted our operations. While our Directors have taken all reasonable steps to mitigate the production risks as described above, there can be no assurance that the above measures taken will be adequate and that it will not have a material adverse effect on our business should such disruption occurs.

4. RISK FACTORS (CONT'D)

4.9 FOREIGN EXCHANGE RISK

Our raw materials are sourced mainly from local suppliers while the rest are imported from Australia, China and India. The price of most of our raw material is quoted based on or influenced by the LME prices. As a substantial amount of our purchases are from local suppliers who mostly quote in RM, we do not expect our foreign exchange exposure to be significant. However, our Group does face some foreign exchange exposure when we purchase our raw materials from overseas. Nevertheless, such exposure is mitigated by the fact that our imported purchases are paid either on cash term or has a short credit period.

As a mean to further mitigate our exposure to foreign exchange fluctuation, we set the selling prices of our products after considering, amongst others, the foreign exchange rates prevailing at the point of sale. We will also consider the cost of our stocks of raw materials held as well as the cost of raw materials which are required to be purchased, which would be based on LME prices, to meet our sales orders in determining our sale prices.

Our Group has started to sell to overseas customers and such sales are mainly denominated in USD. These transactions will form a natural hedge which mitigates part of our foreign exchange risk. Nevertheless although export sales are expected to increase, but such sales are not expected to be substantial in the immediate future. In addition, we may use certain hedging techniques such as entering into forward contracts for our import purchases of raw material to mitigate the foreign exchange risk, if our Directors consider such move is necessary. Notwithstanding the above, there can be no assurance that any future significant fluctuations in exchange rates and financial crisis will not materially or adversely affect our operations or our ability to pass on the foreign exchange risk to our customers.

4.10 ADEQUACY OF INSURANCE COVERAGE ON OUR GROUP'S ASSETS

We are aware of the adverse consequences arising from inadequate insurance coverage that could adversely affect our business operations. In ensuring such risks are reduced to the minimum, our Directors review and ensure adequate coverage for our assets on a continuous basis. All our assets such as office equipment, furniture, fittings, machinery and premises are sufficiently insured for fire and other risks. However, there can be no assurance that our insurance coverage would be adequate for the replacement cost of the assets or any consequential loss arising therefrom.

4.11 ENVIRONMENTAL CONCERNS

In the aluminium extrusion and aluminium billets casting business, we are mindful of environmental risks and the potential penalties and liabilities arising from the environmental laws, rules and regulations relevant to us. Our production processes can result in wastes such as dross. We dispose our wastes through a licensed vendor at least twice a month. To increase safety and reduce environmental risk, we have adopted additional measures by establishing an in-house pollution control system such as secondary containment to avoid spillage, disposal tank, submersible pump and emergency control plan in case of spillage. Our built-in dust extraction system and filtration system also help to minimise dust emission and air pollution. Our premises are inspected regularly by the DOE and we have not in the past experienced any environmental issues or concerns raised by the DOE with regards to our Group's operations.

We will continue our best endeavours to ensure compliance with the requirements of environmental laws, rules and regulations applicable to us. However, there can be no assurance that there would not be any future environmental issues which could materially and adversely affect our Group's operations.

4. RISK FACTORS (CONT'D)

4.12 DEPENDENCE ON KEY PERSONNEL

We believe that our continued success will depend, to a significant extent, upon the abilities and continued efforts of our existing Directors and key management. The loss of any of our Directors or members of the key management could adversely affect our performance. Our key management has made significant contributions in leading our daily operations, sales and marketing efforts and in formulating strategies. Our key management has also relevant experience in the business and operations and has been instrumental in the growth and expansion of our business. Although the loss of such key management may have an adverse effect on our operations, effort has been made to groom the junior members and personnel to complement our management team to ensure the continuity and the competency of our management team. Please refer to Section 6.4.11 for further details of our Group's management succession plan.

4.13 DEPENDENCE ON SUPPLY OF LABOUR

Our manufacturing process involves two (2) sections, aluminium billet casting section and aluminium extrusion section which includes fabrication. The fabrication process is fairly labour intensive. However, this process does not require highly skilled workers and hence, labour for this section can easily be replaced.

Foreign workers which account for approximately 16.4% of the total employees of our Group, are mainly involved in the fabrication process. These foreign workers are employed on a contractual basis and are more cost effective to hire than hiring local workers. Our foreign workers are mainly from Myanmar and have all been issued with valid employment permits. Our Directors believe that we would not face any labour shortages.

Nonetheless, to mitigate the risk of possible disruptions to our operations due to labour shortage, we have taken steps to maintain good relationship with our workers and place great emphasis on our employees' safety and health. Notwithstanding the above, no assurance can be given that any changes to the labour supply and the current immigration rules and policies adopted by the Government will not have an adverse impact on our labour force.

4.14 PRICING AND AVAILABILITY OF RAW MATERIALS

Aluminium as a commodity is prone to price fluctuations. Aluminium ingots and scrap metal are used in the production of aluminium billets. Price of aluminium ingots is influenced by, amongst others, the LME prices, LME's inventory level on aluminium, exchange rate and tariff rate. A shortage of aluminium ingots may also increase the prices of scrap metal and vice versa.

Our Directors believe that fluctuations in the LME prices are not expected to have material adverse financial impact on us as it is common market practice that billets and/or aluminium profiles are transacted with our customers based on LME prices plus margin. In the event that the LME price increases by a certain level, we would pass the additional costs to our customers by increasing the price of the billets and/or extrusion profiles. When the LME prices falls, the margin charged would normally be sufficient to cover the decrease in selling prices vis-à-vis the higher cost of stocks which are held. As such, we believe we are not materially and adversely affected by our raw material price fluctuations. However, there is no assurance that the current market practice of transferring the LME cost plus margin to our customers can continue or be maintained in the future or will be sufficient to mitigate the price fluctuations.

4. RISK FACTORS (CONT'D)

4.15 BORROWINGS

Our Group's total long-term and short-term borrowings as at 31 December 2005 amounted to RM6.07 million and RM59.76 million respectively, representing a gearing of 2.06 times (based on the proforma balance sheets after the Pre-IPO Restructuring but before the Public Issue, Special Issue and the Listing). Consequently, our operating results will be affected by changes in interest rates.

We plan to utilise RM7.0 million of the proceeds raised from the Public Issue and Special Issue towards the repayment of borrowings, after which our total borrowings will be reduced to about RM58.84 million with a gearing of 1.05 times, based on our Group's proforma balance sheet as at 31 December 2005 after the Public Issue and Special Issue. This should augur well for our Group's future financial performance as we will be less encumbered by the cost of borrowings. In addition, with lower gearing, our borrowings capacity will improve and provide our Group with an avenue to raise further borrowings to finance our future expansion. Nevertheless, there is no assurance that we may be able to obtain loans at similar terms and/or at the required amounts in the future.

Credit facility and finance agreements which have been entered into by our subsidiaries with banks or financial institutions may contain covenants which may limit our operating and financial flexibility. Any act by us falling within the ambit or scope of such covenants will require the consents of the relevant bank or financial institution. Breach of such covenants may give rise to a right by the banks or financial institutions to terminate the relevant credit facility and/or enforce any security granted in relation to that credit facility. Our Directors are aware of such terms and conditions including such covenants under various credit and financing facility agreements and will endeavour to comply with all such terms, conditions and covenants. However, no assurance can be given that our Group's liquidity and/or operations will not be affected in the event that any of the credit and finance facilities are withdrawn due to a breach of any of the terms, conditions and covenants. In addition, there is no assurance that our credit facilities, present or future, would not have restrictive covenants that may further limit our operating and financial flexibilities.

4.16 CONTROL BY SUBSTANTIAL SHAREHOLDERS

Following the Public Issue and Special Issue, Chong Sze San, Lim Beng Koon and Len Yok Chin will collectively hold approximately 58.91% of our issued and paid-up share capital as set out in Section 2.2. As a result, they are likely to be able to influence the outcome of certain matters of the Company by virtue of their shareholdings and directorship in us, unless they are required to abstain from voting by law and/or by the relevant authorities.

4.17 FAILURE OR DELAY IN THE LISTING

The occurrence of certain events, including the following may cause a delay or termination of our Listing:

- (i) The identified investors failing to subscribe to the portion of the Public Issue Shares and the Special Issue Shares allocated to them;
- (ii) The Underwriters exercising their rights to terminate the underwriting arrangement, thereby discharging themselves from their obligations thereunder;
- (iii) The Underwriters failing to honour their obligations under the underwriting agreement; or

4. RISK FACTORS (CONT'D)

- (iv) Our inability to meet the public spread requirement, i.e. at least 25% of our issued and paid-up share capital must be held by a minimum of 1,000 public shareholders holding not less than 100 shares each upon the completion of the IPO and at the point of Listing.

Although our Directors will endeavour to ensure compliance of the listing requirements by the various authorities, no assurance can be given that the abovementioned factors will not cause a delay in or failure of the listing exercise. In the event of failure of the listing exercise, any proceeds so received for the application of the Public Issue Shares and Special Issue Shares shall be refunded to the applicants without interest at their own risk.

4.18 FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategy, plans and objectives of our Management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such factors include, inter-alia, general economic and business conditions, competitions, the impact of new laws and regulations affecting us, changes in interest rates and changes in foreign exchange rates. In light of these uncertainties, the inclusion of such forward looking statements in this Prospectus should not be regarded as a representation or warranty by us or our advisers that our plans and objectives will be achieved.

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5. INDUSTRY OVERVIEW

5.1 MALAYSIAN ECONOMY

5.1.1 Overview of the Malaysian Economy

The Malaysian economy remains resilient despite moderation in the growth of global economy amidst high oil prices and less accommodative monetary policy, particularly in the USA. The nation continues to sustain its growth momentum, with strong domestic demand providing the impetus for the expansion in domestic economic activities. Economic fundamentals have further strengthened while domestic demand continued to be resilient amidst firm consumer spending as well as continued uptrend in private investment activities. These factors, coupled with proactive measures by the Government to promote economic activities provided the enabling environment for the Malaysian economy to expand favourably, albeit at a lower rate of 4.9% in the first half of 2005, compared with 8.1% during the same period of 2004.

Despite sharp increases in oil prices, the Malaysian economy is expected to register 5.1% growth in the second half of the year, with growth for the year averaging 5%. This projection is premised on a growth of 4.8% in the Leading Index for January-June 2005 which indicates continued expansion in the second half of 2005. Growth is expected to be broad based with major sectors recording positive growth, backed by recovery in global electronics demand. The continuing build-up in international reserves arising from larger current account surplus and inflows of foreign capital has also strengthened domestic macroeconomic fundamentals.

The expansion in the economy is reflected by positive growth in all sectors, except construction. The main drivers of growth are the services, manufacturing and the primary commodity sectors. Strong domestic consumption is expected to drive the services sector, especially in wholesale and retail trade, hotels and restaurants; transport, storage, and communication; and financial services sub-sectors. The recovery of global electronics demand will accelerate manufacturing exports, resulting in a stronger momentum in manufacturing production in the second half of the year. Meanwhile, stable commodity prices will help sustain the growth momentum of the agriculture sector.

Growth in private consumption remains firm, arising from higher household income. Private investment is expected to further strengthen, reinforced by continued accommodative and more flexible monetary policy as well as higher inflow of foreign direct investments.

(Source: Economic Report 2005/2006)

5.1.2 Outlook of the Malaysian Economy

The Malaysian economy is expected to maintain its growth momentum in 2006 in line with sustained private sector activities, favourable external environment and Government's continuing efforts to further diversify the economy through new sources of growth. Growth is expected to be broad-based with expansion in all sectors, driven by private investment spending and strong activities in the services sector. Accordingly, real gross domestic product growth is forecast to expand by 5.5% in 2006.

In managing the economy, the Government has taken advantage from this position of strength, to continuously embark on policies and strategies to ensure the sustainability of the strong growth performance thus far. Budget 2005, which provides the underlying policy directions for this year, focuses on accelerating the shift towards higher value-added activities, ensuring greater dynamism of the private sector in spearheading growth, as well as developing human capital to support growth. Another key thrust is to improve the quality of life of all Malaysians in line with the policy of a more equitable distribution of economic progress.

5. INDUSTRY OVERVIEW (CONT'D)

Going forward, as part of the ongoing process to promote endogenous growth and enhance competitiveness, the focus has been directed towards developing new sources of growth. In agriculture, the Government continues with efforts to leverage on Malaysia's comparative advantage and rich biodiversity to venture into new high value-added areas, such as agro biotechnology. In addition, the Government also continues to accelerate efforts at modernising and commercialising as well as improving the supply chain of agricultural activities.

The policy to further diversify the economy has also focused on the services sector, particularly in information and communication technology ("ICT") and tourism, including health and education tourism. In ICT, the Government continues to leverage on new leading edge technologies. The Government continues to develop the Multimedia Super Corridor with its rollout to cybercities of Bayan Lepas, Pulau Pinang and the Kulim High Technology Park in Kedah. In addition, Government's efforts to promote shared services and outsourcing services in the country have enabled Malaysia to be ranked as the third best location in the world.

(Source: Economic Report 2005/2006)

5.2 OVERVIEW OF THE ALUMINIUM INDUSTRY

We are in the aluminium industry where we operate mainly in the area of aluminium extrusion and aluminium billet casting.

5.2.1 Aluminium Extrusion Industry

The major applications for aluminium extrusion in Malaysia are for the transport industry, construction and building materials industry as well as the electrical and electronic ("E&E") industry. Aluminium extrusions are also moving into emerging applications such as the aerospace and marine sectors. Some typical aluminium extruded products include, among others, window and door frames, prefabricated structures, roofing, sports equipment, car trimmings, ships and electrical fittings and appliances.

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5. INDUSTRY OVERVIEW (CONT'D)

The following is a description of the application markets for aluminium extrusion:

Major application	Characteristics and Description of Application
Construction and Building Materials	: The strength, weight, versatility and corrosion resistance of aluminium properties make it suitable for building and cladding material. Aluminium is used in various building materials such as windows, cladding, skylights, weather proof doors, screens and canopies.
Transport Equipment	: For transport components such as automotive parts, components and body, boats and ships parts, aerospace components and trains and wagons components
Packaging	: Used extensively for protecting, storing and preparation of food and beverages. Aluminium can protect food, cosmetics or pharmaceutical products from bacteria, ultra-violet and odours.
E&E	: Aluminium or aluminium alloy electrical conductors are widely used for overhead lines, electrical energy distribution and transport cables, and energy cables for industrial use. Other examples of products made from aluminium are television antennae, satellite dish, electric light bulb and electric lamps.

There are about 30 aluminium extruders in the market to-date. Some of the larger aluminium extrusion companies in terms of sales revenue in Malaysia are Press Metal Berhad, LB Aluminium Berhad, Fujisash (Malaysia) Sdn Bhd and PA. The industry is mainly dominated by few large companies which have the ability to invest significantly in aluminium extrusion technology to enhance their products for a broad range of application markets.

The industry has experienced an increasing trend in the exports of aluminium products over the years whereby an export value of more than RM1 billion was recorded in 2004.

(Source: Independent Market Research Report by Infocredit D&B dated 10 June 2005 and subsequently updated on 1 December 2005)

5.2.2 Aluminium Billets Industry

Aluminium ingots and billets form the major raw materials for the manufacturing of aluminium products through extrusion pressing or rolling processes. Ingots and billets are produced from casting process using molten aluminium. Ingots can be in the form of primary and secondary ingots. Primary aluminium indicates metal recovered from ore repositories while secondary aluminium indicates metal recovered from recycled materials, including post-manufacturing residues and used consumer products.

In a cast facility, most of the aluminium alloys are cast using direct-chill process and produce ingots for rolling mills, log-like billets for extrusion presses or square billets for wire, rod and bar production. Companies that have their own in-house billet casting facilities are Fujisash (Malaysia) Sdn Bhd, Press Metal Bhd and PA.

5. INDUSTRY OVERVIEW (CONT'D)

There is currently no primary aluminium production in Malaysia. All primary unwrought aluminium alloyed or non-alloyed are imported with total imports value recorded at about RM1.5 billion in 2004 as illustrated in the table below. Unwrought aluminium that Malaysia exports to other countries is known as secondary aluminium. This raw material is obtained from re-melting aluminium scraps and is also an alternative to primary aluminium. Unwrought aluminium is aluminium in its basic form made from primary metal or scraps.

Malaysia Imports of Aluminium, Non-Alloyed and Alloyed, 2000 – 2004

Import	2000 RM'million	2001 RM'million	2002 RM'million	2003 RM'million	2004 RM'million
Aluminium, non-alloyed	685.3	564.3	529.7	476.5	486.4
Aluminium alloys	493.2	413.7	473.1	540.3	1,001.3
Total	1,178.5	978.0	1,002.8	1,016.8	1,487.7

(Source: Department of Statistics)

Top countries that Malaysia imports aluminium in 2004 were Australia, China, United Arab Emirates and India. Australia is the most important source of unwrought aluminium (alloyed and non-alloyed) to be used in production of aluminium products in Malaysia.

Aluminium alloys in the form of billets are the raw materials for the aluminium extrusion process. The prospects for the aluminium billets producers are bright due to the following reasons:

- (i) Continuous growth of aluminium downstream operations such as die-casting and extrusion activities;
- (ii) Barriers to entry for new players with limited knowledge of producing billets or capital to set-up a billet casting facility; and
- (iii) With only a small number of billet producers in Malaysia catering to a diverse range of aluminium product manufacturers, there would be continuous growth in the demand for aluminium billets. To date there are three (3) commercial aluminium billets producers in Malaysia, which includes PA, servicing the aluminium extrusion industry.

The commercial billet casting market from the three (3) commercial aluminium billets producers in Malaysia, recorded an estimated market size of 105,600 MT in 2004. The two (2) largest manufacturers (which includes PA) collectively contributed approximately 90% to the estimated production market size in the country. The market size of billet casting by production output only serves as an indication to the overall market size based on indicative figures obtained through trade interviews.

(Source : Independent Market Research Report by Infocredit D&B dated 10 June 2005 and subsequently updated on 1 December 2005)

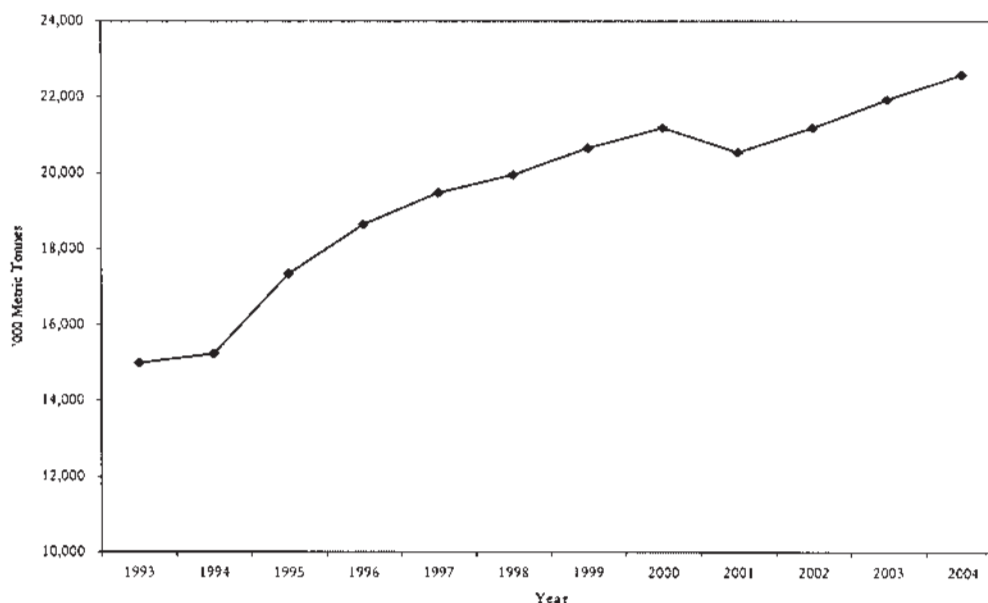
5.2.3 Demand and Supply

In terms of global demand, world aluminium consumption is expected to reach 42.2 million MT by 2008, mainly driven by increased consumption in the Asian countries, in particular China. In China, consumption of aluminium was 4.29 million MT in 2002, second only to USA which was about 8.45 million MT. In Malaysia, aluminium is consumed by various major sectors such as transport equipment, consumer durables, E&E, and construction and building materials industries.

5. INDUSTRY OVERVIEW (CONT'D)

On the supply of aluminium extrusions, Malaysia recorded a significant sales increase from RM381.1 million in 2003 to RM487.8 million in 2004, representing a growth of 28%. According to the Department of Statistics, production of aluminium extrusions stood at 45,823 tonnes in 2004 compared to 42,660 tonnes in 2003. The data is based on aluminium extruders employing more than 100 employees.

The table below shows the global production of primary aluminium, which is processed from aluminium ore (bauxite ore) from 1993 to 2004. Primary aluminium production is the weight of liquid aluminium as tapped from the pots excluding alloying elements, returned scraps or re-melted products.



Note:

The data for aluminium have been derived from primary aluminium producers.

(Source: Independent Market Research Report by Infocredit D&B dated 10 June 2005 and subsequently updated on 1 December 2005)

Production of primary aluminium has increased at a stable pace from 1993 to 2004. Worldwide primary aluminium production reached 22.6 million MT in 2004, a 3.0% increase from 2003. Based on the figures from the International Aluminium Institute, the USA is the largest producer of primary aluminium followed by Europe and East Asia. The USA which is the largest producer of aluminium represented 22.6% of total primary aluminium produced worldwide. It is also a major importer and exporter of aluminium. Australia on the other hand, is also one of the largest aluminium producers, producing about one-third of the world's alumina production (which is further processed to produce aluminium through electro-process).

World production continued to rise with capacity expansions, notably in China, India, Mozambique and Norway. China is expected to produce an initial annual output of 8,000,000 MT of alumina by 2006. With world primary aluminium demand expected to grow at 5% per annum through 2011, downstream manufacturers would expect good growth especially in new application markets.

5. INDUSTRY OVERVIEW (CONT'D)

Malaysia has plans to set-up a smelter plant in Sarawak with USD2 billion (RM7.6 billion) of total investments. The plant is expected to be completed by 2007. With the country's first smelter plant in place, Malaysia is set to become an aluminium exporter by 2007 reaching a full capacity of 500,000 MT by 2010. This would make Malaysia a self-sufficient country in aluminium supply which could offer benefits to downstream players in the aluminium sector.

(Source: Independent Market Research Report by Infocredit D&B dated 10 June 2005 and subsequently updated on 1 December 2005)

5.2.4 Product Substitutes

Steel and stainless steel are considered the best substitutes to aluminium in structural and ground transportation applications. Meanwhile, in the construction and building materials related industry, plastic composites and/or wood composites can be a substitute for aluminium due to their lightweight and durable characteristics while other materials such as glass and plastics can substitute aluminium in the packaging industry.

Although aluminium can be substituted with the said products, aluminium has remained a preferred choice for users in the construction and building materials industry particularly for products such as window frames, door grilles, curtain wallings and partitions.

(Source: Independent Market Research Report by Infocredit D&B dated 10 June 2005 and subsequently updated on 1 December 2005)

5.3 RELEVANT LAWS AND REGULATIONS GOVERNING THE ALUMINIUM EXTRUSION INDUSTRY

The non-ferrous metal manufacturing industry enjoy a variety of incentives given by the Government to the manufacturing sector. Most of the incentives given are tax related and among the major tax incentives for companies investing in the manufacturing sector are the Pioneer Status or Investment Tax Allowance ("ITA"). Eligibility for Pioneer Status or ITA is based on certain priorities. This includes the levels of value-added, technology used and industrial linkages. Such eligible projects are termed as promoted activities or promoted products as stated in the Promotion of Investments Act 1986. Particularly, for the non-ferrous metal industry, the list of promoted activities and products which are eligible for consideration of Pioneer Status and ITA is as follows:

No	Description
1	Dressing and/or smelting of non-ferrous metals other than tin metals
2	Primary ingots, billets or slabs of non-ferrous metals
3	Bars, rods, shapes or sections of non-ferrous metals except Eddy Current (EC) copper rods
4	Plates, sheets, coils, hoops or strips of non-ferrous metals
5	Pipes or tubes of non-ferrous metal
6	Copper clad laminates and products from in-house copper clad laminates
7	Powder, cream or paste of non-ferrous metals
8	Wire or wire products of non-ferrous metals
9	Fabricated products of non-ferrous metals

Of the nine (9) promoted activities, PA falls under items 3, 5 and 9.

5. INDUSTRY OVERVIEW (CONT'D)

The activities of the manufacturing sector, including aluminium extrusion and billet casting are monitored by the DOE. Under the Environmental Quality Act, 1974 the DOE is empowered to control and prevent pollution and to protect and enhance the quality of the environment. A set of regulations dealing with hazardous waste management which regulate the storage, transport, treatment and disposal of hazardous wastes was enforced on May 1989. This includes the Environmental Quality (Scheduled Wastes) Regulations, 1989, Environmental Quality (Prescribed Premises) (Scheduled Wastes Treatment and Disposal Facilities) Regulations, 1989 and Environmental Quality (Prescribed Premises) (Scheduled Wastes Treatment and Disposal Facilities) Order, 1989. In addition, under the emission and effluents standards, industries are required to comply with both air emission and effluent discharge standards which are regarded as acceptable conditions allowed in Malaysia. The standards are stipulated in the Environmental Quality (Clean Air) Regulations, 1978 and the Environmental Quality (Sewerage and Industrial Effluents) Regulations, 1979.

(Source: Independent Market Research Report by Infocredit D&B dated 10 June 2005 and subsequently updated on 1 December 2005)

5.4 PROSPECTS AND OUTLOOK OF THE ALUMINIUM INDUSTRY

Prospects of the aluminium extrusion industry are expected to remain good for the next few years due to growing demand and preference for aluminium as a favourable material in various industries. Improved economic conditions, higher manufacturing output value and higher business and consumer confidence are also expected to create a favourable outlook for the aluminium industry.

Going forward, the key growth drivers of the industry in which our Group operates can be summarised as below:

- (i) Increasing usage of aluminium in transport industry applications, which acts as a catalyst to the development of the aluminium industry. The European automotive industry is expected to account for large volumes of aluminium usage;
- (ii) Developments in the aluminium industry, which in general, have stimulated greater demand for aluminium in various markets and have resulted in wider applications for aluminium. This is in line with increasing global and domestic aluminium consumption;
- (iii) Malaysian exports of aluminium products which recorded more than RM1.3 billion in 2004 indicate that there are viable opportunities for local extruders to further expand their market on the global front;
- (iv) Aluminium will continue to remain as a valuable raw material due to its high recycling rates compared to other materials such as plastics. This will spur more usage in aluminium locally. Furthermore, the Government encourages using recycled aluminium which would influence local aluminium manufacturers to reduce their dependency on imports; and
- (v) The demand for aluminium billets used in the large extrusion market together with the limited availability of local billet producers indicates potential growth for the local aluminium billets industry.

(Source: Independent Market Research Report by Infocredit D&B dated 10 June 2005 and subsequently updated on 1 December 2005)