

1.0 CORPORATE INFORMATION**BOARD OF DIRECTORS**

Name	Address	Occupation	Nationality
Dato' Abu Sujak bin Mahmud <i>(Independent, Non-Executive Chairman)</i>	4, Jalan Jambu Merah 4/3A Section 4 40000 Shah Alam Selangor Darul Ehsan	Company Director	Malaysian
Y.B. Dato' Dr. Teh Kim Poo <i>(Managing Director)</i>	19, Jalan Ibus Southern Park 41200 Klang Selangor Darul Ehsan	Company Director	Malaysian
Datin Gan Jew <i>(Non Independent, Executive Director)</i>	19, Jalan Ibus Southern Park 41200 Klang Selangor Darul Ehsan	Company Director	Malaysian
Teh Leng Kang <i>(Non Independent, Executive Director)</i>	19, Jalan Ibus Southern Park 41200 Klang Selangor Darul Ehsan	Company Director	Malaysian
Khairul Anuar bin Shahrudin <i>(Independent, Non-Executive Director)</i>	No. 51, Jalan Gunung Nuang U11/4 Taman Bukit Bandaraya 40170 Shah Alam Selangor Darul Ehsan	Advocate & Solicitor	Malaysian
Wei Hwei Hong <i>(Non Independent, Executive Director)</i>	No. 27, Lorong Batu Nilam 28A Bandar Bukit Tinggi 2 41200 Klang Selangor Darul Ehsan	Financial Controller	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Dato' Abu Sujak bin Mahmud	Chairman	Independent, Non-Executive Chairman
Khairul Anuar bin Shahrudin	Member	Independent, Non-Executive Director
Wei Hwei Hong	Member	Executive Director

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CORPORATE INFORMATION *(Continued)*

- COMPANY SECRETARIES** : Mah Li Chen (MAICSA 7022751)
No. 33, Jalan BRP 4/6
Bukit Rahman Putra
Seksyen U20
40160 Shah Alam
Selangor Darul Ehsan
Tel: (603) 2166 2000
- Tan Fong Shian @ Lim Fong Shian (MAICSA 7023187)
No. 16, Jalan Arif
Taman Connaught
Cheras
56000 Kuala Lumpur
Tel: (603) 2166 2000
- REGISTERED OFFICE** : C15-1, Level 15 Tower C
Megan Avenue II
No. 12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel: (603) 2166 2000
- HEAD / MANAGEMENT OFFICE** : Lot 3 & 5, Jalan Waja 14
Kawasan Perindustrian Telok Panglima Garang
42500 Telok Panglima Garang
Selangor Darul Ehsan
Tel: (603) 3122 2422
Fax: (603) 3122 2411
- E-MAIL / WEBSITE** : resinteh@tm.net.my / www.resintechmalaysia.com
- PRINCIPAL BANKERS** : EON Bank Berhad
No. 90, Jalan Persiaran Raja Muda Musa
42000 Port Klang
Selangor Darul Ehsan
Tel: (603) 3166 1188
- OCBC Bank (Malaysia) Berhad
No. 19, Jalan Stesen
41000 Klang
Selangor Darul Ehsan
Tel: (603) 3371 1885
- AmBank Berhad
No. 42 & 44, Wisma SH Ng
Persiaran Sultan Ibrahim
41300 Klang
Tel: (603) 3342 6010
- United Overseas Bank (Malaysia) Berhad
Level 7, Menara UOB
Jalan Raja Laut
50738 Kuala Lumpur
Tel: (603) 2692 7722

CORPORATE INFORMATION *(Continued)*

AUDITORS AND REPORTING ACCOUNTANTS	:	Horwath (AF 1018) Level 16, Tower C Megan Avenue II No. 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur Tel: (603) 2166 0000
ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd 27th Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel: (603) 2693 2075
SHARE REGISTRAR	:	Symphony Share Registrars Sdn Bhd Level 26, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel: (603) 2721 2222
SOLICITORS FOR THE LISTING EXERCISE	:	Lee, Perara & Tan No. 55, Jalan Thambapillai Off Jalan Tun Sambanthan Brickfields 50470 Kuala Lumpur Tel: (603) 2273 4307
VALUER	:	KGV-Lambert Smith Hampton (M) Sdn Bhd B-9-9, Blok B Megan Avenue II No. 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur Tel: (603) 2161 5355
ADVISER, MANAGING UNDERWRITER, UNDERWRITER AND PLACEMENT AGENT	:	Malaysian International Merchant Bankers Berhad (10209-W) 12th Floor, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Tel: (603) 2691 0200
UNDERWRITERS		Malaysian International Merchant Bankers Berhad (10209-W) 12th Floor, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Tel: (603) 2691 0200 TA Securities Holdings Berhad (14948-M) 34th Floor, Menara TA One 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel: (603) 2072 1277
LISTING SOUGHT	:	Second Board of Bursa Securities

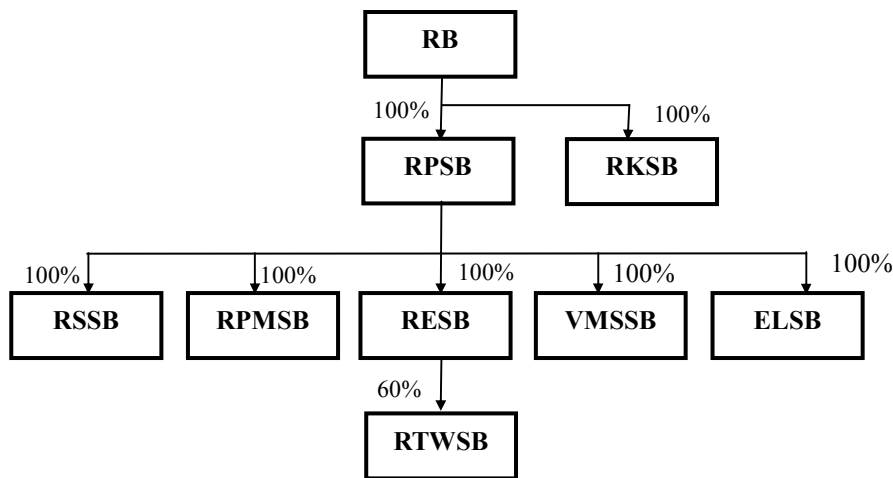
2.0 INFORMATION SUMMARY

The information contained in this section is intended only to be a summary of some salient information relating to our Group and the IPO, and the information concerned is derived from and should be read in conjunction with the full text of this Prospectus. You should read and understand the entire Prospectus before you decide to invest in our Shares.

2.1 History and Principal Activities

Our Company was incorporated in Malaysia under the Act on 24 April 1995 as a private limited company under the name of Resintech Sdn Bhd. Subsequently, on 24 November 2004, our Company was converted into a public limited company and assumed the current name. Our principal activity is as an investment holding company. Our main/largest subsidiary company, RPSB, is principally involved in the designing, manufacturing, trading and marketing of a diversified range of PE, PP, uPVC, ABS pipes, tanks and fittings.

The corporate structure and the principal activities of our Group are set out below:-



Company	Principal Activities
RPSB	Designing, manufacturing, trading and marketing of a diversified range of PE, PP, uPVC and ABS pipes, tanks and fittings
RKSb	Designing, manufacturing, trading and marketing of a diversified range of PE, PP and ABS pipes and fittings
RESB	<ul style="list-style-type: none"> ▪ CCTV inspection services for water and sewerage pipelines ▪ Fabrication of steel structures
RSSB	Trading and marketing of a diversified range of PE, PP, uPVC and ABS pipes, tanks and fittings for the Sabah, Brunei and Kalimantan markets
VMSSB	Fabrication of plastic moulds and roto-moulding moulds
ELSB	Property holding
RPMSB	<ul style="list-style-type: none"> ▪ Marketing of sewerage and waste water treatment plants ▪ Trading of children's playground equipment
RTWSB	<ul style="list-style-type: none"> ▪ Designing and contracting for sewerage treatment plants ▪ Provision of consultancy services including survey, design and project management

2.0 INFORMATION SUMMARY (Continued)

Our head office and primary manufacturing facility are located in Telok Panglima Garang, Selangor Darul Ehsan. This location serves as the base of operations of our subsidiaries namely RPSB, RESB, ELSB, RPMSB and RTWSB and also as a primary manufacturing plant for our PE, PP, uPVC and ABS range of products. Our other subsidiary companies, RSSB, VMSSB and RKSB operate from other premises located in Lahad Datu, Balakong and Kapar respectively.

Further details on the history and principal activities of our Group are set out in Section 6.0 of this Prospectus.

2.2 Principal Statistics Relating to the IPO**(i) Share Capital**

<i>Authorised share capital:-</i> 200,000,000 shares of RM0.50 each	RM <u>100,000,000</u>
<i>Issued and fully paid-up share capital as at the date of this Prospectus:-</i> 84,120,000 ordinary shares of RM0.50 each	42,060,000
<i>To be issued pursuant to the Public Issue:-</i> 13,880,000 new ordinary shares of RM0.50 each	<u>6,940,000</u>
Enlarged issued and paid-up share capital upon Listing	<u>49,000,000</u>
<i>To be issued pursuant to full exercise of ESOS:-</i> 14,700,000 new ordinary shares of RM0.50 each	<u>7,350,000</u>
Enlarged issued and paid-up share capital upon full exercise of ESOS	<u>56,350,000</u>
<i>To be offered pursuant to the Offer for Sale</i> 5,100,000 ordinary shares of RM0.50 each	<u>2,550,000</u>

(ii) Class of Shares

We have only one class of shares in our Company namely, ordinary shares of RM0.50 each, all of which rank *pari passu* with one another. Our IPO Shares will rank *pari passu* in all respects with the existing issued and paid-up ordinary shares in our Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment of the IPO Shares.

For further details on our share capital, please refer to Section 3.5 of this Prospectus.

(iii) IPO Price RM0.70

The IPO Price was determined and agreed upon after taking into consideration the factors set out in Section 3.7 of this Prospectus.

(iv) Proforma Group NTA as at 31 August 2006

Proforma Group NTA ('000) <i>(after taking into account the IPO and deducting the estimated listing expenses of approximately RM1.6 million)</i>	RM61,781
Proforma NTA per Share <i>(based on the enlarged issued and paid-up share capital of 98,000,000 RB Shares)</i>	RM0.63

2.0 INFORMATION SUMMARY (Continued)

(v) **Total market capitalisation upon Listing** **RM68,600,000**

Detailed information on our total market capitalisation upon Listing is set out in Section 3.8 of this Prospectus.

2.3 Utilisation of Proceeds

We expect to raise a gross proceeds of RM9,716,000 from the Public Issue based on the issue price of RM0.70 per share. We shall bear all the fees and expenses incidental to the Listing estimated at RM1,600,000. The gross proceeds receivable from the Public Issue will be utilised in the following manner:-

Purpose	RM'000	Estimated time frame for utilisation of proceeds (Financial year ending)
General working capital	1,122	2008
Repayment of bank borrowings	6,994	2008
Estimated listing expenses	1,600	2008
	9,716	

The gross proceeds from the Offer for Sale of RM3,570,000 will accrue entirely to the Offerors. They shall bear the placement fees, brokerage, stamp duty and share transfer fees relating to the Offer Shares.

For further details of the utilisation of proceeds receivable from the Public Issue, please refer to Section 3.9 of this Prospectus.

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2.0 INFORMATION SUMMARY (Continued)**2.4 Summary of Financial Information****2.4.1 Summary Proforma Consolidated Income Statement**

The following table is a summary of our proforma consolidated income statement for the three (3) FYE 28 February 2006 and six (6) month financial periods ended 31 August 2005 and 2006 prepared on the assumption that our current Group structure had been in existence throughout the periods under review.

	FYE 28/29 February			Six (6) month financial periods ended 31 August	
	2004 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000
Revenue	51,872	53,996	60,913	28,576	43,652
Gross profit	19,314	14,781	15,383	7,034	8,482
Profit before interest, depreciation and taxation	20,165	15,196	13,487	6,761	7,999
PBT	11,357	6,990	6,665	2,870	3,417
PAT	9,802	6,408	6,431	2,601	2,994
PATMI	9,777	6,394	6,395	2,599	2,961
Assumed number of Shares in issue ('000)	77,765	84,120	84,120	84,120	84,120
Based on assumed number of Shares in issue					
- Gross EPS (sen)	14.6	8.3	7.9	3.4	4.1
- Net EPS (sen)	12.6	7.6	7.6	3.1	3.5

Detailed information on our proforma consolidated income statements is set out in Section 12.1 of this Prospectus.

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2.0 INFORMATION SUMMARY (Continued)**2.4.2 Statements of Assets and Liabilities**

Our statements of assets and liabilities as at 28 February 2006 and 31 August 2006 as set out below have been prepared prior to the implementation of the IPO.

	As at 28 February 2006 RM'000	As at 31 August 2006 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	60,201	77,064
CURRENT ASSETS		
Inventories	20,505	23,566
Amount due from contract customers	46	7
Trade receivables	18,642	21,282
Other receivables, deposits and prepayments	2,643	1,589
Tax refundable	55	106
Cash and bank balances	2,828	6,821
	<u>44,719</u>	<u>53,371</u>
TOTAL ASSETS	104,920	130,435
EQUITY AND LIABILITIES		
EQUITY		
Share capital	42,060	42,060
Share premium	1	1
Retained profits	8,642	11,604
SHAREHOLDERS' EQUITY	<u>50,703</u>	<u>53,665</u>
MINORITY INTERESTS	<u>124</u>	<u>157</u>
TOTAL EQUITY	<u>50,827</u>	<u>53,822</u>
NON-CURRENT LIABILITIES		
Long-term borrowings	3,719	14,494
Deferred tax liabilities	10,258	10,236
	<u>13,977</u>	<u>24,730</u>
CURRENT LIABILITIES		
Amount due to contract customers	93	21
Trade payables	4,940	6,201
Other payables and accruals	3,188	3,628
Provision for taxation	181	324
Short-term bank borrowings	22,767	34,185
Bank overdrafts	8,947	7,524
	<u>40,116</u>	<u>51,883</u>
TOTAL LIABILITIES	<u>54,093</u>	<u>76,613</u>
TOTAL EQUITY AND LIABILITIES	104,920	130,435
Number of RB Shares in issue '(000)	84,120	84,120
NTA (RM'000)	50,703	53,665
NTA per ordinary share (RM)	0.60	0.64

2.0 INFORMATION SUMMARY (Continued)**2.4.3 Summary Proforma Consolidated Balance Sheet**

Our proforma consolidated balance sheet as at 31 August 2006 as set out below have been prepared solely for illustrative purposes on the assumption that the Public Issue and utilisation of proceeds were completed on 31 August 2006.

	As at 31 August 2006 RM'000
ASSETS	
NON-CURRENT ASSETS	
Property, plant and equipment	77,064
CURRENT ASSETS	
Inventories	23,566
Amount due from contract customers	7
Trade receivables	21,282
Other receivables, deposits and prepayments	1,589
Tax refundable	106
Cash and bank balances	7,943
	54,493
TOTAL ASSETS	131,557
EQUITY AND LIABILITIES	
EQUITY	
Share capital	49,000
Share premium	1,177
Retained profits	11,604
SHAREHOLDERS' EQUITY	61,781
MINORITY INTERESTS	157
TOTAL EQUITY	61,938
NON-CURRENT LIABILITIES	
Long-term borrowings	14,494
Deferred tax liabilities	10,236
	24,730
CURRENT LIABILITIES	
Amount due to contract customers	21
Trade payables	6,201
Other payables and accruals	3,628
Provision for taxation	324
Short-term bank borrowings	30,604
Bank overdrafts	4,111
	44,889
TOTAL LIABILITIES	69,619
TOTAL EQUITY AND LIABILITIES	131,557
Number of RB Shares in issue '(000)	98,000
NTA (RM'000)	61,781
NTA per ordinary share (RM)	0.63

Detailed information on proforma consolidated balance sheet is set out in Section 12.2.1 of this Prospectus.

2.0 INFORMATION SUMMARY (Continued)**2.4.4 Proforma Consolidated Cash Flow Statements**

Our proforma consolidated cash flow statements for the six (6) month financial periods ended 31 August 2005 and 2006 as set out below is provided for illustrative purpose only on the assumption that our Group had been in existence throughout the financial periods under review.

Six (6) month financial periods ended 31 August	Proforma Group* 2005 RM'000	(Audited) RB Group 2006 RM'000
Cash flows from operating activities		
PBT	2,870	3,418
Adjustments for:-		
Allowance for doubtful debts	185	318
Depreciation of property, plant and equipment	2,868	3,177
Equipment written off	4	5
Interest expense	1,023	1,405
Allowance for doubtful debts written back	(14)	(154)
Net gain on disposal of plant and equipment	-	(103)
Reversal of impairment loss	(27)	-
Operating profit before working capital changes	6,909	8,066
Increase in inventories	(3,760)	(3,061)
Increase in trade and other receivables	(3,675)	(1,750)
Increase in trade and other payables	2,293	1,702
Increase/(Decrease) in net amount owing to contract customers	1	(33)
Cash from operations	1,768	4,924
Income tax paid	(377)	(354)
Interest paid	(1,023)	(1,405)
Net cash generated from operating activities	368	3,165
Cash flows for investing activities		
Proceeds from disposal of plant and equipment	3	190
Purchase for property, plant and equipment	(598)	(19,882)
Net cash used in investing activities	(595)	(19,692)
Cash flows from financing activities		
Drawdown of bills payable	6,486	8,945
Drawdown of term loans	-	15,174
Repayment of hire purchase payables	(345)	(261)
Repayment of term loans	(2,171)	(1,915)
Repayment to a director	(17)	-
Repayment from related parties	41	-
Net cash generated from financing activities	3,994	21,943
Net increase in cash and cash equivalents	3,767	5,416
Cash and cash equivalents at 1 March 2005 / 2006	(7,604)	(6,119)
Cash and cash equivalents at 31 August 2005 / 2006	(3,837)	(703)

Note:-

* The Proforma Consolidated Cash Flow Statement for the six (6) month financial period ended 31 August 2005 is not audited and is included for comparison purpose only

Detailed information on proforma consolidated cash flow statements is set out in Section 12.3 of this Prospectus.

2.0 INFORMATION SUMMARY *(Continued)***2.5 Profit and Dividend Forecasts****2.5.1 Consolidated Profit Forecast**

The following table set out a summary of our consolidated profit forecast for the financial year ending 28 February 2007:-

Financial year ending 28 February 2007		RM'000
Revenue		<u>95,853</u>
Consolidated PBT		8,229
Less: Taxation		<u>(826)</u>
Consolidated PAT		7,403
Less: MI		<u>(86)</u>
PATMI		<u>7,317</u>
Weighted average number of Shares in issue	('000)	86,433
Gross EPS	(sen)	9.52
Net EPS	(sen)	8.47
Gross PE Multiple	(times)	7.35
Net PE Multiple	(times)	8.26

For further details on our consolidated profit forecast, please refer to Section 12.6 and Reporting Accountants' letter on consolidated profit forecast as set out in Section 12.7 of this Prospectus.

2.5.2 Dividend Forecast

Our dividend forecast for the financial year ending 28 February 2007 is as follows:-

Tax-exempt dividend per share (sen)	3.5
Dividend yield based on the issue price of RM0.70 per share (%)	5.0
Net dividend cover (times)	2.13

For further details on our dividend policy, please refer to Section 12.10 of this Prospectus.

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2.0 INFORMATION SUMMARY *(Continued)*

2.6 Summary of Risk Factors

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks and investment considerations below:-

- (a) Risks relating to our Group
- We are exposed to business risks
 - Our financial performance may be adversely affected by any further increase in the price of resin due to the volatility of oil prices
 - We may be affected by shortage of raw materials
 - We are dependent on water, sewerage, construction, cable-ducting and property market
 - We do not have long terms contracts with customers
 - We face competition from other local players
 - Our financial performance may be affected by any increase in interest rates of our borrowings
 - Our business may be adversely affected by political, economic and regulatory conditions
 - We are dependent on our ability to retain key personnel
 - Financial risks on restrictive covenants
- (b) Risks relating to our Shares
- No prior market of our Shares
 - Control by existing substantial shareholders may allow them to influence the outcome of decisions requiring the approval of shareholders
 - Failure and delay in the Listing
- (c) Other risks
- There is no assurance that our profit forecast will be realised
 - Forward looking statements

The above is only a summary of the risks and investment considerations and is not an exhaustive list of the challenges that we are currently facing or that may develop in the future. Additional risks whether known or unknown, may in the future have a material adverse effect on our Shares or us.

For further details of the material risk factors, please refer to Section 4.0 of this Prospectus.

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3.0 DETAILS OF THE IPO

3.1 Introduction

This Prospectus is dated 30 November 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 Forms with the ROC who takes no responsibility for its contents.

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

We have received the approval from the SC for the Listing Scheme on 28 July 2005 and 28 August 2006, a waiver from complying with certain condition on 17 August 2006 and extension of time to implement the Listing Scheme on 17 January 2006 and 24 July 2006. Approval-in-principle has been obtained from Bursa Securities on 10 May 2005 for the admission of our Company to the Official List of the Second Board of Bursa Securities and for the listing of and quotation for our entire issued and paid-up share capital, including the IPO Shares and the new Shares to be issued pursuant to the exercise of Options, 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 receipt of confirmation from the Bursa Depository that all CDS accounts of the successful applicants have been duly credited and an undertaking from the issuing house has been issued that the notices of allotment have been dispatched to all successful applicants.

Pursuant to the Listing Requirements, at least 25% of the total number of shares for which listing is sought must be held by a minimum number of 1,000 public shareholders holding not less than 100 shares each upon completion of the IPO and at the point of listing. In the event that the above requirement is not met pursuant to the IPO, we may not be allowed to proceed with our listing on the Second Board of Bursa Securities. In such an event, we will return in full, without interest, monies paid in respect of all Application. If any such monies are not repaid within 14 days after we become liable to repay it, the provision of sub-section 52(2) of the SC Act shall apply accordingly.

You must have a CDS account when applying for the IPO Shares. In the case of an Application by way of Application Form, you should state your CDS account number in the space provided in the Application Form. In the case of an Application by way of Electronic Share Application, you can make an Electronic Share Application if you are an individual, has a CDS account and you shall furnish your CDS account number to the Participating Financial Institution. This is done by way of keying in your CDS account number on the ATM screen at which you enter your Electronic Share Application. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application.

We have not authorised any person to give any information or represent us in relation to the IPO. Bear in mind also that this Prospectus shall not represent or imply that there have been no change in our Group's affairs since the issuance of this Prospectus.

This Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to subscribe for any IPO Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the offering, subscription, sale and/or issue of any part of the IPO Shares in other jurisdiction outside Malaysia may be restricted by law. Persons who may be in possession of this Prospectus are required to take note of and to observe such restrictions.

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

If you are in doubt about this Prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant or any other professional adviser.

3.0 DETAILS OF THE IPO (Continued)**3.2 Opening and Closing Dates of the Application**

The Application will open at 10.00 a.m. on 30 November 2006 and will remain open until 5.00 p.m. on 13 December 2006 or for such further period or periods as our Directors and Managing Underwriter in their absolute discretion may mutually decide. Late applications will not be accepted.

3.3 Indicative Timetable

The indicative timing of events leading up to the listing of and quotation for our entire issued and paid-up share capital on the Second Board of Bursa Securities is set out below:-

EVENTS	DATE
Opening date of the Initial Public Offering	10.00 a.m., 30 November 2006
Closing date of the Initial Public Offering	5.00 p.m., 13 December 2006*
	DATE
Tentative balloting date	15 December 2006
Tentative allotment date	21 December 2006
Tentative Listing date	27 December 2006

Note:-

* *The Application for the IPO Shares will close at the time and date stated above or such other later date or dates as our Board and Managing Underwriter may in their absolute discretion mutually decide. Should the closing date of the Application be extended, the dates for the balloting, allotment of the IPO Shares and listing of and quotation for our entire issued and paid-up share capital on the Second Board of Bursa Securities could be extended accordingly. Any changes to the closing date of the IPO will be published in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.*

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3.0 DETAILS OF THE IPO (Continued)

3.4 Purposes of the IPO

The purposes of the IPO are as follows:-

- (i) To provide an opportunity for the Malaysian investing public, our eligible Directors, employees and business associates, to participate in the continuing growth of our Group by way of equity participation;
- (ii) To achieve compliance with the Malaysian Government's policies with regard to Bumiputera equity participation in the corporate sector;
- (iii) To strengthen our financial position and competitive standing by way of raising funds from the capital markets to finance our future growth and expansion plans;
- (iv) To obtain the listing of and quotation for our entire issued and paid-up share capital on the Second Board of Bursa Securities; and
- (v) To enable our existing shareholders to realise part of their investment.

3.5 Number and Class of Shares

<i>Authorised share capital:-</i>	RM
200,000,000 ordinary shares of RM0.50 each	100,000,000
<i>Issued and fully paid-up share capital as at the date of this Prospectus:-</i>	
84,120,000 ordinary shares of RM0.50 each	42,060,000
<i>To be issued pursuant to the Public Issue:-</i>	
13,880,000 new ordinary shares of RM0.50 each	6,940,000
Enlarged issued and paid-up share capital	<u>49,000,000</u>
<i>To be issued pursuant to full exercise of ESOS:-</i>	
14,700,000 new ordinary shares of RM0.50 each	7,350,000
Enlarged issued and paid-up share capital upon full exercise of ESOS	<u>56,350,000</u>
<i>To be offered pursuant to the Offer for Sale</i>	
5,100,000 ordinary shares of RM0.50 each	<u>2,550,000</u>

We have only one class of shares namely, ordinary shares of RM0.50 each, all of which rank *pari passu* with one another. Our IPO Shares will rank *pari passu* in all respects with the other existing issued and paid-up ordinary shares in our Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment of the IPO Shares.

Subject to any special rights attaching to any shares which we may issue in the future, our shareholders shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by us as dividends, distributions and the whole of any surplus in the event of our liquidation, such surplus to be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association.

At our general meeting, every shareholder shall be entitled to vote in person or by proxy or by attorney or by other authorised representative. On show of hands, every person who is present as a shareholder or representative or proxy or attorney of a shareholder or authorised representative shall have one (1) vote. In the case of a poll every shareholder present in person or by proxy or by attorney or by duly authorised representative shall have one (1) vote for each ordinary share held. A proxy may but need not be our member. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the ROC.

3.0 DETAILS OF THE IPO *(Continued)*

3.6 Details of the IPO

The IPO is subject to the terms and conditions of this Prospectus and upon acceptance will be allotted in the following manner:-

(i) Public Issue

- (a) 6,000,000 new RB Shares available for application by the Malaysian public at RM0.70 per share, to be allocated via ballot, of which at least 30% is to be set aside for Bumiputera individuals, companies, co-operatives, societies and institutions, to the extent possible;
- (b) 2,783,000 new RB Shares available for application by our eligible directors, employees and business associates at RM0.70 per share;
- (c) 500,000 new RB Shares have been reserved for application to Bumiputera investors approved by the MITI at RM0.70 per share; and
- (d) 4,597,000 new RB Shares available to identified investors by way of private placement at RM0.70 per share, of which at least 30% is to be set aside for Bumiputera individuals, companies, co-operatives, societies and institutions, to the extent possible.

(ii) Offer for Sale

- (a) 5,100,000 Offer Shares available to identified investors by way of private placement at RM0.70 per share, of which at least 30% is to be set aside for Bumiputera individuals, companies, co-operatives, societies and institutions, to the extent possible.

The Public Issue Shares in respect of item (i)(b) above are allocated to our eligible employees based on the following criteria:-

- Minimum allocation of 100 shares;
- Malaysian citizen (must have attained 18 years of age on the date of allocation);
- Designation/level and length of service with us; and
- He/She must be a full-time staff as at Latest Practicable Date.

Based on these criteria, a total of 147 of our employees have been allocated up to 1,025,000 Public Issue Shares of the 2,783,000 Public Issue Shares.

Another 800,000 Public Issue Shares of the 2,783,000 Public Issue Shares shall be allocated to our following Directors as follows:-

Name of Director	Designation	No. of RB Shares
Wei Hwei Hong	Non-Independent, Executive Director	75,000
Prof. Dr. Azni Bin Idris	Non-Independent Non-Executive Director, RPSB	30,000
Dato' Teh Chang Ying	Independent Non-Executive Director, RPSB	30,000
Ir. Cho Hock Tin	Executive Director, RPSB and RTWSB	50,000
Ong Pick Shya	Executive Director, RPSB	465,000
Teh Hooi Ching	Executive Director, RPSB	150,000
		800,000

We have allocated an aggregate of 958,000 Public Issue Shares to our 105 business associates who have contributed to the success of our Group. The criteria of allocation of the 958,000 Public Issue Shares to them are based on:-

- Number of years of business relationship;
- Volume or value of transactions; and
- Past as well as potential future contribution to the continuous success of our Group.

3.0 DETAILS OF THE IPO (Continued)

Any Public Issue Shares in respect of item (i)(b) above which are not taken up will be offered to the Malaysian public. The Public Issue Shares made available to our eligible Directors, employees and business associates in (i)(b) above and to the Malaysian public as stipulated in item (i)(a) above have been fully underwritten by the Underwriters.

The IPO Shares in respect of item (i)(c), (i)(d) and (ii)(a) above will not be underwritten as the identified investors have provided irrevocable undertakings to subscribe and acquire the said Public Issue Shares and Offer Shares.

3.7 Basis of Arriving at the IPO Price

The IPO Price of RM0.70 per share was determined and agreed upon by us and MIMB as our Adviser and Managing Underwriter after taking into account the following factors:-

- (i) our operating and financial history for the past three (3) FYE 28 February 2006 and six (6) month financial period ended 31 August 2006 as outlined in Section 12 of this Prospectus;
- (ii) the prospects of the industry in which we operate as outlined in Section 5.0 of this Prospectus which is expected to be positive;
- (iii) our future plans and prospects as outlined in Section 6.11 of this Prospectus;
- (iv) the forecast net PE Multiple of approximately 8.26 times based on the forecast net EPS of approximately 8.47 sen for financial year ending 28 February 2007 computed based on the weighted average number of ordinary shares after the IPO as set out in Section 12.6 of this Prospectus; and
- (v) the proforma consolidated NTA per share (upon Listing) as at 31 August 2006 of RM0.63 based on our proforma consolidated NTA (upon Listing) as at 31 August 2006 of approximately RM61.78 million and the enlarged number of ordinary shares after the IPO as set out in Section 12.2 of this Prospectus.

Investors should note that our market price upon listing on the Bursa Securities is subject to the vagaries of market forces and other uncertainties which may affect our share prices.

3.8 Total Market Capitalisation

Based on the IPO Price and our enlarged issued and paid-up share capital comprising 98,000,000 Shares upon Listing (without taking into account any new Shares to be issued pursuant to the ESOS), our total market capitalisation is estimated to be RM68,600,000.

3.9 Utilisation of Proceeds

We expect to raise a gross proceeds of RM9,716,000 from the Public Issue based on the IPO Price. We shall also bear all the fees and expenses incidental to the Listing, estimated at RM1,600,000.

The gross proceeds from the Offer for Sale of RM3,570,000 will accrue entirely to the Offerors. They shall bear the placement fees, brokerage, stamp duty and share transfer fees relating to the Offer Shares.

3.0 DETAILS OF THE IPO (Continued)

The gross proceeds receivable from the Public Issue will be utilised in the following manner:-

Purpose	Notes	RM'000	Estimated time frame for utilisation (Financial year ending)
Working capital	(i)	1,122	2008
Repayment of bank borrowings	(ii)	6,994	2008
Estimated listing expenses	(iii)	1,600	2008
		9,716	

In the event there is change to the estimated listing expenses and repayment of bank borrowings, the proceeds to be utilised for working capital will be adjusted accordingly.

Notes:-

(i) Working capital

We will utilise approximately RM1.1 million of the total proceeds to finance our day to day operations such as purchase of raw material and/or payment to trade and other payables.

(ii) Repayment of bank borrowings

We propose to allocate part of the proceeds to repay our bank borrowings as follows:-

Company/ Name of Lenders	Type of facilities/ Repayment terms	Limit RM'000	Outstanding amount as at 13.10.2006 RM'000	Amount to be repaid RM'000	Purpose of Borrowings
RPSB / EBB	Bank Overdraft BLR + 1.75%	3,000	2,896	2,800	Working capital
ELSB / OCBC	Bank Overdraft BLR + 1.6%	1,000	956	613	To finance preliminary and incidental costs for the construction of a warehouse driveway
RPSB / EBB	Term Loan/ BLR+1.25% payable in 84 equal monthly installments	6,500	1,995	1,833	To part finance the acquisition of machineries and equipments for the set-up of the extrusion lines for the production of corrugated pipes
RPSB / EBB	Term Loan/ BLR+1.75% payable in 180 equal monthly installments	1,900	662	635	To part finance the acquisition of an industrial leasehold land
RPSB / EBB	Term Loan/ BLR+1.75% payable in 180 equal monthly installments	3,000	1,158	1,113	To part finance the construction of the 3 storey office- cum- factory building and a multipurpose hall
			7,667	6,994	

3.0 DETAILS OF THE IPO *(Continued)*

For the financial year ending 28 February 2007, the financial impact arising from the repayment of bank borrowings is expected to have minimal impact on interest savings to our Group as the repayment will only be made during the last quarter of the financial year. However, the repayment of bank borrowings is expected to improve our Group's cash position and gearing ratio at the end of the financial year. The repayment of bank borrowings of RM6.994 million from the Public Issue is expected to result in an annual interest saving amounting to approximately RM0.65 million per annum, assuming an interest rate of between 6.5% to 8.6% per annum on the various bank loans facilities.

(iii) Estimated Listing expenses

	RM
Fees to authorities	87,000
Issuing house fee, registrar's fee and translation costs	120,000
Printing and advertising expenses	250,000
Underwriting commission, management fees, placement fees and brokerage fees	400,000
Professional advisory fees	700,000
Contingencies	43,000
	<u>1,600,000</u>

Further, our Board intends to utilise the proceeds arising from the exercise of the Options under the ESOS for our Group's working capital purposes.

3.10 Brokerage, Underwriting Commission and Placement Fees

We will pay brokerage fee at the rate of 1.0% of the IPO Price in respect of successful applications for the IPO Shares by the Malaysian public bearing the stamps of either MIMB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or MIH.

Our Underwriters has agreed to underwrite 8,783,000 RB Shares which are available for application by the Malaysian public and to our eligible directors, employees and business associates.

We will pay underwriting commission at the rate of 2.0% of the IPO Price for each of the 8,783,000 Public Issue Shares being underwritten.

Placement fees in respect of the 4,597,000 Public Issue Shares and 5,100,000 Offer Shares made available for application to identified investors will be payable by us and the Offerors to the Placement Agent at the rate of 1.0% of the IPO Price.

The Underwriters may withdraw from their obligations under the Underwriting Agreement relating to the Public Issue after the opening of the IPO in the event any of the warranties, representations, or undertakings given by us is breached prior to our Listing date and on the occurrence of any circumstances which are beyond the reasonable control of the contracting parties as stated in Clause 14.1.5 of the Underwriting Agreement.

3.11 Salient Terms of the Underwriting Agreement

We have entered into the Underwriting Agreement with MIMB and TA Securities Holdings Berhad to underwrite the Public Issue Shares as mentioned in Section 3.10 of this Prospectus. The following salient terms are reproduced from the Underwriting Agreement. The capitalised terms and numbering references used in this section shall have the respective meanings and numberings as ascribed thereto in the Underwriting Agreement.

3.0 DETAILS OF THE IPO (Continued)

Clause 4 (CONDITIONS)

4.1 Details

The obligations of the Underwriter to underwrite the Underwritten Shares under this Agreement are conditional on the performance by the Company of its obligations under this Agreement and on:

4.1.1 The Managing Underwriter receiving the reports or confirmation, stating and confirming that:

4.1.1.1 there has been 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 provided in the Prospectus to the satisfaction of the Managing Underwriter at the Closing Date; or

4.1.1.2 there has not occurred any event or the discovery of any facts or circumstances which would render any representation, warranty or undertaking in Clause 9 (Representations, Warranties and Undertakings) untrue or inaccurate or result in a material breach of this Agreement by the Company to the satisfaction of the Underwriter at the Closing Date;

4.2 For the purpose of this clause the opinion of materiality or otherwise shall be that of the Managing Underwriter whose opinion shall be final and binding on the Company.

4.2.1 The issue of the Prospectus not later than three (3) months from the date of this Agreement or such later date as the Underwriters and the Company may from time to time agree;

4.2.2 The registration of the Prospectus and such other documents as may be required in accordance with the SCA in relation to the IPO Shares with the SC and its lodgement with the ROC by the Issue Date;

4.2.3 Bursa Malaysia having agreed in principle prior to or after the date of the Prospectus 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 on the Second Board of Bursa Malaysia being obtained on terms acceptable to the Underwriters 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 IPO Shares has been completed) have been complied with or the Underwriters being reasonably satisfied that such listing of and quotation for will be granted three (3) Market Days (or such other days Bursa Malaysia may permit) after the application of the IPO have been accepted and the IPO Shares are deposited in or transferred to the relevant securities accounts maintained by the entitled shareholders under the SC Act;

4.2.4 all other necessary approvals and consents required in relation to the IPO including but not limited to governmental approvals having obtained and are in full force and effect;

4.2.5 The Managing Underwriter being satisfied that the Company will, following completion of the IPO Shares be admitted to the Official List and its share capital be listed and quoted on the Second Board of Bursa Malaysia within three (3) months from the date of the Prospectus;

4.2.6 The Managing Underwriter receiving a copy certified by a director or secretary of the Company to be a true and accurate copy and in full force and effect of a resolution of the Directors in form and substance acceptable to the Managing Underwriter:

4.2.6.1 approving the Issue Documents, this Agreement and the transactions contemplated by it;

4.2.6.2 authorising a person to sign and deliver this Agreement on behalf of the Company; and

3.0 DETAILS OF THE IPO (Continued)

- 4.2.6.3 *authorising the issuance of the Issue Documents;*
- 4.2.7 *This Agreement being signed by all parties and stamped;*
- 4.2.8 *The IPO not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any condition imposed by the regulators in approving the IPO and all consents, approvals, authorisations or other orders required by the Company under such laws for or in connection with the IPO and/or listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of Bursa Malaysia 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;*
- 4.2.9 *The Managing Underwriter being satisfied that the Company has complied with and that the IPO is in compliance with the policies, guidelines and requirements of the SC and all revisions, amendments and/or supplements thereto; and*
- 4.2.10 *The IPO being approved by the shareholders of the Company in an extraordinary general meeting.*

4.3 Waiver

The Underwriters may, waive all or any of the Conditions provided in Clause 4.1 above except for any required by a mandatory rule of law or a mandatory requirement of governmental, public or regulatory authorities in connection with this Agreement.

4.4 Non satisfaction

In the event any of the conditions set out in Clause 4.1 (Details) is not fulfilled or complied to the satisfaction of the Underwriters by the Closing Date, the Underwriters and the Company shall be entitled to terminate this Agreement and in such event the provisions of Clause 12 (Termination) shall apply but without prejudice to the rights of the Managing Underwriter and Underwriter under Clause 8 (Fees and Commission).

Clause 14 (TERMINATION)

- 14.1 *Notwithstanding anything contained in this Agreement, the Managing Underwriter and/or the Underwriter (as the case may be) may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel and withdraw its Underwriting Commitment if:*
- 14.1.1 *there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 9 (Representations, Warranties and Undertakings), which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company or by the Closing Date, whichever is earlier, or withholding of information of a material nature from the Underwriter, which is required to be disclosed pursuant to this Agreement which, in the opinion of the Managing Underwriter and/or the 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 IPO, or the distribution or sale of the IPO Shares; or*
- 14.1.2 *there is failure on the part of the Company to perform any of its obligations contained in this Agreement; or*
- 14.1.3 *there is withholding of information of a material nature from the Underwriters, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO, or the distribution or sale of the Public Issue Shares; or*

3.0 DETAILS OF THE IPO (Continued)

- 14.1.4 *there shall have occurred, or happened any material and adverse change in the business or financial condition of the Company or the Group; or*
- 14.1.5 *there shall have occurred, or happened any of the following circumstances:*
- 14.1.5.1 *any material adverse change, or any development involving a prospective material adverse change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or*
- 14.1.5.2 *any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);*
- which, (in the reasonable opinion of the Managing Underwriter and/or the Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of the Company or the Group, the success of the IPO, or the distribution or sale of the IPO Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or*
- 14.1.6 *the Composite Index of Bursa Malaysia is at less than Eight Hundred (800) points.*
- 14.1.7 *there is a failure on the part of the Company in:-*
- (a) *providing the particulars of persons who is supposed to apply and pay for the Shares stated in Recital E(i) and (ii)(d) within three (3) market days prior to the issuance of the Prospectus; or*
- (b) *ensuring that the persons who are supposed to apply and pay for the shares stated in Recital E(i) and (ii)(d) within three (3) market days prior to the issuance of the Prospectus do so*
- 14.2 *Upon any such notice(s) being given pursuant to Clause 14.1 (Termination), the Underwriters shall be released and discharged of its obligations without prejudice to its rights under this Agreement, and where the Underwriters have terminated or withdrawn its Underwriting Commitments pursuant to Clause 14.1 (Termination), this 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 its obligations and liabilities under Clause 10 (Costs and Expenses) for the payment of costs and expenses already incurred up to the date of or in connection with such termination and under Clause 6.3.2 (Prospectus and Listing) for the payment of any taxes, duties or levies, and for any antecedent breach.*
- 14.3 *In the event any of the conditions set forth in Clause 4.1 are not satisfied on or before the Closing Date, the Underwriters shall, subject as mentioned below in this clause, be entitled to forthwith terminate this Agreement by notice in writing given to the Company whereupon the following shall take place within seventy two (72) hours of the receipt of such notice:*
- 14.3.1 *the Company shall be liable to the Underwriters for the payment only of cost and expenses reasonably incurred by the Underwriters pursuant to this Agreement prior to the termination. In this respect, the Underwriters shall provide to the Company, documentary evidence evidencing these cost and expenses if requested by the Company; and*

3.0 **DETAILS OF THE IPO** *(Continued)*

14.3.2 *each party shall return all moneys (if any) paid without interest to the other under this Agreement within three (3) Market Days of the receipt of such notice of termination from the Underwriters and thereafter, this Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches.*

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4.0 RISK FACTORS

Notwithstanding the prospects of our Group outlined in this Prospectus, you should carefully consider the following risk factors (which may not be exhaustive) that may have a significant impact on our future performance, in addition to all other relevant information contained elsewhere in this prospectus, before making an application for the IPO Shares.

4.1 Risks Relating to Our Group**4.1.1 We are exposed to business risks**

Our Group is principally involved in manufacturing and trading of diversified range of plastic products such as pipes, tanks and fittings made of PE, PP, uPVC and ABS as well as provision of consultancy and management services relating to sewerage and wastewater treatment plants. Our Group is subject to certain business risks inherent in the plastic manufacturing industry and project services. These may include changes in general economic conditions such as, but not limited to, inflation, interest rates, foreign exchange rates, taxation policies and rates, shortages of labour and raw materials, rapid changes in manufacturing technology, increases in the costs of labour and raw materials, changes in political, business and credit conditions.

Although we seek to limit these risks relating to the plastics manufacturing industry through, inter-alia, having prudent contractual terms for the projects undertaken, maintaining good relationships with our suppliers and customers, prudent management policies, allocation of experienced staff to undertake the projects as well as adequate emphasis on personnel development, no assurance can be given that any changes to these inherent factors will not have a material adverse effect on our business.

4.1.2 Our financial performance may be adversely affected by any further increase in the price of resin due to the volatility of oil prices

We purchase a huge quantity of resins to manufacture our PE, PP, uPVC and ABS pipes, tanks and fittings. The cost of raw materials i.e. resins represents a substantial portion of our cost of sales, accounting for approximately 71%, 78%, 80% in FYE 2004, 2005 and 2006 respectively. As resin is a petrochemical based raw material, the price of resin generally follows the price trend of crude oil, which recently has been highly volatile. Resin price increases are not always the same magnitude or direction as changes in the selling price of our Group's products. As a result, increases in resin prices may have a material adverse effect on our Group's margins and cash flow, if such increases cannot be fully passed on to our customers through the products and services that we sell. Significantly, volatility in resin price also puts pressure on margins, as the increases in our sales price may lag behind resin price increases. Resin price increases also may adversely affect our liquidity and cash flow requirements.

We believe that we are able to pass the additional costs to our customers based on our reputation as a quality product supplier and our strong customer relationship. We are able to cushion the effects of the increase in the price of resin in the short run, in view of the following:-

- we are able to hold higher level of inventories of raw materials to act as a buffer against unfavourable price fluctuations with the availability of our banking facilities and trade line amounting to approximately RM7.0 million and RM34.5 million respectively as at 31 August 2006; and
- we are not committed to and do not have any long-term contracts with any of our suppliers and our customers.

Nevertheless, as resin is a raw material that fluctuates according to the trend of crude oil prices, all manufacturers that use these raw materials and customers who purchase products made of resin will be equally affected.

4.0 RISK FACTORS *(Continued)*

4.1.3 We may be affected by shortage of raw materials

The major raw materials used by our manufacturing process are various types and grades of resins which are sourced both locally and from abroad. Our concern on the procurement of our principal raw materials are mitigated in view of the following:-

- (a) our relationship and supply with our suppliers is stable and will not be easily disrupted based on our Group average length of relationship with our four (4) largest suppliers which is more than six (6) years;
- (b) we are not dependent on any single supplier for our supply of raw materials and have not committed to any long-term contracts with our suppliers;
- (c) we purchase our raw materials and sell our products at competitive market prices due to our strong relationship with our customers and suppliers coupled with our strong financial position and reputation; and
- (d) we expect with the implementation of AFTA, suppliers from within ASEAN are able to offer us raw materials at a more competitive price hence enabling our Group to pass on the cost savings to our domestic and foreign customers.

However, there can be no assurance that any changes to these factors above will not have any adverse impact on our Group's operations and financial performance.

4.1.4 We are dependent on water, sewerage, construction, cable-ducting and property market

The major source of our revenue is mainly from the manufacturing and trading of diversified range of plastic products such as pipes, tanks and fittings made of PE, PP, uPVC and ABS. These products are mainly used in water, sewerage, utilities, construction industry and property market. Thus, a decline in demand of pipes, tanks and fittings from these industries and market would have a direct and negative impact on us in the plastic manufacturing industry. The continuing growth in the water, sewerage, utilities, construction industry and property market is expected to provide support and growth opportunities for our Group. We have a wide range of customers base in different sectors, for example hardware retailers, water authorities, property developers, construction, telecommunication and utilities companies, which enables us to mitigate some of our dependency on any one or small number of sectors within the above mentioned industries. However, there is no assurance that we would not be materially affected by a downturn in the water, sewerage, utilities, construction industry and property market.

4.1.5 We do not have long terms contracts with customers

We have historically not entered and presently do not have any long-term contract with our customers for the provision of our products and services. The lack of long term contracts with the customers is due to the frequent changes in the costs of raw materials, which affects the selling prices of our products and services. Therefore, the supply of our products and services is on per order basis from our customers. Hence, our financial performance would be dependent on our ability to secure new orders from existing and new customers on a consistent basis.

Despite the absence of long term contractual agreements with our customers, we have developed a strong working relationship with our customers, as evidenced by the length of relationship which average about seven (7) years and continuous repeat orders secured by us. In addition, we recognise the need for embarking an effective marketing strategy to increase our market presence, brand awareness and market share as detailed out in Section 6.8 in this Prospectus. Due to this effective marketing strategy, we have secured and currently supply our products i.e. pipes and tanks, in bulk orders directly to the site projects of specific major property development projects in the Klang Valley, Negeri Sembilan and Johor.

4.0 RISK FACTORS *(Continued)*

Even though these long term working relationship and effective marketing strategy will ensure continuity in business relationship and bulk orders between us and our customers, there is no assurance that we will continue to receive orders from our existing customers indefinitely.

4.1.6 We face competition from other local players

We face competition from various local competitors in the manufacturing and marketing of plastic pipes, tanks and fittings. According to the latest MPMA's Directory 2005/2006, there are approximately 41 plastic manufacturers who engage in the pipes extrusion production process. Some of these manufacturers focus on a single product range of plastics products to cater for the pipes or water tanks market.

Our Group believes that our experience in a wide range of pipes, water tanks and fittings manufacturing industry, proven track record, brand name, wide market network and strong marketing team will ensure that we can maintain our market share in the plastic pipes and water tanks manufacturing industry. In addition, we produce a more diversified range of pipes, tanks and fittings made of PE, PP, uPVC and ABS. We believe that we possess a strong reputation for our product range under the "Resintech" brand, particularly in Malaysia. Our strength lies also in our efforts to continuously improve our products in terms of quality, designs, variants, sizes and fitments.

We rely on our quality reputation to support our pricing and margins. We also plan to strengthen our presence in Sabah and Sarawak, and implement growth strategies to gain an inward market share into the regional markets via Indonesia, Brunei, Singapore, Australia and Sri Lanka.

However, there can be no assurances that our Group will be able to maintain or strengthen our market share or that we will not be affected by the competitive strategies of our competitors.

4.1.7 Our financial performance may be affected by any increase in interest rates of our borrowings

As at 31 August 2006, our total borrowings were approximately RM56.2 million or a gearing of 1.05 times. Our Group plans to utilise approximately RM7.0 million of the proceeds raised from the Public Issue towards the repayment of borrowings after which our total borrowings will be lowered to RM49.2 million or representing a gearing of 0.80 time. This will lower our exposure to the cost of borrowings. However, any increase in interest rates will increase the burden of our Group with respect to interest payments of the borrowings depending on the total outstanding borrowings as at the point in time. Furthermore, our Group's ability to meet our payment obligations will depend on the success of our business strategy, and our ability to generate sufficient revenues to refinance obligations, which are subject to many uncertainties and contingencies beyond our control.

Our Board, is of the opinion that, after taking into consideration the expected proceeds from the Public Issue and our available banking facilities, we have adequate liquidity and capital resources for our present requirements and the requirements for the twelve (12) months following the date hereof.

4.1.8 Our business may be adversely affected by political, economic and regulatory conditions

Any change in the political, economic and/or regulatory conditions in the countries where our Group operates and sell our products could materially and adversely affect our future financial prospects. Such political, economic and regulatory uncertainties include risks of war, expropriation, nationalisation, changes in political leadership, foreign exchange rates, changes in interest rates and methods of taxation.

Our Group is subject to these risks and thus, any adverse changes of the above factors may have a material effect on our businesses. The risks are somewhat mitigated in respect of our long past operating history and local business knowledge.

4.0 RISK FACTORS *(Continued)*

4.1.9 We are dependent on our ability to retain key personnel

We believe that our continued success will depend, to a significant extent, upon the abilities and continued efforts of our existing Directors, senior management and skilled personnel. Furthermore, our Company's future success also depends on our ability to continually attract and retain key personnel which is essential towards providing the required support function for the successful operations of our Group.

We have made continuous effort to groom the younger members of the senior management to slowly take over from the senior members to ensure a smooth transition in the management team should changes occur and to maintain our Group's continued ability to compete in the plastic manufacturing industry. Our Group also has a large number of long serving employees and enjoys a low turnover of skilled personnel. We believe that by our Listing, we will be able to attract and retain suitably qualified personnel to play an active role in the growth of our Group.

We have also put in place an ESOS scheme which will provide an incentive for commitment of our employees and shall be implemented in due course. Please refer to Section 17.0 of this Prospectus for further details on the ESOS. However, there can be no assurance that these measures will be able to counter the risks of loss of our employees and skilled personnel.

4.1.10 Financial risks on restrictive covenants

Pursuant to the credit facility agreements entered into by our Group with banks or financiers, we are bound by certain positive and negative covenants which may limit our operating flexibility. The aforesaid covenants are of a nature which is commonly contained in credit facility agreements in Malaysia. Any act by our Group falling within the ambit or scope of such covenants will require the consent of the relevant bank or financier. Breach of such covenants may give rise to a right by the bank or financier to terminate the relevant credit facility and/or enforce the security granted in relation to that credit facility. Our Board is aware of such covenants and shall take all precautions necessary to prevent any such breach.

4.2 Risks Relating to Our Shares

4.2.1 No prior market of Our Shares

Prior to this IPO, there has been no public market for our Shares. The IPO Price for the IPO Shares has been determined after taking into consideration a number of factors, including but not limited to our financial history and operating conditions, the prospects of the industry in which we operate, our management team and the market prices for shares of companies engaged in the businesses similar to that of our Group. There can be no assurance that the price at which our Shares will trade on the Second Board of Bursa Securities upon or subsequent to our listing will correspond to the IPO Price. The market price of our Shares could be subject to significant fluctuations due to various external factors and events, including the liquidity of our Shares in the market, difference between our actual financial or operating results and those expected by the investors and analysts, general market conditions, the industry we are operating in and dependent with and broad market fluctuations.

In addition, there can be no assurance that an active market for our Shares will develop upon Listing or, if developed, that such market can be sustained.

4.0 RISK FACTORS *(Continued)*

4.2.2 Control by existing substantial shareholders may allow them to influence the outcome of decisions requiring the approval of shareholders

Upon the completion of the IPO, we are controlled by our Promoters/substantial shareholders namely Y.B. Dato' Dr. Teh Kim Poo, Datin Gan Jew and Teh Leng Kang, who will effectively and collectively hold approximately 51.14% of our enlarged issued and paid-up share capital. As a result, it is likely that the aforesaid controlling shareholders will be able to effectively control our business direction and the outcome of certain matters by virtue of their collective controlling shareholdings and/or directorships in our Company, unless they are required to abstain from voting by law and/or by the relevant authorities.

With the formation of the Audit Committee, which comprises a majority of Independent Directors, it will effectively help to promote transparency in all material transactions and our accountability, thereby protecting the interest of our shareholders. Our Directors and Promoters/substantial shareholders would also be required to abstain from voting in any related party transactions.

4.2.3 Failure and delay in the Listing

Our Listing is also exposed to the risk that it may fail or be delayed should any of the following events occurs:-

- (i) The identified investors under the private placement and the Bumiputera investors approved by MITI fail to subscribe for the portion of IPO Shares allocated to them; and
- (ii) We are unable to meet the public spread requirements i.e. at least 25% of the total number of shares for which listing is sought must be held by a minimum number of 1,000 public shareholders holding not less than 100 shares each, upon the completion of the Public Issue and at the point of Listing.

The above risks are mitigated by the following:-

- (a) The identified investors and the Bumiputera investors under the private placement have provided irrevocable undertakings to subscribe for their respective portion of the IPO Shares to be placed to them; and
- (b) Our Directors and MIMB, as our adviser and managing underwriter, will endeavour to ensure that our Company will be able to meet the public spread requirements by allocating the IPO Shares applied for by the Malaysian public to the required number of public shareholders during the balloting process.

4.3 Other Risks

4.3.1 There is no assurance that our profit forecast will be realised

This Prospectus contains our profit forecast based on assumptions that are subject to uncertainties and contingencies. Our Directors have considered the assumptions used in the preparation of the profit forecasts or statement of expectations to be reasonable. Because of the inherent uncertainties of forecasts/expectations and because events and circumstances frequently do not occur as expected, there can be no assurance that the profit forecast contained and expectations stated herein will be realised and actual results may be materially different from those shown or expected. You are advised to read and understand the descriptions of the assumptions and uncertainties underlying the profit forecast contained or expectations stated herein.

4.0 RISK FACTORS *(Continued)*

4.3.2 Forward looking statements

Certain statements in this Prospectus are based on historical data, which may not be reflective of the future results, and others are forward looking in nature which are subject to uncertainties and contingencies.

All forward looking statements are based on estimates and assumptions made by our Board, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to differ materially from the future results, performance or achievements expressed or implied in such forward looking statements.

Such factors include, inter-alia, general economic and business conditions, competitions, the impact of new laws and regulations affecting our Group and the industry, changes in interest rates and changes in foreign exchange rates. In light of these uncertainties, the inclusion of the forward looking statement in this Prospectus should not be regarded as a representation or warranty by our Company or our advisers that the plans and objectives of our Group will be achieved.

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