

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND MANAGEMENT

### 5.1 PROMOTERS

#### 5.1.1 Particulars of Our Promoters and Their Shareholdings in WZRB

The details of our promoters of our Group and their respective shareholdings in WZRB before and after the IPO are as follows: -

Name	Nationality	Designation	Before the IPO <sup>+</sup>		After the IPO <sup>+</sup>	
			Direct	Indirect	Direct <sup>^</sup>	Indirect <sup>^</sup>
			%	%	%	%
<b>Promoters</b>						
Tan Ching Kee	Malaysian	Managing Director	57,591,577	2,279,995*	39,171,907	2,317,995*
			74.20	2.94	39.17	2.32
Ng Chong Tin	Malaysian	Executive Director	3,318,356	-	2,398,356	-
			4.28	-	2.40	-
Tan Chong Boon	Malaysian	Executive Director	9,233,980	-	6,406,980	69,000**
			11.90	-	6.41	0.07

Notes: -

+ After the Acquisitions but before Public Issue, Restricted Issue and Offer For Sale.

<sup>^</sup> Assume he/she subscribes for his/her respective entitlements for the pink form share allocation pursuant to the IPO.

\* Deemed interest by virtue of his spouse's, Ng Lay Hoon, shareholding in WZRB.

\*\* Deemed interest by virtue of his spouse's, Yap Chooi Mei, shareholding in WZRB.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND MANAGEMENT (Cont'd)**

---

**5.1.2 Profiles of Promoters**

Please refer to Section 5.3.2 below for the profiles of Tan Ching Kee, Ng Chong Tin and Tan Chong Boon.

**5.1.3 Directorships and Substantial Shareholdings of Promoters in All Other Public Corporations for the Past Two Years Preceding the Date Hereof**

None of the promoters have any directorships and substantial shareholdings in other public corporations for the past two years.

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND MANAGEMENT (Cont'd)

### 5.2 SUBSTANTIAL SHAREHOLDERS

#### 5.2.1 Particulars of The Substantial Shareholders and Their Respective Shareholdings in WZRB

The details of the substantial shareholders of our Group and their shareholdings in WZRB before and after the IPO are as follows:-

Name	Nationality	Designation	Before the IPO <sup>+</sup>		After the IPO <sup>+</sup>	
			Direct	Indirect	Direct <sup>^</sup>	Indirect <sup>^</sup>
			%	%	%	%
<b>Substantial Shareholders</b>						
Tan Ching Kee	Malaysian	Managing Director	57,591,577	2,279,995*	39,171,907	2,317,995*
			74.20	2.94	39.17	2.32
Tan Chong Boon	Malaysian	Executive Director	9,233,980	-	6,406,980	69,000**
			11.90	-	6.41	0.07

Notes:-

+ After the Acquisitions but before Public Issue, Restricted Issue and Offer For Sale.

<sup>^</sup> Assume he/she subscribes for his/her respective entitlements for the pink form share allocation pursuant to the IPO.

\* Deemed interest by virtue of his spouse's, Ng Lay Hoon, shareholding in WZRB.

\*\* Deemed interest by virtue of his spouse's, Yap Chooi Mei, shareholding in WZRB.

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND MANAGEMENT (Cont'd)**

---

**5.2.2 Profiles of Substantial Shareholders**

**TAN CHING KEE**, Managing Director of WZRB. Profile of Tan Ching Kee is set out in Section 5.3.2.

**TAN CHONG BOON**, Executive Director of WZRB. Profile of Tan Chong Boon is set out in Section 5.3.2.

**5.2.3 Directorships and Substantial Shareholdings of Substantial Shareholders in All Other Public Corporations for the Past Two Years Preceding the Date Hereof**

None of the substantial shareholders have any directorships or substantial shareholdings in other public corporations for the past two years preceding 2 November 2007 (being the Last Practicable Date).

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND MANAGEMENT (Cont'd)

### 5.3 DIRECTORS

#### 5.3.1 Particulars of Our Directors and Their Respective Shareholdings in WZRB

The details of our directors and their shareholdings in WZRB before and after the IPO are as follows:-

Name	Nationality	Designation	Before the IPO <sup>+</sup>		After the IPO	
			Direct	Indirect	Direct <sup>^</sup>	Indirect <sup>^</sup>
			Shareholding %	Shareholding %	Shareholding %	Shareholding %
<b>Directors</b>						
Dato' Amin Rafie Bin Othman	Malaysian	Group Chairman/ Independent Non- Executive Director	-	-	150,000	0.15
Tan Ching Kee	Malaysian	Managing Director	57,591,577	2,279,995*	39,171,907	2,317,995*
Ng Chong Tin	Malaysian	Executive Director	3,318,356	4.28	2,398,356	2.40
Tan Chong Boon	Malaysian	Executive Director	9,233,980	11.90	6,406,980	69,000**
Dato' Siow Kim Lun	Malaysian	Independent Non- Executive Director	-	-	150,000	0.15
Dato' Yeong Kok Hee	Malaysian	Independent Non- Executive Director	-	-	150,000	0.15
Ong Teck Chuan	Malaysian	Independent Non- Executive Director	-	-	150,000	0.15

Notes: -

+ After the Acquisitions but before Public Issue, Restricted Issue and Offer For Sale.

^ Assume he/she subscribes for his/her respective entitlements for the pink form share allocation pursuant to the IPO.

\* Deemed interest by virtue of his spouse's, Ng Lay Hoon, shareholding in WZRB.

\*\* Deemed interest by virtue of his spouse's, Yap Chooi Mei, shareholding in WZRB.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND MANAGEMENT (*Cont'd*)

---

### 5.3.2 Profiles of Directors

The profiles of our Directors, all of whom are Malaysians, are set out below:-

**Dato' Amin Rafie Bin Othman**, aged 47, was appointed as our Group Chairman / Independent Non-Executive Director on 26 October 2007. He graduated from the University College of Wales, Aberystwyth with a joint honours degree in Economics and International Politics in 1982. He also holds a Master of Business Administration from the City University of London, United Kingdom.

Dato' Amin is currently a director of Milux Corporation Berhad (formerly known as TH Hin Corporation Berhad), as well as the Managing Director of DIG Asia Sdn Bhd, a wholly owned subsidiary of Dubai Investment Group of the United Arab Emirates. Prior to this appointment, he was the Chief Executive Officer ("CEO") of Rio Capital Sdn Bhd. In a career spanning 22 years, Dato' Amin has also held the positions of CEO of Mayban Investment Sdn Bhd, Managing Director of PJB Capital Sdn Bhd, Executive Director of Smith Zain Securities, Senior General Manager and Director of Rashid Hussain Asset Management and General Manager of Mattra Berhad. He was also a past President of the Malaysian Association of Asset Managers and a former member of the Listing Committee of Bursa Malaysia Securities Berhad ("Bursa Securities").

**Tan Ching Kee**, aged 48, is a Promoter and Managing Director of our Group. Mr. Tan commenced his career in the iron and steel industry in 1978 when he joined Wei Yet Sdn Bhd, a company involved in the marketing and trading of steel.

In May 1985, Mr. Tan started his own steel company, Syarikat Perniagaan Eng Seng, together with other partners before forming WZSB in 1992. Mr. Tan was instrumental in the setting up of the WZSB's iron and steel trading business.

With his keen foresight in the continuous potential of the steel industry, Mr. Tan launched the company into downstream value-added production of CD Bars to service the engineering support industry, which was then a rapidly growing industry mainly driven by the E&E industry, especially the semiconductor sector. From this point in time, Mr. Tan began to develop the business through progressively building customers' trust to expand the company's business despite initial limited production capacity and a challenging business environment.

In 1996, Mr. Tan formed WZT to trade in other steel products which are primarily procured from wholesale steel traders, as well as to complement the manufacturing activities of WZSB. By 2001, with the completion of the existing manufacturing facilities in Lot 1850, Jalan KP B 10, Kawasan Perindustrian Balakong, 43300 Sri Kembangan, Selangor Darul Ehsan coupled with a well-established customer network, Mr. Tan had successfully carved a niche market for WZSB's superior quality and high precision bright steel polished shafts.

Mr. Tan has accumulated 29 years of extensive knowledge and experience in the steel trading business, with an overlap of 11 years having been involved in the daily operations and management of precision CD Bars production. As the Managing Director of our Group, he is responsible for the overall strategic business direction of our Group, developing new target markets locally and abroad. His vast experience in the industry and well-connected network with industry players has enabled him to be well-versed with the intricacies of the steel trade and to develop our Group to its present stage. Mr. Tan was appointed as the Managing Director of our Group on 26 October 2007.

**Ng Chong Tin**, aged 41, is a Promoter and Executive Director of our Group. He embarked on his career in the steel industry when he joined Tan Ching Kee and two (2) other partners to incorporate Syarikat Perniagaan Eng Seng, a steel trading company in 1985.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND MANAGEMENT (Cont'd)**

---

Mr. Ng later co-founded WZSB in 1992 and became a Director of WZM and WZT in 1995 and 1996, respectively, where he continued to develop the steel trading business as Marketing Manager. To-date, Mr. Ng has 23 years of experience in the development of sales and marketing strategies based on customers' feedback as well as analysing the changing consumer trends. Mr. Ng is primarily in charge of the sales and marketing functions of WZM and WZT, and is instrumental in developing the customers network for our Group's trading division. His vast experience in the steel industry has enabled him to proactively develop sales and marketing strategies to cater to the customers' needs and meet the ever-changing industry trends. Mr. Ng was appointed as an Executive Director of our Group on 26 October 2007.

**Tan Chong Boon**, aged 41, is a Promoter and Executive Director of our Group. He has vast experience in the areas of design and build and construction contracts for civil and structural works which were accumulated over more than three (3) years. In 1988, Mr. Tan commenced his career as a Technical Assistant. To upgrade himself, Mr. Tan embarked on and pursued an Honours Degree in Civil Engineering at University Putra Malaysia in 1989. Upon successfully obtaining the Degree in 1991, he joined a civil and structural consulting company as Design Engineer before joining WZRB Group in 1994. He was instrumental in the launch of WZSB's products into the international area, particularly the China, Hong Kong and Australia markets.

His vast experience gained in the areas of design, build and construction contracts for civil and structural works have enabled him to successfully set up WZSB's factory to produce CD Bars in 1995. In 1996, WZSB began manufacturing free-cutting Bars and stainless steel Bars before venturing into high-end free-cutting polished shafts for office automation, which demand very stringent requirements. Since 1996, Mr. Tan had successfully adopted the correct manufacturing techniques and leveraged upon the technical know-how gained through in-depth discussions held with the WZSB's customers in order to understand and meet customers' needs. Mr. Tan was appointed as an Executive Director of our Group on 26 October 2007.

**Dato' Siow Kim Lun**, aged 57, was appointed as our Independent Non-Executive Director on 26 October 2007. He graduated from Universiti Kebangsaan Malaysia in 1978 with a degree in Bachelor of Economics (Hons). Dato' Siow received his degree in Masters of Business Administration from the Catholic University of Leuven, Belgium in 1981. In 1997, he completed the Advanced Management Program in Harvard Business School, United States of America.

Dato' Siow has considerable experience in investment banking and securities market regulation. He started his career in investment banking with Malaysian International Merchant Bankers Berhad in 1981 and has served as a manager in its Corporate Finance Division. In 1985, he moved on to join Affin Investment Bank Bhd as Manager of Corporate Finance. He later became the Divisional Head of its Corporate Finance Division.

In April 1993, Dato' Siow joined the SC where he has served for over 13 years until his retirement in December 2006. During his tenure with the SC, Dato' Siow has held several positions including that of the Director of Issues & Investment Division, the Director of the Market Supervision Division as well as the Executive Director, Office of the SC Chairman.

Dato' Siow is currently a Director of Citibank Berhad and Kumpulan Wang Persaraan. He is also a member of the Listing Committee of Bursa Securities.

**Dato' Yeong Kok Hee**, aged 47, was appointed as our Independent Non-Executive Director on 26 October 2007. Upon returning from England in 1983, he commenced his sales and marketing management career firstly in the credit cards business and subsequently, ventured into the fast moving consumer goods ("FMCG") sector, as well as the electronics and computer equipment services industries. Dato' Yeong is well-recognised and respected not only in the information technology ("IT") arena, but also in the financial services and corporate sector.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND MANAGEMENT (*Cont'd*)

Dato' Yeong is currently the consultant and Vice President of Computer Systems Advisers (M) Bhd, a position that he has held since 1999. He is an active member of the Executive and Management Review Committee of the ten (10)-year term IT outsourcing engagement between Maybank and Computer Sciences Corporation / Computer Systems Advisers since 2003. He is also the Chairman of the Audit Committee and Independent Non-Executive Chairman of ES Ceramics Technology Bhd since 17 February 2005.

At the international level, Dato' Yeong is a Business Advisor and member of the Advisory Board of EZMCOM Inc. USA, a company that specialises in IT security solutions, especially in respect of authentication for online systems and mobile commerce platforms for the financial and enterprise sector.

**Ong Teck Chuan**, aged 51, was appointed as our Independent Non-Executive Director on 26 October 2007. He is a Certified Practising Accountant, a Chartered Accountant and a Certified Financial Planner. He is a Fellow of the Certified Practising Accountants of Australia, and a member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and Financial Planning Association of Malaysia. He also holds a Bachelor of Business degree from Edith Cowan University, Australia.

Mr. Ong has 30 years of diverse working experience, with the past 20 years at senior management level, in corporate finance, financial management, operational management, merchant banking and auditing. He began his career with Ernst & Young and has served in a number of senior management positions in various large organizations which include Head of Corporate Finance in Usaha Tegas Sdn Bhd, Group Financial Controller of Astro All Asia Networks plc, Chief Operating Officer of Lingkaran Trans Kota Holdings Berhad, and Alternate Director of Powertek Berhad. Mr. Ong is currently a Corporate Consultant providing business management and financial consultancy related services.

### 5.3.3 Directorships and Substantial Shareholdings of Directors in All Other Public Corporations for the Past Two (2) Years Preceding the Date Hereof

Save as disclosed below, none of the directors have any directorships or substantial shareholdings in other public corporations for the past two (2) years preceding 2 November 2007:-

	Company	Date Joined	Principal Activity	Position held	Shareholdings (%)
Dato' Amin Rafie Bin Othman	Milux Corporation Berhad	19.05.05	Manufacturing and dealing in gas cookers, electrical household appliances and related products	Director	-
	APL Industries Bhd	06.01.06	Manufacturing and sales of latex examination gloves	Director*	-
	Seal Polymers Industries Bhd	06.01.06	Manufacturing and sale of latex examination gloves	Director*	-



**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND MANAGEMENT (Cont'd)**

	Company	Date Joined	Principal Activity	Position held	Shareholdings (%)
	Tanayong Public Co. Limited (Thailand)	20.02.07	Property development	Director	-
Dato' Yeong Kok Hee	ES Ceramics Technology Bhd	11.10.04	Design, development and manufacture of specialty advanced ceramics products	Independent Non-Executive Chairman**	-
	Wimems Corporation Bhd	28.10.04	Designing and developing semiconductors, electrical and electronic components and related products	Director***	-
Dato' Siow Kim Lun	Citibank Berhad	25.04.07	Banking	Independent Non-Executive Director	-
	Kumpulan Wang Persaraan (Diperbadankan)	01.03.07	Management of retirement funds for Government pensioners	Independent Non-Executive Director	-

Notes:-

- \* *Dato' Amin was appointed as a Director of APL Industries Bhd and Seal Polymers Industries Bhd on 6 January 2006. He resigned from his position on 26 September 2006.*
- \*\* *Dato' Yeong Kok Hee was appointed as a Director of ES Ceramics Technology Bhd on 11 October 2004. He was subsequently appointed as the Independent Non-Executive Chairman on 17 February 2005.*
- \*\*\* *Dato' Yeong Kok Hee was appointed as a Director of Wimems Corporation Bhd on 28 October 2004. He resigned from his position on 4 May 2007.*

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

---

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND MANAGEMENT (Cont'd)**


---

**5.3.4 Directors' Remuneration and Benefits**

The aggregate remuneration and benefits paid to our Directors for services rendered in all capacities to our Group for the two (2) FYE 30 April 2007 and the proposed FYE 30 April 2008 are as follows: -

<b>FYE 30 April Remuneration Band (RM)</b>	<b>2006 No. of Directors</b>	<b>2007 No. of Directors</b>	<b>2008 No. of Directors</b>
Up to 50,000	-	-	4
50,001 - 100,000	1	-	-
100,001 - 150,000	-	1	1
150,001 - 200,000	-	-	1
200,001 - 250,000	-	-	-
250,001-300,000	-	-	-
300,001-350,000	1	-	-
350,001-400,000	-	-	-
400,001-450,000	-	1	-
450,001-500,000	-	-	1
Above 500,000	-	-	-
<b>Total</b>	<b>2</b>	<b>2</b>	<b>7</b>

**5.3.5 Appointment of Directors**

All our Directors were appointed to the Board on 26 October 2007 and have served in their respective capacity since the date of appointment and are subject to retirement by rotation at the next AGM and are eligible to offer themselves for re-election according to our Company's Articles of Association.

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND MANAGEMENT (*Cont'd*)

### 5.4 AUDIT, REMUNERATION AND NOMINATION COMMITTEE

#### Audit Committee

The composition of the Audit Committee is as follows:-

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Siow Kim Lun	Chairman of the Audit Committee	Independent Non-Executive Director
Ong Teck Chuan	Member of the Audit Committee	Independent Non-Executive Director
Dato' Yeong Kok Hee	Member of the Audit Committee	Independent Non-Executive Director

The Audit Committee of our Company, comprising three (3) Independent Non-Executive Directors, was constituted on 6 November 2007 and its members are appointed by our Board. The Audit Committee is responsible for reviewing issues of accounting policies and presentation for external financial reporting, monitoring the work of the internal audit function and ensuring that an objective and professional relationship is maintained with the external auditors. The Audit Committee has full access to both the internal and external auditors who in turn have access at all times to the Chairman of the Audit Committee. The Audit Committee also reviews the adequacy of internal controls, management of key financial risks, and any related party transaction and conflict of interest that may arise within our Company. The Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties.

#### Remuneration Committee

The composition of the Remuneration Committee is as follows:-

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Amin Rafie Bin Othman	Chairman of the Remuneration Committee	Group Chairman / Independent Non-Executive Director
Dato' Yeong Kok Hee	Member of the Remuneration Committee	Independent Non-Executive Director
Tan Ching Kee	Member of the Remuneration Committee	Managing Director

The Remuneration Committee, comprising two (2) Independent Non-Executive Directors and our Managing Director, recommends the remuneration package for our Executive and non-executive Directors. The determination of the remuneration package for the Executive and Non-Executive Directors shall be subject to the approval of our Board as a whole. The individuals concerned should abstain from discussion of their own remuneration and no Director shall be involved in deciding his own remuneration. The remuneration of Directors is generally based on market conditions, responsibilities held and our Company's overall financial performance. Decisions and recommendations of the Remuneration Committee shall be reported to our Board and Shareholders for approval where required by the rules and regulations governing our Company.

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND MANAGEMENT (*Cont'd*)

### Nomination Committee

The composition of our Nomination Committee is as follows:-

Name	Designation	Directorship
Ong Teck Chuan	Chairman of the Nomination Committee	Independent Non-Executive Director
Dato' Amin Rafie Bin Othman	Member of the Nomination Committee	Group Chairman / Independent Non-Executive Director
Dato' Siow Kim Lun	Member of Nomination Committee	Independent Non-Executive Director

The Nomination Committee of our Company, established on 6 November 2007, is appointed by our Board and comprises three (3) members, all of whom are Independent Non-Executive Directors. The Nomination Committee is responsible for:-

- (i) recommending to our Board the appropriate size of our Board;
- (ii) formalizing a transparent procedure for proposing new nominees and recommending on suitability of candidates nominated for appointment to our Board and committees of our Board;
- (iii) assisting our Board in reviewing on an annual basis the required mix of skills, experience and other qualities, including core competencies of Non-Executive Directors; and
- (iv) assessing the effectiveness of our Board as a whole and the contribution of each individual Director and Board Committee member.

The recommendations of the Nomination Committee are subject to the approval of the Board.

## 5.5 MANAGEMENT

### 5.5.1 Particulars and Shareholdings of the Management

The details of the Management of our Group and their shareholdings in WZRB after the IPO are as follows:-

Name	Nationality	Designation / Functions	Before the IPO				After the IPO			
			No. of Shares Held				No. of Shares Held <sup>^</sup>			
			Direct	%	Indirect	%	Direct	%	Indirect	%
Tan Ching Kee	Malaysian	Managing Director	57,591,577	74.20	2,279,995*	2.94	39,171,907	39.17	2,317,995*	2.32
Ng Chong Tin	Malaysian	Executive Director	3,318,356	4.28	-	-	2,398,356	2.40	-	-
Tan Chong Boon	Malaysian	Executive Director	9,233,980	11.90	-	-	6,406,980	6.41	69,000*	0.07
Sak Swee Seong	Malaysian	Finance Manager	-	-	-	-	78,000	0.08	-	-
Low Kok Chin	Malaysian	Factory Manager	-	-	-	-	88,000	0.09	-	-
Lee Min Huat	Malaysian	Marketing Manager	-	-	-	-	78,000	0.08	-	-

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND MANAGEMENT (*Cont'd*)

---

*Note: -*

^ Assume he/she subscribes for his/her respective entitlements for the pink form share allocation pursuant to the IPO.

\* Deemed interest by virtue of his spouse's, Ng Lay Hoon, shareholding in WZRB.

\*\* Deemed interest by virtue of his spouse's, Yap Chooi Mei, shareholding in WZRB.

### 5.5.2 Profiles of the Management

Please refer to Section 5.3.2 of this Prospectus for the profiles of Tan Ching Kee, Ng Chong Tin and Tan Chong Boon.

**Sak Swee Seong**, aged 34, is the Group Finance Manager of our Group and has graduated with a Bachelor of Accountancy from University of Malaya in 1998. He is a Chartered Accountant member of the Malaysia Institute of Accountants in 2001 and has more than nine (9) years of experience in the professional and commercial environment. Upon graduation, Mr. Sak was an Audit Senior with a local accounting firm, where he was involved in statutory, internal and due diligence audits. Prior to joining WZSB, Mr. Sak was the Accountant in a company listed on the Second Board of Bursa Securities which is involved in trading and contracting of fire protection equipment and maintenance services. During his tenure with this company since 2001, Mr. Sak was responsible for the full spectrum of the financial and accounting reporting for the contracts and maintenance division, as well as overall in-charge of the credit function of our Group.

In August 2004, Mr. Sak joined WZSB as Finance Manager and has the overall responsibilities of overseeing the entire finance, administration and management reporting of our Group.

**Low Kok Chin**, aged 41, is the Factory Manager of our Group and has more than 13 years of experience in the supervision and management of our Group's factory operations. He started his career as Technician in 1989 before joining a manufacturing company involved in the manufacturing and distribution of secondary steel products, such as angle bars and square hollow bars in 1991. Mr. Low has accumulated vast experience in the overall management and all aspects of daily production matters, as well as preventive maintenance of machinery and equipment on the production floor.

Mr. Low joined WZSB in 1994 as Production Supervisor, where he was entrusted to supervise and manage the daily operations and technical aspects of the factory.

**Lee Min Huat**, aged 33, is the Marketing Manager of our Group and has been with WZSB since 2002. He graduated from Coventry University, United Kingdom ("UK") with a Bachelor of Honours in Business Administration in 1996. Upon graduation, Mr. Lee joined CH Yodoform Sdn Bhd ("CH Yodoform"), a steel manufacturing company. During his 5-year tenure with CH Yodoform, he was given the task to develop new markets as well as to serve the existing customers. He was also entrusted with the functions of identifying and analysing changes in industry trends and developments.

In 2002, Mr. Lee moved on to join WZSB as Marketing Manager. Currently, he is responsible for the planning, monitoring, organising and coordinating of the Marketing Department's daily operations. He is also overall in-charge of developing marketing strategies which will lead to the achievement of the company's marketing objectives. One (1) of Mr. Lee's most significant contributions to WZSB was the launch of WZSB's products into overseas markets, such as Indonesia and Singapore in end-2003, Thailand in 2004 and Vietnam in 2006.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND MANAGEMENT (*Cont'd*)

### 5.6 INVOLVEMENT OF OUR EXECUTIVE DIRECTORS / MANAGEMENT IN OTHER BUSINESSES / CORPORATIONS

As at 2 November 2007, save as disclosed below, none of our Executive Directors / Management is involved in other businesses or corporations:-

#### **Tan Ching Kee**

Tan Ching Kee principally spends his time and effort on activities relating to our Group. Tan Ching Kee also holds shares in the following corporation other than our Group:-

Name of Company	Principal Activities of Company/ Nature of Business	Position Held	Shareholdings/ Interests	
			Direct (%)	Indirect (%)
Citasama Enterprise Sdn Bhd	Investment holding#	Director	95.0	-
Hartaris Sdn Bhd	Dormant	-	50.0	-

*Notes:-*

# Ceased operations in trading of steel products on 30 April 2007.

#### **Ng Chong Tin**

Ng Chong Tin principally spends his time and effort on activities relating to our Group. Ng Chong Tin also holds shares in the following corporation other than our Group:-

Name of Company	Principal Activities of Company/ Nature of Business	Position Held	Shareholdings/ Interests	
			Direct (%)	Indirect (%)
Citasama Enterprise Sdn Bhd	Investment holding#	Director	5.0	-

*Note:-*

# Ceased operations in trading of steel products on 30 April 2007.

The holding in the above companies' shares by the respective Executive Directors and Management will not affect their contribution to our Group as these companies are investment holding and dormant.

### 5.7 DECLARATION OF DIRECTORS AND MANAGEMENT

None of our promoter, Director or Management are or were involved in any of the following events whether in or outside Malaysia:-

- (a) a petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (b) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND MANAGEMENT (Cont'd)

- (c) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (d) any judgement was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; and
- (e) such person was the subject of any order, judgement or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

### 5.8 FAMILY RELATIONSHIPS OR ASSOCIATIONS

Save as disclosed below, there are no other family relationships (as defined in Section 122A\* of the Act) or associations between our substantial shareholders, Promoters, Directors and Management:-

- (a) Tan Chong Boon is the brother of Tan Ching Kee; and
- (b) Ng Chong Tin is the brother of Tan Ching Kee's spouse, Ng Lay Hoon.

*Note:-*

\* Section 122A of the Act has set out that 'family' shall include a person's spouse, parent, child (including adopted child and step-child), brother, sister and the spouse of his child, brother or sister.

### 5.9 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at 2 November 2007, none of our Directors and Management has entered into any service agreements, which is not terminable by notice without payments or compensation other than statutory compensation, with our Group.

In respect of the above, our Executive Directors will be employed under service agreements at a later date.

### 5.10 CHANGES IN SUBSTANTIAL SHAREHOLDERS'/ PROMOTERS' SHAREHOLDINGS IN OUR COMPANY FOR THE PAST THREE (3) YEARS

Our Company was incorporated on 15 September 2004. The significant changes of our substantial shareholders' and Promoters' shareholdings since our incorporation are as follows: -

	(i) As at 15.09.2004				(ii) As at 6.11.2007			
	← No. of WZRB Shares →		← No. of WZRB Shares →		← No. of WZRB Shares →		← No. of WZRB Shares →	
	Direct	%	Indirect	%	Direct	%	Indirect	%
Fadillah binti Abdul Latif	2	50.00	-	-	-	-	-	-
Choong Sood Wai	2	50.00	-	-	-	-	-	-
Tan Ching Kee	-	-	-	-	57,591,557	74.20	2,279,995*	2.94
Ng Chong Tin	-	-	-	-	3,318,356	4.28	-	-
Tan Chong Boon	-	-	-	-	9,233,980	11.90	-	-

*Notes:-*

\* Deemed interest by virtue of his spouse's, Ng Lay Hoon, shareholding in WZRB.

---

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND MANAGEMENT (Cont'd)**


---

**5.11 EMPLOYEES**

As at 2 November 2007, the total number of employees with breakdown into categories and average number of years in service are shown in the table below:-

Category	Number of years in service				Total
	Less than 1 year	1 to 5 years	5 to 10 years	More than 10 years	
Managerial and Professional	-	1	3	9	13
Technical and Supervisory	-	2	0	1	3
Clerical and related occupations	3	5	3	1	12
General workers	3	3	5	2	13
Factory workers:					
(a) Skilled	-	35	4	2	41
(b) Unskilled	17	-	-	-	17
<b>Total</b>	<b>23</b>	<b>46</b>	<b>15</b>	<b>15</b>	<b>99</b>

The Management of our Group enjoys a good working relationship with the employees. As at 2 November 2007, our Group has not been involved with any material industrial disputes with any of its employees and none of our Group's employees are represented by a union.

Employees of our Group are provided with opportunities to acquire new skills and knowledge through regular on-the-job training in areas of management skills and technical know-how. Our Group also provides opportunities for internal promotion as one of the key components of employees development and retention.

In line with WZSB's ISO 9001:2000 quality certification, in-house training programmes which will be conducted include courses on total quality standards management, as well as production and safety measures. These are mainly technical training, motivational and leadership/management development programmes aimed to increase the staff's knowledge and to enhance proficiency in their daily tasks. Employees are regularly encouraged to upgrade themselves and to keep abreast with the latest market trends and developments.

Of the 99 employees, 52 are foreign workers employed as production staff. All of these foreign workers are legally employed and have valid working permits.

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**



## 6. APPROVAL AND CONDITIONS

### 6.1 APPROVALS AND CONDITIONS

The SC has granted its approval (including the approval under the Guidelines on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests) to the Listing on 10 October 2007 and the MITI has granted its approvals on 6 September 2007 and 5 November 2007. The conditions imposed by the authorities and status of compliance are as follows: -

Conditions imposed by SC	Status of Compliance
(i) The proceeds from the Proposed Offer for Sale must be put into a trust account until the listing of WZRB on Bursa Securities.	Noted. To be complied.
(ii) The directors of WZRB are able to provide commentary in the prospectus on the following: <ul style="list-style-type: none"> <li>(a) Whether the Group is highly dependent on borrowings to finance its business operations given its high short-term borrowings; and</li> <li>(b) Steps / strategies taken / to be taken by the Group to reduce its borrowings and to improve its trade receivables collection</li> </ul>	Complied.  Please refer to Section 9.2.8 of this Prospectus.  Please refer to Sections 9.2.8 and 9.2.9(i) of this Prospectus.
(iii) Moratorium on the sale of WZRB Shares is imposed on the following shareholders, whereby they are not allowed to sell, transfer or assign their shareholdings in WZRB for one year from the date of admission of WZRB to the Second Board of Bursa Securities:	Noted. To be complied.

Name of shareholders	After the Proposed Listing		
	No. of WZRB shares held *	% of enlarged share capital	No. of WZRB shares held under moratorium
Tan Ching Kee	39,021,907	39.02	36,946,000
Ng Chong Tin	2,248,356	2.25	2,129,000
Tan Chong Boon	6,256,980	6.26	5,925,000
	47,527,243	47.53	45,000,000
			45.00

\* Before including Pink Form shares allocation

**6. APPROVAL AND CONDITIONS (Cont'd)**

Conditions imposed by SC		Status of Compliance						
(iv) WZRB to comply with following conditions on the following properties:								
	<b>Condition Imposed</b>							
1.	<table border="1"> <thead> <tr> <th>Property</th> <th>Condition Imposed</th> </tr> </thead> <tbody> <tr> <td>Lot No 1850 Mukim of Cheras District of Hulu Langat Selangor</td> <td>The Company is to obtain the CF for the Canopy extension within 6 months from the date of SC's approval letter.</td> </tr> <tr> <td>Lot No 1882 Mukim of Cheras District of Hulu Langat Selangor</td> <td>The Company is to obtain the CF for all the buildings constructed on the site within 6 months from the date of SC's approval letter.</td> </tr> </tbody> </table>	Property	Condition Imposed	Lot No 1850 Mukim of Cheras District of Hulu Langat Selangor	The Company is to obtain the CF for the Canopy extension within 6 months from the date of SC's approval letter.	Lot No 1882 Mukim of Cheras District of Hulu Langat Selangor	The Company is to obtain the CF for all the buildings constructed on the site within 6 months from the date of SC's approval letter.	Noted. The approvals from the relevant authorities for the CF are pending.
Property	Condition Imposed							
Lot No 1850 Mukim of Cheras District of Hulu Langat Selangor	The Company is to obtain the CF for the Canopy extension within 6 months from the date of SC's approval letter.							
Lot No 1882 Mukim of Cheras District of Hulu Langat Selangor	The Company is to obtain the CF for all the buildings constructed on the site within 6 months from the date of SC's approval letter.							
2.								
(v) Bumiputera investors holding 30% of the enlarged share capital of WZRB, for the purpose of complying with the National Development Policy (NDP) requirement, must be approved / recognized by MITI.								
(vi) Kenanga / WZRB is to inform the SC the status of compliance with the NDP requirement upon completion of the listing exercise.		Complied. The approval for all Bumiputera Investors holding 30% of the enlarged share capital was obtained on 30 November 2007.  Noted. To be complied.						
(vii) Kenanga / WZRB is to fully comply with the relevant requirements relating to the implementation of the proposal as stipulated in the Policies and Guidelines on Issue / Offer of Securities.		Noted. To be complied.						

**6. APPROVAL AND CONDITIONS (Cont'd)**

**Effects of the Proposal on the equity structure of WZRB**

The equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in WZRB would change arising from the implementation of the listing proposal, as follows:-

	<b>Before Proposal<sup>1</sup></b> %	<b>After Proposal</b> %
Bumiputera	50.00	30.00 <sup>2</sup>
Non-Bumiputera Foreigners	50.00 -	70.00 -
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

Notes:

1. As at incorporation.
2. Subject to the approval by MITI and excluding shares to be allocated to Bumiputera shareholders from the public issue portion.

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

**6. APPROVAL AND CONDITIONS (Cont'd)**

Conditions imposed by MITI	Status of Compliance
To obtain the SC's approval and comply with the Guidelines on the Acquisitions of Interest, Mergers and Take-overs by local and foreign interest.	Complied. Approval from the SC and SC (under the Guidelines on the Acquisitions of Interest, Mergers and Take-overs by local and foreign interest) was obtained on 10 October 2007.
To inform MITI on the equity structure of the Company, six (6) months after listing.	Noted. To be complied.
To inform MITI upon completion of the Listing.	Noted. To be complied.
MITI's approval is required for the disposal / transfer of the shares under the Bumiputera offering. However, the Bumiputera investors whom will be allocated shares by the MITI may dispose off / transfer up to 30% of the said shares without obtaining the MITI's prior approval.	Not applicable to WZRB. To be observed by respective recognised Bumiputera investors.

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

## 6. APPROVAL AND CONDITIONS (Cont'd)

### 6.2 MORATORIUM ON SHARES

In line with the SC Guidelines for Listing on Main Board and Second Board of Bursa Securities, 45.00% of our share capital at the date of admission held by our Promoters and/or directors and/or shareholders, as tabulated below, and any interest therein will not be sold, transferred, assigned or otherwise disposed of, within one (1) year from the date of admission of WZRB to the Official List of the Second Board of Bursa Securities.

The existing shareholders and Promoters of WZRB whose shares are subjected to the moratorium as imposed by the SC are as follows: -

Name of shareholders	No. of shares held after IPO*	% of enlarged issued and paid-up capital#	No. of shares held under moratorium	% of enlarged issued and paid-up capital#
Tan Ching Kee	39,171,907	39.17	36,946,000	36.95
Ng Chong Tin	2,398,356	2.40	2,129,000	2.13
Tan Chong Boon	6,406,980	6.41	5,925,000	5.92
	47,977,243	47.98	45,000,000	45.00

Notes:-

^ Assume he/she subscribes for his/her respective entitlements for the pink form share allocation pursuant to the IPO.

# Computed based on enlarged issued and paid up share capital of 100,000,000 Shares.

The restriction, which is fully accepted by the shareholders, is specifically endorsed on the share certificates of WZRB representing the respective shareholdings of the aforesaid shareholders which are under moratorium to ensure that WZRB's share registrars do not register any transfer not in compliance with the restriction imposed by the SC. The shareholders have provided an undertaking that they shall not sell, transfer or assign their respective shareholdings under moratorium in accordance with the Issue Guidelines.

The endorsement affixed on the share certificates is as follows: -

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

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

## 7. RELATED-PARTY TRANSACTIONS / CONFLICTS OF INTEREST (*Cont'd*)

---

“Related party transactions” are defined in the Listing Requirements as transactions entered into by a listed issuer or its subsidiaries that involve the interest, direct or indirect, of a related party. A “related party” means a director, major shareholder or person connected with such director or major shareholder. “Director” shall have the meaning given in Section 4 of the Act and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer or any other company which is its subsidiary or holding company or a chief executive officer of the listed issuer, its subsidiary or holding company. “Major shareholder” includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or any other company which is its subsidiary or holding company.

“Major shareholder” means a person who has an interest or interests in one or more voting shares in a company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:-

- (a) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in the company; or
- (b) equal to or more than 5% of the aggregate of the nominal amounts of all the voting shares in the company where such person is the largest shareholder of the company.

Chapter 10 of the Listing Requirements sets out the requirements that must be complied with in respect of transactions entered into by a listed issuer or its subsidiaries including related party transactions.

### 7.1 EXISTING AND PROPOSED RELATED-PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

Save as disclosed below, there has been no related-party transactions and/or conflicts of interest existing or proposed entered into by our Group which involves the interest, direct or indirect, of a Director, substantial shareholder or person connected with such Director or substantial shareholder, within the meaning of the Listing Requirements in respect of the past three (3) FYE 30 April 2005 to FYE 30 April 2007 and the three (3)-month FPE 31 July 2007 and in the subsequent period immediately preceding the date of this Prospectus:-

- (a) on 30 June 2007, WZSB disposed of its landed properties known as Lot F1.63, First Floor, Selayang Capitol Shopping Complex, Lebuhraya Selayang-Kepong, Selayang, Selangor Darul Ehsan measuring approximately 50 square metres to Citasama Enterprise Sdn Bhd (“Citasama”) at a purchase consideration of RM203,000, a related party by virtue of the fact that Tan Ching Kee and Ng Chong Tin are directors of WZSB and Citasama. Tan Ching Kee is also the substantial shareholder of WZSB and Citasama respectively, whilst Ng Chong Tin is a substantial shareholder of Citasama;
- (b) on 30 June 2007, WZT disposed of its landed properties known as Unit No. 47D-2B, Jalan Dato Dagang 31, Taman BK Sentosa, Klang, Selangor Darul Ehsan, measuring approximately 67.85 square metres to Citasama at the purchase consideration of RM54,000, a related party by virtue of the fact that Tan Ching Kee and Ng Chong Tin are directors and substantial shareholders in WZT and Citasama. The transaction was completed on 30 September 2007; and
- (c) on 30 June 2007, WZT disposed of its landed properties known as No. 75, Jalan Pekatra Indah, Taman Pekatra Indah, Simpang Ampat, Pulau Pinang, measuring approximately 130 square metres to Citasama at the purchase consideration of RM205,000, a related party by virtue of the fact that Tan Ching Kee and Ng Chong Tin are directors and substantial shareholders in WZT and Citasama.

Our Directors will ensure that any future transactions which involve our Directors, substantial shareholders, Management and/or persons connected to them will continue to be on terms not more favourable to the related parties than those generally available to the public. In addition, the Audit

**7. RELATED-PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)**

---

Committee review the terms of related party transactions, and our Directors will report related party transactions, if any, annually in the annual report of WZRB.

**7.2 TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITIONS**

WZRB Group has not entered into any transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party in respect of the past three (3) FYE 30 April 2005 to FYE 30 April 2007 and the three (3)-month FPE 31 July 2007 and in the subsequent period immediately preceding the date of this Prospectus.

**7.3 OUTSTANDING LOANS MADE BY WZRB GROUP TO/FOR THE BENEFIT OF RELATED PARTIES**

There is no loan (including guarantees of any kind) made by our Group to or for the benefit of a related party in respect of three (3) FYE 30 April 2005 to FYE 30 April 2007 and the three (3)-month FPE 31 July 2007 and in the subsequent period immediately preceding the date of this Prospectus.

**7.4 INTEREST IN BUSINESS AND CORPORATIONS CARRYING SIMILAR TRADE**

To the best of the knowledge and belief of our Directors and substantial shareholders of WZRB, none of our Directors or substantial shareholders and/or Management of WZRB have any interest, directly or indirectly in any businesses and corporations carrying on a similar trade as that of our Group.

**7.5 PROMOTION OF ANY MATERIAL ASSETS**

Save for the Acquisitions pursuant to Section 4.1.3 (b) and the transactions under section 7.1, none of our other Directors and/or substantial shareholders of WZRB and/or person(s) connected with any of them have any interest, direct or indirect, in the promotion of or in any material assets, which have, within the three (3) FYE 30 April 2005 to FYE 30 April 2007 and the three (3)-month FPE 31 July 2007 and in the subsequent period immediately preceding the date of this Prospectus, been acquired or disposed of by or leased to WZRB Group, or are proposed to be acquired, or disposed of by or leased to WZRB Group.

The particulars of the above Acquisitions are set out in Section 4.1.3 of this Prospectus.

**7.6 CONTRACTS OR ARRANGEMENTS IN WHICH THE DIRECTORS OR SUBSTANTIAL SHAREHOLDERS ARE INTERESTED AND SIGNIFICANT IN RELATION TO THE BUSINESS OF OUR GROUP**

Saved as disclosed in Section 7.1, there are no other contracts or arrangements in which our Directors or Substantial Shareholders are interested and are significant in relation to the business of our Group.

**7.7 RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE**

Our Group, in the ordinary course of business, may enter into transactions that are of revenue or trading in nature with related parties ("Recurrent Transactions"), which are necessary for our day-to-day operations. Our Directors confirm that such Recurrent Transactions are carried out and will be carried out (if any) on an arm's length basis and on commercial terms which are not more favourable to the related parties than those generally available to third parties and which will not be detrimental to our minority shareholders.

## 7. RELATED-PARTY TRANSACTIONS / CONFLICTS OF INTEREST (Cont'd)

Under Chapter 10 of the Listing Requirements, a listed company may seek a shareholders' mandate for recurrent transactions of a revenue or trading nature or those necessary for its day to day operations such as supplies and materials, which may be carried out with the listed company's interested persons.

Transactions, which do not fall within the ambit of the shareholders' mandate, shall be subject to the relevant provisions of the Listing Requirements.

We will make disclosures in our annual report of the aggregate value of transactions conducted based on the nature of Recurrent Transactions made, names of the related parties involved and their relationship with our Group during the financial year and in the annual reports for the subsequent financial years.

Save as disclosed below, there is no other recurrent related party transactions involving recurrent transactions of revenue or trading in nature involving our Company or our Group in respect of the past three (3) FYE 30 April 2005 to 30 April 2007 and the three (3)-month FPE 31 July 2007 and in the subsequent period immediately preceding the date of this Prospectus:-

Transacting parties	Nature of relationship	Nature of transaction	Transaction value for the			
			FYE 30 April			3- month FPE 31 July
			2005 (RM)	2006 (RM)	2007 (RM)	2007
Citasama Enterprise Sdn Bhd and WZSB	Tan Ching Kee is a director and substantial shareholder of Citasama Enterprise Sdn Bhd and WZSB. Ng Chong Tin is a director in WZSB and Citasama, as well as a substantial shareholder in Citasama Enterprise Sdn Bhd.	#Sale of steel products from WZSB to Citasama Enterprise Sdn Bhd	25,368.22	36,782.40	61,754.95	-
Citasama Enterprise Sdn Bhd and WZT	Tan Ching Kee and Ng Chong Tin are directors and substantial shareholders of Citasama Enterprise Sdn Bhd and WZT.	#Sale of steel products from WZT to Citasama Enterprise Sdn Bhd	-	33,426.35	2,644.42	-

Note:-

# Citasama Enterprise Sdn Bhd ceased operation in trading of steel products on 30 April 2007 and is now solely an investment holding company.

There are no existing or potential Recurrent Transactions that we have entered into in respect of which rights and obligations are subsisting and/or proposed as at the date of this Prospectus.



**7. RELATED-PARTY TRANSACTIONS / CONFLICTS OF INTEREST *(Cont'd)***

---

**7.8 DECLARATION BY THE ADVISERS**

- (i) Kenanga hereby confirms that there are no existing and potential interests/conflicts of interest with respect of its capacity as the Adviser to our Group for the IPO.
- (ii) Messrs. Azman Davidson & Co, Advocates and Solicitors hereby confirms that there are no existing and potential interests/conflicts of interest with respect of their capacity as Corporate and Due Diligence Solicitors to our Group for the IPO.
- (iii) Messrs. Anuarul Azizan Chew & Co. hereby confirms that there are no existing and potential interests/conflicts of interest with respect of their capacity as Reporting Accountants to our Group for the IPO.
- (iv) Messrs. Dun & Bradstreet (D&B) Malaysia Sdn Bhd hereby confirms that there are no existing and potential interests/conflicts of interest with respect of their capacity as the Independent Market Researcher to our Group for the IPO.
- (v) Messrs. Raine & Horne International Zaki + Partners Sdn Bhd hereby confirms that there are no existing and potential interests/conflicts of interest with respect of their capacity as the Valuers to our Group for the IPO.

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

## 8. OTHER INFORMATION CONCERNING THE CORPORATION / GROUP

## 8.1 INFORMATION ON LAND AND BUILDINGS

A summary of the land and buildings owned by our Group is as follows: -

No	Registered/ Beneficial Owner	Postal Address / Identification	Approximate Age of Building / Tenure / Date of Expiry of Lease	Description and Existing Use / CF (including date of CF)/ Breach of Land Use and contravention of statutory requirements, if any	Land area / Net land area / Built up area	Express Condition/ Restriction in Interest / Encumbrances/	Audited NBV @ 30 April 2007	Open Market Value/ Date of Valuation	Market Value as Approved by the SC	Revaluation Surplus / (Deficit)	
							(RM)	(RM)	(RM)	(RM)	
1.	WZSB	Lot 1850, Jalan KPB 10, Kawasan Perindustrian Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan	Factory A 9 years, Factory B 7 years/ Freehold	An industrial premise accommodating a single storey detached factory with a partially open-sided front portion identified as Factory A, a single storey detached factory identified as Factory B, a maintenance office, TNB sub-stations and transformer room and male and female toilets. The property is designated for industrial use and is currently being used for the manufacturing and processing of CD bright steel products as well as other steel products.	10,875.91 sq m 9,493.91 sq m (Net land area after surrender)	Bangunan Perusahaan/ Chinese Settlement/ The title is charged six (6) times to Citibank Berhad, registered three (3) times on 20 July 2001, once in 29 May 2002, once in 21 March 2003 and once on 24 August 2005.	4,876,412	9,700,000/ 1 June 2007	9,700,000	4,823,588	
		Geran Mukim 519, Lot 1850, Mukim of Cheras, District of Hulu Langat, Selangor Darul Ehsan		The building plan of the subject property were approved by Majlis Perbandaran Kajang on 10 March 2005 and subsequently amended and approved on 24 February 2006.	Male & female toilets- MFA 20.10 sqm	Maintenance office- MFA 117.34 sq m					
				The CF was issued by Majlis Perbandaran Kajang on 25 July 2005.	Total Built up Area: MFA- 4,603.37 sq m AFA- 2,809.20 sq m						
				Principally approved by Majlis Perbandaran Kajang on 2 August 2007.	<u>7,412.57 sq m</u>						

## 8. OTHER INFORMATION CONCERNING THE CORPORATION / GROUP (Cont'd)

No	Registered/ Beneficial Owner	Postal Address / Identification	Approximate Age of Building/ Tenure / Date of Expiry of Lease	Description and Existing Use / CF (including date of CF)/ Breach of Land Use and contravention of statutory requirements, if any	Land area / Net land area / Built up area	Express Restriction Interest Encumbrances/	Condition/ in /	Audited NBV @ 30 April 2007	Open Market Value/ Date of Valuation	Market Value as Approved by the SC	Revaluation Surplus / (Deficit)
								(RM)	(RM)	(RM)	(RM)
2.	Medan Damai Sdn Bhd / WZSB	Unit No. B2-1, 2 <sup>nd</sup> Floor, Block B, Jalan Damai Perdana 2/8, Bandar Damai Perdana, 56100 Cheras, Kuala Lumpur	4 years/ Freehold	1 unit of renovated three (3) bedroom low-cost walk-up flat located on the second (2 <sup>nd</sup> ) floor of a four (4) storey walk-up building known as Block B, Bandar Damai Perdana. The property is designated for residential use.	N/A / 60.39 sq m	N/A		66,497	70,000/ 1 June 2007	70,000	3,503
		Master Title GM 494, Lot No.1072, Mukim Cheras, District of Hulu Langat, Selangor Darul Ehsan*		CF issued by Majlis Perbandaran Kajang on 5 January 2004.							
3.	Medan Damai Sdn Bhd / WZSB	Unit No. B2-2, 2 <sup>nd</sup> Floor, Block B, Jalan Damai Perdana 2/8, Bandar Damai Perdana, 56100 Cheras, Kuala Lumpur	4 years/ Freehold	1 unit of renovated three (3) bedroom low-cost walk-up flat located on the second (2 <sup>nd</sup> ) floor of a four (4) storey walk-up building known as Block B, Bandar Damai Perdana. The property is designated for residential use.	N/A / 60.39 sq m	Nil/ Nil/ Nil		61,822	70,000/ 1 June 2007	70,000	8,178
		Master Title GM 494, Lot No. 1072, Mukim Cheras District of Hulu Langat, Selangor Darul Ehsan*		CF issued by Majlis Perbandaran Kajang on 5 January 2004.							

## 8. OTHER INFORMATION CONCERNING THE CORPORATION / GROUP (Cont'd)

No	Registered/ Beneficial Owner	Postal Address / Identification	Approximate Age of Building / Tenure / Date of Expiry of Lease	Description and Existing Use / CF (including date of CF)/ Breach of Land Use and contravention of statutory requirements, if any	Land area / Net land area / Built up area	Express Restriction Interest Encumbrances/ in /	Condition/ in /	Audited NBV @ 30 April 2007	Open Market Value/ Date of Valuation	Market Value as Approved by the SC	Revaluation Surplus / (Deficit)
								(RM)	(RM)	(RM)	(RM)
4.	WZSB	Lot 1882, Jalan KPB 9, Kawasan Perindustrian Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan.  Pajakan Mukim 102, Lot 1882, Locality of Balakong, Mukim of Cheras, District of Hulu Langat, Selangor Darul Ehsan	N/A/ Leasehold interest for a term of 99 years, expiring on 17 August 2065.	An industrial premise accommodating a single storey detached warehouse and refuse chamber. The property is designated for industrial use and is currently being used for warehouse purposes.  Part of the columnless terrace (canopy) of the south-eastern portion ("Portion") of the factory building was not built in accordance to the approved building plans. Valuation on the Portion has been excluded from the valuation although the area forms part of the permissible building line set back.	7,588 sq m/  7,188.42 sq m (Net land area after surrender)  1 storey warehouse - MFA 3,361.50 sq m AFA 423.92 sq m  Refuse chamber - MFA 12.00 sq m  Total Built-up Area: MFA - 3,373.50 sq m AFA - 423.92 sq m <u>3,797.42 sq m</u>	Nil  Charged once (1) to OCBC Malaysia Bhd registered on 6 March 2006 and once (1) to Al Rajhi Banking & Investment Corporation (Malaysia) Bhd registered on 26 October 2007.	Perindustrian Ringan/  Nil	4,951,551	6,000,000/ 1 June 2007	6,000,000	732,774**
5.	WZSB	Lot 1897, Jalan KPB 9, Kawasan Perindustrian Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan.  Gerakan Mukim 1214 Lot 1897, Locality of Batu 12, Jalan Sungai Besti-	N/A/ Freehold	Property valued on the assumption the buildings are issued with CF.  Submitted to Majlis Perbandaran Kajang on 21 September 2007	7,714 sq m/ N/A	Taman buah-buahan/  Nil/  Charged once to Hong Leong Bank Berhad registered on 18 May 2007.		3,597,163	3,500,000/ 1 June 2007	3,500,000	(97,163)

## 8. OTHER INFORMATION CONCERNING THE CORPORATION / GROUP (Cont'd)

No	Registered/ Beneficial Owner	Postal Address/ Identification	Approximate Age of Building/ Tenure / Date of Expiry of Lease	Description and Existing Use / CF (including date of CF)/ Breach of Land Use and contravention of statutory requirements, if any	Land area / Net land area / Built up area	Express Restriction Interest Encumbrances/ Condition/ in /	Audited NBV @ 30 April 2007	Open Market Value/ Date of Valuation	Market Value as Approved by the SC	Revaluation Surplus / (Deficit)
							(RM)	(RM)	(RM)	(RM)
6.	WZT	Cheras, Mukim of Cheras, District of Hulu Langat, Selangor Darul Ehsan.	2 years/ Freehold	An industrial premise accommodating a 3½ storey office block with an annexed single storey detached warehouse, a guard house and a refuse chamber. The property is designated for industrial use and is currently being used for office and warehouse purposes.	7,714 sq m/ 7,308.63 sq m (Net land area after surrender)	Industri Ringan/ Nil/ The title is charged three (3) times to United Overseas Bank (Malaysia) Berhad, all registered on 9 <sup>th</sup> October 2003.	6,655,571	8,700,000/ 1 June 2007	8,700,000	2,044,429
		Geran Mukim 1194, Lot 1890, Locality of Batu 12, Jalan Sg. Besi - Cheras, Mukim of Cheras District of Hulu Langat, Selangor Darul Ehsan		CF issued by Majlis Perbandaran Kajang on 1 July 2005.	3 ½ storey office block - MFA 1,495.74 sq m AFA 12.00 sq m					
					1 storey warehouse - MFA 3,139.40 sq m AFA 912.00 sq m					
					Guard house - MFA 4.32 sq m					
					Refuse Chamber - MFA 12.00 sq m					
					Total Built-up Area: MFA - 4,651.46 sq m AFA - 924.00 sq m					
					<b>5,575.46 sq m</b>					

Notes:-

\* Strata titles in respect of the subject properties have not been issued as yet. As such, the valuation is on the basis separate valid strata titles conveying freehold interest will be issued and free of all encumbrances.

\*\* The NBV for the building of Property No. 4 as at 30 April 2007 did not include the estimated cost to completion of RM315,675. In this respect, the revaluation surplus has been reduced by this amount accordingly.

## 8. OTHER INFORMATION CONCERNING THE CORPORATION / GROUP (Cont'd)

The valuation of the abovementioned properties have been carried out by Messrs Raine & Horne International Zaki + Partners Sdn Bhd, a firm of independent registered valuers, using the Comparison, Investment and Cost Methods of Valuation in arriving at the market value. The valuation was used as the basis to arrive at the adjusted audited NTA of WZSB and WZT as at 30 April 2007 for the purposes of the Acquisitions. The total revaluation surplus (net of deferred taxation) amounting to RM6.794 million arising from the abovementioned properties has been incorporated into the audited financial statements of WZSB and WZT in the FPE 31 July 2007.

In respect of the land and buildings of our Group, our Directors have confirmed the following:

- (i) that save as disclosed above, for all properties with titles issued, there are no other restrictions in interest or encumbrances; and
- (ii) that the existing use on land is accordance with the land use condition.

### *Disposals of landed properties by our Group:-*

- (a) WZSB entered into a Sale and Purchase Agreement with Citasama Enterprise Sdn Bhd on 30 June 2007 to sell our landed property known as F1.63, 1<sup>st</sup> Floor, Selayang Capitol Complex, Selayang-Kepong Expressway, 68100 Batu Caves, Selangor for a consideration of RM203,000.00; and
- (b) WZT entered into two (2) Sale and Purchase Agreements with Citasama Enterprise Sdn Bhd on 30 June 2007 to sell to the latter:
  - (i) our landed property known as Unit No.2B-47D, Taman B.K. Sentosa, 41200 Klang, Selangor for a consideration of RM54,000.00; and
  - (ii) our landed property known as No.75, Jalan Pekatra Indah, Taman Pekatra Indah, 14120 Simpang Empat, Seberang Perai Selatan, Pulau Pinang for a consideration of RM205,000.00;

respectively.

Please refer to Section 7.1 of this Prospectus for further details.

## 8.2 ACQUISITIONS OF PROPERTIES DURING TWO (2) YEARS PRECEDING THE VALUATION

Property No. 5 as set out in the table of section 8.1 above was acquired on 13 February 2007 for the purchase consideration of RM3,487,065.12.

## 8.3 MATERIAL PLANT AND EQUIPMENT

As at 31 July 2007, save as disclosed below, none of our plant and equipment is material (based on their NBV):

Description	Capacity- Machine Hour per day (hour)	NBV as at 31 July 2007 (RM'000)
<b>Combined Drawing Machine – CD Bar</b>		
3 units combined drawing machines	24	760
3 units combined drawing machines	8	3,901
<b>Wire Drawing Machine – CD Coil</b>		
1 unit Single Deck Type Continuous Wire Drawing	8	661
1unit Invert Verticle Type Wire Drawing	8	223

## 9. FINANCIAL INFORMATION

---

Set forth below are our Proforma Consolidated Income Statements for each of the three (3) FYE 30 April 2005, 2006 and 2007 and the three (3)-month FPE 31 July 2007, our Proforma Consolidated Balance Sheets as at 31 July 2007 and our Proforma Consolidated Cash Flow Statement for the three (3)-month FPE 31 July 2007 (collectively, "Proforma Consolidated Financial Information") which we have prepared below for illustrative purposes only. Our Proforma Consolidated Financial Information have been derived from the audited financial information of our WZRB, WZSB, WZT and WZM, and after incorporating such adjustments considered necessary and based on the assumption that our current Group structure had been in existence throughout the financial years/period under review.

There has been no audit qualification on our or any of our subsidiaries' audited financial statements for all the financial years/period under review. WZRB has adopted all the applicable FRS issued by MASB that are relevant to its operation since the FYE 30 April 2007. During the three (3) month FPE 31 July 2007, our subsidiaries have adopted all the applicable FRS that are mandatory for financial periods beginning on or after 1 January 2006. Our Proforma Consolidated Financial Information have also been prepared in accordance with the applicable FRS and have been reviewed by our Reporting Accountants, Messrs. Anuarul Azizan Chew & Co. The bases and accounting policies used for the purpose of preparing our Proforma Consolidated Financial Information are consistent with those adopted in the preparation of the audited financial statements of the respective companies within our Group for the FYE 30 April 2007 and three (3)-month FPE 31 July 2007.

You should read the financial information presented below together with the Reporting Accountants' Letter on the Proforma Consolidated Financial Information and the related appendices and notes thereto as disclosed in Section 10 of this Prospectus and our Management discussion and analysis of financial condition and results of operations as disclosed in Sections 9.2 and 9.3 of this Prospectus..

Save as disclosed in this Prospectus, our Group's financial performance, position and operations are not affected by any of the following as at the Latest Practicable Date:-

- (a) known trends, demands, commitments, events, uncertainties that have had or that our Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of our Group;
- (b) unusual, infrequent events or transactions or any significant economic changes that materially affected the financial performance, position and operations of our Group;
- (c) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial information and position; and
- (d) pending and threatened litigation and arbitration proceedings having an impact on the financial position of our Group.

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

## 9. FINANCIAL INFORMATION (Cont'd)

### 9.1 FINANCIAL HIGHLIGHTS

This proforma consolidated results have been extracted from the Accountants' Report set out in Section 10 of this Prospectus and should be read in conjunction with the notes and assumptions thereto.

#### 9.1.1 Proforma Consolidated Income Statements

The following is a summary of proforma consolidated income statements for the three (3) FYE 30 April 2005 to FYE 30 April 2007 and three (3)-month FPE 31 July 2007 which is presented for illustrative purposes only and have been prepared on the assumption that our Group structure had been in existence throughout the financial years/period under review.

The proforma consolidated results are prepared for illustrative purposes only and we advise you to read the Proforma Consolidated Income Statements together with the accompanying notes and assumptions included in the Reporting Accountant's Letter on the Proforma Consolidated Financial Information as set out in Section 11 of this Prospectus.

	<—— FYE 30 April ——>			<—— 3 months ended ——>	
	2005 RM'000	2006 RM'000	2007 RM'000	31 July 2007 RM'000	31 July 2006 RM'000
Revenue	57,475	63,097	74,422	18,001	21,209
GP	13,872	9,790	13,980	3,391	3,257
EBITDA	11,937	9,318	11,752	3,035	2,733
Depreciation and amortisation	(1,731)	(1,983)	(2,166)	(626)	(541)
Finance costs	(1,550)	(1,764)	(2,091)	(568)	(574)
PBT	8,656	5,571	7,495	1,841	1,618
Taxation	(2,413)	(1,217)	(1,631)	(348)	(382)
PAT	6,243	4,354	5,864	1,493	1,236
Number of WZRB Shares in issue ('000)	77,617	77,617	77,617	77,617	77,617
GP margin (%)	24.14	15.52	18.78	18.84	15.36
PAT margin (%)	10.86	6.90	7.88	8.29	5.83
Gross EPS (Sen)	11.15	7.18	9.66	2.37	2.08
Net EPS (Sen)	8.04	5.61	7.56	1.92	1.59

*Notes:*

- (1) *The Proforma Consolidated Income Statements have been prepared for illustrative purposes only, based on the audited financial statements of WZRB and our subsidiary companies for the financial years/period under review, save for the three (3) month FPE 31 July 2006 whereby the proforma consolidated income statement of the said period has not been audited and has been prepared for illustrative purposes only as a comparison for the three (3)-month FPE 31 July 2007.*



**9. FINANCIAL INFORMATION (Cont'd)**

---

(2) *The proforma consolidated income statements for the FYE 30 April 2005 to 2007 and three (3)- month FPE 31 July 2007 have been prepared on accounting policies consistent with those previously adopted in the preparation of the audited financial statements of WZRB and our subsidiary companies and in accordance with applicable approved accounting standards issued and adopted in Malaysia for the relevant financial years/period under review.*

*(a) WZRB has adopted all the applicable FRS issued by MASB that are relevant to its operation since the FYE 30 April 2007; and*

*(b) During the three (3)-month FPE 31 July 2007, subsidiary companies of WZRB have adopted all the applicable FRS issued by MASB that are mandatory for financial periods beginning on or after 1 January 2006.*

*All material inter-company transactions and unrealised profits are eliminated on consolidation.*

(3) *For the purposes of Proforma Consolidated Income Statements, WZM's financial results were included in the Proforma Consolidated Income Statements although its financial year end is different from WZRB. However, this would not materially affect the overall financial results of our WZRB Group. WZM had remained dormant throughout the respective years under review and only recommenced its business in December 2006.*

(4) *The gross and net EPS are calculated based on the PBT and PAT attributable to shareholders of WZRB Group for the financial years respectively divided by 77,616,650 Shares, being the issued and paid-up share capital, after the Acquisitions but before the Public Issue and the Restricted Issue.*

(5) *There were no minority interest, extraordinary and exceptional items for the financial years/period under review.*

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

## 9. FINANCIAL INFORMATION (Cont'd)

### 9.1.2 Proforma Consolidated Balance Sheets

The Proforma Consolidated Balance Sheets as at 31 July 2007 set out below has been prepared for illustrative purposes only to show the effects on the audited balance sheets of WZRB, had the Listing Scheme been effected on that date.

We advise you to read the Proforma Consolidated Balance Sheets as at 31 July 2007 together with the accompanying notes and assumptions included in the Reporting Accountant's Letter on the Proforma Consolidated Financial Information as set out in Section 11 of this Prospectus.

	<b>W Z R B</b>				
	<b>Audited</b>	<b>Proforma</b>	<b>Proforma</b>	<b>Proforma</b>	<b>Proforma</b>
	<b>31.07.2007</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS EMPLOYED</b>					
PROPERTY, PLANT AND EQUIPMENT	-	35,071	35,071	35,071	39,571
PREPAID LEASE PAYMENTS	-	3,585	3,585	3,585	3,585
<b>CURRENT ASSETS</b>					
Inventories	-	31,679	31,679	31,679	31,679
Trade receivables	-	20,956	20,956	20,956	20,956
Other receivables, deposits and prepayments	-	2,194	2,194	2,194	2,194
Tax recoverable	-	826	826	826	826
Cash and bank balances	*	370	10,570	15,591	3,791
	-	56,025	66,225	71,246	59,446
<b>LESS: CURRENT LIABILITIES</b>					
Trade payables	-	8,110	8,110	8,110	8,110
Other payables and accruals	14	764	764	764	764
Hire purchase payables	-	427	427	427	427
Bank borrowings	-	35,769	35,769	35,769	30,769
Provision for taxation	-	205	205	205	205
	14	45,275	45,275	45,275	40,275
<b>NET (LIABILITIES)/CURRENT ASSETS</b>	<b>(14)</b>	<b>10,750</b>	<b>20,950</b>	<b>25,971</b>	<b>19,171</b>
	<b>(14)</b>	<b>49,406</b>	<b>59,606</b>	<b>64,627</b>	<b>62,327</b>
<b>FINANCED BY</b>					
SHARE CAPITAL	*	38,808	46,308	50,000	50,000
SHARE PREMIUM ACCOUNT	-	-	2,700	4,029	1,729
REVENUE RESERVE@	(14)	1,584	1,584	1,584	1,584
	(14)	40,392	50,592	55,613	53,313
<b>NON-CURRENT LIABILITIES</b>					
Hire purchase payables	-	424	424	424	424
Bank borrowings	-	6,469	6,469	6,469	6,469
Deferred tax liabilities	-	2,121	2,121	2,121	2,121
	(14)	49,406	59,606	64,627	62,327
Number of ordinary shares in issue ('000)	#	77,617	92,617	100,000	100,000
Net (liabilities)/tangible assets ("NL)/NTA") (RM'000)	(14)	40,392	50,592	55,613	53,313
(NL)/NTA per ordinary share (RM)	(3,500.00)	0.52	0.55	0.56	0.53

---

**9. FINANCIAL INFORMATION (Cont'd)**


---

*Notes: -*

- \* Represents RM2.  
 # Represents four (4) ordinary shares of RM0.50 each.  
 @ Adjustment in revenue reserve is as follows:

	<b>RM '000</b>
Unrealised profit on stock	(189)
Negative goodwill	3,804
Difference in net assets between 31 July 2007 and 31 October 2007	(2,017)
	<hr/> 1,598 <hr/>

**Proforma I**

Proforma I incorporates the effects of the Acquisitions. The Acquisitions have resulted in recognition of negative goodwill which represents the excess of the fair values of the net identifiable assets acquired as at 31 July 2007 over the cost of Acquisitions. The negative goodwill arising from the Acquisitions is non-recurring. In accordance with FRS 3: Business Combination, negative goodwill is recognised immediately in the income statement. As such, the revenue reserves of Proforma I have been adjusted for the recognition of negative goodwill.

**Proforma II**

Proforma II incorporates the effects of Proforma I and the Public Issue of 15,000,000 new WZRB Shares at an issue price of RM0.68 per Share.

**Proforma III**

Proforma III incorporates the effects of Proforma II and the Restricted Issue of 7,383,350 new WZRB Shares at an issue price of RM0.68 per Share.

**Proforma IV**

Proforma IV incorporates the effects of Proforma III and utilisation of the proceeds arising from Public Issue and Restricted Issue. The total proceeds will be utilised as follows:-

	<b>RM'000</b>
Capital expenditure/business expansion	4,500
Repayment of bank borrowings	5,000
Working capital	3,421
Estimated listing expenses	2,300
	<hr/> 15,221 <hr/>

Estimated listing expenses of RM2.3 million will be written off against the share premium account.

The Offer For Sale would not have any material effect in the proforma consolidated balance sheets.

---

**9. FINANCIAL INFORMATION (Cont'd)**


---

**9.1.3 Proforma Consolidated Cash Flow Statement**

We have prepared our proforma consolidated cash flow statement for the three (3)-month FPE 31 July 2007 for illustrative purposes only, based on our Company's and our subsidiaries' respective audited financial statements for the three (3)-month FPE 31 July 2007, after incorporating such adjustments considered necessary for the elimination of all significant inter-company transactions and balances and based on the assumption that our current Group structure had been in existence throughout the financial period under review.

We advise you to read the Proforma Consolidated Cash Flow Statement together with the accompanying notes and assumptions included in the Reporting Accountant's Letter on the Proforma Consolidated Financial Information as set out in Section 11 of this Prospectus.

	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Profit before taxation	1,841
Adjustment for:	
Allowance for doubtful debts	52
Depreciation for property, plant and equipment	611
Impairment of property, plant and equipment	103
Interest expenses	568
Amortisation of prepaid lease payments	15
Interest income	(3)
Gain on disposal of property, plant and equipment	*
Operating profit before working capital change	<u>3,187</u>
(Increase)/Decrease in working capital	
Inventories	(4,051)
Receivables	(1,459)
Payables	3,072
Amount owing to directors	(829)
	<u>(3,267)</u>
Cash used in operations	(80)
Interest received	3
Interest paid	(568)
Tax paid	(522)
	<u>(1,087)</u>
Net cash used in operating activities	<u>(1,167)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of property, plant and equipment	(4,322)
Proceeds from disposal of property, plant and equipment	462
Net cash used in investing activities	<u>(3,860)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Drawdown of revolving credit facilities	4,018
Repayment of bankers' acceptance	(1,589)
Repayment of hire purchase payables	(131)
Drawdown of term loans	1,600
Repayment of term loans	(633)
Net cash generated from financing activities	<u>3,265</u>

---

**9. FINANCIAL INFORMATION (Cont'd)**

---

	<b>RM'000</b>
Net decrease in cash and cash equivalents during the financial period	(1,762)
Cash and cash equivalents at the beginning of the financial period	(7,421)
Cash and cash equivalents at the end of the financial period	<u>(9,183)</u>
<b>CASH AND CASH EQUIVALENTS</b>	
Cash and bank balances	370
Bank overdraft	(9,553)
<b>As per Proforma Consolidated Balance Sheet I</b>	<u>(9,183)</u>

*Note:-*

\* *Represents an amount which is less than RM1,000.*

**Please refer to Section 9.2.8 for the detailed commentary on the Proforma Consolidated Cash Flow of our Group for the FPE 31 July 2007.**

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

---

**9. FINANCIAL INFORMATION (Cont'd)**


---

**9.1.4 Proforma Statement of Assets and Liabilities**

The proforma statement of assets and liabilities has been prepared solely for illustrative purposes, to show the effects of the Listing scheme had the scheme been implemented and completed on 31 July 2007.

We advise you to read the Proforma Statement of Asset and Liabilities together with the accompanying notes and assumptions included in the Reporting Accountant's Letter on the Proforma Consolidated Financial Information as set out in Section 11 of this Prospectus.

	<b>RM'000</b>
<b>ASSETS EMPLOYED</b>	
PROPERTY, PLANT AND EQUIPMENT	35,071
PREPAID LEASE PAYMENTS	3,585
<b>CURRENT ASSETS</b>	
Inventories	31,679
Trade receivables	20,956
Other receivables, deposits and prepayments	2,194
Tax recoverable	826
Cash and bank balances	15,591
	<u>71,246</u>
<b>LESS: CURRENT LIABILITIES</b>	
Trade payables	8,110
Other payables and accruals	764
Hire purchase payables	427
Bank borrowings	35,769
Provision for taxation	205
	<u>45,275</u>
<b>NET CURRENT ASSETS</b>	<u>25,971</u>
	<u>64,627</u>
<b>FINANCED BY</b>	
SHARE CAPITAL	50,000
SHARE PREMIUM ACCOUNT	4,029
REVENUE RESERVE	1,584
	<u>55,613</u>
<b>NON-CURRENT LIABILITIES</b>	
Hire purchase payables	424
Bank borrowings	6,469
Deferred tax liabilities	2,121
	<u>64,627</u>
Enlarged number of ordinary shares in issue ('000)	100,000
Net tangible assets ("NTA") (RM'000)	55,613
NTA per ordinary share (RM)	0.56

## 9. FINANCIAL INFORMATION (Cont'd)

## 9.2 OPERATING AND FINANCIAL REVIEW AND PROSPECTS

THE FOLLOWING DISCUSSION AND ANALYSIS SHOULD BE READ IN CONJUNCTION WITH OUR GROUP'S FINANCIAL HIGHLIGHTS INCLUDED IN SECTION 9.1 OF THIS PROSPECTUS.

## 9.2.1 Segmental Analysis

The following tables demonstrate the breakdown of our Group's revenue and gross profit contribution by companies, products and markets respectively.

By Companies:

	Proforma Group													
	2005				2006				2007					
	Revenue	GP	Revenue	GP	Revenue	GP	Revenue	GP	Revenue	GP	Revenue	GP		
RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	
WZRB	-	-	-	-	-	-	-	-	-	-	-	-	-	-
WZSB	36,372	59.53	10,610	76.49	41,392	62.28	7,095	72.47	51,188	61.95	10,480	74.20	20,47	20.47
WZT	24,725	40.47	3,262	23.51	25,066	37.72	2,695	27.53	29,648	35.89	3,101	21.96	10,46	10.46
WZM*	-	-	-	-	-	-	-	-	1,788	2.16	543	3.84	30,37	30.37
Sub Total	61,097	100.00	13,872	100.00	66,458	100.00	9,790	100.00	82,624	100.00	14,124	100.00	17,09	17.09
Less: Inter-company sales	(3,622)	-	-	-	(3,361)	-	-	-	(8,202)	-	-	-	-	-
Less: Unrealised profit on stocks	-	-	-	-	-	-	-	-	-	-	(144)	-	-	-
Total	57,475	100.00	13,872	100.00	63,097	100.00	9,790	100.00	74,422	100.00	13,980	100.00	18,78	18.78

## 9. FINANCIAL INFORMATION (Cont'd)

	Proforma Group											
	for the 3-month FPE 31 July 2006						for the 3-month FPE 31 July 2007					
	Revenue	GP	GP Margin#	Revenue	GP	GP Margin#	Revenue	GP	GP Margin#	Revenue	GP	GP Margin#
RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	
WZRB	-	-	-	-	-	-	-	-	-	-	-	-
WZSB	11,094	50.39	2,217	68.07	19.98	11,148	52.36	2,021	58.82	18.13	18.13	18.13
WZT	10,923	49.61	1,040	31.93	9.52	8,282	38.90	835	24.30	10.08	10.08	10.08
WZM*	-	-	-	-	-	1,860	8.74	580	16.88	31.18	31.18	31.18
Sub Total	22,017	100.00	3,257	100.00	14.79	21,290	100.00	3,436	100.00	16.14	16.14	16.14
Less: Inter-company sales	(808)	-	-	-	-	(3,289)	-	-	-	-	-	-
Less: Unrealised profit on stocks	-	-	-	-	-	-	-	(45)	-	-	-	-
Total	21,209	100.00	3,257	100.00	15.36	18,001	100.00	3,391	100.00	18.84	18.84	18.84

Note:-

# GP margin by company is not adjusted for any inter-company sales.

By Markets

	Proforma Group														
	for the FYE 30 April 2005						for the FYE 30 April 2006						2007		
	Revenue	GP	GP Margin	Revenue	GP	GP Margin	Revenue	GP	GP Margin	Revenue	GP	GP Margin	Revenue	GP	
RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Domestic	56,305	97.96	13,587	97.95	24.13	60,827	96.40	9,192	93.89	15.11	70,460	94.68	13,025	93.17	18.49
Overseas	1,170	2.04	285	2.05	24.36	2,270	3.60	598	6.11	26.34	3,962	5.32	955	6.83	24.10
Total	57,475	100.00	13,872	100.00	24.14	63,097	100.00	9,790	100.00	15.52	74,422	100.00	13,980	100.00	18.78



## 9. FINANCIAL INFORMATION (Cont'd)

	Proforma Group					
	for the 3-month FPE 31 July 2006			for the 3-month FPE 31 July 2007		
	Revenue	GP	GP	Revenue	GP	GP
RM'000	%	RM'000	%	RM'000	%	
Domestic	20,088	94.71	3,005	92.26	17,144	93.60
Overseas	1,121	5.29	252	7.74	857	6.40
Total	21,209	100.00	3,257	100.00	18,001	100.00
					3,391	18.84

## By Activity

	Proforma Group					
	for the FYE 30 April 2005		for the FYE 30 April 2006		for the FYE 30 April 2007	
	Revenue	GP	Revenue	GP	Revenue	GP
RM'000	%	RM'000	%	RM'000	%	
Manufacturing	31,228	51.11	39,773	59.85	46,077	55.77
Trading	29,869	48.89	26,685	40.15	36,547	44.23
Sub-Total	61,097	100.00	66,458	100.00	82,624	100.00
Less: Inter-company sales	(3,622)	-	(3,361)	-	(8,202)	-
Total	57,475	100.00	63,097	100.00	74,422	100.00
GP#	13,872		9,790		13,980	
GP Margin#		24.14		15.52		18.78

## 9. FINANCIAL INFORMATION (Cont'd)

	Proforma Group			
	for the 3-month FPE 31 July 2006		for the 3-month FPE 31 July 2007	
	Revenue	%	Revenue	%
	RM'000		RM'000	
Manufacturing	10,792	49.83	8,736	41.03
Trading	11,225	50.17	12,554	58.97
Sub-Total	22,017	100.00	21,290	100.00
Less: Inter-company sales	(808)		(3,289)	
<b>Total</b>	<b>21,209</b>	<b>100.00</b>	<b>18,001</b>	<b>100.00</b>
<b>GP<sup>#</sup></b>	<b>3,257</b>		<b>3,391</b>	
<b>GP Margin<sup>#</sup></b>		<b>15.36</b>		<b>18.84</b>

Notes:

# The GP and GP margin by activity is not adjusted for any inter-company sales.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

## 9. FINANCIAL INFORMATION (*Cont'd*)

---

### 9.2.2 Overview of Proforma Group's Revenue and Gross Profits Growth and Factors contributing thereto

#### **FYE 30 April 2005**

For the FYE 30 April 2005, the turnover of our Group increased by 16.07% to approximately RM57.48 million. The increase in turnover was due mainly to the procurement of new customers and the investment in capital expenditure in prior years that has increased our production output substantially. Our CD Bars were mainly used by the office automation and automotive industries.

Our Group's GP margin decreased from 26.47% to 24.14%. This was mainly due to the higher depreciation charged as a result of investment in plant and machinery in the previous year. Our Group's pre-tax profit margin decreased from 17.01% to 15.06% mainly due to the increase in staff costs in order to meet the increase in sales of our Group's products, and increase in finance cost. The increase in finance cost was mainly due to the purchase of additional machinery and equipment partially using bank borrowings.

For the FYE 30 April 2005, our Group registered PBT and PAT of RM8.66 million and RM6.24 million respectively.

#### **FYE 30 April 2006**

For the FYE 30 April 2006, our Group's turnover increased by 9.78% to approximately RM63.10 million. Likewise, the increase in turnover was due mainly to the procurement of new customers and the continuing investment in capital expenditure in prior year that has increased our production output.

Meanwhile, due to the quality standard and customers' acceptance of our Group's products by the overseas customers, our overseas sales also increased by 94.02% to approximately RM2.27 million as compared to the previous financial year. As compared to the turnover of our Group, the contribution of overseas sales had increased from 2.04% to 3.60%. For the financial year under review, we focused on products that generated higher returns such as free-cutting polished shafts.

Notwithstanding the increase in turnover, our Group's GP dropped by 29.43% to approximately RM9.79 million recorded a GP margin of 15.52% as compared to that in the previous year of 24.14%. This was due mainly to the unusual significant drop in world steel price and the purchase of raw materials at a relatively higher price which was committed six (6) months earlier. Consequent to the mismatch of lower selling price to the high cost of sales, our Group registered a lower GP margin in FYE April 2006.

In line with the drop in the GP, our Group's PBT and PAT have decreased to approximately RM5.57 million and RM4.35 million respectively.

#### **FYE 30 April 2007**

For the FYE 30 April 2007, our Group's turnover increased by 17.95% to approximately RM74.42 million. Similarly, the increase in turnover was mainly due to the procurement of new customers and the continuing investment in capital expenditure in prior year that has increased our production output. The overseas sales increased by 74.54% to approximately RM3.96 million as compared to the previous financial year. As compared to the turnover of our Group, the contribution of overseas sales had increased from 3.6% to 5.32%.

## **9. FINANCIAL INFORMATION (Cont'd)**

---

In line with the favourable world steel price movement and the good performance of WZM, our Group's GP increased by 42.80% to approximately RM13.98 million or a GP margin of 18.78% as compared to that in the previous year of 15.52%.

In line with the improvement in the GP, our PBT increased by 34.54% to approximately RM7.49 million or a pre-tax margin of 10.07% as compared to that in the previous year of 8.83%. In line with the improvement in the PBT, our PAT increased by approximately 34.68% to RM5.86 million.

### **FPE 31 July 2007**

For the three (3)-month FPE 31 July 2007, our WZRB Group achieved a turnover of approximately RM18.00 million which was 15.13% lower as compared to the previous corresponding three (3)-month FPE 31 July 2006 of RM21.21 million. This was due to the raw materials from overseas were not delivered on time to meet the demand for our products.

For the three (3)-month FPE 31 July 2007, the turnover of trading activities was significantly higher than the turnover of manufacturing activities. This was mainly due to the recommencement of WZM which contributed approximately RM1.86 million to the turnover. Furthermore, there was a large order for trading products during the period.

For the three (3)-month FPE 31 July 2007, our WZRB Group recorded a GP of RM3.39 million with a GP margin of 18.84% which were higher as compared to those of in the previous corresponding three (3)-month FPE 31 July 2006 of RM3.26 million and 15.36% respectively. The increase in GP margin was attributable to the contribution from WZM that commenced operations of trading in and processing of cut-to-size products which generated higher GP margin.

In respect of the above, it should be noted that our WZRB Group's sales for manufacturing products usually experience a slight surge in demand towards the festive seasons during year end, with relatively higher sales usually recorded during the period from September to November. This pattern in sales trends has been observed by our Management over the past few years, primarily due to the increase in demand for office automation products within the general consumer market. Another possible factor contributing to this increase in demand towards year end is the need to ramp up production in preparation for the year end manpower shortage experienced by the engineering supporting industries during the holiday seasons, in conjunction with the Hari Raya, Christmas and New Year festivities.

### **9.2.3 Impact of foreign exchange / interest rates / commodity prices on operating profits**

Our Group is exposed to foreign currency risk as part of our sales and purchases are denominated in USD or Euro. Any future significant fluctuation in the exchange rate may have material impact on our Group's financial performance. In this respect, please refer to Section 3(iii) of this Prospectus for the mitigating factor on foreign exchange risk.

As at 2 November 2007, our Group's total bank borrowings amounted to RM46.19 million. All the borrowings of our Group are interest bearing. Given that our Group has borrowings and the payment of the borrowings' interest is dependent on interest rate, future fluctuations of the interest rate may affect our Group's profitability

### **9.2.4 Taxation**

The effective tax rates of our Group were lower than the statutory tax rates for the financial years under review due to the availability of reinvestment allowance in a subsidiary company.

## **9. FINANCIAL INFORMATION (Cont'd)**

---

### **9.2.5 Exceptional and extraordinary items**

There were no exceptional and extraordinary items for the financial years under review.

### **9.2.6 Financial Performance, Positions and Operations**

Save as disclosed in Sections 3 (risk factors), 9.1 (financial highlights), 9.2 (operating and financial review and prospects) and 9.3 (material litigation, material contingent liabilities and material commitments) of this Prospectus, there is no trend, demand, commitment, event or uncertainties that:-

- (a) have had, or that the corporation reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of our Group; and
- (b) would cause the historical financial statements to be not necessarily indicative of future financial information.

### **9.2.7 Trend information (Business and Financial Prospects)**

Our Group's business and financial prospects including significant trends in production, revenue and stock, costs and selling prices are discussed below and in Sections 4 and 9 of this Prospectus. The discussions on the overview of the industries in which we serve and operate are elaborated in Section 4.4 of this Prospectus.

Our Board of WZRB is optimistic about the future prospects of our Group given the favourable outlook of the industries, our competitive edge set out in Sections 4.4 and 4.5 of this Prospectus and our Group's dedication to implement the future plans and strategies set out in Section 4.6 of this Prospectus.

#### **(i) Turnover and GP margin**

As detailed in Section 9.2.2 of this Prospectus, our Group has consistently recorded increase in sales for the past three (3) FYE 30 April 2007. For the FYE 30 April 2007, our Group's turnover increased by 17.95% to approximately RM74.42 million. Going forward, our Group has forecasted a turnover of approximately RM86.39 million, representing an increase of about 16.08%. The abovementioned growth is due to the expected growth in the turnover from the overseas markets as well as the organic growth of the domestic market.

For the three (3)-month FPE 31 July 2007, we achieved approximately RM18.00 million in sales. In addition, our Group presently has an order book pending delivery of approximately RM7.36 million based on confirmed purchase orders. It should be noted that due to the nature of our business and operations, we do not rely on any material secured fixed term contracts in arriving at the consolidated profit forecast as set out in Section 9.4 of this Prospectus. Our CD Bars are highly customized in accordance to the requirements of customers. The end applications of our products are typically in consumer electrical & electronics, office automation and automotive industries where they change regularly. It is not the norm in industry to sign fixed term contracts. Hence, we do not have fixed term contracts in line with industry norms.

In connection with the above, our Group has a broad customer base (more than 500 customers) and majority of these customers have fostered long term business relationships of more than 5 years with our Group.

**9. FINANCIAL INFORMATION (Cont'd)**

---

On the GP margin, we expect it will not vary significantly from the FYE 30 April 2007, which is approximately 19%. In addition, the level of raw material costs incurred will be consistent with FYE 30 April 2007 cost-revenue relationship, which is approximately 66.75% of the our Group's revenue. If there is any significant increase in raw material purchase price as compared to FYE 30 April 2007, we expect the increase in raw material price will be adequately compensated through an equivalent increase in the selling price of our products.

**(ii) Production**

For the FYE 30 April 2006 and 2007, our average monthly production output is approximately 798 and 910 metric tonnes respectively. We have purchased an additional combined drawing machine and it was recently installed at end October 2007. This will enable us to increase production to accommodate the expected increase in turnover.

Currently, there are a total of seven (7) existing production lines in our Group. Three (3) production lines operate 24 hours daily throughout the week with an average of two (2) production shifts per day while the other four (4) production lines operate 12 hours daily throughout the week with an average of one (1) production shift per day. In total, the existing seven (7) production lines have a combined capacity of approximately 1,500 tonnes to 1,800 tonnes per month, depending on various product specifications. The actual output will also depend, to a large extent, on the dimensions of the product manufactured, as well as the quality and precision levels required by customers. WZSB's production output has been increasing steadily over the years.

Going forward, we intend to use approximately RM4.50 million of the proceeds from the Restricted Issue and Public Issue for the purchase of machinery and equipment. Our Group expects to increase our maximum operating capacity from 1,500-1,800 metric tonnes per month to 1,800-2,100 metric tonnes per month.

As such, with the above additional purchase of machineries, our Group will be able to increase our seven (7) existing production lines to at least eight (8) production lines by the year 2010.

**(ii) Stocks**

Our stocks turnover period ranges from 4.94 months to 6.09 months for the past three (3) FYE 30 April 2005 to 2007 and three (3)-month FPE 31 July 2007. Going forward, the stock holding period is not expected to vary significantly. The relatively longer holding period was due mainly to the following:-

- (a) a major portion of the raw materials are sourced overseas. Longer delivery time frame need to be provided, normally raw materials from overseas will take a 3 to 4 month delivery period. In comparison, customers require a fast turnaround time to obtain the finished goods from our Group. Hence, there is a need to keep stocks to ensure sufficient raw materials are available to meet client's needs;
- (b) the production forecasts from the customers (especially MNC) can be variable in nature and as such demand cannot be fully accurately forecasted;
- (c) just in time inventory policy adopted by the customers;
- (d) given the variety of CD bars to be produced, a lot of different sizes of raw material inventories need to be kept by our Group. This again requires our Group to keep higher levels of inventories; and

## 9. FINANCIAL INFORMATION (*Cont'd*)

---

- (e) different code of materials with different chemical components which carries different tensile and quality requirement. Again, many categories of stocks have to be kept and this increases overall inventories.

It is important for our Group to keep sufficient inventories holdings to ensure non-disruption to its manufacturing and deliveries. The implications of not keeping large inventory holdings could be the loss sales due to lack of available raw materials.

### 9.2.8 Liquidity and Capital Resources

#### *Working Capital*

Our Group has been financing its operations through cash generated from its operations and external sources of funds. Our Group's external sources of funds mainly comprise shareholders equity and bank borrowings.

As at 2 November 2007, our Group's material sources of unutilised liquidity comprises cash and bank balances and total borrowings of approximately RM1.03 million and RM46.19 million respectively. Further details of our borrowings are set out in this Section 9.2.8 below.

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

#### *Proforma Group Cashflow Summary*

Our Group's cash and cash equivalent at the end of the FPE 31 July 2007 is negative RM 9.18 million. This is due mainly to the substantial investments made in the property, plant and equipment as detailed below and inventories increased by RM4.05 million in anticipation of increased sales.

In respect of the above, it should be noted that had the proceeds from the Restricted Issue and Public Issue of RM15.22 million been factored in the proforma consolidated cash flow statement, the cash and cash equivalents at the end of the financial period would have increased to RM6.04 million.

#### *In the past, our Group has spent substantial resources on Property, Plant and Equipment*

Our Management, recognising the good potential in manufacturing and supplying directly to our customers, began acquiring the machinery and technology to produce their own steel products. In 1995, WZSB's manufacturing operations commenced with the setting up of an automated cold drawing process to manufacture a variety of CD Bars. These products comprised mainly free cutting, carbon steel and stainless steel polished bars, which were sold to manufacturers within the machining sector.

Over the years, our Group has invested substantial amount of monies on the purchase of property, plant and equipment to meet the increased demand for its products. For the past five (5) FYE 30 April 2003 to 2007 and 3-month FPE 31 July 2007, our Group has paid an aggregate of RM26.69 million in cash on property, plant and equipment as follows:-

## 9. FINANCIAL INFORMATION (Cont'd)

	FPE 31 July <-----FYE 30 April----->						
	2007	2007	2006	2005	2004	2003	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment <sup>^</sup>	4,322	2,504	1,251	5,924	11,905	782	26,688

\* Based on the cash flow statements of the financial statements of WZSB and WZT for the financial years / period under review.

<sup>^</sup> Includes prepaid lease payments (leasehold land).

Our Group paid RM4.32 million for the purchase of property, plant and equipment for the three (3)-month FPE 31 July 2007.

In respect of the above, our Group is now in strong position to command larger market share in the domestic market as well as to capitalize on the increasing demand from the overseas markets.

The following is the net cash flow from the respective activities of our Group for the three (3)-month FPE 31 July 2007:

	Proforma Group 3-month FPE 31 July 2007 Net Cash Inflow/ (Outflow) RM'000
Operating Activities	(1,167)
Investing Activities	(3,860)
Financing Activities	3,265
	<hr/>
	(1,762)
Net Cash Flow at the beginning of FPE	(7,421)
	<hr/>
Net Cash Flow	(9,183)
	<hr/>

### Net cash flow from operating activities

The operating activities of our Group generated a net cash outflow of RM1.17 million. The key reasons for the negative operating cash flow were due mainly to the following:-

- (a) the increase in inventories of RM4.05 million arising from longer holding period requirement as mentioned in Section 9.2.7 (ii) of this Prospectus; and
- (b) the increase in receivables of RM1.46 million.

Interest paid on borrowings and taxation were RM0.57 million and RM0.52 million respectively.

### Net cash flow used in investing activities

The net cash flow used in investing activities amounted to approximately RM3.86 million. Our Group invested RM4.32 million in the purchase of property, plant and equipment for business expansion.



## 9. FINANCIAL INFORMATION (Cont'd)

### Net cash flow from financing activities

Net cash inflow from financing activities is RM3.27 million. During the financial period, our Group repaid bankers acceptance and term loans of RM1.59 million and RM0.63 million respectively. Our Group has drawdown RM4.02 million in revolving credit facilities and this is in tandem with the increase in the turnover of our Group.

### Borrowings

As at 2 November 2007, the total borrowings for our Group amounted to approximately RM46.19 million, all of which are interest-bearing, as follows:-

Borrowings	Amount (RM'000)
Short term:-	
• Bank overdraft	1,109
• Bankers acceptance	23,545
• Revolving credit	5,374
• Hire purchase	399
• Term loan	3,965
• Usance bill under Letter of Credit	1,007
Long Term:-	
• Term Loans	315
• Hire Purchase	10,480
<b>Total Borrowings</b>	<b>46,194</b>
Shareholders equity (After Acquisitions, before IPO and utilisation of proceeds)	40,392
Gearing ratio (times)	1.14*
Interest Coverage Ratio	4.58**

*Note: All of the above borrowings are interest bearing and denominated in RM.*

\* *The gearing is expected to reduce to 0.77 times after the IPO.*

\*\* *For FYE 30 April 2007.*

We have been paying our loan interest and principal on time and there have been no defaults on payment of either interest and/or principal sums in respect of any borrowing throughout the past three (3) FYE 30 April 2007 and the three (3)-month FPE 31 July 2007 and in the subsequent period immediately preceding the date of this Prospectus.

The interest expense for the FYE 30 April 2007 was approximately RM2.09 million. This translated into an interest coverage ratio of approximately 4.58 times. There was minimal impact of interest rates on our Group's historical operating profits.

### Measures taken to reduce bank borrowings

Our Group uses different sources of finance to fund its business operations, which ranges from capital funding and external borrowings to internally generated funds. Our Group has been adopting a prudent financing structure of using short term borrowings for working capital requirement, and long term borrowings for capital assets. Currently, short term borrowings are our Group's primary source of financing for business operations.

A substantial portion of the short term financing is trade facilities, i.e. banker acceptances. This is due mainly to majority of the purchases are in cash term to benefit from the bulk purchase discount. The repayment of the bankers acceptance will come from internally-

## 9. FINANCIAL INFORMATION (Cont'd)

generated funds when the sales cycle is completed. In addition, with the Listing, our Group can negotiate for a better terms from the suppliers. It should be noted that the gearing of our Group is quite comparable to other CD Bars players which utilise short term borrowings as a primary source of financing.

Given the nature of our Group's operations, our Group primary source of financing is the short term borrowings to finance its business operations. The bulk of our Group's short term financing consists of banker's acceptance which are used for the purchasing of raw materials to satisfy customer demand.

With the right approach, we believe that borrowings could be reduced without affecting our business operations. The steps taken / to be taken by our Group to reduce borrowings are as follows:

- (i) partial repayment of borrowings utilizing the proceeds raised from the IPO;
- (ii) to conserve a portion of the internally generated funds for repayment of borrowings;
- (iii) to ensure our business plan carried out as planned in order to generate more profits and cash for business operations need;
- (iv) to consider fund raising via issuance of securities instead of borrowings for further business expansion; and
- (v) our Board to monitor the borrowings on regular basis so that the bank borrowings would remain at manageable levels.

### 9.2.9 Other Key Financial Ratios

	<-----Proforma Group----->			
	FYE 30 April			3-month FPE 31 July
	2005	2006	2007	2007
Trade receivables turnover period (months)	3.57	3.54	3.31	3.54
Trade payables turnover period (months)	1.43	1.99	1.50	1.08
Inventory turnover period (months)	5.02	5.29	4.94	6.09

#### (i) Trade receivables turnover period

Generally, it is the policy of our Group to grant credit terms ranging from 90 to 120 days (3-4 months) to its customers, except for WZM where the credit terms ranging from 30 to 90 days (1-3 months). Other credit terms are assessed and approved on a case to case basis. Since 30 April 2005, our Management has intensified effort to improve the trade receivables turnover period. More stringent credit control policy has been adopted. For instance, personal guarantees or corporate guarantees are required from all debtors for granting of credit term. In the event that no guarantee is obtained, no further credit sales will be allowed until payment on previous outstanding bill is settled in full. As such, the trade receivables turnover period decreased from 3.88 months (FYE 30 April 2004) to 3.57 months (FYE 30 April 2005). In addition, the export sales were in cash terms, the turnover period would effectively be lower when a high overseas sale is recorded.

## 9. FINANCIAL INFORMATION (Cont'd)

### Measures taken to improve trade receivable collections

Our Group acknowledges the need to improve our trade receivables collections. The steps taken / to be taken by our Group to improve trade receivables collections are as follows:-

- (a) to ensure the credit policies are strictly adhered to by marketing personnel, i.e. further sales should be suspended should there be any overdue payment;
- (b) credit terms and limits are only granted after proper evaluation on the customers' background and credit standing is thoroughly done;
- (c) to table, monitor and follow up on the overdue amounts by sending reminders and initiate relevant negotiations to ensure a full collection of the overdue amounts. Legal action would be considered (as last resort), if required; and
- (d) our Board to table and monitor the status of trade receivables balance and ageing at the Board Meetings.

### (ii) Trade payables turnover period

Generally, the trade payables turnover period ranges from 1.08 months to 1.99 months and it is relatively shorter as compared to the trade receivables turnover period. This is to capitalise on the trade discounts given by the suppliers for settlement of debts within a given time frame. In addition, a substantial portion of the raw materials used by our manufacturing arm namely WZSB are imported from overseas which are generally in cash terms.

### (iii) Inventory turnover period

Inventories mainly comprise raw materials, work in progress and finished goods. Inventories are stated at the lower of cost and net realisable value. The cost of raw materials includes the original purchase price and the incidental expense incurred in bringing the inventories to their present location and condition. As at 30 April 2005 and 2006, the inventories holding period increased to 5.02 months and 5.29 months respectively. For the three (3)-month FPE 31 July 2007, the inventory turnover period increased to 6.09 months. The significant increase in inventories turnover period was mainly due to the longer holding period requirement as mentioned in Section 9.2.7 (ii) of this Prospectus.

#### 9.2.10 Debtors' Ageing Analysis

An ageing analysis of the trade receivables of our Group as at 31 July 2007 is set out as follows:-

	<-----Within credit period----->					Total RM'000
	0 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	4 months or above	
	RM'000	RM'000	RM'000	RM'000	RM'000	
Trade Receivables	4,599	5,566	4,150	3,084	4,790	22,189
Provision of doubtful debts	-	-	-	-	(1,233)	(1,233)
	4,599	5,566	4,150	3,084	3,557	20,956
% of trade receivables	21.95	26.56	19.80	14.72	16.97	100.00

## **9. FINANCIAL INFORMATION (Cont'd)**

---

As at 31 July 2007, 83.03% of the trade receivables amounting to approximately RM17.40 million were within the credit period given. The remaining balances of approximately RM3.56 million of the trade receivables exceeded WZRB Group's credit period. Based on the Management records as at 2 November 2007, approximately RM1.30 million or 36.54% of the total debts were collected out of the total debts exceeding the credit period (after netting off provisions for doubtful debts).

Adequate allowance for doubtful debts was made and the Management estimates that the aforementioned allowance of approximately RM1.23 million is adequate. Our Management is confident that the receivables exceeding credit limits are collectible after taking into account the stable relationship between our Group and these customers are either committed to settle or pay by monthly installment for the amount owing.

### **9.2.11 Financial Hedging Instrument**

Presently, our Group procures up to 51% and 27% of our steel wire rod materials directly from countries in Europe and Asia, respectively based on the purchases for the FYE 30 April 2007. In addition, our Group sources machinery and equipment primarily from the EU region. These, in turn, will to a certain extent expose us to foreign exchange risks whether the transactions are in USD or Euro.

In respect of the above, we will monitor our foreign exchange exposure in the future and may hedge some of our commitments with financial institutions. Further, some of our Group's sales are also denominated in foreign currency, which provides a natural hedge to some degree for any adverse movements in foreign currency rates.

## **9.3 MATERIAL LITIGATION, MATERIAL CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS**

### **9.3.1 Material Litigation**

As at 2 November 2007 (being the Latest Practicable Date), neither WZRB nor any of our subsidiary companies are engaged in any material litigation and arbitration, either as plaintiff or defendant, which has a material effect on the financial position of WZRB or our subsidiary companies and our Directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of WZRB or our subsidiary companies.

### **9.3.2 Material Contingent Liabilities**

As at 2 November 2007 (being the Latest Practicable Date), there are no material contingent liabilities incurred by our Company or our subsidiary companies.

### **9.3.3 Material Commitments**

As at 2 November 2007 (being the Latest Practicable Date), there are no material commitments for capital expenditure incurred or known to be incurred by our Group, which may have a substantial impact on the financial position of our Group.

## 9. FINANCIAL INFORMATION (Cont'd)

### 9.4 CONSOLIDATED PROFIT FORECAST FOR FYE 30 APRIL 2008

Barring unforeseen circumstances, our Directors forecast the following financials of our Group for the FYE 30 April 2008:

	Pre- acquisition profit estimate** RM'000	Post- acquisition profit forecast** RM'000	Full year profit forecast* RM'000
Turnover	37,579	48,807	86,386
Consolidated PBT	4,045	5,243	9,288
Taxation	(488)	(1,236)	(1,724)
Consolidated PAT	3,557	4,007	7,564
Negative goodwill***		3,804	
Consolidated PAT and after negative goodwill adjustment		7,811	
Number of WZRB Shares in issue ('000)		46,580^	100,000@
EPS (sen)			
- based on consolidated PBT		11.26	9.29
- based on consolidated PAT		8.60	7.56
- based on consolidated PAT and after negative goodwill adjustment		16.77	N/A
Net PE multiple (times)#		-	8.99

*Notes:*

\* *The consolidated full year profit forecast for the FYE 30 April 2008 is presented for illustrative purposes only based on the assumption that WZRB Group has been in existence since 1 May 2007.*

\*\* *Pre-acquisition consolidated profit estimate is in respect of operating results for the period from 1 May 2007 to the completion date of Acquisitions ("DOA").*

*Post-acquisition consolidated profit forecast is in respect of operating results for the period from the DOA to 30 April 2008.*

\*\*\* *Negative goodwill of RM3.80 million arising from the Acquisitions is non-recurring and represents the excess of the fair values of the net identifiable assets acquired as at the completion date over the cost of acquisitions. In accordance with FRS 3: Business Combination, negative goodwill is recognised immediately in the income statement.*

^ *Represents weighted average number of ordinary shares in issue. Assuming that the Acquisitions were completed on 31 October 2007 and the Public Issue and Restricted Issue will be completed on 27 December 2007.*

@ *Represents enlarged number of ordinary shares in issue.*

# *Calculated based on the issue price of RM0.68 per WZRB Share.*

## 9. FINANCIAL INFORMATION *(Cont'd)*

The Acquisitions were completed on 6 November 2007 when the sale and purchase agreements became unconditional. For accounting purpose, the Acquisitions were deemed completed on 31 October 2007 as our Board is of the view that the financial effects from 31 October 2007 to completion of Acquisitions on 6 November 2007 are immaterial.

Please refer to the following sections of this Prospectus for further details of the consolidated profit forecast:-

- (i) Section 9.7 - Directors' Analyses and Commentaries on the Consolidated Profit Forecast; and
- (ii) Reporting Accountant's Letter on the Consolidated Profit Forecast of the WZRB Group for the FYE 30 April 2008 (including the principal assumptions upon which the Consolidated Profit Forecast has been prepared).

### 9.5 DIVIDEND FORECAST AND POLICY

Our Company's present intention is to declare 1.5 sen per Share gross dividend (1.11 sen net dividend) for the FYE 30 April 2008 as follows:-

	<b>FYE 30 April 2008 Dividend Forecast</b>
Net dividend (RM'000)	1,110
Net dividend yield based on the Issue Price per share (%)	1.62
Net dividend cover** (times)	6.81

*Note:-*

\*\* *Net dividend cover is determined by dividing profit available to equity holders by the net dividend for the year.*

It is our policy to recommend dividends in the future to allow shareholders to participate in the profits of our Group and at the same time balance the reserves and funds required for the future growth of our Group. As we are an investment holding company, our ability to pay dividends is also subject to receipt of funds from our subsidiary companies.

Our Directors have considered the general principles that they currently intend to apply when recommending dividend for approval by our shareholders or when declaring any interim dividends. The actual dividend that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as other factors deemed relevant by our Directors.

In considering the level of dividends payment (if any), upon recommendation of our Board of Directors, we intend to take into account the following factors:

- (i) our level of cash, gearing, ability to service debts, return on equity and retained earnings;
- (ii) our expected results of operations;
- (iii) our projected levels of capital expenditure and other investment plans; and
- (iv) our working capital requirements.

Notwithstanding the above, our Directors have full discretion to propose any waiver of future dividend payment as and when deemed necessary, if it is in the interest of our Company.

## 9. FINANCIAL INFORMATION (Cont'd)

### 9.6 SENSITIVITY ANALYSIS

The following sensitivity analysis of the consolidated profit forecast for the FYE 30 April 2008 is prepared by the management of our Group and has not been independently verified by the Reporting Accountants. It is based on the forecast assumptions set out in Section 9.8 below and assuming all factors remaining unchanged except for the 5% and 10% upward or downward variations in the turnover and the cost of sales. Notwithstanding the impacts of the variations in the turnover and cost of sales as outlined here, there may exist other factors which have not been taken into account, while variations may have a significant effect, either positively or negatively, on the financials of our Group. The sensitivity analysis is as follows: -

#### 9.6.1 Variations in Revenue

	Revenue (RM'000)	Cost of Sales (RM'000)	Gross Profit (RM'000)	PBT (RM'000)	PAT (RM'000)	GP Margin %
As Forecast	86,386	69,221	17,165	9,288	7,564	19.87
Up 10%	95,025	69,221	25,804	17,927	13,956	27.15
Up 5%	90,705	69,221	21,484	13,608	10,760	23.69
Down 5%	82,067	69,221	12,846	4,969	4,367	15.65
Down 10%	77,747	69,221	8,526	650	240	10.97

#### 9.6.2 Variations in Cost of Sales

	Revenue (RM'000)	Cost of Sales (RM'000)	Gross Profit (RM'000)	PBT (RM'000)	PAT & After MI (RM'000)	GP Margin %
As Forecast	86,386	69,221	17,165	9,288	7,564	19.87
Up 10%	86,386	76,143	10,243	2,366	1,822	11.86
Up 5%	86,386	72,682	13,704	5,827	5,002	15.86
Down 5%	86,386	65,760	20,626	12,749	10,125	23.88
Down 10%	86,386	62,299	24,087	16,210	12,686	27.88

### 9.7 DIRECTORS' ANALYSIS AND COMMENTARIES ON THE CONSOLIDATED PROFIT FORECAST

Our Directors confirm that the consolidated profit forecast of our Group for the FYE 30 April 2008 and the underlying bases and assumptions as stated in Section 9.8 have been reviewed by our Directors after due and careful inquiries, and that our Directors, having taken into account the future prospects of the industry (section 9.2.8), the future plans and strategies of our Group (section 4.6) and our level of gearing, liquidity and working capital requirements (section 9.2.8), are of the opinion that the profit forecast of our Group as set out in Section 9.4 above is achievable, barring unforeseen circumstances, and the assumptions made are reasonable. Due to the nature of our business and operations (as explained in Section 9.2.7(i)), we do not rely on any material fixed term contracts in arriving at the consolidated profit forecast.

**9. FINANCIAL INFORMATION (Cont'd)**

---

For the FYE 30 April 2008, our Group's revenue is forecast to increase by 16% to RM86.39 million as compared to the previous financial year's proforma consolidated revenue of RM74.42 million. The revenue of our Group is expected to be derived mainly from our core businesses i.e. manufacturing and sale of precision CD Bars as well as processing and marketing of cut-to-size steel products.

The growth of revenue is expected to derive from the expansion of the domestic market and the increasing sales from the overseas markets. The domestic sales are expected to increase from RM70.46 million to RM80.39 million for the FYE 30 April 2008, an increase of 14.09%.

Export sales are expected to increase from RM3.96 million to RM6.00 million for the FYE 30 April 2008, an increase of 51.4%. This is in line with the regional expansion plan of our Group in countries such as Indonesia, Thailand, Vietnam and Hong Kong. Overseas markets have begun to accept the products of our Group and these markets are expected to be one of the key growth drivers for our Group in the future.

Based on the management accounts for the six (6)-month FPE 31 Oct 2007, our Group has achieved approximately RM37.58 million in sales. In addition, our Group presently has an order book pending delivery of approximately RM7.36 million based on confirmed purchase orders.

The GP margin will not vary significantly from that in the FYE 30 April 2007, which is approximately 20%. In addition, the level of raw material costs incurred will be consistent with FYE 30 April 2007 cost-revenue relationship, which is approximately 66.75% of Group's revenue. If there is any significant increase in raw material purchase price as compared to FYE 30 April 2007, our Group expects that it will be in a position to pass on the increase in raw material price to our customers.

Our Group's PBT is forecast to increase from RM7.50 million to RM9.29 million in the FYE 30 April 2008. Our Group forecasts to register PAT of RM7.56 million in the FYE 30 April 2008, an increase of 29.0% from the previous financial year. For the FYE 30 April 2008, our Group's effective tax rate is forecast at 18.6% as compared to 21.9% in the FYE 30 April 2007 due mainly to investment tax allowance expected to be enjoyed on certain capital expenditure.

The consolidated profit forecast has been prepared on bases and accounting principles consistent with those previously adopted in the preparation of our audited financial statements for the FYE 30 April 2007.

Nevertheless, because of the subjective judgement and inherent uncertainties of forecasts, and as events and circumstances frequently do not occur as predicted, actual results may differ significantly from the forecast.

**THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK**



---

9. FINANCIAL INFORMATION (*Cont'd*)

---

9.8 REPORTING ACCOUNTANT'S LETTER ON THE CONSOLIDATED PROFIT FORECAST OF THE WZRB GROUP FOR THE FYE 30 APRIL 2008



Anuarul Azizan Chew & Co (AF 0791)  
Chartered Accountants

18 Jalan 1/64  
Off Jalan Kolam Air/Jalan Ipoh  
51200 Kuala Lumpur  
Malaysia

Tel 603 40417233  
Fax 603 40410395  
Email aac@aacco.com.my  
Websites www.aacco.com.my  
www.morisoninternational.com

16 November 2007

The Board of Directors  
Weng Zheng Resources Berhad  
20C, Jalan 1/64  
Off Jalan Kolam Air/Jalan Ipoh  
51200 Kuala Lumpur

Dear Sirs,

**WENG ZHENG RESOURCES BERHAD (“WZRB” or “the Company”)**

**CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 30 APRIL 2008**

We have reviewed the consolidated profit forecast of WZRB and its subsidiaries (“WZRB Group”) for the financial year ending 30 April 2008 as set out in the accompanying statements (which we have stamped for the purpose of identification) in accordance with the International Standard on Assurance Engagement 3400 – The Examination of Prospective Financial Information, applicable to the review of forecast. The forecast has been prepared solely for inclusion in the Prospectus of Weng Zheng Resources Berhad (“WZRB” or “the Company”) to be dated 10 December 2007, in connection with the listing of and quotation for the entire issued and paid-up share capital of 100,000,000 ordinary shares of RM0.50 each in WZRB on the Second Board of the Bursa Malaysia Securities Berhad. This letter should not be reproduced, referred to in any other document, or relied on for any other purposes without our prior written consent.

Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by WZRB Group in its audited financial statements for the financial period ended 31 July 2007. The Directors of WZRB Group are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which the management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

**9. FINANCIAL INFORMATION (Cont'd)**

---

Subject to the matters stated in the preceding paragraphs:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statements, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and
- (ii) in our opinion, the consolidated profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors.

Yours faithfully,



**ANUARUL AZIZAN CHEW & CO**  
Firm Number: AF 0791  
Chartered Accountants



**TEE GUAN PIAN**  
Approved Number: 1886/05/08 (J/PH)  
Partner of Firm

## 9. FINANCIAL INFORMATION (Cont'd)

## STATEMENT 1/8

WENG ZHENG RESOURCES BERHAD ("WZRB") AND ITS SUBSIDIARIES  
("WZRB GROUP")CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING  
30 APRIL 2008

Barring unforeseen circumstances and on the bases and assumptions set out below, the Board of Directors of the Company forecast that the consolidated profit forecast of WZRB Group for the financial year ending 30 April 2008 after incorporating the effects of the listing scheme is as follows:-

	Pre-acquisition profit estimate ** RM'000	Post-acquisition profit forecast ** RM'000	Full year profit forecast * RM'000
Turnover	<u>37,579</u>	<u>48,807</u>	<u>86,386</u>
Consolidated profit before taxation	4,045	5,243	9,288
Taxation	<u>(488)</u>	<u>(1,236)</u>	<u>(1,724)</u>
Consolidated profit after taxation	<u>3,557</u>	<u>4,007</u>	<u>7,564</u>
Negative goodwill ***		<u>3,804</u>	
Consolidated profit after taxation and after negative goodwill adjustment		<u>7,811</u>	
Number of ordinary shares of RM0.50 each in issue ('000)		46,580 ^	100,000 @
Earnings per share (sen)			
- based on consolidated profit before taxation		11.26	9.29
- based on consolidated profit after taxation		8.60	7.56
- based on consolidated profit after taxation and after negative goodwill adjustment		16.77	N/A
Net price-earnings multiple (times) #		-	8.99



9. FINANCIAL INFORMATION (*Cont'd*)

STATEMENT 2/8

WENG ZHENG RESOURCES BERHAD (“WZRB”) AND ITS SUBSIDIARIES  
 (“WZRB GROUP”)

CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING  
 30 APRIL 2008 (CONT'D)

Note:

- \* *The consolidated full year profit forecast for the financial year ending 30 April 2008 is presented for illustrative purposes only based on the assumption that WZRB Group has been in existence since 1 May 2007.*
- \*\* *Pre-acquisition consolidated profit estimate is in respect of operating results for the period from 1 May 2007 to the completion date of Acquisitions (“DOA”).*  
  
*Post-acquisition consolidated profit forecast is in respect of operating results for the period from the DOA to 30 April 2008.*
- \*\*\* *Negative goodwill of RM3.80 million arising from the Acquisitions is non-recurring and represents the excess of the fair values of the net identifiable assets acquired as at the completion date over the cost of acquisitions. In accordance with Financial Reporting Standard (FRS) 3: Business Combination, negative goodwill is recognised immediately in the income statement.*
- ^ *Represents weighted average number of ordinary shares in issue. Assuming that the Acquisitions were completed on 31 October 2007 and the Public Issue and Restricted Issue will be completed on 27 December 2007.*
- @ *Represents enlarged number of ordinary shares in issue.*
- # *Calculated based on the issue price of RM0.68 per ordinary share of RM0.50 each.*

The Acquisitions were completed on 6 November 2007 when the sale and purchase agreements became unconditional. For accounting purposes, the Acquisitions were deemed completed on 31 October 2007 as the Board of WZRB is of the view that the financial effects from 31 October 2007 to completion of Acquisitions on 6 November 2007 are immaterial.

**Basis of Preparation**

The consolidated profit forecast of WZRB Group has been prepared using applicable Financial Reporting Standard (“FRS”) issued by Malaysian Accounting Standards Board (“MASB”) as at 31 July 2007 and consistent with the accounting principles and bases previously adopted by WZRB Group.



## 9. FINANCIAL INFORMATION (Cont'd)

## STATEMENT 3/8

**WENG ZHENG RESOURCES BERHAD (“WZRB”) AND ITS SUBSIDIARIES (“WZRB GROUP”)****Principal Bases and Assumptions relating to the Consolidated Profit Forecast**

In conjunction with, and as an integral part of the listing and quotation for the entire issued and paid-up share capital of WZRB on the Second Board of the Bursa Securities, WZRB undertook a listing scheme which involved the following exercises: -

## (a) Incorporation of Valuation Surplus and/or Deficit

In conjunction with the Listing, WZRB Group has undertaken a valuation for all the landed properties owned by WZRB Group.

WZRB Group incorporated the valuation surplus and/or deficit arising from the above-mentioned valuation into the books of the respective companies of WZRB Group for three (3)-month financial period ended 31 July 2007.

## (b) The Acquisitions

WZRB acquired 100% equity interest in WZSB, WZT and WZM by issuing a total of 77,616,646 WZRB Shares as follows:-.

Company	Purchase consideration RM	No. of WZRB Shares issued
WZSB	30,780,208	61,560,416
WZT	7,766,392	15,532,784
WZM	261,723	523,446
<b>TOTAL</b>	<b>38,808,323</b>	<b>77,616,646</b>

Basis of valuation of purchase consideration for the Acquisitions was arrived at after taking into consideration the adjusted NTA as at 30 April 2007 of the respective companies (after incorporating the valuation surplus and/or deficits mentioned in section (a) above, and unrealised profit on stocks held by WZM arising from inter-company transactions). The Acquisitions were completed on 6 November 2007.

Upon completion of the Acquisitions, the issued and paid up share capital of WZRB increased from RM2 comprising four (4) WZRB Shares to RM38,808,325 comprising 77,616,650 WZRB Shares.



## 9. FINANCIAL INFORMATION (Cont'd)

## STATEMENT 4/8

WENG ZHENG RESOURCES BERHAD ("WZRB") AND ITS SUBSIDIARIES  
("WZRB GROUP")

## (c) Public Issue

The Public Issue of 15,000,000 new Shares at an issue price of RM0.68 are payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated in the following manner: -

	No. of Public Issue Shares to be allocated	Percentage of enlarged capital %
(i) Eligible Directors and employees WZRB Group (by way of pink forms)	2,500,000	2.50
(ii) General public (by way of balloting)	6,000,000	6.00
(iii) Institutional and selected investors (by way of placements)	6,500,000	6.50
	15,000,000	15.00

Upon completion of the Public Issue, the issued and paid-up share capital of WZRB will increase from RM38,808,325 comprising 77,616,650 WZRB Shares to RM46,308,325 comprising 92,616,650 WZRB Shares.

## (d) Restricted Issue

WZRB will undertake a Restricted Issue of 7,383,350 new WZRB Shares at an issue price of RM0.68 to Bumiputera investors approved/nominated by the MITI. As a result of the Restricted Issue, the issued and paid-up share capital of WZRB will increase from RM46,308,325 comprising 92,616,650 WZRB Shares to RM50,000,000 comprising 100,000,000 WZRB Shares.

## (e) Offer for Sale

The Offerors will undertake an Offer for Sale of 22,616,650 WZRB Shares at the Offer Price of RM0.68 per Offer Share to Bumiputera investors approved/nominated by the MITI.

## (f) Listing

Upon completion of the Acquisitions, Incorporation of Valuation Surplus and/or Deficit, Public Issue, Restricted Issue and Offer for Sale, the entire enlarged issued and paid-up share capital of WZRB of RM50,000,000 comprising 100,000,000 WZRB Shares will be listed and quoted on the Second Board of Bursa Securities.



## 9. FINANCIAL INFORMATION (Cont'd)

## STATEMENT 5/8

WENG ZHENG RESOURCES BERHAD ("WZRB") AND ITS SUBSIDIARIES  
("WZRB GROUP")

## Principal Bases and Assumptions relating to the Consolidated Profit Forecast (Cont'd)

## Specific Assumption

1. WZRB Group anticipates a revenue growth of approximately 16.08% or RM11.96 million for financial year ending 30 April 2008 as compared to the revenue growth of 17.95% or RM11.32 million achieved by WZRB Group in financial year ended 30 April 2007. The revenue growth for financial year ending 30 April 2008 is attributable to the increase in revenue from manufacturing activity.

Further analysis of the turnover forecast is as follows:

	2008 RM'000	2007 RM'000
<b>Revenue by activity:-</b>		
Manufacturing	53,588	45,495
Trading	32,798	28,927
	<u>86,386</u>	<u>74,422</u>
<b>Revenue by market:-</b>		
Domestic	80,386	70,460
Overseas	6,000	3,962
	<u>86,386</u>	<u>74,422</u>

2. During financial year ending 2008, WZRB Group had purchased additional combined drawing machine and WZRB Group expects to increase its current maximum operating capacity from 1,500 - 1,800 metric tonnes per month to 1,800 – 2,100 metric tonnes per month. This enable WZRB Group to increase production to accommodate the expected increase in turnover for financial year ending 30 April 2008.
3. It is assumed that WZRB will continue to enjoy the benefits from the tax incentive and "Approved Permits" on the imported raw materials.
4. It is assumed that the consolidated gross profit margins of WZRB Group will not vary significantly from financial year ended 30 April 2007, which is approximately 20%.
5. It is assumed that the level of raw material costs incurred (including steel wire rod) will be consistent with financial year ended 30 April 2007 cost-revenue relationship, which is approximately 66.75% of WZRB Group's revenue. If there is any significant increase in raw material purchase price as compared to financial year ended 30 April 2007, the increase in raw material prices will be adequately compensated through an equivalent revision in the selling price.



## 9. FINANCIAL INFORMATION (Cont'd)

## STATEMENT 6/8

WENG ZHENG RESOURCES BERHAD ("WZRB") AND ITS SUBSIDIARIES  
("WZRB GROUP")

## Principal Bases and Assumptions relating to the Consolidated Profit Forecast (Cont'd)

6. Revenue related expenses are expected to increase 10.00% per annum.
7. Staff costs are estimated based on current staff cost incurred and no significant material increase of staff cost is expected other than projected 10.00% increase in financial year ending 2008.
8. Allowance for doubtful debts is assumed to be at 1.00% of the total receivables.
9. WZRB Group will continue to enjoy the existing credit facilities at present terms and conditions and additional credit facilities will be available at similar terms and conditions when WZRB Group requires additional borrowings from financial institutions. Interest rates incorporated in the consolidated profit forecast are as below:-

	Interest rate % per annum
Bank overdrafts	7.50
Bankers' acceptance	5.00
Term loans	<u>5.50 - 7.50</u>

10. WZRB Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is mainly United States Dollar. WZRB Group may hedge some of its commitments with financial institutions. In addition, WZRB Group exposure on foreign currency risk in sales and purchase will provide a natural hedge to some degree that could minimise the foreign exchange exposure with its foreign currency income and expenses.
11. The total gross proceeds arising from the Public Issue and Restricted Issue amounting to RM15.22 million will be utilised as follows:-

	RM'000
Capital expenditure/business expansion	4,500
Repayment of bank borrowings	5,000
Working capital	3,421
Estimated listing expenses	2,300
	<u>15,221</u>

Listing expenses estimated at RM2,300,000 will be set off against the share premium account in the financial year ending 30 April 2008.





---

9. FINANCIAL INFORMATION (Cont'd)

---

STATEMENT 7/8

**WENG ZHENG RESOURCES BERHAD (“WZRB”) AND ITS SUBSIDIARIES  
 (“WZRB GROUP”)**

**Principal Bases and Assumptions relating to the Consolidated Profit Forecast (Cont'd)**

**General Assumption**

1. There will be no significant changes in the principal activities, group structure, key management, operating policies, accounting and business policies presently adopted by the Group.
2. The sales and related costs as forecasted by the Directors after taking into consideration the present market conditions of selling prices and related costs of the Group. Generally, the current trend of increasing demand for the products of the Group will be maintained. There will be no significant changes in the prices and utilisation rate of raw materials, labour and other operating costs of the Group.
3. There will be no major breakdown or disruption in manufacturing facilities as well as industrial disputes or any abnormal or extraordinary circumstances which will materially affect the Group operations, sales and supplies.
4. There will be sufficient supply of skilled and unskilled labour, materials and equipment to meet the operational requirements anticipated to be carried out by the Group.
5. The Group's products will not be obsolete and will be enhanced to keep pace with continuing changes in technology, evolving industry standards and emerging client needs and performances. There will be no significant defects or errors of the Group's products that will materially affect the business of the Group.
6. There will be no significant changes to the prevailing economic, political and market conditions in Malaysia and elsewhere that will materially affect the activities or performance of the Group.
7. There will be no material changes to present legislation or Government regulations, rates and bases of duties, levies and taxes which will materially affect the Group's activities or the markets in which it operates.
8. The tax liabilities will be at the prevailing tax rate and all unutilised capital allowances will be agreed and approved by the Inland Revenue Board.
9. There will not be any loss of the Group's existing suppliers, customers and business alliances that will materially affect the revenue of the Group. The Group will not experience exceptional level of bad or doubtful debts.



**9. FINANCIAL INFORMATION (Cont'd)**

---

**STATEMENT 8/8**

**WENG ZHENG RESOURCES BERHAD (“WZRB”) AND ITS SUBSIDIARIES  
 (“WZRB GROUP”)**

**Principal Bases and Assumptions relating to the Consolidated Profit Forecast (Cont'd)**

10. Capital expenditure will be implemented and incurred as scheduled and there will be no material acquisition or disposal of property, plant and equipment or investments other than those planned and incorporated in the profit and cash flow forecast.
11. The Group will not be engaged in any material litigation and there will be no legal proceedings, which will adversely affect their activities or performance or give rise to any additional contingent liabilities, which will materially affect their position or business. There will be no material claims.
12. There will be no unrealised profit for the inter-company sales as all inventories resulting from the inter-company sales have been disposed of.



---

## 10. ACCOUNTANTS' REPORT

---

*(Prepared for inclusion in the Prospectus)*



**Anuarul Azizan Chew & Co** (AF 0791)  
Chartered Accountants

18 Jalan 1/64  
Off Jalan Kolam Air/Jalan Ipoh  
51200 Kuala Lumpur  
Malaysia

Tel 603 40417233  
Fax 603 40410395  
Email [aac@aacco.com.my](mailto:aac@aacco.com.my)  
Websites [www.aacco.com.my](http://www.aacco.com.my)  
[www.morisoninternational.com](http://www.morisoninternational.com)

16 November 2007

The Board of Directors  
Weng Zheng Resources Berhad  
20C, Jalan 1/64  
Off Jalan Kolam Air/Jalan Ipoh  
51200 Kuala Lumpur

Dear Sirs,

### **WENG ZHENG RESOURCES BERHAD (“WZRB”) ACCOUNTANTS' REPORT**

#### **1. PURPOSE OF REPORT**

This report has been prepared by Messrs. Anuarul Azizan Chew & Co., an approved company auditors, for the inclusion in the Prospectus of Weng Zheng Resources Berhad (“WZRB” or “the Company”) to be dated 10 December 2007, in connection with the listing of and quotation for the entire issued and paid-up share capital of 100,000,000 ordinary shares of RM0.50 each in WZRB on the Second Board of the Bursa Malaysia Securities Berhad (“Bursa Securities”). The details of the listing scheme are disclosed in Section 4 of this report.

#### **2. ABBREVIATIONS**

In this report, unless specifically stated otherwise, the following abbreviations and words shall have the following meanings: -

AAC	Anuarul Azizan Chew & Co
Bursa Securities	Bursa Malaysia Securities Berhad (635998-W)
FPE	Financial period ended
FYE	Financial year ended
IPO	The initial public offerings in connection with the listing of and quotation for the entire issued and paid-up share capital of WZRB on the Second Board of Bursa Securities.

**10. ACCOUNTANTS' REPORT (Cont'd)**

---

MITI	Ministry of International Trade and Industry
N/A	Not Applicable
NTA	Net Tangible Assets
PPE	Property, plant and equipment
RM	Ringgit Malaysia
Second Board	Second Board of Bursa Securities
WZM	Weng Zheng Marketing Sdn Bhd
WZRB or the Company	Weng Zheng Resources Berhad
WZRB Group or the Group	WZRB and its subsidiaries, namely WZSB, WZT and WZM
WZSB	Weng Zheng Sdn Bhd
WZT	Weng Zheng Trading Sdn Bhd

**3. LISTING SCHEME**

In conjunction with, and as an integral part of the listing and quotation for the entire issued and paid-up share capital of WZRB on the Second Board of the Bursa Securities, WZRB undertook a listing scheme which involved the following exercises: -

(a) Incorporation of Valuation Surplus and/or Deficit

In conjunction with the Listing, WZRB Group has undertaken a valuation for all the landed properties owned by WZRB Group.

WZRB Group incorporated the valuation surplus and/or deficit arising from the above-mentioned valuation into the books of the respective companies of WZRB Group for three (3)-month FPE 31 July 2007.

## 10. ACCOUNTANTS' REPORT (Cont'd)

## (b) The Acquisitions

WZRB acquired 100% equity interest in WZSB, WZT and WZM by issuing a total of 77,616,646 WZRB Shares as follows:-

Company	Purchase consideration RM	No. of WZRB Shares issued
WZSB	30,780,208	61,560,416
WZT	7,766,392	15,532,784
WZM	261,723	523,446
<b>TOTAL</b>	<b>38,808,323</b>	<b>77,616,646</b>

Basis of valuation of purchase consideration for the Acquisitions was arrived at after taking into consideration the adjusted NTA as at 30 April 2007 of the respective companies (after incorporating the valuation surplus and/or deficits mentioned in section (a) above, and unrealised profit on stocks held by WZM arising from inter-company transactions). The Acquisitions were completed on 6 November 2007.

Upon completion of the Acquisitions, the issued and paid up share capital of WZRB increased from RM2 comprising four (4) WZRB Shares to RM38,808,325 comprising 77,616,650 WZRB Shares.

## (c) Public Issue

The Public Issue of 15,000,000 new Shares at an issue price of RM0.68 are payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated in the following manner: -

	No. of Public Issue Shares to be allocated	Percentage of enlarged capital %
(i) Eligible Directors and employees WZRB Group (by way of pink forms)	2,500,000	2.50
(ii) General public (by way of balloting)	6,000,000	6.00
(iii) Institutional and selected investors (by way of placements)	6,500,000	6.50
	<b>15,000,000</b>	<b>15.00</b>

Upon completion of the Public Issue, the issued and paid-up share capital of WZRB will increase from RM38,808,325 comprising 77,616,650 WZRB Shares to RM46,308,325 comprising 92,616,650 WZRB Shares.

## 10. ACCOUNTANTS' REPORT (Cont'd)

---

(d) Restricted Issue

WZRB will undertake a Restricted Issue of 7,383,350 new WZRB Shares at an issue price of RM0.68 to Bumiputera investors approved/nominated by the MITI. As a result of the Restricted Issue, the issued and paid-up share capital of WZRB will increase from RM46,308,325 comprising 92,616,650 WZRB Shares to RM50,000,000 comprising 100,000,000 WZRB Shares.

(e) Offer for Sale

The Offerors will undertake an Offer for Sale of 22,616,650 WZRB Shares at the Offer Price of RM0.68 per Offer Share to Bumiputera investors approved/nominated by the MITI.

(f) Listing

Upon completion of the Acquisitions, Incorporation of Valuation Surplus and/or Deficit, Public Issue, Restricted Issue and Offer for Sale, the entire enlarged issued and paid-up share capital of WZRB of RM50,000,000 comprising 100,000,000 WZRB Shares will be listed and quoted on the Second Board of Bursa Securities.

## 4. GENERAL INFORMATION

### 4.1 Background

WZRB was incorporated in Malaysia as a public limited company under the Companies Act, 1965, on 15 September 2004 under its present name.

### 4.2 Principal Activities

The principal activity of WZRB is that of investment holding. The details of its subsidiary companies are set out in section 4.5 of this report.

### 4.3 Share Capital

As at the date of incorporation, WZRB's authorised share capital was RM100,000 consisting of 200,000 ordinary shares of RM0.50 each and its issued and paid up share capital was RM2.00 comprising four (4) ordinary shares of RM0.50 each.

---

**10. ACCOUNTANTS' REPORT (Cont'd)**

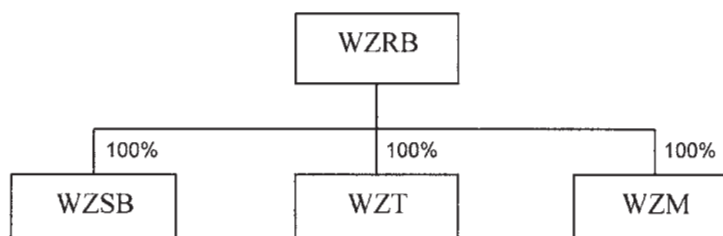

---

The movement in WZRB's issued and paid up share capital since its incorporation is as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par value	Consideration	Cumulative issued and paid-up share capital
		RM		RM
15.9.2004	4	0.50	Subscribers' shares	2
6.11.2007	61,560,416	0.50	Acquisition of WZSB	30,780,210
6.11.2007	15,532,784	0.50	Acquisition of WZT	38,546,602
6.11.2007	523,446	0.50	Acquisition of WZM	38,808,325

#### 4.4 Group Structure

The group structure of WZRB Group is as follows:-



WZRB Group was only formed subsequent to the acquisition of WZSB, WZT and WZM on 6 November 2007 in conjunction with the listing scheme of WZRB on the Second Board of Bursa Securities.

## 10. ACCOUNTANTS' REPORT (Cont'd)

## 4.5 Subsidiary Companies

The subsidiary companies of WZRB as at the date of this report and their principal activities are as follows:-

Name of company	Date/Place of incorporation	Authorised share capital	Issued and fully paid-up share capital	Principal activities
		RM'000	RM'000	
WZSB	17.2.1992 Malaysia	5,000	1,350	Manufacturing and processing of cold drawn bright steel and other steel products.
WZT	27.5.1996 Malaysia	5,000	1,040	Trading in steel products.
WZM	17.8.1995 Malaysia	100	*	Trading in and processing of cut-to-size steel products.

\* Represents 2 ordinary shares of RM1.00 each at par

## 4.6 Dividend

- (a) No dividend was paid or declared by WZRB since the date of incorporation.
- (b) During the FYE 2005, WZSB paid an interim tax-exempt dividend of 200% per ordinary share of RM1 each, amounting to approximately RM2.00 million in respect of FYE 2005.

No other dividend was paid or declared by WZSB during the financial years/period under review.

- (c) During the FYE 2005, WZT paid an interim tax-exempt dividend of 63% per ordinary share of RM1 each, amounting to approximately RM0.65 million in respect of FYE 2005.

No other dividend was paid or declared by WZT during the financial years/period under review.

- (d) No dividend was paid or declared by WZM during the financial years/period under review.



---

**10. ACCOUNTANTS' REPORT (Cont'd)**


---

**5. FINANCIAL STATEMENTS AND AUDITORS**

The audited financial statements and auditors of WZRB and its subsidiary companies for the financial years and periods under review are as follows:-

<b>Company</b>	<b>Relevant financial years/periods</b>	<b>Auditors</b>
WZRB	Financial period from 15 September 2004 (date of incorporation) to 30 April 2005	AAC
	FYE 30 April 2006	AAC
	FYE 30 April 2007	AAC
	FPE 31 July 2007	AAC
WZSB	FYE 30 April 2005	TYC
	FYE 30 April 2006	TYC
	FYE 30 April 2007	TYC
	FPE 31 July 2007	TYC
WZT	FYE 30 April 2005	TYC
	FYE 30 April 2006	TYC
	FYE 30 April 2007	TYC
	FPE 31 July 2007	TYC
WZM	FYE 31 December 2005	TYC
	FYE 31 December 2006	TYC
	Financial period from 1 January 2007 to 30 April 2007	TYC
	Financial period from 1 May 2007 to 31 July 2007	TYC

*Note:*

AAC *Messrs Anuarul Azizan Chew & Co*  
 TYC *Messrs Tai, Yapp & Co*

**5.1 Auditors' Report**

The financial statements of WZRB, WZSB, WZT and WZM for the financial years/period under review were reported without any qualification. However, AAC has draw the attention that WZRB has a deficit in shareholders funds during the financial periods/years under review and the continuation of WZRB as a going concern is dependent upon its ability to attain future profitable operations and continuous financial support from its shareholders and creditors.

**5.2 Accounting Policies and Standards**

The financial statements of WZRB Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed under significant accounting policies as presented in Section 12. The financial statements comply with approved accounting standards in Malaysia for the relevant financial years/periods under review.