## 2. INFORMATION SUMMARY

**THIS FOLLOWING INFORMATION SUMMARY SETS OUT THE SALIENT INFORMATION CONTAINED IN THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THIS INFORMATION SUMMARY TOGETHER WITH THE FULL TEXT OF THIS PROSPECTUS BEFORE YOU DECIDE WHETHER TO INVEST IN OUR COMPANY.**

### 2.1 OUR HISTORY AND BUSINESS

Our Company was incorporated in Malaysia under the Act on 23 November 2006 as a private limited company under the name of Signature International Sdn Bhd. Our Company was subsequently converted into a public limited company and assumed our present name on 13 April 2007. Our Company was incorporated as an investment holding company to facilitate our Listing exercise and we currently have seven subsidiary companies. A summary of the principal activities and details of our subsidiary companies are as follows:

| Name of Company | % held | Date of incorporation | Date of commencement | Principal activities |
|---|---|---|---|---|
| ***Our Subsidiary Companies*** | | | | |
| Cabinet Industries | 100 | 14 May 1994 | 31 December 1994 | Design, marketing and distribution of Kitchen Systems, Wardrobe Systems and Built-In Kitchen Appliances |
| Obicorp | 100 | 23 August 2002 | 1 December 2002 | Marketing and distribution of Built-In Kitchen Appliances and White Goods |
| Signature Aluminium | 60 | 4 March 2005 | 4 March 2005 | Manufacture of glass and aluminium products |
| Signature Kitchen Industries | 100 | 14 April 1999 | 1 March 2000 | Ceased operations |
| Signature Manufacturing | 100 | 8 July 2005 | 11 January 2006 | Manufacturing of Kitchen Systems and Wardrobe Systems |
| Signature Kitchen | 100 | 5 July 2002 | 26 February 2006 | Retailing of Kitchen Systems, Wardrobe Systems and Built-In Kitchen Appliances |
| Fabriano | 100 | 25 May 2001 | 25 May 2001 | Investment holding |

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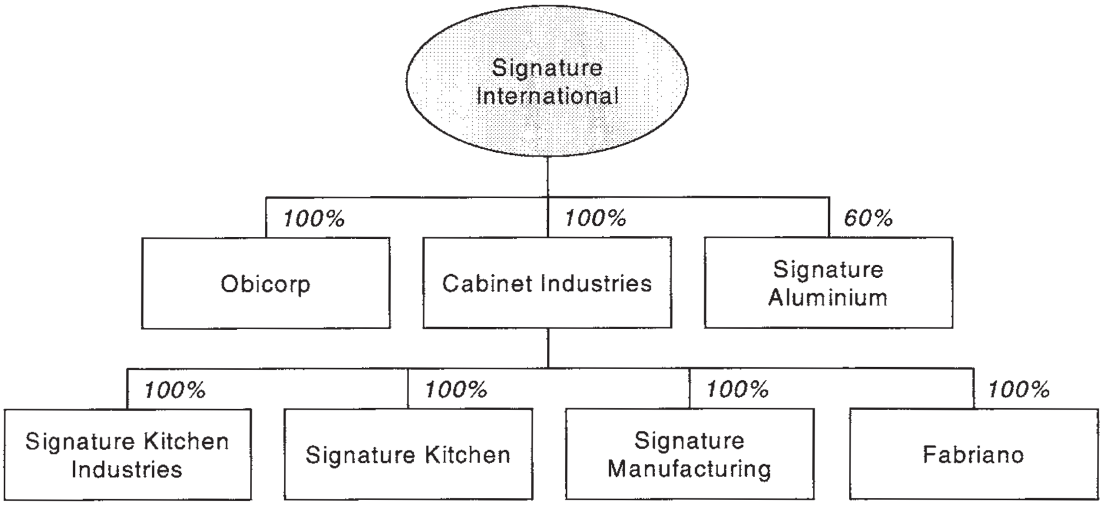
## 2. INFORMATION SUMMARY *(Cont'd)*

Our Group's corporate structure is depicted as follows:




Since the commencement of our operations in 1994, we have established ourselves as a major designer, manufacturer and retailer of Kitchen Systems. As at 20 November 2007, we have a cumulative customer base of approximately 22,000 customers since the commencement of our business operations in 1994.

For the FYE 30 June 2007, we achieved a consolidated revenue of RM85.15 million and a consolidated PATMI of RM10.99 million. Based on the assessment by Vital Factor, our Group is one of the leading operators of Branded Kitchen Systems in Malaysia. In addition, based on the assessment by Vital Factor, our Group has the largest retail network of Kitchen Systems in Malaysia based on 21 local retail showrooms in major cities and towns operating under the 'Signature Kitchen' brand name in Malaysia. Of these local retail showrooms, 7 are fully owned by our Group and the remaining 14 are managed and fully owned by appointed dealers.

We believe that our Group's competitive strengths are as follows:

- Integrated designer, manufacturer and retailer of Kitchen Systems
- One of the leading operators of branded Kitchen Systems in Malaysia
- Product quality
- Established track record
- One-stop solution in Kitchen Systems
- Branding
- Strong network of retail showrooms

Please refer to Section 6 and Section 7 of this Prospectus for further information.

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## 2. INFORMATION SUMMARY *(Cont'd)*

### 2.2 OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

Set out below is the information summary on shareholdings of our Promoter, substantial shareholders, Directors and key management and key technical personnel before and after the IPO. The information summary is extracted from and should be read in conjunction with Section 9 of this Prospectus.

#### 2.2.1 Our Promoters and Substantial Shareholders

| | <-----Before IPO----- | | | | <-----After IPO-----> | | | |
|---|---|---|---|---|---|---|---|---|
| | Direct | | Indirect | | Direct | | Indirect | |
| Name | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| **Promoters and Substantial Shareholders** | | | | | | | | |
| Tan Kee Choong | 21,584,068 | 34.64 | - | - | 20,500,000 | 25.63 | - | - |
| Chooi Yoey Sun | 21,535,178 | 34.56 | - | - | 20,500,000 | 25.63 | - | - |
| **Substantial Shareholders** | | | | | | | | |
| Dato' Hamzah bin Mohd Salleh | 2,998,441 | 4.81 | - | - | 6,798,441 | 8.50 | - | - |
| Nik Mohd Iskandar bin Nik Hassan | 5,996,881 | 9.62 | - | - | 5,996,881 | 7.50 | - | - |

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## 2. INFORMATION SUMMARY *(Cont'd)*

### 2.2.2 Our Directors

| | | | Before IPO | | | | After IPO | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Direct | | Indirect | | Direct | | Indirect | |
| Directors | Designation | Nationality | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Dato' Anuar bin Othman | Independent Non-Executive Chairman | Malaysian | 2,998,441 | 4.81 | - | - | 2,998,441 | 3.75 | - | - |
| Tan Kee Choong | Managing Director | Malaysian | 21,584,068 | 34.64 | - | - | 20,500,000 | 25.63 | - | - |
| Chooi Yoey Sun | Executive Director | Malaysian | 21,535,178 | 34.56 | - | - | 20,500,000 | 25.63 | - | - |
| Nik Mohd Iskandar bin Nik Hassan | Non-Independent Non-Executive Director | Malaysian | 5,996,881 | 9.62 | - | - | 5,996,881 | 7.50 | - | - |
| Yap Khong | Independent Non-Executive Director | Malaysian | - | - | - | - | - | - | - | - |
| Wong Maw Chuan | Independent Non-Executive Director | Malaysian | - | - | - | - | - | - | - | - |

## 2. INFORMATION SUMMARY *(Cont'd)*

### 2.2.3 Our Key Management and Key Technical Personnel

| Name | Designation | Before IPO Direct No. of Shares | % | Before IPO Indirect No. of Shares | % | After IPO Direct No. of Shares | % | After IPO Indirect No. of Shares | % |
|---|---|---|---|---|---|---|---|---|---|
| Tan Kee Choong | Managing Director | 21,584,068 | 34.64 | - | - | 20,500,000 | 25.63 | - | - |
| Chooi Yoey Sun | Executive Director | 21,535,178 | 34.56 | - | - | 20,500,000 | 25.63 | - | - |
| Leong Kin San | Director of Operations of Cabinet Industries | - | - | - | - | 129,000 (1) | 0.16 | - | - |
| Mohd Anwar bin Hj. Abdul Wahab | Project Director of Cabinet Industries | 999,498 | 1.60 | - | - | 2,009,544 | 2.51 | - | - |
| Chang Chee Keong | Sales and Marketing Manager of Cabinet Industries | - | - | - | - | 50,000 (1) | 0.06 | - | - |
| Kan Wing Hing | Corporate Finance Manager of Cabinet Industries | - | - | - | - | 100,000 (1) | 0.13 | - | - |
| Ang Chek Peow | Director of Signature Aluminium | - | - | - | - | 100,000 (1) | 0.13 | - | - |

***Note:***

*(1)* *Assuming full subscription of their respective allocations of pink form shares pursuant to the Public Issue.*

## 2.3 FINANCIAL HIGHLIGHTS

### 2.3.1 Consolidated Income Statements of our Proforma Group

The following table sets out the summary of the proforma consolidated income statements of our Group for the past 3 financial years up to FYE 30 June 2007, which have been prepared based on the assumption that our current Group structure has been in existence throughout the financial years under review. You should read this proforma consolidated income statements in conjunction with the accompanying notes and assumptions included in the "Reporting Accountants' Letter on the Proforma Consolidated Financial Information" as set out in Section 13.4 of this Prospectus.

| | < ---------------- Proforma Group ------------- > | | |
|---|---|---|---|
| | **FYE 30.6.2005 RM'000** | **FYE 30.6.2006 RM'000** | **FYE 30.6.2007 RM'000** |
| Revenue | 51,838 | 57,839 | 85,146 |
| Gross profit | 17,866 | 21,020 | 29,059 |
| Profit from operations | 8,019 | 8,872 | 14,848 |
| EBITDA | 8,427 | 9,585 | 16,196 |
| Depreciation | (532) | (928) | (1,458) |
| Interest expenses | (131) | (271) | (386) |
| Interest income | 77 | 89 | 79 |
| PBT | 7,841 | 8,475 | 14,431 |
| Taxation | (2,301) | (1,928) | (3,319) |
| PAT | 5,540 | 6,547 | 11,112 |
| MI | (5) | (14) | (125) |
| **PATMI** | **5,535** | **6,533** | **10,987** |
| Gross profit margin (%) | 34.5 | 36.3 | 34.1 |
| PBT margin (%) | 15.1 | 14.7 | 16.9 |
| PATMI margin (%) | 10.7 | 11.3 | 12.9 |
| Number of Shares assumed in issue ('000) [(3)] | 49,435 | 62,309 | 62,309 |
| Basic net EPS (sen) | 11.2 | 10.5 | 17.6 |

***Notes:***

*(1) There is no exceptional item or extraordinary item reported by our Group during the financial years under review.*

*(2) There is no share of profits or losses of associated companies and joint ventures during the financial years under review.*

*(3) Assumed number of Shares in issue after the Acquisitions and Debt Settlement, but before the Public Issue.*

### 2.3.2 Proforma Consolidated Balance Sheets as at 30 June 2007 After Incorporating the Effects of the Flotation Scheme

The following table sets out the summary of the proforma consolidated balance sheets of our Group as at 30 June 2007, assuming that the Flotation Scheme and utilisation of the proceeds had been effected as at that date and should be read in conjunction with the notes and assumptions to the proforma consolidated balance sheets as included in the "Reporting Accountants' Letter on the Proforma Consolidated Financial Information" as set out in Section 13.4 of this Prospectus.

| | (A) | (B) | (C) | (D) | |
|---|---|---|---|---|---|
| | **Audited as at 30 June 2007** | **After (A) and Acquisitions** | **After (B) and Debt Settlement** | **After (C) and Public Issue** | **After (D) and utilisation of proceeds** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Non-current assets | - | 18,673 | 18,673 | 18,673 | 34,633 |
| Current assets | 4 | 35,577 | 35,577 | 57,690 | 39,930 |
| Current liabilities | 12 | 18,353 | 17,135 | 17,135 | 17,135 |
| Net current (liabilities)/ assets | (8) | 17,224 | 18,442 | 40,555 | 22,795 |
| Non-current liabilities | - | 5,018 | 5,018 | 5,018 | 5,018 |
| Shareholders' (deficit)/ equity | (8) | 30,655 | 31,873 | 53,986 | 52,186 |
| Number of Shares in issue ('000) | ^ | 59,873 | 62,309 | 80,000 | 80,000 |
| (Net liabilities)/ NA per Share (RM) | (2,000) | 0.51 | 0.51 | 0.67 | 0.65 |

***Note:***

^ *Issued and paid-up share capital of RM2 comprising 4 Shares.*

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### 2.3.3 Future Financial Information

The following is a summary of the consolidated profit forecast of our Company for the FYE 30 June 2008:

| **FYE** | **Forecast 30 June 2008** |
|---|---|
| Revenue (RM'000) | 94,728 |
| Consolidated PBT (RM'000) | 17,147 |
| Less: Taxation (RM'000) | (3,739) |
| Consolidated PAT (RM'000) | 13,408 |
| MI | (186) |
| Consolidated PATMI | 13,222 |
| Issued and paid-up share capital | |
| - weighted average number of Shares in issue ('000) | 45,798 [(1)] |
| - enlarged number of Shares in issue upon Listing ('000) | 80,000 |
| Based on the weighted average number of Shares in issue | |
| Basic EPS (sen) | 28.9 |
| PE Multiple (times) [(2)] | 4.3 |
| Based on the enlarged number of Shares in issue upon Listing | |
| Basic EPS (sen) | 16.5 |
| PE Multiple (times) [(2)] | 7.6 |

***Notes:***

*(1) The weighted average number of Shares assumed in issue is calculated based on the assumption that the Acquisitions and Debt Settlement were completed on 20 November 2007, whilst the Public Issue and Offer for Sale are expected to be completed on 18 January 2008.*

*(2) Calculated based on the IPO Price divided by the basic net EPS.*

You should refer to Section 15.2 of this Prospectus for the details of the principal bases and assumptions underlying the consolidated profit forecast, as set out in the appendix accompanying the Reporting Accountants' letter on the consolidated profit forecast.

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### 2.3.4 Dividend Forecast

Based on the forecast consolidated PATMI of our Company for the FYE 30 June 2008 as set out in Section 2.3.3 above and on the assumption that the present basis for calculating taxation and the taxation rates remain unchanged, our Directors propose to declare gross dividends of 5% per Share based on the enlarged issued and paid-up share capital of 80,000,000 Shares for the FYE 30 June 2008:

| **FYE 30 June 2008** | |
|---|---|
| Dividend per Share (sen) | |
| - Gross | 2.50 |
| - Net | 1.85 |
| Dividend yield (%) (1) | |
| - Gross | 2.00 |
| - Net | 1.48 |
| Net dividend cover (times) (2) | 8.9 |

***Notes:***

*(1) Calculated based on gross/ net dividend per Share divided by the IPO Price.*

*(2) Calculated based on the forecast consolidated PATMI of our Company for the FYE 30 June 2008 divided by the aggregate net dividend proposed of RM1.48 million.*

Please refer to Section 15.4 of this Prospectus for further information on factors which affect our dividend policy.

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## 2.4 SUMMARY OF THE IPO

IPO Size : 19,810,046 IPO Shares comprising the following:

(i) 17,690,800 Issue Shares, representing approximately 22.1% of our Company's enlarged issued and paid-up share capital, will be made available for application by the Malaysian public, eligible employees of our Group and persons who have contributed to the success of our Group, identified private placees and Bumiputera investors approved by the MITI; and

(ii) 2,119,246 Offer Shares, representing approximately 2.6% of our Company's enlarged issued and paid-up share capital, will be reserved for Bumiputera investors approved by the MITI.

IPO Price : RM1.25 per IPO Share

Purpose of the IPO : The main purpose of the listing of our Company on the Second Board of Securities Exchange is to enhance our Group's public image and corporate visibility as well as to provide our Group with access to the capital markets to raise funds for our future expansion and continued growth.

The IPO will also provide an opportunity for the Malaysian investing public and institutions, the eligible employees of our Group and persons who have contributed to the success of our Group to participate in the continuing growth of our Group by way of equity participation.

Use of Proceeds : We intend to utilise the gross proceeds from the Public Issue of RM22.11 million in the following manner:

| **Purpose** | **RM'000** |
|---|---|
| Extension of lease period for the existing leasehold land leased by Cabinet Industries | 5,663 |
| Leasing of new leasehold land and extension of lease period | 5,997 |
| Construction of new factory and purchase of machinery and equipment | 4,300 |
| Working capital | 4,353 |
| Estimated listing expenses | 1,800 |
| | 22,113 |

For further information on the IPO, please refer to Sections 4.4 to 4.8 of this Prospectus.

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## 2.5 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks and investment considerations as set out in Section 5 of this Prospectus (which may not be exhaustive):

**Risks relating to our industry and our business:**

- Our business is dependent on the residential property market
- We face competition from other operators within the Kitchen Systems industry
- We depend on our major customer
- We may face potential delay in completion of development projects
- We are exposed to higher credit risks for project customers
- We do not have contracts with our non-project customers
- We depend on our appointed dealers for non-project revenue
- We depend on our major suppliers
- We are affected by the shortages or increases in prices for wood and wood-based panel
- We depend on certain imported raw materials and finished components
- We are exposed to potential fluctuations in the market value of our investment properties
- We are exposed to foreign exchange risks and translation losses
- We are subject to economic, political and regulatory risks
- We are subject to production or operational risks
- We are subject to environmental regulations
- We may not be successful in implementing our growth strategies
- We depend on our key management and key technical personnel

**Risks relating to investment in our Shares:**

- Our Listing may be potentially delayed or aborted
- Our actual results may vary significantly and adversely from the consolidated profit forecast disclosed in this Prospectus
- The market value of our Shares may be volatile and subject to external factors
- There has been no prior market for our Shares and an active market for our Shares may not develop
- Future sale of Shares by our substantial shareholders may adversely affect the market prices of our Shares
- Control of substantial shareholders may limit your ability to influence the outcome of decisions requiring the approval of shareholders
- Our company may not be able to pay dividends

## 2.6 SHARIAH STATUS

The SAC of the SC has on 15 November 2007 classified the securities of our Company as Shariah-compliant, based on the latest audited financial statements of our subsidiary companies for the FYE 30 June 2007 and the Shariah criteria adopted by the SAC of the SC.

Please refer to Section 4.3.2 of this Prospectus for further information.

# 3. INTRODUCTION

This Prospectus is dated 28 December 2007.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Securities Exchange has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit the IPO Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository. We will not issue share certificates to successful applicants.

Approval-in-principle has been obtained from Securities Exchange on 7 December 2007 for the admission of our Company to the Official List of the Second Board of Securities Exchange and for permission to deal in and for the quotation of the entire enlarged issued and paid-up share capital of our Company, including the IPO Shares which are the subject of this Prospectus. Our Shares will be admitted to the Official List of the Second Board of Securities Exchange and official quotation will commence after the receipt of confirmation from Bursa Depository that all CDS Accounts of the successful applicants have been duly credited and an undertaking that notices of allotment will be issued and despatched to all successful applicants.

Pursuant to the Listing Requirements of Securities Exchange, at least 25% of our issued and paid-up share capital must be in the hands of 1,000 public shareholders holding not less than 100 Shares each upon completion of the IPO. We expect to meet the public shareholding requirement at the point of Listing. If we do not meet the said requirement, we may not be allowed to proceed with the Listing. In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within 14 days after our Company is liable to repay it, the provision of sub-section 243(2) of the CMS Act shall apply accordingly.

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

We are not making any invitation to subscribe for any IPO Shares in any jurisdiction and in any circumstances in which such an offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such an offer or invitation. As the distribution of this Prospectus and the sale of the IPO Shares in certain other jurisdictions may be restricted by law, persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

If you are submitting your applications by way of Application Forms or Electronic Share Applications (please refer to Section 21 of this Prospectus), you **MUST** have a CDS account. If you presently do not have a CDS account, you should open a CDS account at an ADA prior to making an application for the IPO Shares. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application.

**If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitors, accountants or other professional adviser before applying for our IPO Shares.**

This Prospectus can also be viewed or downloaded from Securities Exchange's website at *www.bursamalaysia.com.*

# 4. DETAILS OF THE IPO

The IPO is subject to the terms and conditions of this Prospectus and upon acceptance, the IPO Shares are expected to be allocated in the manner described below. All percentages of share capital in this section are based on our Company's enlarged issued and paid-up share capital upon Listing.

## 4.1 OPENING AND CLOSING OF APPLICATIONS

Applications for our IPO Shares will be accepted from 10.00 a.m. on 28 December 2007 and will be closed at 5.00 p.m. on 7 January 2008 or for such further period or periods as our Directors, the Offerors and the Sole Underwriter in our absolute discretion may mutually decide. **Late applications will not be accepted.**

## 4.2 IMPORTANT DATES

The indicative timing of events leading up to the listing of and quotation for our entire enlarged issued and paid-up share capital of 80,000,000 Shares on the Second Board of Securities Exchange are set out below:

| **Event** | **Tentative date** |
|---|---|
| Opening of the IPO | 28 December 2007 at 10.00 a.m. |
| Closing of the IPO | 7 January 2008 at 5.00 p.m. |
| Balloting of applications | 9 January 2008 |
| Allotment of Shares | 15 January 2008 |
| Listing of and quotation our Company's entire enlarged issued and paid-up share capital on the Second Board of Securities Exchange | 18 January 2008 |

Our Directors, the Offerors and the Sole Underwriter may mutually decide, at our absolute discretion, to extend the closing date and time for applicants for the IPO to any later date or dates. We will announce any such extension in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia.

The success of the Initial Public Offering is also exposed to the risk that it may be delayed or aborted should any of the following events occur:

(i) the placees identified under the private placement and Bumiputera investors approved by the MITI fail to subscribe for the portion of the IPO Shares allocated to them; and/or

(ii) our Company is unable to meet the public spread requirement of at least 25% of our Company's issued and paid-up share capital being held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each.

Although Signature International and Alliance will endeavour to secure the Listing and ensure compliance with the Listing Requirements of Securities Exchange, no assurance can be given that the abovementioned factors will not cause a delay in or failure of the Listing. In the event of a failure of the Listing, monies received from the application for the IPO Shares will be subsequently refunded without interest to the applicants. If any such monies are not repaid within 14 days after our Company is liable to repay it, the provision of sub-section 243(2) of the CMS Act shall apply accordingly.

## 4.3 SHARE CAPITAL

| | RM |
|---|---|
| ***Authorised share capital*** | |
| 200,000,000 ordinary shares of RM0.50 each | 100,000,000 |
| ***Issued and fully paid-up as at the date of this Prospectus*** | |
| 62,309,200 ordinary shares of RM0.50 each | 31,154,600 |
| ***To be issued pursuant to the Public Issue*** | |
| 17,690,800 new ordinary shares of RM0.50 each | 8,845,400 |
| ***Enlarged issued and paid-up share capital*** | 40,000,000 |

### 4.3.1 Class of Shares, Ranking and Rights

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

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

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

### 4.3.2 Shariah Status

As part of our process to obtain the Shariah status at the time of the Listing, we have voluntarily submitted an application to the SC for a Shariah compliance review to be carried out by the SAC of the SC.

The SAC of the SC has on 15 November 2007 classified the securities of our Company as Shariah-compliant based on the latest audited financial statements of our subsidiary companies for the FYE 30 June 2007 and the Shariah criteria adopted by the SAC of the SC.

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## 4.4 THE IPO

The IPO (comprising the Public Issue and the Offer for Sale) is subject to the terms and conditions of this Prospectus and upon acceptance, we have allocated the aggregate 19,810,046 IPO Shares in the following manner:

### 4.4.1 Malaysian Public ("Public Tranche")

6,000,000 Issue Shares, representing 7.5% of our Company's enlarged issued and paid-up share capital, will be made available for application by the Malaysian public, of which at least 30% is to be set aside strictly for Bumiputera applicants.

Any Issue Shares reserved under the Public Tranche which are not subscribed for by the Malaysian public (including any excess Issue Shares not subscribed for under the Pink Form Tranche as described in Section 4.4.2 below) will be made available for subscription by the identified placees under the Placement Tranche as described in Section 4.4.3 below and if undersubscribed, such Issue Shares will be subscribed by the Sole Underwriter based on the terms of the underwriting agreement.

The salient terms of the underwriting arrangement are set out in Section 4.10 of this Prospectus.

### 4.4.2 Pink Form Allocation ("Pink Form Tranche")

In recognition of their contributions to our Group, we have reserved 1,300,000 Issue Shares, representing approximately 1.6% of our Company's enlarged and issued paid-up share capital, for subscription by the eligible employees of our Group and persons who have contributed to the success of our Group.

We will allocate these Issue Shares to the eligible employees of our Group based on job grade and length of service. Based on the criteria approved by our Board, 166 eligible employees (excluding Executive Directors) will be allocated an aggregate of 1,245,000 Issue Shares.

In addition to the above, we have also allocated an aggregate of 55,000 Issue Shares for subscription by 12 of our appointed dealers who have contributed to the success of our Group. The criteria for allocation shall include, amongst others, the historical value of transactions and length of relationships.

Any Issue Shares reserved under the Pink Form Tranche which are not fully subscribed for by our identified eligible employees and persons who have contributed to the success of our Group will firstly be reoffered to other identified eligible employees and persons who have contributed to the success of our Group. Subsequently, if the Issue Shares reoffered are not fully subscribed, such Issue Shares will be made available for application by the Malaysian public under the Public Tranche and/or by the identified placees under the Placement Tranche. Any further Issue Shares not subscribed for will then be subscribed by the Sole Underwriter based on the terms of the underwriting agreement.

The salient terms of the underwriting arrangement are set out in Section 4.10 of this Prospectus.

### 4.4.3 Private Placement ("Placement Tranche")

7,700,000 Issue Shares, representing approximately 9.6% of our Company's enlarged issued and paid-up share capital, have been reserved for private placement to identified public investors.

The Issue Shares reserved under the Placement Tranche are not underwritten as written irrevocable undertakings to subscribe for these Issue Shares have been procured from the identified investors.

### 4.4.4 Bumiputera investors approved by the MITI

4,810,046 IPO Shares (comprising 2,690,800 Issue Shares and 2,119,246 Offer Shares), representing approximately 6.0% of our Company's enlarged issued and paid-up share capital, have been reserved for application by Bumiputera investors approved by the MITI.

The IPO Shares reserved for application by the identified Bumiputera investors are not underwritten as written irrevocable undertakings to subscribe for these IPO Shares have been procured from the identified Bumiputera investors.

### 4.4.5 No minimum subscription level

There is no minimum subscription amount to be raised from the IPO. All the IPO Shares will either be underwritten by the Sole Underwriter or subscribed by the identified placees and Bumiputera investors pursuant to their respective written irrevocable undertakings.

## 4.5 PURPOSES OF THE IPO

The main purposes of the IPO are as follows:

(i) to enhance our Group's public image and corporate visibility to market our products, maintain our marketing position and attract new skilled personnel;

(ii) to provide our Group with access to the capital markets to raise funds to finance our future expansion and continued growth (details of which are elaborated in Section 4.8 of this Prospectus);

(iii) to provide an opportunity for the Malaysian investing public, the eligible employees of our Group and persons who have contributed to the success of our Group to participate in the continuing growth of our Group by way of equity participation; and

(iv) to obtain a listing of and quotation for the entire enlarged issued and paid-up share capital of our Company on the Second Board of Securities Exchange.

## 4.6 BASIS OF ARRIVING AT THE IPO PRICE

Our Directors, Promoters and Alliance as the Sole Underwriter have determined and agreed upon the IPO Price of RM1.25 after taking into account the following:

(i) the forecast net PE Multiple of approximately 7.6 times based on the forecast net EPS of our Group of 16.5 sen for the FYE 30 June 2008 (which is calculated based on the forecast PATMI of our Group of RM13.22 million and our Company's enlarged issued and paid-up share capital of 80,000,000 Shares);

(ii) our Group's future plans and prospects, details of which are set out in Section 8.5 of this Prospectus.

(iii) our proforma consolidated net assets per Share as at 30 June 2007 of RM0.65 after taking into account the Flotation Scheme and utilisation of proceeds arising from the Public Issue, details of which are set out in Section 13.2 of this Prospectus.

You should take note that the market price of our Shares upon and subsequent to our listing on Securities Exchange is subject to the vagaries of market forces and other uncertainties, which may affect the price of the Shares being traded. **You should also bear in mind the Risk Factors as set out in Section 5 of this Prospectus and form your own views on the valuation of the IPO Shares before deciding to invest in the IPO Shares.**

## 4.7 MARKET CAPITALISATION

Based on the enlarged issued and paid-up share capital of our Company of 80,000,000 Shares and the IPO Price, our total market capitalisation upon listing of the IPO Shares on the Second Board of Securities Exchange shall be RM100 million.

## 4.8 USE OF PROCEEDS

Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale amounting to RM2.65 million will be accrued entirely to the Offerors.

We expect to receive gross proceeds of approximately RM22.11 million from the Public Issue and we intend to use the proceeds for the following purposes:

| **Details of the proposed utilisation of proceeds** | **Proceeds from Public Issue (RM'000)** | **Estimated timeframe for utilisation from the listing date** |
|---|---|---|
| Extension of lease period for the existing leasehold land leased by Cabinet Industries [(1)] | 5,663 | Within 12 months from date of listing |
| Leasing of new leasehold land and extension of lease period [(2)] | 5,997 | Within 12 months from date of listing |
| Construction of new factory and purchase of machinery and equipment [(2)] | 4,300 | Within 18 months from date of listing |
| Working capital [(3)] | 4,353 | Within 12 months from date of listing |
| Estimated listing expenses [(4)] | 1,800 | Within 2 months from date of listing |
| **Total** | 22,113 | |

***Notes:***

*(1)* <u>*Extension of lease period for the existing leasehold land owned by Cabinet Industries*</u>

*The factory and head office of our Group is currently situated on a piece of leasehold land leased by Cabinet Industries at Lot No. 24, Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara, which has a lease tenure of 30 years. In order to minimize any future disruption to our business operations in the longer term, we intend to extend the lease tenure for the leasehold land to 99 years. The estimated cost for the extension of the lease period from 30 years to 99 years is approximately RM5.66 million.*

*(2)* <u>*Leasing of new leasehold land and construction of new factory*</u>

*We had on 21 March 2007 entered into a lease agreement with PKNS to lease a piece of land measuring 145,360 square feet, located at Lot No. 2, Jalan Teknologi 3/7, Taman Sains Selangor 1, Kota Damansara. The leasehold land is strategically located adjacent to our existing factory and head office. We intend to construct a new factory on the leasehold land to predominantly cater for the production of new membrane press cabinet doors and install a finishing line including veneer lamination. In addition, our Group plans to undertake partial assembly of Kitchen Systems in our extended manufacturing facilities prior to installation at the customers' premises (please refer to Sections 8.5.2 and 8.5.3 for further details).*

## 4. DETAILS OF THE IPO *(Cont'd)*

*The lease price for the said land is approximately RM3.29 million and we had as at 20 November 2007 paid approximately RM1.29 million (being approximately 39% of the total lease price) to PKNS. Our Company is in the process of arranging for bridging finances to fund the balance lease price of RM2.00 million. Upon the receipt of the proceeds from the Public Issue, we intend to use RM2.00 million to fully repay the bridging finances.*

*Further, we plan to use part of the proceeds from the Public Issue to extend the lease period of the leasehold land from the existing 30 years to 99 years, which is estimated to cost approximately RM4.00 million.*

*The estimated cost of construction of the new factory together with the cost of purchase of new machinery is expected to amount to RM4.3 million, which shall also be funded by the proceeds from the Public Issue.*

*(3)* *Working capital*

*An aggregate of RM4.35 million of the proceeds from the Public Issue will be utilised to meet part of our Group's working capital requirements, which includes payment to creditors, payment of salaries and operating expenses, purchase of raw materials, in order to further improve our Group's liquidity.*

*(4)* *Estimated listing expenses*

*Our Company will bear all the listing expenses and fees incidental to the Listing of RM1.8 million as follows:*

| | ***RM'000*** |
|---|---|
| *Professional advisory fees and fees to issuing house* | *940* |
| *Fees to authorities* | *145* |
| *Advertising and printing costs* | *144* |
| *Brokerage, placement and underwriting fees* | *407* |
| *Other incidental charges* | *164* |
| | *1,800* |

*The Offerors will bear all other expenses such as stamp duty, registration and share transfer fees relating to the Offer Shares.*

*If any of the actual costs or expenses earmarked for items (1), (2) and (4) above is higher than budgeted or estimated, the deficit will be funded out of the portion allocated for working capital. Conversely, if any of the actual costs or expenses earmarked for items (1), (2) and (4) is lower than budgeted or estimated, the excess will be utilised for working capital purposes.*

Please refer to Section 13.2 for the proforma impact of the utilisation of proceeds on the consolidated balance sheets of our Group as at 30 June 2007.

Meanwhile, the financial impact of the utilisation of proceeds on the profit forecast of our Group for the FYE 30 June 2008 is summarised as follows:

| | **After the Flotation Scheme (RM'000)** | **Incremental effects associated with utilisation of proceeds (RM'000)** |
|---|---|---|
| Consolidated forecast PATMI | 13,222 | 203 |

The incremental PATMI of RM0.20 million is mainly attributable to interest income earned from the placement of part of the proceeds from the Public Issue in fixed deposits with local commercial banks, as these proceeds are not expected to be fully utilised in the FYE 30 June 2008 (in particularly proceeds earmarked for the construction of new factory and purchase of new machinery and equipment as well as the extension of lease period of the leasehold lands by PKNS).

Whilst the construction and set-up of the new factory are likely to be completed after 30 June 2008 and it will not have any immediate impact on the consolidated profit forecast of our Company for the FYE 30 June 2008, our Board is confident that our Group's earnings will be improved as and when the new factory becomes fully operational.

## 4.9 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEE

**Brokerage**

Brokerage relating to the IPO Shares is payable by us at the rate of 1% of the IPO Price of RM1.25 per IPO Share in respect of successful applications which bear the stamps of Alliance, participating organisations of Securities Exchange, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association in Malaysia or the Issuing House.

**Underwriting Commission and Placement Fee**

The Sole Underwriter and Sole Placement Agent as disclosed in the "Corporate Directory" section of this Prospectus, has agreed to act as the Sole Placement Agent for 7,700,000 IPO Shares and underwrite 7,300,000 IPO Shares (comprising 6,000,000 IPO Shares to the Malaysian public and 1,300,000 IPO Shares not taken-up by our identified eligible employees of our Group and persons who have contributed to our success).

We will pay the Sole Underwriter and Sole Placement Agent an underwriting commission and placement management fee of 2.0% and 0.25% respectively. The total underwriting commission and placement fee payable by us is RM206,563.

## 4.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

Our Company and the Sole Underwriter have entered into an underwriting agreement on 26 November 2007 ("Underwriting Agreement"). The salient terms (including escape clauses) of the Underwriting Agreement, amongst others, are as follows:

"2. *AGREEMENT TO UNDERWRITE*

2.1 *In consideration of the payment by the Company of the Underwriting Commission, and relying upon each of the representations, warranties and undertakings by the Company set out in Clause 3, the Sole Underwriter agrees to underwrite the Underwritten Shares upon the terms and conditions hereinafter contained.*

2.2 *The obligations of the Sole Underwriter under this Agreement are conditional upon:-*

2.2.1 *there having been on or prior to the Closing Date, in the opinion of the Sole Underwriter (which opinion is final and binding), neither any material adverse change nor any development reasonably likely to result in any material adverse change, in the condition (financial or otherwise) of the Company or its Subsidiaries, which is material in the context of the IPO from that set forth in the Prospectus, nor the occurrence of any event or the discovery of any fact which is inaccurate, untrue or incorrect to any extent which is or will be material in the opinion of the Sole Underwriter, which makes any of the representations and warranties contained in Clause 3 untrue and incorrect in any respect as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings contained in Clause 3;*

*2.2.2 the delivery to the Sole Underwriter:-*

*2.2.2.1 prior to the date of the registration of the Prospectus, a copy certified as a true copy by an authorised officer of the Company of all the resolutions of the Directors and the shareholders in general meeting approving this Agreement, the Prospectus, the IPO and authorising the execution of this Agreement and the issuance of the Prospectus; and*

*2.2.2.2 a certificate, in the form or substantially in the form contained in the* ***SECOND SCHEDULE****, dated the date of the Prospectus signed by duly authorised officers of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Clause 2.2.1.*

*2.2.3 the delivery to the Sole Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Directors of the Company as the Sole Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of this Agreement that will adversely affect the performance or financial position of the Company or its Subsidiaries;*

*2.2.4 the Sole Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the costs and expenses referred to in Clause 12;*

*2.2.5 the IPO not being prohibited or impeded by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia including, but not limited to, Securities Exchange;*

*2.2.6 the Company having complied with and that the IPO is in compliance with the CMS Act, policies, guidelines and requirements of Securities Exchange and/or the SC and all revisions, amendments and/or supplements thereto;*

*2.2.7 the acceptance for registration by the SC of the Prospectus and such other documents as may be required in accordance with the CMS Act in relation to the IPO and the lodgement of the Prospectus with the ROC on or before their release under the IPO;*

*2.2.8 the receipt by the Placement Agent/ Issuing House by the Closing Date of all monies payable in relation to the Bumiputera Placement Shares and Placement Shares which are not underwritten; and*

*2.2.9 this Agreement having been duly executed by the Parties and stamped.*

*2.3 If any of the conditions set out in Clause 2.2 is not satisfied by the Closing Date, the Sole Underwriter shall thereupon be entitled to terminate this Agreement and in that event except for the liability of the Company for the payment of costs and expenses as provided in Clause 12 incurred prior to the termination and any claims pursuant to Clause 3.3.1, there shall be no further claims by the Sole Underwriter against the Company, and the Parties shall be released and discharged from their respective obligations hereunder PROVIDED THAT the Sole Underwriter may at its discretion with respect to its respective obligations waive compliance with any of the provisions of Clause 2.2.*

*8. TERMINATION*

*8.1 Notwithstanding anything herein contained, the Sole Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if:-*

*8.1.1 there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 3, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company to the satisfaction of the Sole Underwriter, or by the Closing Date, whichever is earlier; or*

*8.1.2 there is withholding of information which is required to be disclosed to the Sole Underwriter, which is required to be disclosed pursuant to this Agreement, and if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO, or the distribution or sale of the IPO Shares; or*

*8.1.3 there shall have occurred, happened or come into effect any of the following circumstances:-*

*(a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or the occurrence of any combination of any of the foregoing;*

*(b) any material change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Sole Underwriter;*

*(c) any material and adverse change to the business or financial condition of the Company or the Group;*

*(d) approval for the IPO is withdrawn, modified and/or subject to terms and conditions not acceptable to the Sole Underwriter;*

*which would have or can reasonably be expected to have, a material adverse effect on the success of the IPO, or the distribution or sale of the IPO Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or*

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

*8.1.5 if the Closing Date is more than two (2) calendar months from the date of this Agreement, this Agreement will automatically lapse without the requirement for any notice in writing to be given to such effect and the Sole Underwriter will be released and discharged from its obligations.*

*8.2 Subject to prior consultation with the Company, the Sole Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if any of the following occurs:*

*8.2.1 there is a material change in any law, regulation, directive, policy or ruling in any jurisdiction which seriously affects or will seriously affect the business of the Company and/or any other company in the Group;*

*8.2.2 there is a material change in national or international monetary, financial, political or economic conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia or overseas) or exchange control legislation or regulations or currency exchange rates;*

*8.2.3 the Kuala Lumpur Composite Index falls below 1120 points and remains below 1120 points for 3 consecutive Market Days; or*

*8.2.4 the imposition of any moratorium, suspension or material restriction on trading in all securities generally on the Securities Exchange for 3 or more consecutive Market Days.*

*8.3 Upon such notice(s) being given under this Clause 8, the Sole Underwriter shall be released and discharged of its obligations under this Agreement without prejudice to its rights whereby this Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of this Agreement, except that the Company shall remain liable in respect of its obligations and liabilities under Clause 3, any antecedent breaches and under Clause 12 for the payment of the costs and expenses already incurred prior to or in connection with such termination and for the payment of any taxes, duties or levies within 7 days from the date of the same being due.*

*8.4 In the event that this Agreement is terminated due to the Company taking positive steps not to proceed with the IPO resulting in the Sole Underwriter not being able to perform its obligations under this Agreement, the Sole Underwriter is entitled to the Underwriting Commission in addition to the costs and expenses incurred thereto. The Sole Underwriter may confer with a view to deferring the issuance of the IPO Shares or amending its terms or the terms of this Agreement or enter into a new agreement accordingly. However, neither the Company nor the Sole Underwriter will be under any obligation to enter into a fresh agreement.*

*8A* ***FORCE MAJEURE***

*8A.1 It will be an event of force majeure if the Sole Underwriter is unable to perform its obligations stipulated herein resulting from any event or series of events beyond the reasonable control of the Sole Underwriter, including without limitation any of the following: (i) acts of God, (ii) national disorder, (iii) armed conflict or serious threat of the same, (iv) hostilities, (v) embargo, (vi) detention, (vii) revolution, (viii) riot, (ix) looting or other labour disputes, (x) any unavailability of transportation or severe economic dislocation, (xi) earthquake, (xii) typhoon, (xiii) outbreak of war, (xiv) outbreak of disease, (xv) acts of terrorism or (xvi) the declaration of a state of national emergency.*

*8A.2 In the event of a force majeure pursuant to Clause 8A.1, the Sole Underwriter may, subject to prior consultation with the Company, at any time prior to or on the Closing Date:-*

*8A.2.1 terminate this Agreement by giving notice to the Company in the manner as set out in Clause 13; or*

*8A.2.2 request for the Closing Date to be extended to such reasonable date as the Sole Underwriter may decide.*

8A.3 *Upon delivery of the notice of termination pursuant to Clause 8A.2.1 and in the manner as set out in Clause 13, this Agreement will terminate whereupon each Party's rights and obligations will cease and none of the Parties will have any claim against each other, except that the Company will remain liable in respect of its obligations under Clauses 3 and 12.*

8A.4 *In the event of a delivery of a request under Clause 8A.2.2, the Company shall procure that the Closing Date be extended as requested.*

8A.5 *The delivery of a request under Clause 8A.2.2 shall not preclude the Sole Underwriter from giving a further request for extension pursuant to Clause 8A.2.2 or giving of a notice to terminate pursuant to Clause 8A.2.1."*

For further details of the representations, warranties and undertakings by the Company, potential investors are advised to refer to Clause 3 of the Underwriting Agreement, a copy of which is made available for inspection at the Registered Office of our Company (please refer to Section 20.8 of this Prospectus for further information).

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# 5. RISK FACTORS

**BEFORE INVESTING IN OUR SHARES, YOU SHOULD RELY ON YOUR OWN EVALUATIONS AND CAREFULLY CONSIDER THE MERITS, RISKS AND INVESTMENT CONSIDERATIONS AS SET OUT BELOW, TOGETHER WITH THE REST OF THE INFORMATION IN THIS PROSPECTUS. THE INFORMATION BELOW MAY NOT BE EXHAUSTIVE. ADDITIONAL RISKS AND UNCERTAINTIES, WHETHER KNOWN OR UNKNOWN, MAY HAVE A MATERIAL ADVERSE EFFECT ON OUR COMPANY OR OUR SHARES IN THE FUTURE.**

If you are in any doubt as to the information contained in this section, you should consult your stockbroker, bank manager, solicitors, accountants or other professional adviser.

## 5.1 RISKS RELATING TO OUR INDUSTRY AND OUR BUSINESS

### 5.1.1 Our business is dependent on the residential property market

For the FYE 30 June 2007, the design, manufacture and retail of Kitchen Systems accounted for approximately 62% of our Group's total revenue. The Kitchen Systems industry is, to a large extent, dependent on the property market, particularly on residential property. Thus, a decline in the residential property market would have a direct impact on the demand for Kitchen Systems. Further, the demand for residential property is dependent on many external factors, amongst others, the strength of the Malaysian economy in general, income per capita and mortgages rates. Any widespread or prolonged slowdown in the residential property market is likely to have a direct impact on the demand for Kitchen Systems.

Between 2002 and 2006, the value of residential property transactions continued to register an average annual growth rate of 7.9% and the continuing growth in the residential property market will provide support and growth opportunities for operators within the Kitchen Systems industry. Further, the continued spending by the Malaysian Government on residential housing sector as reflected in the Ninth Malaysia Plan will continue to provide growth opportunities for the Kitchen Systems industry. Under the Ninth Malaysia Plan, the allocation for the development expenditure and allocation for housing and urban services has increased by 31.1% to RM18.4 billion compared to the expenditure of RM14.1 billion during the Eighth Malaysia Plan. *(Source: Independent Assessment of the Kitchen Systems Industry undertaken by Vital Factor)*

As our Group has already made in-roads into the export market for our Kitchen Systems, our Board believes that we are in a better position to diversify or minimise our dependency on the local residential property market. Nonetheless, there can be no assurance that our business would not be affected by any adverse development in the residential property market.

### 5.1.2 We face competition from other operators within the Kitchen Systems industry

There are mainly two broad categories of operators of Kitchen Systems in Malaysia, namely the Non-Branded Kitchen Systems and Branded Kitchen Systems. We operate within the Branded Kitchen Systems sector, which generally experience lower competitive intensity as compared to the Non-Branded Kitchen Systems industry. At present, there are approximately 80 operators in Malaysia which are able to provide Branded Kitchen Systems and by comparison, the Non-Branded Kitchen Systems sector has significantly more operators (for details on the nature and competitive landscape of the Kitchen Systems industry we operate in, please refer to Section 8.3.2 of this Prospectus).

Operators within the Branded Kitchen Systems endeavour to differentiate themselves through the strength of brand equity as well as their network of retail showrooms. Taking cognisance of these competitive factors, we have in the past years undertaken regular advertising and promotional efforts in building our brand name "Signature Kitchen" as well as consistently expanding our retail showroom to enhance our market reach and coverage. As at 20 November 2007, we have 21 retail showrooms in major cities and towns in Malaysia operating under the 'Signature Kitchen' brand name. Of these local retail showrooms, 7 are fully owned by the Group and the remaining 14 are managed and fully owned by appointed dealers. In addition, the Group has another 7 retail showrooms overseas, operating under the 'Signature Kitchen' brand name, all of which are managed and fully owned by appointed dealers. We have the highest number of retail showrooms amongst our key competitors in Malaysia *(Source: Independent Assessment of the Kitchen Systems Industry undertaken by Vital Factor).*

We also place significant emphasis on the quality of our products with the aim of achieving total customer satisfaction. Stringent quality controls are implemented throughout our manufacturing processes to ensure consistency in the finished quality of all our products. The accreditation of the ISO 9001:2000 to our subsidiary company, Signature Manufacturing, in relation to Quality Management System for manufacturing of cabinets used in kitchen and bedroom, also reinforces the quality assurance that we provide to our customers.

Notwithstanding the above, there is no assurance that our Group will be able to maintain or strengthen our existing market share or we will not be adversely affected by increased competition within the Branded Kitchen Systems sector.

### 5.1.3 We depend on our major customer

Our business is dependent on our major customer, Duamas, by virtue of its contribution of more than 10% of our Group's total revenue for each of the last 3 financial years up to FYE 30 June 2007 as detailed in Section 7.12 of this Prospectus.

Duamas has been a customer of our Group for approximately 7 years and in order to further strengthen our business relationship and alliance with Duamas, Cabinet Industries and Duamas had on 26 April 2007 entered into a Product Supply Agreement, whereby Cabinet Industries has been appointed as the sole and exclusive supplier of Duamas, to supply Kitchen Systems, Wardrobe Systems and Interior Fit-Out services to all projects and contracts awarded to or secured by Duamas from government institutions, agencies or other corporations. The Product Supply Agreement is valid for a period of 5 years from 26 April 2007 with an option to renew for an additional period of 5 years thereafter. Further information on the Product Supply Agreement is set out in Section 7.12 of this Prospectus.

For the FYE 30 June 2007, our Group served approximately 1,300 customers (including the Group's direct end-customers) spread across 12 countries, including Malaysia. The diversity of our customer base in both local and overseas markets, will further provide a platform for our Group to continue to attract new customers. Further, out of our top 20 customers for the FYE 30 June 2007, 55% of them have been dealing with us for 3 years or more. Hence, we believe our stable relationship with our customers will ensure business continuity of our Group moving forward.

In view of the above mitigating factors, we believe that our dependency on Duamas is minimised. Nonetheless, our Group faces the risk of possible early termination of our Product Supply Agreement with Duamas, which could affect the operating and financial performance of our Group.

### 5.1.4 We may face potential delay in completion of development projects

For the FYE 30 June 2007, approximately 43% of our Group's revenue was derived from projects, which provide our Group with large volume of work and enable us to achieve higher economies of scale. We usually go through a tender process to secure projects relating to new residential or commercial developments.

Whilst we may be contracted in advance to supply Kitchen Systems to these developers at the start of the project, the delivery or installation of the Kitchen Systems will typically take place only near the completion stage of the development projects. Meanwhile, the completion time of these development projects is dependent on many external factors which are beyond the control of our Group, such as obtaining the relevant approvals as scheduled, securing constructions materials in adequate amount and favourable weather conditions. Any delay or stop-work on the part of the developers in completing the construction projects will lead to a consequential delay in our Group's delivery and installation schedules, which may in turn have a direct impact on our profitability and cash flows. There is no assurance that our project revenue targets will not be adversely affected by pro-longed delays in the completion of development projects beyond our Board's expectations.

### 5.1.5 We are exposed to higher credit risks for project customers

For our project customers, the credit terms given to these customers are generally between 30 days to 90 days. Further, there is usually a retention sum of 5% of total contract value, which is retained by the property developers and main contractors during the defect liability period ranging from 18 months to 24 months. The progress payments will usually be made after the progress certificate has been issued for each stage of work completed. As the issuance of the progress certificates often takes time, we are potentially exposed to higher credit risks for our project customers.

The aforesaid credit risks are controlled by regular monitoring of the trade receivable ageing and subsequent collection. Further, our project customers comprised mainly established and reputable project developers and main contractors. Our Company may elect to stop work if any progress payment is long overdue from a project developer or main contractor. Historically, the provision required to be made by our management for doubtful debts has been relatively low, which is less than 0.6% of our Group's total revenue for the last 3 financial years up to FYE 30 June 2007. In addition, no significant amount of bad debts had been actually written-off during the last 3 financial years up to FYE 30 June 2007 due to non-collection of such bad debts. Nonetheless, there is no assurance that our financial performance will not be materially and adversely affected in the event any material trade receivables is not collected or recovered by our Group on a timely basis.

### 5.1.6 We do not have contracts with our non-project customers

For the FYE 30 June 2007, approximately 57% of our Group's revenue was derived from non-projects sales, which include revenue generated from walk-in customers from all "Signature Kitchen" retail showrooms locally and overseas. For these walk-in customers, we typically work from confirmed purchase orders and we do not usually have contractual arrangements with these customers, which is common practice within the Kitchen Systems industry. In addition, majority of these walk-in customers are non-recurring customers.

As mentioned in Section 5.1.3 above, our Group served approximately 1,300 customers (including the Group's end-customers) in the FYE 30 June 2007 alone and our customers are spread across 12 countries, including Malaysia. In addition to the diversity of our customer base in different geographical markets, our Board is of the view that there is also diversity in the end-customer sectors serviced by our Group. Our end-customer sectors include commercial and individual consumers, commercial offices, property developers and interior designers. Further, approximately 43% of our Group's revenue was generated from projects-based customers for the FYE 30 June 2007, which further allows our Group to reduce our dependency solely on non-project customers.

In addition to servicing internal requirements, our supporting business in the marketing and distribution of White Goods and Built-In Kitchen Appliances as well as manufacturing of glass and aluminium products also service external customers on their own. As at 20 November 2007, our Group distributes our White Goods and Built-In Kitchen Appliances to approximately 110 electrical appliance dealers in Malaysia.

Notwithstanding the above, there is no assurance that we would continue to enjoy the support of our customers and that any loss of customers will not have an adverse impact on our financial performance.

### 5.1.7 We depend on our appointed dealers for non-project revenue

Our Group's non-project or retail activity is supported by 21 retail showrooms in Malaysia and 7 retail showrooms in overseas. Of the 21 retail showrooms in Malaysia, 7 retail showrooms are fully owned by our Group and the remaining 14 retail showrooms are managed and fully owned by our appointed dealers. Meanwhile, all the 7 retail showrooms located overseas are managed and fully owned by our appointed dealers. As such, part of our non-project revenue is directly dependent upon the efforts and performance of these appointed dealers.

Our current dealership arrangement with our local dealers is primarily governed by terms of the dealership agreements entered into between Cabinet Industries and the respective appointed dealer. Whilst the dealership agreement specifically provides that the dealership arrangement with the local dealers will continue to be in full force and effect until and unless terminated by Cabinet Industries, our Board may consider an early termination of the dealership arrangement pursuant to the terms and conditions of the dealership agreement due to various factors which our Board may consider relevant, including but not limited to failure of the appointed dealer to achieve the annual sales targets set by Cabinet Industries, failure to pay any amount due and payable to Cabinet Industries within the due dates and/or breach of any provision of the dealership agreement.

Meanwhile, majority of the dealership agreements entered into between Cabinet Industries and the overseas dealers are subject to a tenure ranging from 2 to 5 years. Upon the expiry of the term of the dealership agreement, Cabinet Industries and the respective dealer may further renew or enter into a new dealership agreement based on renewed terms negotiable and acceptable to both parties at that point in time. Accordingly, majority of our overseas dealers are not bound to remain as our Group's appointed dealers after the expiry of the dealership agreement. Similar to the arrangement with our local dealers, Cabinet Industries has the right to terminate the dealership agreement with majority of our overseas dealers in the event the said dealer, amongst others, fail to achieve the annual sales targets set by Cabinet Industries, fail to pay any amount due and payable to Cabinet Industries within the due dates and/or breach any provision of the dealership agreement.

Whilst our Board believes that we would be able to identify alternative dealer(s) to assume the management and operation of our retail showrooms in the event an early termination of our dealership agreement with any particular dealer, there is no assurance that our Group's business operations and financial performance will not be adversely affected should we experience sudden and simultaneous termination of the dealership agreements with any or all of our appointed dealers. Further, there is no assurance that we are able to continue to attract the suitable candidate to further expand our existing pool of local and overseas dealers to support our future growth strategies.

### 5.1.8 We depend on our major suppliers

We are dependent on our major suppliers, Indesit International and Mieco, by virtue of our purchases of 10% or more of our Group's total purchases from these suppliers in each of the last 3 financial years up to FYE 30 June 2007 as detailed in Section 7.13 of this Prospectus.

Obicorp has been appointed as the exclusive distributor by Indesit Singapore for the distribution of the complete range of "Ariston" and "Indesit" brands of White Goods and Built-In Kitchen Appliances in Malaysia since 2003 *via* a letter dated 28 February 2007. Purchases from Indesit International accounted for 8.5% of our Group's total purchases for the FYE 30 June 2007.

Our next major supplier, Mieco, accounted for 6.8% of our Group's total purchases for the FYE 30 June 2007. We have been dealing with Mieco since 1998 for the purchase of chipboard used for the manufacturing of our Kitchen Systems and Wardrobe Systems.

We have not entered into any distributorship agreement with Indesit Singapore or any product supply agreement with Mieco as our business dealings with our major suppliers are predominantly based on our continuous relationship with them. We believe that we have established good working relationships and mutual trusts with Indesit International and Mieco and we have not in the past experienced any material disruption in sourcing the necessary White Goods and Built-In Kitchen Appliances from Indesit International as well as the necessary chipboard from Mieco.

As part of our philosophy of cultivating long term relations with our suppliers, approximately 70% of our top 20 suppliers for the FYE 30 June 2007 have been supplying raw materials to us for 3 years or more.

In view of the above factors, we believe that our risk of over-dependency on any of the major suppliers is reduced. Nonetheless, there can be no assurance that there would be no significant disruption in the supply of raw materials and that the disruption would not have a material effect on the performance of our Group.

### 5.1.9 We are affected by the shortages or increases in prices for wood and wood-based panel

Wood and wood-based panels (such as oak wood, maple wood, pine wood, MDF, plywood, chipboard and particleboards) are the main raw materials used by our Group for the manufacturing of Kitchen Systems. For the FYE 30 June 2007, purchase of wood and wood-based panels constituted the largest raw material purchases for our Group and accounted for approximately 30% of the total purchases of our Group. As such, any interruptions in the supply of wood and wood-based panel will disrupt our manufacturing operations. Further, any sharp increase in the prices of wood and wood-based panel products will also have a direct impact on our overall cost of sales and affect our profit margin.

As Malaysia is one of the major producers of wood-based panel products, there are ample producers of wood and wood-based panel products in Malaysia. As for local producers, there were 176 plywood/veneer mills in operations, 8 manufacturers of MDF, 7 particleboard/ chipboard manufacturers and 41 laminated board manufacturers in Malaysia in 2006. Further, the local production of wood-based panel products has continued to increase in 2006, as reflected in the increase in the sales value of manufacture of veneer sheets and plywood by 27.6% to approximately RM7.8 billion as well as the increase in the sales value of manufacture of laminated board, particleboard and other panels by 22.6% to reach approximately RM1.8 billion. *(Source: Independent Assessment of the Kitchen Systems Industry undertaken by Vital Factor)*

For our non-project customers, we believe that we are able to pass all or part of the additional costs arising from the price increases for wood and wood-based panel products to our customers. For our project customers, we are exposed to higher risks of price fluctuation due to the long time lag between the time the price quotation is made for the project and the actual commencement of the manufacturing of Kitchen Systems and/or Wardrobe Systems for delivery and installation at the project site. We strive to cushion the effects of the price increases by holding higher level of inventories of the requisite raw materials at the time the project has been secured, to act as a buffer against any unfavourable price fluctuations during the gestation period.

Notwithstanding that an unforeseen supply disruption and/or price fluctuations in wood and wood-based panels are likely to equally affect all operators within the Kitchen Systems industry, there is no assurance that any such supply disruption and/or adverse price fluctuations would not affect our profitability adversely.

### 5.1.10 We depend on certain imported raw materials and finished components

Our Group is dependent on certain imported raw materials (such as accessories, Built-In Kitchen Appliances and solid surface worktops) and finished products from overseas. For the FYE 30 June 2007, approximately 32% of our Group's total purchases of raw materials, finished products and external services are sourced from overseas. This is largely due to the fact that Obicorp, our subsidiary company, is the exclusive distributor of the "Ariston" and "Indesit" brands of White Goods and Built-In Kitchen Appliances in Malaysia.

As highlighted in Section 5.1.8 above, we strive to establish good working relationships and mutual trusts with our major suppliers (including our main overseas supplier, Indesit International) and we have not in the past experienced any material disruption in sourcing the raw materials from our suppliers. In addition, our Board is of the view that our Group can source for White Goods and Built-In Kitchen Appliances and other kitchen accessories from other alternative suppliers if the need arises, due to the availability of other local producers as well as overseas producers which may also supply similar raw materials or finished products.

Nonetheless, potential investors should note that there is no assurance that any shortage in the supply or sharp increase in the prices of these imported raw materials or finished products will not have an adverse impact on our manufacturing operations as well as our financial performance.

### 5.1.11 We are exposed to potential fluctuations in the market value of our investment properties

As at 30 June 2007, we have an aggregate of RM2.70 million of investment properties, comprising investments in land and buildings (including building which is still under construction and work-in-progress) that are not occupied for use by, or in the operations, of our Company and/or our Group. Majority of these investment properties are acquired by us pursuant to the terms of letter of awards awarded by selected property developers, wherein these property developers had requested Cabinet Industries to off-set part of the contract value for the supply and installation of Kitchen Systems by taking up an investment property of their development projects. Further details of the contra arrangements are set out in Section 20.3 of this Prospectus.

The aforesaid investment properties are currently stated at cost in our Group's balance sheets. In accordance with the Financial Reporting Standard No. 140 on "Investment Property" which was effective on 1 January 2006, the aforesaid investment properties, which comprise leasehold properties, are required to be recognised in our Group's balance sheets at fair value (which may include amongst others, the open market value of the investment properties). Accordingly, our Board is required to assess and review the fair value of our investment properties at each balance sheet date. Any changes in fair value arising from the aforesaid assessment and review will be charged or credited to our consolidated income statements.

Based on the sensitivity analysis prepared by our management (details of which are set out in Section 15.3 of this Prospectus), it is noted that a 10% decrease in the forecast fair value of the investment properties to be held by us as at 30 June 2008 will result in a decrease in our Group's forecast PATMI for the FYE 30 June 2008 by approximately 2.5%.

Based on the above, our Board believes that the changes in fair value, if any, would not have a material impact on our forecast consolidated profit for the FYE 30 June 2008. Moving forward, our Board will exercise caution and carefully evaluate the various risks, such as the location of the property, demand condition and realisable value of the property, before accepting any proposed contra arrangement in the future. Further, our Board will consider disposing and liquidating part or all of our Group's existing investment properties in response to any anticipated changes in the general economic and property market conditions. Nonetheless, there is no assurance that any adverse fluctuations in the fair value or market value of our investment properties will not materially affect our Group's financial performance.

### 5.1.12 We are exposed to foreign exchange risks and translation losses

We are affected by fluctuations in foreign exchange through the export of our products as well as import of some of our raw materials. For the FYE 30 June 2007, approximately 7.6% of our Group's revenue was transacted in USD while approximately 8.8% of our Group's total purchase of raw material and finished products was transacted in USD (please refer to Section 14.6.2 of this Prospectus for further breakdown of our Group's revenue and purchases transacted in foreign currencies).

Since 21 July 2005, the Malaysian Government replaced the pegging of RM to the USD with a managed float system. This system is likely to minimise wide fluctuations in foreign exchange rates and provide some stability for business transactions conducted in USD, as opposed to free float system. Bank Negara Malaysia will continue to monitor the exchange rate against trade-weighted index of Malaysia's major trading partners and promoting stability of the exchange rate continues to be a primary objective of the foreign exchange policy *(Source: Bank Negara Malaysia).*

At present, we have a secured credit line for foreign exchange forward contracts with a financial institution. Should the need arise, our management can readily utilise such forward contracts to hedge the fluctuations in exchange rates between RM and USD, after taking into account the exposure period and the related transaction costs. Further, we also maintain a foreign currency account with our banker to facilitate the deposit of our revenue denominated in USD to pay for some of our purchases denominated in USD, which provide some form of natural hedging against any adverse foreign exchange fluctuations.

Notwithstanding the above, there is no assurance that any adverse fluctuations in foreign exchange rates would not have a material impact on our financial performance.

### 5.1.13 We are subject to economic, political and regulatory risks

Apart from Malaysia, we also export our products to overseas countries, including Sri Lanka, Vietnam, Thailand, Bahrain, Philippines, Brunei, India, Mauritius, Pakistan and Indonesia. In this connection, we are directly affected by the economic, political and regulatory conditions in Malaysia and our key export markets as mentioned above. Any slowdown in the economy of these countries is likely to reduce demand on consumer spending on household products, including Kitchen Systems. Similarly, any changes in the political leadership and/or regulatory and government policies in these countries could also materially and adversely affect the financial and business prospects of our Group. Such political or regulatory changes or uncertainties include (but are not limited to) introduction of new laws and regulations which impose and/or increase restrictions on imports, business, employment of foreign workers, capital controls and repatriation of profits, changes in rates of interest, nationalisation, expropriation, wars or terrorism.

Whilst we have not in the past experienced any severe restrictions on the conduct of our business in Malaysia and/or our key export markets and we will take steps to comply with any new laws and regulations imposed, there is no assurance that any adverse development or change in the economic, political and regulatory environment in markets we operate in would not have an adverse impact on our ability to conduct business in these countries.

### 5.1.14 We are subject to production or operational risks

Our revenue is dependent on our production process as set out in Section 7.7 of this Prospectus running smoothly and efficiently. As such, certain events which are beyond our control such as fire, energy or water supply crisis, flood, industrial accidents or breakdown of our production machineries can cause significant loss and interruptions to our business.

We have taken precautionary steps to minimise risks of fire outbreak by separating our spray painting building from other manufacturing and storage facilities and implementing strict safety policy and enforcement such as non-smoking policy within our factory. In addition, we have installed fire hydrants, fire extinguishers, sprinklers throughout our factory and training our employees the basic fire-fighting techniques. We also have a dedicated maintenance team to conduct regular maintenance on our machineries and are trained to solve a majority of the production interruptions which we may face.

A further precautionary step we have taken is to ensure that we have adequate insurance coverage for our operations. We have taken up fire and burglary insurance policies for our buildings, office equipment, plant, machinery and stock-in-trade located at Lot 24, Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan. Further, we have also taken up public liability policy to cover risks arising from our fault or negligence in carrying out our trade and business or defects in the buildings, works, machine or plant at the retail showrooms owned by us. The insurance coverage is reviewed by us on a continuous basis.

However, with all the precautions we have taken to limit these risks, there is no assurance that these production or operational risks will not materially affect our business and/or the insurance coverage we have taken would be comprehensive enough to reflect the replacement cost of the assets or any consequential loss we have suffered from these events.

### 5.1.15 We are subject to environmental regulations

As part of our manufacturing process to manufacture kitchen components, we produce waste materials such as paint sludge during the process of painting the cabinet doors. The paint sludge together with the paint containers are classified as scheduled waste under the Environmental Quality (Schedule Waste) Regulations 2005. In addition, sawdust is also created during the process of cutting and sanding timber products, which is subject to Environmental Quality (Clean Air) Regulations 1978. As a result, our Group is subject to stringent environmental regulations and we are required to put in place the necessary measures to ensure compliance with the relevant environmental laws and regulations.

Our Group has appointed Kualiti Alam Sdn Bhd to collect the paint sludge and paint containers from our factory from time to time and we have installed a dust collection system in our factory to minimise air pollution arising from the sawdust.

Nonetheless, new laws and regulations or stricter enforcement of or changes to existing environmental laws and regulations in future could require us to incur additional operating costs to comply with such laws and regulations and no assurance can be given that such additional costs, if material, will not adversely affect our profitability.

### 5.1.16 We may not be successful in implementing our growth strategies

To expand effectively and to achieve our Group's growth targets, there may be significant strain on our Group's management, financial, customer support, operational and other resources. There can be no assurance that we will be successful in managing our growth.

Our Group's proposed growth strategies and prospects will be dependent upon, among others, the following:

- our ability to continue to secure steady flow of projects on a timely basis and on favourable terms;

- our ability to operate and manage larger operation cost effectively without compromising on quality, inventory and service controls;

- our ability to obtain adequate financing as and when needed for our planned expansion plan at cost-effective rates; and

- our ability to hire, train and retain skilled management as well as financial, marketing and technical personnel.

Many of the above mentioned factors are beyond our control. In addition, our Group has limited operating experience in the new export markets where the Group recently entered into or intends to expand into, including countries like Australia, Singapore, Republic of Maldives, Dubai, New Zealand and China (please refer to Section 8.5 of this Prospectus for details on our future plans). The operation of our Group's business in these markets may present operating, marketing, financial and legal challenges that are different from those which we currently encounter in our local market.

We seek to minimise these risks by exercising prudence, conduct through research and analysis prior to venturing into new markets. We also seek to minimise these risks by either appointing a local dealer or entering into joint ventures with established local partners with good knowledge of local market and operating conditions as well as the local laws and regulatory framework in their respective country. Nonetheless, there can be no assurance that our Group will succeed in implementing our growth strategies of expanding into these new markets.

### 5.1.17 We depend on our key management and key technical personnel

We believe that our continued success will depend to a large extent on our management team's abilities and continued efforts. Having a team of experienced management staff and skilled personnel is critical in maintaining the quality of our services and our relationship with our customers. A high turnover of such personnel would adversely affect our operations and competitiveness. Our success is also dependent on the continued efforts of our key personnel, especially our Managing Director and Executive Director, each of whom has more than 12 years' of experience in the Kitchen Systems industry. The loss of these key personnel without suitable and timely replacements and an inability to attract or retain qualified and suitable personnel would have an unfavourable and material impact on our Group's business and operating results.

As part of our Group's management succession plan, we have in place human resources development strategies, which include, amongst others, suitable compensation packages, provision of on-going external and in-house training programmes and exposure of our senior and middle management to various aspects of our business activities to enable him/her to gain greater understanding of our entire business operations and decision making process. Further, in recognition of their contributions to our Group, we have reserved 1,245,000 Issue Shares for allocation to our Group's eligible employees to participate in the Flotation Scheme, as a measure to instill sense of ownership in the key management and key technical personnel through direct equity participation in our Company as well as to increase the level of commitment and loyalty amongst the key management and key technical personnel of our Group.

Notwithstanding our efforts to create a conducive working environment and providing motivation to our employees, there is no assurance that the above measures would be successful in retaining our Group's key management and key technical personnel.

## 5.2 RISKS RELATING TO INVESTMENT IN OUR SHARES

### 5.2.1 Our Listing may be potentially delayed or aborted

Our Listing may be potentially delayed or aborted in the event of the following:

(i) the placees identified under the private placement and Bumiputera investors approved by the MITI fail to pay for the subscription of the IPO Shares allocated to them. Further, the non-subscription by the Bumiputera investors may result in us being unable to meet the Bumiputera content of at least 30% to comply with the National Development Policy; or

(ii) the Sole Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations; or

(iii) we are unable to meet the public spread requirements of at least 25% of the issued and paid-up share capital of our Company being held by a minimum of 1,000 public shareholders holding not less than 100 Shares each.

In the event that the Listing is aborted for the reasons set out above, monies paid in respect of any application accepted will be returned to you without interest. If any such monies are not repaid within 14 days after our Company is liable to repay it, the provision of sub-section 243(2) of the CMS Act shall apply accordingly.

### 5.2.2 Our actual results may vary significantly and adversely from the consolidated profit forecast disclosed in this Prospectus

Our consolidated profit forecast for the FYE 30 June 2008 is set out in Section 15.1 of this Prospectus. This consolidated profit forecast has been prepared based on various bases and assumptions that our Directors consider reasonable taking into account the prevailing and expected market and operating conditions. The bases and assumptions are subject to significant uncertainties due to factors including, but not limited to, those identified in the "Forward Looking Statements" section. Many of these factors are outside our control and some of the assumptions relating to future business decisions and strategies may also be subject to change.

Our actual results could differ from the forecast results and such deviation may be material and could affect the market price of our Shares and any dividend that may be contemplated under Section 15.4 of this Prospectus.

We do not intend to provide any updated or otherwise revised consolidated profit forecast. You are advised to read the consolidated profit forecast together with the assumptions and uncertainties underlying the profit forecast in the context of the description of our business, historical financial information, risk factors that we face and other information contained in this Prospectus.

**5.2.3 The market value of our Shares may be volatile and subject to external factors**

The IPO Price was determined and agreed upon between our Board, the Offerors and Alliance as the Adviser and Sole Underwriter, after taking into consideration a number of factors, including but not limited to, our Group's future plans and prospects, the prospects of the Kitchen Systems industry and the prevailing market conditions (including the market prices for shares of companies engaged in a business similar to our Group). There is no assurance that the market prices for our Shares will remain at or above the Issue Price upon or subsequent to our Listing as the market prices could be affected by several factors, including:

- changes in general market, political and economic conditions;
- changes in financial forecasts and recommendations by financial analysts;
- changes in market valuation of listed companies in general and other companies engaged in a business similar to our Group;
- variation of our actual results as compared to our forecast results;
- gain or loss of major customers or contracts;
- additions or departures of key management and key technical personnel; and
- involvement of our Group in material litigation.

In addition, the performance of Securities Exchange is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country as well as the growth potential of the various economic sectors. These factors invariably contribute to the volatility of trading volumes witnessed on the Securities Exchange, thus adding risk to the market prices of our Shares.

**5.2.4 There has been no prior market for our Shares and an active market for our Shares may not develop**

Prior to the Listing, there was no public market for our Shares. Accordingly, there can be no assurance as to the liquidity for our Shares, the ability of holders to sell our Shares or the prices at which the holders would be able to sell our Shares. Further, there can be no assurance that an active market for our Shares will develop upon our Listing or, if developed, that such a market can be sustained.

**5.2.5 Future sale of Shares by our substantial shareholders may adversely affect the market prices of our Shares**

Other than as described in Section 10.2 of this Prospectus, there are no other restrictions on the ability of our substantial shareholders to sell their Shares. The sale of a significant amount of our Shares in the public market, or the perception that such sale may occur, could create a downward pressure on the market price of our Shares. It may also affect our ability to sell additional Shares and impair our ability to raise additional capital in the equities market.

### 5.2.6 Control of substantial shareholders may limit your ability to influence the outcome of decisions requiring the approval of shareholders

Upon the Listing, we anticipate that our substantial shareholders, namely Tan Kee Choong, Chooi Yoey Sun, Nik Mohd Iskandar bin Nik Hassan and Dato' Hamzah bin Mohd Salleh, will collectively own approximately 67.24% of the enlarged issued and paid-up share capital of our Company. These substantial shareholders, acting together, would be able to significantly influence the outcome of certain corporate matters which require the vote of shareholders of our Company unless they are required to abstain from voting by law and/or by the relevant authorities.

### 5.2.7 Our company may not be able to pay dividends

Our company is an investment holding company and all our operations are conducted through our subsidiary companies. Accordingly, our Company's level of income and ability to pay dividends depends, to a certain extent, on the amount of dividends received from our subsidiary companies. The payment of dividends by our subsidiary companies is, in turn dependent on, among other things, its financial earnings, its capital expenditure requirements, availability of tax credits and other factors that the respective board of directors of our subsidiary companies may consider to be relevant.

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