
2. PARTICULARS OF THE PUBLIC ISSUE, OFFER FOR SALE AND PLACEMENT OF ICULS

This Prospectus is dated 30 September 2003.

A copy of this Prospectus has been registered with the SC and lodged with the Registrar of Companies who take no responsibility for its contents.

The approval of the SC shall not be taken to indicate that the SC recommends the Public Issue, Offer For Sale and Placement Of ICULS and that investors should rely on their own evaluation to assess the merits and risks of the Public Issue, Offer For Sale and Placement Of ICULS.

Application has been made to the KLSE for admission of VVB to the Official List and for the listing of and quotation for the issued and fully paid-up share capital and ICULS of VVB on the Second Board of the KLSE. These Shares and ICULS will be admitted to the Official List on the Second Board of the KLSE and official quotation will commence upon receipt of confirmation from MCD that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of applications for the Public Issue Shares, Offer Shares and ICULS will be conditional upon permission being granted by the KLSE to deal in and for the quotation of the entire enlarged issued and fully paid-up Shares and nominal value of ICULS on the Second Board of the KLSE. Accordingly, monies paid in respect of any application accepted from the Public Issue Shares, Offer Shares and Placement Of ICULS will be returned in full without interest if the said permission for listing is not granted within six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC) provided that the Company is notified by or on behalf of the KLSE within the aforesaid timeframe.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, KLSE has prescribed the securities of VVB, which are required to be deposited into the CDS. In consequence thereof, the Shares and ICULS issued/offered through this Prospectus will be deposited directly with the MCD and any dealings in these Shares and ICULS will be carried out in accordance with the Securities Industry (Central Depositories) Act 1991 and the Rules of the MCD.

An applicant should state his CDS Account number in the space provided in the Application Form if he presently has such an account. Where an applicant does not presently have a CDS Account, he should state in the Application Form his preferred ADA Code. In the case of an applicant by way of Electronic Share Application, only an applicant who is an individual and has a CDS Account can make an Electronic Share Application and the applicant shall furnish his CDS Account number to the Participating Financial Institution by way of keying his CDS Account number if the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so. A corporation or institution cannot apply for the Shares by way of Electronic Share Application.

The KLSE assumes no responsibility for the correctness of any statements made or opinions or report expressed in this Prospectus. Admission to the Official List of the Second Board of the KLSE is not to be taken as an indication of the merits of the Company or of its Shares and ICULS.

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue, Offer For Sale and Placement Of ICULS and if given or made, such information or representation must not be relied upon as having been authorised by VVB. Neither the delivery of this Prospectus nor any Public Issue and/or Offer For Sale and/or Placement Of ICULS made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of VVB since the date hereof.

2. PARTICULARS OF THE PUBLIC ISSUE, OFFER FOR SALE AND PLACEMENT OF ICULS (Cont'd)

The distribution of this Prospectus and the making of the Public Issue, Offer For Sale and Placement Of ICULS in certain other jurisdictions outside Malaysia may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the Public Issue Shares and/or Offer Shares and/or ICULS in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation

If you are unsure of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional adviser.

2.1 Share Capital

	RM
AUTHORISED SHARE CAPITAL OF VVB	
- 500,000,000 Shares comprising ordinary shares of RM1.00 each	500,000,000
ISSUED AND FULLY PAID-UP SHARE CAPITAL OF VVB:	
Issued and fully paid-up	68,246,002
TO BE ISSUED PURSUANT TO THE PUBLIC ISSUE	
- 10,000,000 Shares	10,000,000
Upon Listing	78,246,002
TO BE OFFERED PURSUANT TO THE OFFER FOR SALE	
- 10,000,000 Shares	10,000,000
ISSUE/OFFER PRICE PER SHARE (RM)	1.00
TO BE OFFERED PURSUANT TO PLACEMENT OF ICULS	
- RM100,000 nominal value of ICULS	100,000
NOMINAL VALUE OF ICULS	1.00

The Public Issue and Offer For Sale will be issued and offered to the following:-

	Public Issue		Offer For Sale	
	No. of Shares	% of the enlarged share capital	No. of Shares	% of the enlarged share capital
Malaysian Public (via Placement)	4,100,000	5.24	10,000,000	12.78
Directors and eligible employees of the VVB Group	3,900,000	4.98	-	-
Malaysian Public (via balloting)	2,000,000	2.56	-	-
Total	10,000,000	12.78	10,000,000	12.78

The Issue/Offer Price of RM1.00 in respect of the Public Issue Shares/Offer Shares and RM1.00 per nominal amount of ICULS in respect of the Placement Of ICULS are payable in full on application. The ICULS will be placed out to investors to be nominated by VVB.

2. PARTICULARS OF THE PUBLIC ISSUE, OFFER FOR SALE AND PLACEMENT OF ICULS (Cont'd)

There is only one (1) class of Shares in the Company, namely ordinary shares of RM1.00 each, all of which rank pari-passu with one another. The Public Issue Shares to be issued pursuant to this Prospectus will rank pari passu in all aspects with the existing Shares of VVB save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the Public Issue Shares.

The new Shares to be issued on conversion of the ICULS shall rank pari passu in all respects with the existing Shares of VVB save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date which is prior to the date of conversion of the ICULS.

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

The ICULS are constituted by a Trust Deed dated 11 August 2003 made between the Company and AmTrustee Berhad as the Trustee for the ICULS holders. Holders of ICULS shall be entitled to vote at the ICULS holders' meeting from time to time, on application made to the Company by the Trustee or on behalf of ICULS holders holding not less than one-tenth (1/10) in nominal amount of ICULS for the time being outstanding.

Each ICULS holder shall be entitled to vote at any ICULS holders' meeting of the Company in person or by proxy or by attorney, and on show of hands, every person present who is an ICULS holder or representative or proxy or attorney of an ICULS holder shall have one vote, and, on a poll, every ICULS holder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each RM1.00 nominal value of ICULS held. A proxy may but need not be an ICULS holder of the Company.

2.2 Critical Dates of the Public Issue, Offer For Sale and Placement Of ICULS

Events	Tentative Date
Date of Prospectus	30 September 2003
Closing of Application List for the Public Issue Shares, Offer Shares and ICULS	10 October 2003
Balloting of Applications for Public Issue Shares	16 October 2003
Despatch of Notices of Allotment of the Shares and ICULS of VVB to successful applicants	31 October 2003
Listing of the Company's entire issued and paid up share capital and ICULS on the Second Board of the KLSE	6 November 2003

2. PARTICULARS OF THE PUBLIC ISSUE, OFFER FOR SALE AND PLACEMENT OF ICULS (Cont'd)

2.3 Basis of Arriving at the Issue / Offer Price / Nominal Value of ICULS

The Issue/Offer price of RM1.00 per Share was determined and agreed upon by VVB and AmMerchant Bank as Adviser based on various factors including the following:-

- i) the proforma consolidated NTA per Share of VVB as at 31 May 2003 after incorporating the Public Issue, Offer For Sale and full conversion of the ICULS of RM0.43. The Issue/Offer price of RM1.00 per Share represents a premium of RM0.57 to the proforma consolidated NTA per Share of RM0.43;
- ii) the proforma consolidated forecast net PE multiple of approximately 8.12 times is based on the proforma consolidated forecast net EPS of 12.32 sen for the financial year ending 31 December 2003 and the Issue/Offer price of RM1.00 per Share;
- iii) the forecast gross dividend yield of 3.00%; and
- iv) the future plans and prospects of the VVB Group as outlined in Section 4 of this Prospectus.

The ICULS are offered at 100% of its nominal value (i.e. RM1.00 for every RM1.00 nominal value of ICULS).

The Directors of the VVB Group and AmMerchant Bank are of the opinion that the Issue/Offer price and nominal value of the ICULS are fair and reasonable after careful consideration of the abovementioned factors.

However, shareholders should also note that the market price of Shares and ICULS in VVB upon listing on the KLSE are subject to the vagaries of the market forces and other uncertainties which may affect the price of Shares and ICULS in VVB being traded.

Investors should form their own views on the valuation of the Shares and ICULS and the reasonableness of the basis used.

2.4 Details of the Public Issue, Offer For Sale and Placement Of ICULS

The Public Issue of 10,000,000 Shares at an issue price of RM1.00 per Share, the Offer For Sale of 10,000,000 Shares at an offer price of RM1.00 per Share and Placement Of ICULS of RM100,000 nominal value of ICULS are payable in full on application upon such terms and conditions as set out in this Prospectus.

The 10,000,000 Shares arising from the Public Issue will be allocated and allotted in the following manner:-

- (i) 4,100,000 of the Public Issue Shares will be issued through placement to potential investors (who are deemed public) to be nominated by VVB;
- (ii) 3,900,000 of the Public Issue Shares which will be issued through offer/placement to Directors and eligible employees of the VVB Group; and
- (iii) 2,000,000 of the Public Issue Shares will be made available for application by Malaysian Public to be allotted by way of balloting of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

2. PARTICULARS OF THE PUBLIC ISSUE, OFFER FOR SALE AND PLACEMENT OF ICULS (Cont'd)

Of the 3,900,000 Shares reserved for the Directors and eligible employees of VVB, 2,700,000 Shares and 1,200,000 Shares will be allocated to Directors and eligible employees of the Group respectively based on the following criteria as approved by the Board of Directors :-

- (a) At least eighteen (18) years of age;
- (b) Length of service; and
- (c) Non-Malaysian citizens are not eligible.

Category	No. of employees	No. of Shares
1. Managerial and professional	14	560,000
2. Technical and supervisory	18	122,000
3. Clerical staff and sales executive (including officers, sale co-ordinators, administrative assistants, clerks , typists and designers)	27	185,000
4. Skilled, unskilled factory workers and general workers (including drivers and office boys)	63	333,000
Total	122	1,200,000

Details of the allocation of the Public Issue Shares to the Directors are as follows :-

Name of Director	Designation	No. of Shares
Dato' Lim Sin Khong	Chairman	1,200,000
Ong Thuan Ming	Executive Director	500,000
Teoh Chong Lim	Executive Director	300,000
Datuk Sari bin Suhut	Non-Independent, Non-Executive Director	500,000
Dato' Abdul Aziz bin Haji Mohd Noh	Independent, Non- Executive Director	100,000
Wan Kamarudin bin Wan Hassan	Independent, Non- Executive Director	100,000
Total		2,700,000

The Offer For Sale of 10,000,000 Shares will be placed to investors to be nominated by VVB. The Placement Of ICULS of RM100,000 nominal value of ICULS will be placed out to investors to be nominated by VVB.

The Shares to be issued/offered in respect of the Public Issue/Offer For Sale and ICULS under the Placement Of ICULS are not underwritten. The Vendors Of Vintage Group covenant that they will undertake on a best effort basis to procure the places for all the abovementioned Shares/ICULS to be issued and/or offered.

Any VVB Shares in respect of Section 2.4 (i) and (ii) and the Offer For Sale, not subscribed for will be made available for application by Malaysian Public should there be an over subscription in Section 2.4 (iii). Similarly, any unsubscribed VVB Shares made available under Section 2.4 (iii) will be made available via offer/placement under Section 2.4 (i) and (ii) and the Offer For Sale.

2. PARTICULARS OF THE PUBLIC ISSUE, OFFER FOR SALE AND PLACEMENT OF ICULS (Cont'd)

2.5 Purposes of the Public Issue, Offer For Sale and Placement Of ICULS

The purposes of the Public Issue, Offer For Sale and Placement Of ICULS are as follows:-

- (i) the listing of VVB Shares and ICULS on the Second Board of the KLSE is expected to further enhance the Group's corporate reputation and assist the Group in expanding its customer base;
- (ii) to provide an opportunity for Malaysian investors and institutions and the Directors and eligible employees of the VVB Group to participate in the equity and continuing growth of the VVB Group;
- (iii) to enable the VVB Group to gain access to the capital markets for funds for its future expansion and growth; and
- (iv) the Placement Of ICULS is to enable VVB to meet the spread requirement under the Listing Requirements of the KLSE requiring not less than 100 ICULS holders holding not less than one (1) Board Lot of ICULS each for the ICULS to be listed.

2.6 Utilisation of Proceeds from the Public Issue, Offer For Sale and Placement Of ICULS

All proceeds of the Public Issue after deducting the related expenses will accrue to VVB. The total gross proceeds of the Public Issue is RM10 million. VVB will bear all other expenses incidental to the listing of and quotation for VVB's Shares and ICULS on the Second Board of the KLSE which include placement fee, management fee, brokerage, registration fee, professional fees, SC fee, advertising and listing expenses and other relevant fees, the aggregate of which is estimated to be RM2 million.

The VVB Group intends to use the gross proceeds from the Public Issue within one (1) year from date of Listing in the following manner :-

	RM'000
I) To purchase an existing factory building/purchase land and construct a new factory and installation of production line	7,000
II) Working capital requirements	1,000
III) Estimated listing expenses	2,000
Total	10,000

The Offer For Sale will raise gross proceeds of RM10 million. This amount shall accrue to the Offerors and no part of the proceeds is receivable by VVB. The Offerors shall bear all expenses, such as placement fee, management fee, brokerage, registration fee and share transfer fee relating to the Offer Shares. All proceeds from the Placement Of ICULS shall accrue to the Scheme Creditors accordingly.

2. PARTICULARS OF THE PUBLIC ISSUE, OFFER FOR SALE AND PLACEMENT OF ICULS (Cont'd)

There is no minimum subscription to be raised from the Public Issue, Offer For Sale and Placement Of ICULS as the Vendors Of Vintage Group covenant that they will undertake on a best effort basis to procure the placees for all the abovementioned securities to be issued and/or offered. Brief details on the utilisation of proceeds from the Public Issue are as follows:

(a) Construction / Purchase of a third (3rd) factory for the manufacturing of concrete roof tiles

The VVB Group intends to utilise approximately RM7 million of the proceeds from the Public Issue in the following manner :-

- (i) Construct a third (3rd) factory on a piece of land (to be purchased) or to purchase a factory building (inclusive of land); and
- (ii) Install new concrete roof tile production line.

In order to increase its production capacity and to capture a wider market share, VTI intends to procure (either by way of construct or purchase) a third (3rd) factory for the manufacturing of concrete roof tiles in a strategic location in west Malaysia.

For the purpose of the construction of the 3rd factory, a piece of strategically located land (yet to be identified), measuring approximately four (4) to six (6) acres is required for the purpose of constructing the new factory, complete with an administrative building, loading bays, main factory building and raw material storage area. The land cost is budgeted to be approximately RM2.5 million while the total construction cost of the factory building is expected to be approximately RM2.5 million.

Thereafter, the remaining amount of approximately RM2 million is expected to be utilised for the purchase and installation of new concrete roof tile production line complete with conveyor system, screw mixing system with cement and silo bins. The new production line is expected to have an annual production capacity of approximately thirty six (36) million pieces of concrete roof tiles.

The construction of the factory building and installation of production line is expected to be completed within four (4) months from the date the VVB Group complete the proposed land acquisition. Thereafter, the factory is expected to fully commence commercial operations within two (2) months after the completion of construction / installation works.

(b) Working Capital

This amount is to be utilised to support working capital requirements of the VVB Group.

(c) Estimated Listing Expenses

The entire listing exercise will require approximately RM2 million in relation to, inter-alia, professional fees, fees to be paid to the relevant authorities and other charges. The professional fees payable for the services of the experts are estimated to be approximately RM1 million. Any unutilised funds will be used as working capital.

As the listing proceeds are only expected to be received in the fourth (4th) quarter of 2003, it is not expected to have a material financial impact on the forecast results of the Group for the financial year ending 31 December 2003.

2. PARTICULARS OF THE PUBLIC ISSUE, OFFER FOR SALE AND PLACEMENT OF ICULS (Cont'd)

2.7 Brokerage, Management Fees and Placement Fees

Brokerage for the 5,900,000 Public Issue Shares will be payable by the Company at the rate of one percent (1%) of the issue price of RM1.00 per Share in respect of successful applications which bear the stamp of AmMerchant Bank, member companies of the KLSE, members of the Association of Merchant Banks in Malaysia or MIH.

A management fee is payable by the Company/Offerors to the Placement Agent in respect of all the Shares/ICULS to be issued/offered via placement. A placement fee is payable by the Company/Offerors to the Placement Agent in respect of all the Shares/ICULS successfully placed out by the Placement Agent.

2.8 Principal Terms of the ICULS

The salient features of the ICULS are as set out below :-

Issue size	: RM19.24 million nominal value of ICULS
Basis of allotment	: Part settlement of Consideration Securities pursuant to the Restructuring Scheme in the following manner :- i) Allotment of RM7.00 nominal value of ICULS for every ten (10) Consolidated Shares held in Pencorp pursuant to the Share Swap; and ii) Allotment of RM7.00 nominal value of ICULS for every RM10.00 of the debt settlement for the Distribution purposes
Issue price	: 100% nominal value of the ICULS
Form and Denomination	: In registered form and multiples of RM1.00
Coupon	: 4% per annum, payable in arrears on each anniversary date of issuance of ICULS
Maturity Date	: On the third (3 rd) anniversary of the date of issue of the ICULS
Conversion Price	: RM1.00
Conversion Period	: The ICULS will be convertible at any time from the date of issue of the ICULS until the Maturity Date
Mode of Conversion	: The Conversion Price shall be satisfied by tendering the ICULS for cancellation by VVB (subject to RM1.00 nominal amount of the ICULS) for one (1) new VVB Share credited as issued and fully paid-up in the share capital of VVB during the Conversion Period
Ranking of the shares upon conversion of ICULS	: Shares to be issued and allotted upon conversion of the ICULS shall rank pari passu in all respects with the existing ordinary shares of VVB save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of conversion of the ICULS
Conversion Rights	: The registered holders of the ICULS will have the right to convert such nominal amount of ICULS at the Conversion Price, into Shares in VVB during the Conversion Period
Listing	: Application has been made to the KLSE for admission to the Official List for the listing of and quotation for the ICULS and new VVB Shares arising from the conversion of the ICULS

2. PARTICULARS OF THE PUBLIC ISSUE, OFFER FOR SALE AND PLACEMENT OF ICULS (Cont'd)

Automatic Conversion	: Unless previously converted, all outstanding ICULS will be mandatory converted by VVB into new VVB Shares at the Conversion Price on the Maturity Date
Trust Deed	: The ICULS is constituted by a trust deed dated 11 August 2003 executed between VVB and AmTrustee Berhad ("Trustee"). The Trustee will be acting for benefit of the holders of the ICULS
Taxation	: All payments of interest in respect of the ICULS will be made by VVB after deducting or withholding any amount for or on account of any present or future taxes or duties of whatsoever nature imposed or levied by the Government of Malaysia or any authority thereof or therein having power to tax and which are required by law to be deducted or withheld. VVB will not pay additional amount in respect of any such deductions or withholding of payment of interest for or on account of any such taxes and duties
Governing Law	: Governed by Malaysian law

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3. RISK FACTORS

Applicants for the Public Issue Shares, Offer Shares and ICULS should carefully consider, in addition to the other information contained herein, the following risk factors (which may not be exhaustive) before applying for the Public Issue Shares, Offer Shares and ICULS :-

(i) No Prior Market For VVB Shares and ICULS

Prior to this Public Issue/Offer For Sale and Placement of ICULS, there has been no public market for VVB's securities. There can be no assurance that an active market for VVB's Shares and ICULS will exist upon its listing on the Second Board of the KLSE or, if developed, that such market will be sustained. The Issue/Offer prices of RM1.00 per Share and the nominal value of the ICULS have been determined after taking into consideration a number of factors, including but not limited to, the VVB Group's financial and operating history and conditions, its prospects and the prospects for the industry in which the VVB Group operates, the management of VVB, the market prices for shares/convertible securities of companies engaged in businesses similar to that of the VVB Group and the prevailing economic and share market conditions at the time of Listing. There can be no assurance that the Issue/Offer price and the nominal value of the ICULS will correspond to the price at which VVB's Shares/ICULS will be traded on the Second Board of the KLSE upon or subsequent to its Listing or that an active market for VVB's Shares/ICULS will develop and continue upon or subsequent to its Listing.

(ii) Political, Social, Economic and Regulatory Considerations

Adverse developments in political, economic and regulatory conditions in Malaysia and any other countries where VVB Group may market its products, or sources its supplies, could materially affect the financial and operational condition or the overall profitability of VVB Group. Other political and economic uncertainties include the risk of war, riots, outbreak of harmful diseases, expropriation, nationalisation, renegotiation, or nullification of existing contracts, changes in rates of interest and methods of taxation, changes in import tariff policies and currency exchange controls. Whilst VVB will continue to take effective measures such as maintain strict compliance to all acts, requirements and regulation under which it operates prudent financial management and increase the efficiency of its operating procedures, there is no assurance that adverse political, economic and regulatory conditions will not materially affect the Company.

(iii) Business Risk

The core business of VVB Group is the manufacturing and marketing of concrete roofing tiles. The VVB Group's customers are mainly involved in the trading of building and construction related materials, property developers and contractors. As such, the VVB Group is not insulated from certain risks inherent in the roofing tile industry as the industry's performance is highly dependent on level of construction, property development activities and home improvement works. Generally, these activities move in tandem with the level of economic activities which are in turn affected by changes in the general economic conditions such as government regulations, taxation, inflation, interest rates and exchange rates of foreign currencies; threat of substitute products and changes to business conditions such as deterioration in market conditions, rising costs of labour and raw materials and machinery breakdowns.

3. RISK FACTORS (Cont'd)

The VVB Group seeks to mitigate this risk through inter-alia, prudent management and financial policies, strict internal control system, prudent contractual terms maintaining good business relationships with its customers and suppliers, providing better incentives and benefits to motivate and retain staff and focusing on research and development to ensure that its products always maintain a standard of quality. Although the VVB Group seeks to mitigate these risks, no assurance could be given that any change to the abovementioned factors would not have any material adverse impact on the its business and profitability.

(iv) Competitive Risk

At this level, competition is largely based on price and reputation of brand name in the roofing tile industry. However, barriers to entry such as high start-up cost for setting up production facilities, the necessary technical know-how and establishment of good marketing network may deter potential new entrants. Despite such barriers to entry, aggressive new entrants attempting to penetrate into the existing market share may embark on price-cutting exercise which will prompt the VVB Group to face more challenging environment. Competition from foreign players is however, minimal given the high transportation costs involved in this business. The management of VVB Group represents that currently, the only major competitor of VVB Group is the Lafarge group of companies which dominate approximately 70% of the roofing tiles industry in Malaysia.

The VVB Group believes that its competitive edge lies in the quality of its products which is further enhanced by its effective sales and marketing services. No assurance is given that the VVB Group will be able to increase or maintain its existing market share in the future or be unaffected by the competitive strategy adopted by other players in the industry.

(v) Dependence on Key Personnel

The continued success of the VVB Group could be attributed to the strong leadership and skilful stewardship of its Board and senior management team who have been in the manufacturing industry, on average of more than four (4) years, as well as the team of technical staff and workers who have been helping in the technical support of the VVB Group.

The loss of key members of the senior management may adversely affect VVB's ability to compete in the industry. Nevertheless, VVB's operations have not been affected significantly by any loss of key management in the past four (4) years. In addition, the management believes that the Listing will enhance VVB's ability to attract new talent and retain key staff.

The VVB Group is confident that with its professional management team which has expanded and strengthened over the years, coupled with the capabilities of its employees, it would not expect any difficulties in the newer members of the management team having to eventually take over from their seniors in the future.

The VVB Group has also made efforts to train its staff besides enjoying the support of long-term management staff. The VVB Group's future depends upon its ability to attract and retain skilled personnel. Based on the long and dedicated service of many of its Directors and staff, the VVB Group is confident that they will continue servicing VVB Group for many years to come.

3. RISK FACTORS (Cont'd)

(vi) Control by Substantial Shareholders

Following the completion of the Public Issue, Offer For Sale and Placement Of ICULS, the Substantial Shareholders of VVB, namely the Vendors Of Vintage Group, will collectively hold directly/indirectly 66.71% of VVB's enlarged issued and paid-up share capital. The aforesaid shareholders, if they act together, may be able to influence the outcome of certain matters requiring the vote of VVB's shareholders unless they are required to abstain from voting by law and/or by the relevant authorities.

(vii) Financial Risks***Borrowings And Interest Rates Risks***

The VVB Group is able to meet its financial obligations through a combination of internally generated funds and external financing. All the borrowings of VVB Group are interest bearing and consists of domestic borrowings only and presently, the VVB Group enjoys good credit standing with its bankers and has adequate credit facilities.

There can be no assurance that the performance of VVB Group would remain favourable in the event of adverse changes in the interest rates. Notwithstanding this and based on the existing gearing level, the funds to be generated in the future are expected to meet the repayment of the facilities.

The Listing of VVB will be advantageous in the long term as it will enable the VVB Group to tap into the capital market in the future to meet its long term funding requirements. The usage of relatively cheaper funds from the capital market will enhance profitability through interest savings and expansion of operations and also lessen the VVB Group's exposure to fluctuations in interest risks.

Restrictive Covenants

Pursuant to various credit facilities agreement entered or to be entered into by the VVB Group with its financiers, in certain instances the VVB Group will be bound by positive or negative covenants which may limit VVB Group's operating and financial flexibility. The aforesaid covenants are typically contained in credit facilities agreements. Any act by the VVB Group falling within the ambit of such covenants would require approval from the relevant financier. In the event of breaching of such covenants, it may give rise to a right by the financier to terminate the relevant credit facility and/or enforce any security pledged in the credit facility agreement. The Directors of VVB are aware of such covenants and shall take all precautions necessary to prevent any such breach in the midst of conducting the business of VVB Group.

(viii) Supply And Prices Of Raw Material

VVB Group enjoys good relationships with its raw material suppliers, and has good support from its principal suppliers. It is not dependent on any single supplier for sourcing its principal raw materials, as it is the VVB Group's policy to have multiple sourcing. However, the prices of these raw materials fluctuate and can be volatile. As most of the manufacturers buy their raw materials as and when necessary, they are susceptible to the vagaries of these raw material prices.

3. RISK FACTORS (Cont'd)

At present, the raw materials are readily available from companies in Malaysia and overseas. Furthermore, the VVB Group has established sound relationships with its raw material suppliers over the years to enable them to obtain a constant and prompt supply of raw materials. Nonetheless, no assurance can be given that any significant changes to the supply and prices of raw materials will not affect the future profitability of VVB Group.

(ix) Cyclical Risk

The construction industry is cyclical in nature as the performance of the industry is affected by economic conditions. Any recovery or downturn in the economy will be firstly reflected in the direction of the construction industry. The revenue for the VVB Group which relies mainly on the level of construction and property development activities and home improvement works, which to a certain extent, dependent on the economic stimulus package and budget allocations for development expenditures, as determined and announced by the Government.

The VVB Group will continue to institute various measures to ensure the viability and ability of the VVB Group to withstand the effects arising from the cyclical risks. These include, *inter-alia*, delivering quality products and strengthening its production process as well as credit control policies to ensure the profitability of the VVB Group is sustained.

(x) Brand Names

The concrete roof tiles are manufactured and sold by the VVB Group under the trademark "VINTAGE". As such, the VVB Group depends on the brand name to market its products. There can be no assurance that any future industry issue will not render this brand name unusable and hence affect the sales of the VVB Group.

(xi) Technology and Machinery

The VVB Group is principally engaged in the manufacturing, trading, supply and laying of roofing tiles. Any machinery breakdown may result in the VVB Group being unable to honour its purchase orders, hence incurring damages either in monetary terms or to its business reputation. To mitigate such events as breakdowns, the manufacturers of the VVB Group's production facilities do provide round the clock on-line technical support services from their domicile country. Further thereto, the VVB Group also send its technical staff to the manufacturers' production centre for training and familiarisation of the machines functions and usage as well as on updates of technology applied.

However, there can be no assurance that the VVB Group will not be affected by any future technological advancement, which reduces its competitive edge or future machinery problems, which may adversely affect the VVB Group's operations.

(xii) Security And Systems Disruptions

VVB Group has not experienced any major security and system disruption and/or fire, energy crisis and other emergency risks that could jeopardise VVB Group's business operations during the past two (2) years, preceding the date of this Prospectus. However, there can be no assurance that such incidence will not occur.

3. RISK FACTORS (Cont'd)

(xiii) Foreign Exchange Risk

Even though the VVB Group's current revenue is generated from within Malaysia and the purchases are mainly sourced locally, the Group would still require to import some of its raw material supplies and production machineries parts from overseas. The currency controls introduced in 1998 and the pegging of the Ringgit against the US Dollar, has to certain extent, stabilised the risks to the fluctuations of foreign exchange. Further, the VVB Group may use hedging techniques to minimise this risk. However, there can be no assurance that any future significant fluctuations in exchange rates or financial crisis will not impact on the revenue, costs and earnings of the VVB Group.

(xiv) Impact Of Iraq War And SARS

The effects of the war against Iraq (or post war events) and the outbreak of SARS on international trade may have an impact on the global economy, thus affecting local businesses. Health and safety concerns arising from SARS may also lead to disruptions in the operating environments and hence affect the overall productivity and profitability of the VVB Group.

Whilst the VVB Group will continue to monitor the situation closely, especially on SARS, and take active measures to mitigate such business and operational risks, there can be no assurance that there will not be any material adverse effect on the future profitability of the VVB Group arising from the Iraq war and SARS, should there be any prolonged uncertainties arising therefrom.

(xv) Implication Of Asean Free Trade Area ("AFTA")

The AFTA agreement was initiated by the member countries of the Association of South East Asian Nations ("ASEAN"), whereby a comprehensive programme of regional reduction of tariffs has been laid out and was implemented on staggered basis with effect from 1 January 2003.

AFTA may have a negative impact on the VVB Group taking into consideration factors such as competition from other ASEAN countries, especially from lower cost producing countries, for the products manufactured by VVB Group. However, the Board is of the opinion that the implementation of AFTA may also create business opportunities for VVB Group such as opportunity to export its products and services at competitive prices to other ASEAN countries without any trade restrictions. However, there is no assurance that the VVB Group will be able to successfully compete with other ASEAN countries in the future.

(xvi) Environmental Issues

The VVB Group's production process does not result in any environmental issues as the industrial effluent by-product discharged from its factories is thereafter being treated by its waste treatment plant resulting in non toxic or hazardous waste.

However, there can be no assurance that any future environmental issues, which could materially and adversely affect the VVB Group's operations.

3. RISK FACTORS (Cont'd)

(xvii) Capital Market Risks

The performance of the Malaysian local bourse 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 sectors of the economy. These factors invariably contribute to the volatility of trading volumes on KLSE, thus adding risk to the market price of the listed shares of VVB. Nevertheless the profitability of VVB is not dependent on the performance of the KLSE as the business activities of VVB have no direct correlation with the performance of the KLSE.

(xviii) Dependency On Particular Product

The VVB Group is largely dependent on the sale of concrete roof tiles which contribute a significant 95% of the Group's total revenue. Notwithstanding this, the management of the VVB Group is of the opinion that such dependency on this narrow product range will not affect the Group's financial performance as concrete roof tiles constitute approximately 90% of the pitched roof tiles demand in Malaysia and hence, the Group is assured of a ready market for its products.

(xiv) Delay In Or Abortion Of the Listing

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

- (i) the nominated investors fail to subscribe for the portion of the Public Issue Shares/Offer Shares/Placement Of ICULS;
- (ii) the Company is unable to meet the public spread requirement, that is, at least 25% of the issued and paid-up share capital of the Company must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of Listing; and
- (iii) the Company is unable to meet the spread requirement, that is at least 100 ICULS holders holding not less than one hundred (100) ICULS each for the ICULS to be listed.

Although the Directors and the Vendors Of Vintage Group will endeavour to ensure compliance by VVB of the various listing requirements including, *inter-alia*, the public spread requirements imposed by the SC and KLSE, for the successful listing of VVB, no assurance can be given that the abovementioned factors will not cause a delay in or abortion of the Listing.

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