



**EITA RESOURCES BERHAD**

(Company No. 398748-T)  
(Incorporated in Malaysia under the Companies Act, 1965)

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EITA RESOURCES BERHAD (Company No. 398748-T)



PROSPECTUS

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(Company No. 398748-T)  
(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE OF 23,000,000 NEW ORDINARY SHARES OF RM0.50 EACH COMPRISING:-

- 6,500,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 3,500,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES OF EITA RESOURCES BERHAD AND ITS SUBSIDIARIES; AND
- 13,000,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR PRIVATE PLACEMENT TO SELECTED INVESTORS;

AND

OFFER FOR SALE OF 17,000,000 ORDINARY SHARES OF RM0.50 EACH COMPRISING:-

- 4,000,000 ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR PRIVATE PLACEMENT TO SELECTED INVESTORS; AND
- 13,000,000 ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY WAY OF PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY;

AT AN ISSUE/OFFER PRICE OF RM0.76 PER ORDINARY SHARE PAYABLE IN FULL ON APPLICATION IN CONJUNCTION WITH THE LISTING OF EITA RESOURCES BERHAD ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Adviser, Sole Underwriter and Sole Placement Agent



**AmInvestment Bank**

**AmInvestment Bank Berhad**

(Company No. 23742-V)  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

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**THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO SECTION 3 FOR "RISK FACTORS".**

**This Prospectus is dated 26 March 2012**

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**INDICATIVE TIMETABLE**

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The indicative timing of events leading up to the listing of and quotation for our Company's entire enlarged issued and fully paid-up share capital on the Main Market of Bursa Malaysia Securities Berhad is set out below:-

<u>Date</u>	<u>Event</u>
26 March 2012	: Issue of Prospectus/ opening date of the Initial Public Offering ("IPO")
30 March 2012	: Closing date of the IPO
3 April 2012	: Tentative date for balloting of applications
6 April 2012	: Tentative date for allotment of IPO shares
9 April 2012	: Tentative listing date

**THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES.**

**THE APPLICATION PERIOD WILL REMAIN OPEN UNTIL 5.00 P.M. ON 30 MARCH 2012 OR FOR SUCH FURTHER PERIOD OR PERIODS AS OUR DIRECTORS, PROMOTERS AND OFFERORS TOGETHER WITH OUR SOLE UNDERWRITER IN THEIR ABSOLUTE DISCRETION MAY MUTUALLY DECIDE.**

**IN THE EVENT THAT THE CLOSING DATE OF THE IPO IS EXTENDED, THE DATES FOR THE BALLOTING, ALLOTMENT AND ALLOCATION OF THE IPO SHARES AND THE LISTING OF OUR COMPANY WILL BE EXTENDED ACCORDINGLY. ANY EXTENSION OF THE ABOVEMENTIONED DATES WILL BE ANNOUNCED BY WAY OF ADVERTISEMENT IN A WIDELY CIRCULATED BAHASA MALAYSIA AND ENGLISH DAILY NEWSPAPER IN MALAYSIA.**

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## PRESENTATION OF INFORMATION

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All references to "EITA" and "our Company" in this Prospectus are to EITA Resources Berhad. References to "our Group" are to our Company and our subsidiaries and references to "we", "us", "our" and "ourselves" are to our Company and where the context requires, includes our subsidiaries.

Unless the context otherwise requires, references to "management" are to our Directors and key management personnel as at the date of this Prospectus. Statements as to our beliefs, expectations, estimates and opinions are those of our Directors.

Certain acronyms, technical terms and other abbreviations used are defined in the "Definitions" and "Glossary of Technical Terms" sections of this Prospectus. Words denoting the singular shall, where applicable, include the plural and *vice versa*, and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include companies or corporations.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest tenth/ hundredth or one/ two decimal places. Any numeric discrepancies in the tables included in this Prospectus between the listed amounts and the totals thereof are due to rounding differences.

This Prospectus contains forward-looking statements, which are statements other than statements of historical facts and are based on assumptions that are subject to known and unknown risks, uncertainties and contingencies. The words, such as "believe", "plan", "expect", "intend", "estimate" and similar expressions are used to identify such forward-looking statements. These forward-looking statements represent our Directors' views and beliefs with respect to the future of our Group and do not constitute a guarantee of the future performance of our Group.

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**DEFINITIONS**

In this Prospectus, unless where the context requires otherwise, the following words and abbreviations shall have the following meanings:-

<b>Act</b>	:	The Companies Act, 1965 or any statutory modification, amendment or re-enactment thereof for the time being in force
<b>ADA</b>	:	Authorised Depository Agent
<b>ADA Code</b>	:	ADA (Broker) Code
<b>Admission</b>	:	Admission of the Shares to the Official List of the Main Market of Bursa Securities
<b>Adviser</b>	:	AmInvestment Bank
<b>AmInvestment Bank</b>	:	AmInvestment Bank Berhad (23742-V)
<b>Application(s)</b>	:	The application for the IPO Shares by way of Application Forms or by way of Electronic Share Application or Internet Share Application
<b>Application Form(s)</b>	:	The printed Application Form(s) for the application for the IPO Shares
<b>ATM(s)</b>	:	Automated Teller Machine
<b>BNM</b>	:	Bank Negara Malaysia
<b>Board or Directors</b>	:	Board of Directors of our Company
<b>Bonus Issue</b>	:	Bonus issue of 81,604,142 Shares to our existing shareholders by capitalising a total of RM40,802,071 effected by capitalising RM1,781,717 from the share premium account and RM39,020,354 from the retained profits account of our Company as at 31 December 2010. The Bonus Issue was implemented and completed on 29 September 2011
<b>Bursa Depository</b>	:	Bursa Malaysia Depository Sdn Bhd (165570-W), a subsidiary of Bursa Securities
<b>Bursa Securities</b>	:	Bursa Malaysia Securities Berhad (635998-W)
<b>CDS</b>	:	Central Depository System
<b>Central Depositories Act</b>	:	The Securities Industry (Central Depositories) Act, 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force
<b>CF</b>	:	Certificate of Fitness for Occupation
<b>CHF</b>	:	Swiss Franc
<b>CIDB</b>	:	Construction Industry Development Board Malaysia
<b>CMSA</b>	:	Capital Markets and Services Act, 2007 or any statutory modification, amendments or re-enactment thereof for the time being in force
<b>Deposited Security</b>	:	A security in our Company standing to the credit of a Securities Account of a Depositor subject to the provision of the Central Depositories Act and the Rules

**DEFINITIONS (Cont'd)**

<b>Depositor</b>	:	A holder of a Securities Account
<b>DOSH</b>	:	Department of Occupational Safety and Health (Jabatan Keselamatan Dan Kesihatan Pekerjaan)
<b>EBITDA</b>	:	Earnings before interest, taxation, depreciation and amortisation
<b>EITA Contrologic</b>	:	EITA Contrologic Sdn Bhd (405366-D)
<b>EITA Electric</b>	:	EITA Electric Sdn Bhd (397596-H)
<b>EITA Elevator</b>	:	EITA Elevator (Malaysia) Sdn Bhd (468586-T)
<b>EITA Group or our Group</b>	:	EITA and its subsidiaries, namely Furutec Electrical, EITA Power System, EITA Technologies Malaysia, EITA Electric, EITA Contrologic, Schneider R&D, EITA Elevator, EITA-Schneider, EITA Technologies Singapore and Schneider Systems
<b>EITA or our Company</b>	:	EITA Resources Berhad (398748-T)
<b>EITA Power System</b>	:	EITA Power System Sdn Bhd (279315-V)
<b>EITA Technologies Malaysia</b>	:	EITA Technologies (Malaysia) Sdn Bhd (339656-U)
<b>EITA Technologies Singapore</b>	:	EITA Technologies Pte Ltd (200106222R)
<b>EITA-Schneider</b>	:	EITA-Schneider (MFG) Sdn Bhd (514664-K)
<b>Electronic Prospectus</b>	:	A copy of this Prospectus that is issued, circulated or disseminated via the Internet and/or an electronic storage medium, including but not limited to CD-ROMs or floppy disks
<b>Electronic Share Application or ESA</b>	:	An application for the Offer Shares through Participating Financial Institutions' ATM
<b>EPS</b>	:	Earnings per Share
<b>EQUINITI</b>	:	Equiniti Services Sdn Bhd (11324-H) ( <i>formerly known as MIDF Consultancy and Corporate Services Sdn Bhd</i> )
<b>FIC</b>	:	Foreign Investment Committee
<b>FPE</b>	:	Financial period(s) ended or, as the case may be, ending 30 September
<b>Furutec Electrical</b>	:	Furutec Electrical Sdn Bhd (057207-W)
<b>FYE</b>	:	Financial year(s) ended or, as the case may be, ending 31 December
<b>GDP</b>	:	Gross Domestic Product
<b>GP</b>	:	Gross profit
<b>Internet Participating Financial Institution(s)</b>	:	Participating organisation(s) in the Internet Share Application, as listed in Section 13.7.2 of this Prospectus

**DEFINITIONS (Cont'd)**

<b>Internet Share Application</b>	: Application for the IPO Shares through an Internet Participating Financial Institution
<b>Intertek</b>	: Intertek Testing Services (S) Pte Ltd
<b>IPO</b>	: Initial public offering comprising the Public Issue and Offer for Sale collectively
<b>IPO Price</b>	: RM0.76 per IPO Share, being the price payable by investors under the Public Issue/ Offer for Sale
<b>IPO Share(s)</b>	: The Public Issue Shares and Offer Shares collectively
<b>Jasa Simbolik</b>	: Jasa Simbolik Sdn Bhd (388340-K)
<b>JBP</b>	: Fire and Rescue Department Malaysia (Jabatan Bomba dan Penyelamat Malaysia)
<b>JECTEC</b>	: Japan Electric Cable Technology Center
<b>JKR</b>	: Public Works Department Malaysia (Jabatan Kerja Raya Malaysia)
<b>Listing</b>	: Admission to the Official List and the listing of and quotation for our entire issued and paid up share capital of RM65,000,000 comprising 130,000,000 Shares on the Main Market of Bursa Securities
<b>Listing Requirements</b>	: The Main Market Listing Requirements of Bursa Securities
<b>Listing Scheme</b>	: The Bonus Issue, IPO and Listing collectively
<b>LPD</b>	: 31 January 2012, being the latest practicable date prior to the registration of this Prospectus by our Company
<b>Malaysian Public or Public</b>	: Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
<b>Market Day</b>	: A day on which the stock market of Bursa Securities is open for trading in securities
<b>MIDA</b>	: Malaysian Industrial Development Authority
<b>mm</b>	: Millimetre
<b>MITI</b>	: Ministry of International Trade and Industry
<b>MOF</b>	: Ministry of Finance
<b>MOU</b>	: The Memorandum of Understanding between Furutec Electrical and USM dated 24 October 2010 as detailed in Section 4.8.3 of this Prospectus
<b>NBV</b>	: Net book value
<b>NTA</b>	: Net tangible assets

**DEFINITIONS (Cont'd)**

- OEM** : Original equipment manufacturer
- Offer for Sale** : The invitation by the Offerors to selected investors to purchase the Offer Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
- Offer Shares** : The 17,000,000 Shares, which are the subject of the Offer for Sale
- Offerors or Selling Shareholders** : Ruby Technique, Fu Wing Hoong, Lim Joo Swee, Lee Peng Sian, Wong Jiann Shyong and Low Yong Hoe collectively. Their respective Offer Shares are as follows:-

<b>Offerors</b>	<b>No. of Offer Shares</b>	<b>% of Enlarged Share Capital</b>
Ruby Technique	6,238,783	4.80
Fu Wing Hoong	5,242,720	4.03
Lim Joo Swee	4,051,062	3.12
Lee Peng Sian	1,231,258	0.95
Wong Jiann Shyong	184,336	0.14
Low Yong Hoe	51,841	0.04
<b>Total</b>	<b>17,000,000</b>	<b>13.08</b>

- Official List** : The official list of the Main Market of Bursa Securities
- OHSAS** : Occupation Health and Safety Assessment Series for health and safety management systems
- Participating Financial Institution(s)** : Refers to the participating financial institutions for Electronic Share Application as listed in Section 13.6 of this Prospectus
- PAT** : Profit after taxation
- PBT** : Profit before taxation
- Pink Form Shares** : The 3,500,000 Public Issue Shares of our Company representing approximately 2.69% of the enlarged issued and paid-up share capital of our Company at the IPO Price to be issued to the eligible Directors, employees and business associates of our Group
- PKK** : Contractor Services Centre (Pusat Khidmat Kontractor)
- Prescribed Security** : Shares of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Central Depositories Act and the Rules
- Promoters** : Ruby Technique, Sudut Kreatif, Jasa Simbolik, Fu Wing Hoong, Lim Joo Swee, Lee Peng Sian and Chia Mak Hooi collectively
- Prospectus** : This Prospectus dated 26 March 2012 issued by our Company in respect of the IPO



**DEFINITIONS (Cont'd)**

<b>Public Issue</b>	:	The invitation by our Company to the public to subscribe for the Public Issue Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of the Prospectus
<b>Public Issue Shares</b>	:	The 23,000,000 new Shares, which are the subject of the Public Issue
<b>QL Group</b>	:	QL Resources Berhad (428915-X) and its subsidiaries
<b>R&amp;D</b>	:	Research and development
<b>Record of Depositors</b>	:	A record provided by the Bursa Depository to our Company under Chapter 24.0 of the Rules
<b>Research Collaboration Agreement</b>	:	The Research Collaboration Agreement between Furutec Electrical and USM dated on 21 October 2011 as detailed in Section 4.8.3 of this Prospectus
<b>RM and sen</b>	:	Ringgit Malaysia and sen respectively
<b>Ruby Technique</b>	:	Ruby Technique Sdn Bhd (405683-X)
<b>Rules</b>	:	The Rules of the Bursa Depository
<b>SAC</b>	:	Shariah Advisory Council of the SC
<b>SC</b>	:	Securities Commission Malaysia
<b>SC Guidelines</b>	:	Equity Guidelines issued by the SC
<b>Schneider R&amp;D</b>	:	Schneider Research & Development Centre Sdn Bhd (427519-T)
<b>Schneider Systems</b>	:	Schneider Control & Drive Systems (M) Sdn Bhd (595469-K)
<b>Securities Account</b>	:	An account established by Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor
<b>SGD</b>	:	Singapore Dollar
<b>Share Split</b>	:	Sub-division of one (1) existing ordinary share of RM1.00 each in our Company into two (2) Shares on 16 December 2009
<b>Share(s)</b>	:	Ordinary share(s) of RM0.50 each in our Company
<b>Sole Placement Agent</b>	:	AmInvestment Bank
<b>Sole Underwriter</b>	:	AmInvestment Bank
<b>Sq Ft</b>	:	Square feet
<b>Sudut Kreatif</b>	:	Sudut Kreatif Sdn Bhd (363581-X)
<b>TÜV SÜD PSB</b>	:	TÜV SÜD PSB Pte Ltd
<b>UK</b>	:	United Kingdom

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**DEFINITIONS (Cont'd)**

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<b>USA or US</b>	:	United States of America
<b>USD</b>	:	US Dollar
<b>USM</b>	:	Universiti Sains Malaysia
<b>VND</b>	:	Vietnam Dong

Words referring to the singular shall, where applicable, include the plural and *vice versa*, and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include a company or a corporation.

Any enactment referred to in this Prospectus is a reference to that enactment for the time being amended or re-enacted.

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**GLOSSARY OF TECHNICAL TERMS**

<b>ASTA</b>	:	Association of Short-circuit Testing Authorities. A certification for electrical testing and product safety
<b>Ballast</b>	:	Electrical ballast that is used to stabilise the current flow in lighting systems
<b>Busduct(s)</b>	:	A busduct system is a type of electrical wiring system where the electrical current is carried through a number of bare or insulated conductor bars that are assembled within a grounded enclosure. Busduct systems are normally installed in buildings and may be used in place of cable wiring in applications where heavy current is transmitted
<b>CCTV</b>	:	Closed-circuit television is a television system intended for only a limited number of viewers, as opposed to broadcast television
<b>Centralised Dimming System</b>	:	The EITA Group's centralised dimming system is a device that is designed to automatically dim lighting systems. This helps to save energy as the lighting system can be dimmed (and thus consume less electricity) when there is less demand for lighting
<b>Clearance</b>	:	Clearance refers to the distance between two (2) conductors
<b>CNC</b>	:	Computer numerical control refers to a computerised controller that can be programmed to operate machine or tools to run automatically in predetermined series of steps or operations with high level of accuracy
<b>Control Equipment</b>	:	Electrical components and equipment that is designed to monitor and control other equipment and devices
<b>Creepage Distance</b>	:	Creepage distance refers to the length of the leakage path between two (2) conductors
<b>Dielectric Properties</b>	:	Dielectric properties refer to the degree of polarisation in an electrical insulator arising from the application of an electric field
<b>Dumbwaiter</b>	:	A dumbwaiter is a device that is designed to transport goods and food vertically between the floors of a building. The lifting capacity of a dumbwaiter typically does not exceed 500 kilograms
<b>E&amp;E</b>	:	Electrical and electronics
<b>ED&amp;C</b>	:	Electrical distribution and control
<b>Elevator</b>	:	An elevator is a device that is designed to transport people and goods vertically between the floors of a building. The term "lift" is commonly used interchangeably with the term "elevator". Within the context of this Prospectus, the term "elevator" when used to describe EITA Group's business activities may also include reference to "Escalators" and "Travellators". This is because the focus of the EITA Group is in elevators where between FYE 2008 to FYE 2010 and FPE 2011 the EITA Group handed over to customers 710 elevators, 36 Escalators and 10 Travellators.

**GLOSSARY OF TECHNICAL TERMS (Cont'd)**

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<b>Escalator</b>	:	An escalator is a moving staircase that is designed to transport people between floors of a building
<b>Extra Low Voltage Equipment</b>	:	In general, extra low voltage equipment refers to electrical products that operate with no more than 50 volts of electricity. Some examples include CCTV, alarm systems and card access systems
<b>HPSV</b>	:	High pressure sodium vapour lamp is a type of lamp that uses sodium vapour to produce light when the sodium is electrically charged under high pressure
<b>IEC</b>	:	The International Electrotechnical Commission is an organisation that prepares and publishes international standards for all electrical, electronic and related technologies. The IEC also manages conformity assessment systems to certify that equipment, systems or components conform to its international standards
<b>Ignitor</b>	:	An electrical device that is used to initiate the illumination of certain types of lighting systems. Ignitors are commonly used in high intensity discharge lamp systems
<b>IP</b>	:	Intellectual property refers to a number of distinct types of creations of the mind for which property rights are recognised
<b>ISO</b>	:	International Organisation for Standardisation is an international standard-setting body that promulgates industrial and commercial standards worldwide
<b>IT</b>	:	Information technology refers to the use of technologies and equipment such as computers and peripherals, storage devices, software and communications equipment to capture, process, disseminate and display information in various forms including text, sound and images
<b>KEMA</b>	:	An energy consulting and testing, and certification company involved in, among others, providing independent testing and certification services for the energy value chain (including electricity). KEMA Test Type Certification is only issued if a component is successfully tested and meets all of the technical requirements in agreement with the relevant standard
<b>LAN</b>	:	Local area network is a computer network that links computers and other electronic devices within a small area such as home or office
<b>LCD</b>	:	Liquid crystal display. It is a device for displaying text/ graphics based on a technology using liquid crystal
<b>LED</b>	:	Light emitting diode. It is a solid state device and do not require heating of a filament to create light. Rather, electricity is passed through a chemical compound that is excited and as a result, generates light
<b>Megger Tester</b>	:	A megger tester is a device that is used to test the electrical insulation properties of an object

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**GLOSSARY OF TECHNICAL TERMS (Cont'd)**

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<b>Millivolt Tester</b>	:	A millivolt tester is a device that is used to measure voltage in the millivolt range. A millivolt is one thousandth of a volt
<b>PCB</b>	:	Printed circuit board is commonly made of hard laminated board or other semi-flexible or flexible material where electrical or electronic circuitries are etched on the surface and are also designed to incorporate E&E components and accessories to perform various functions
<b>PLS</b>	:	Product listing scheme is a Singapore scheme to list products administered by the Productivity and Standards Board of Singapore
<b>Power Distribution Equipment</b>	:	Electrical components and equipment that is designed to distribute electric power over a large area, such as in national and municipal electricity grids, and within buildings
<b>PSB</b>	:	Productivity and Standards Board is a Singapore government statutory board under the Ministry of Trade and Industry
<b>SIRIM</b>	:	Standard and Industrial Research Institute of Malaysia
<b>SMATV</b>	:	Satellite master antenna television system is a system designed to distribute television signals to multiple outlets
<b>Travellator</b>	:	A travellator is a moving walkway that is designed to transport people horizontally or at an incline. A travellator differs from an Escalator in that a travellator lacks steps
<b>VVVF</b>	:	Variable voltage variable frequency drive is a device that is used to control the speed of an alternating current electric motor

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**CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name/ Designation</b>	<b>Address</b>	<b>Profession</b>	<b>Nationality</b>
Dato' Siow Kim Lun @ Siow Kim Lin/ <i>Independent Non-Executive Chairman</i>	No. 30, Jalan Setiajaya Bukit Damansara 50490 Kuala Lumpur	Company Director	Malaysian
Fu Wing Hoong/ <i>Group Managing Director</i>	No. 10, Jalan U8/49 Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	Company Director	Malaysian
Lim Joo Swee/ <i>Executive Director</i>	No. 23, Jalan PJU 3/12C Tropicana Indah Resort Homes 47410 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Chong Yoke Peng/ <i>Executive Director</i>	No. 45, Jalan Adang U8/16 Taman Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	Company Director	Malaysian
Lee Peng Sian/ <i>Executive Director</i>	No. 26, Jalan Adang U8/16 Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	Company Director	Malaysian
Chia Mak Hooi/ <i>Non-Independent Non-Executive Director</i>	No. 29, Jalan Kubah U8/59 Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	Company Director	Malaysian
Chia Lik Khai/ <i>Non-Independent Non-Executive Director</i>	No. 17, Jalan Kelab Golf 13/3 Green Hill KGSAAS Seksyen 13 40100 Shah Alam Selangor Darul Ehsan	Company Director	Malaysian
Tan Chuan Hock/ <i>Independent Non-Executive Director</i>	No. 2, Jalan 12/15 46200 Petaling Jaya Selangor Darul Ehsan	Accountant	Malaysian
Chong Lee Chang/ <i>Independent Non-Executive Director</i>	No. 21, Jalan PJU 3/15 Tropicana Indah Resort Homes 47410 Petaling Jaya Selangor Darul Ehsan	Lawyer	Malaysian

**CORPORATE DIRECTORY (Cont'd)**

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Tan Chuan Hock	Chairman	Independent Non-Executive Director
Dato' Siow Kim Lun @ Siow Kim Lin	Member	Independent Non-Executive Chairman
Chong Lee Chang	Member	Independent Non-Executive Director

**COMPANY SECRETARIES** : Tea Sor Hua (MACS 01324)  
 77C, Jalan SS21/60  
 Damansara Utama  
 47400 Petaling Jaya  
 Selangor Darul Ehsan

Chan Bee Fang (MAICSA 7032385)  
 77B, Jalan SS21/60  
 Damansara Utama  
 47400 Petaling Jaya  
 Selangor Darul Ehsan

**REGISTERED OFFICE** : Third Floor, No. 79 (Room A)  
 Jalan SS21/60  
 Damansara Utama  
 47400 Petaling Jaya  
 Selangor Darul Ehsan  
 Telephone No. : (03) 7728 4778  
 Facsimile No. : (03) 7722 3668

**HEAD OFFICE** : Lot 4, Block A  
 Jalan SS13/7  
 Subang Jaya Industrial Estate  
 47500 Subang Jaya  
 Selangor Darul Ehsan  
 Telephone No. : (03) 5637 8099  
 Facsimile No. : (03) 5637 8128  
 E-mail : [inquiry@eita.com.my](mailto:inquiry@eita.com.my)  
 Website : <http://www.eita.com.my>

**REGISTRAR AND TRANSFER OFFICE** : Equiniti Services Sdn Bhd (11324-H) (formerly known as MIDF Consultancy and Corporate Services Sdn Bhd)  
 Level 8, Menara MIDF  
 82, Jalan Raja Chulan  
 50200 Kuala Lumpur  
 Telephone No. : (03) 2166 0933  
 Facsimile No. : (03) 2166 0688

**AUDITORS AND REPORTING ACCOUNTANTS** : KPMG (AF 0758)  
 Level 10, KPMG Tower  
 8, First Avenue, Bandar Utama  
 47800 Petaling Jaya  
 Selangor Darul Ehsan  
 Telephone No. : (03) 7721 3388  
 Facsimile No. : (03) 7721 3399

**CORPORATE DIRECTORY (Cont'd)**

- SOLICITORS FOR THE IPO** : Enlil Loo Advocates & Solicitors  
P-2-11, Plaza Damas  
60, Jalan Hartamas 1  
Sri Hartamas  
50480 Kuala Lumpur  
Telephone No. : (03) 6203 2381  
Facsimile No. : (03) 6203 2359
- PRINCIPAL BANKERS** : RHB Bank Berhad (6171-M)  
1<sup>st</sup> Floor, Unit A6, No 22A  
Jalan Tiara 2A/KU1  
Pusat Perniagaan BBK  
41150 Klang  
Selangor Darul Ehsan  
Telephone No. : (03) 3342 4844  
Facsimile No. : (03) 3342 9144
- CIMB Bank Berhad (13491-P)  
UL Wisma Amanah Raya Berhad  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur  
Telephone No. : (03) 2084 8888  
Facsimile No. : (03) 2084 9888
- Malayan Banking Berhad (3813-K)  
Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur  
Telephone No. : (03) 2070 8833
- United Overseas Bank (Malaysia) Bhd (271809-K)  
Menara UOB  
Jalan Raja Laut  
50728 Kuala Lumpur  
Telephone No. : (03) 2692 7722  
Facsimile No. : (03) 2691 3110
- INDEPENDENT BUSINESS AND MARKET RESEARCH CONSULTANTS** : Vital Factor Consulting Sdn Bhd (266797-T)  
75C & 77C, Jalan SS22/19  
Damansara Jaya  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Telephone No. : (03) 7728 0248  
Facsimile No. : (03) 7728 7248
- ISSUING HOUSE** : Equiniti Services Sdn Bhd (11324-H) *(formerly known as MIDF Consultancy and Corporate Services Sdn Bhd)*  
Level 8, Menara MIDF  
82, Jalan Raja Chulan  
50200 Kuala Lumpur  
Telephone No. : (03) 2166 0933  
Facsimile No. : (03) 2166 0688
- ADVISER, SOLE UNDERWRITER AND SOLE PLACEMENT AGENT** : AmInvestment Bank Berhad (23742-V)  
22nd Floor, Bangunan AmBank Group  
55, Jalan Raja Chulan  
50200 Kuala Lumpur  
Telephone No. : (03) 2036 2633  
Facsimile No. : (03) 2070 8598
- LISTING SOUGHT** : Main Market of Bursa Securities
- SHARIAH STATUS** : Approved by the SAC of the SC



## **1. INFORMATION SUMMARY**

**THE FOLLOWING INFORMATION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR GROUP. YOU SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN OUR COMPANY'S SHARES.**

### **1.1 BACKGROUND INFORMATION ON OUR GROUP**

We were incorporated in Malaysia under the Act on 19 August 1996 as a private limited company under the name of Pacific Astro Sdn Bhd. Subsequently, we changed our name to EITA Power & Automation Sdn Bhd on 27 November 1996 and to EITA Holdings Sdn Bhd on 2 April 1997 before assuming the name EITA Resources Sdn Bhd on 9 October 2009. We were converted into a public limited company on 11 January 2010.

EITA is principally an investment holding company and provider of management services to our subsidiaries. Through our subsidiaries, we focus on three (3) main sectors namely E&E components and equipment, Elevator and Busduct systems as illustrated in Section 4.3 of this Prospectus. Within these sectors, our business activities are in the marketing and distribution of E&E components and equipment, design and manufacture of Elevator and Busduct systems. In addition, we are supported by our other revenue streams in services namely maintenance of Elevator systems and provision of electrical and security system solutions as well as manufacture of E&E components and equipment namely Centralised Dimming Systems, Ballasts and connectors.

Our key founder is Fu Wing Hoong and our co-founders are Lim Joo Swee and Chong Yoke Peng, all of whom are responsible for the overall strategy planning, development and business direction of our Group. In addition, CBG Holdings Sdn Bhd and Farsathy Holdings Sdn Bhd have been our substantial shareholders since December 1996.

In 1996 and 1997, EITA started to embark on various business acquisitions in Malaysia as part of our expansion strategy into the E&E sector:-

- (i) We acquired an 85.0% equity stake in EITA Power System in 1996;
- (ii) We acquired a 65.0% equity stake in EITA Electric in 1996; and
- (iii) We acquired a 70.0% equity stake in EITA Technologies Malaysia in 1997.

In 1998, we ventured into the Elevator systems business when EITA Power System submitted quotations to supply, install and maintain Elevators for a commercial property development project in Damansara Perdana, Selangor. EITA Elevator was incorporated in 1998 to undertake the Elevator project. The designs for these Elevator systems were specified by the property developer and we sourced fully imported Elevator systems manufactured by Pacific Machinery Co. Ltd based in South Korea. EITA Elevator completed the installation of Elevators for the commercial property development project in Damansara Perdana in 2000. We incorporated EITA - Pacific Elevator (MFG) Sdn Bhd (now known as EITA-Schneider) in 2000 with the initial intention to manufacture Elevator systems with technical support from Pacific Machinery Co. Ltd. However, this arrangement did not materialise.

In 2002, we started to design our own Elevator systems through EITA Elevator. Subsequently, in the same year, we also entered into a technical support agreement with Schneider Steuerungstechnik GmbH, a company specialising in Elevator control systems through EITA - Pacific Elevator (MFG) Sdn Bhd (now known as EITA-Schneider). We are continuously working with Schneider Steuerungstechnik GmbH to improve on our Elevator systems.

In 2002, EITA - Pacific Elevator (MFG) Sdn Bhd (now known as EITA-Schneider) began to manufacture Elevator systems. Our Group exported our first elevator systems overseas namely to Bangkok, Thailand in 2003. We completed our first Travellator project in 2003 and our first Escalator project in 2005. In 2002, we incorporated Schneider Systems to market and distribute Elevator parts, as part of our Elevator maintenance services. In 2004, Schneider R&D commenced its business activities as the R&D arm for Elevator systems.

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

In 2005, we established a physical presence in Singapore with the acquisition of 90.0% equity stake of EITA Technologies Singapore to strengthen our presence in that country.

In 2008, EITA acquired 100.0% equity stake of Furutec Electrical, a company engaged in the designing and manufacturing of Busduct systems and manufacturing of metal fabricated products.

In 2009, EITA-Schneider opened a representative office in Vietnam to support our marketing activities of Elevator systems in Vietnam and indirectly in Cambodia and Laos. Subsequently, in the same year, we expanded Furutec Electrical's facility in Seberang Perai, Penang and developed a new Busduct R&D centre in the same premises.

Three (3) Busduct system models from our "HP-ES" range received third party certification in 2010. We also received our first local order and first overseas orders for our "HP-ES" range of Busduct systems in the same year.

In October 2010, Furutec Electrical entered into a MOU with USM to jointly develop new Busduct systems and investigate the development of new insulation material and Busduct system enclosures. Subsequently, in October 2011, Furutec Electrical entered into a Research Collaboration Agreement with USM in respect of a joint research to investigate the current carrying capacity and short circuit rating of Furutec Electrical's electrical Busduct system in accordance with IEC standards.

EITA-Schneider, EITA Technologies Malaysia, EITA Elevator and Furutec Electrical are all ISO 9001:2008 certified. In addition, we are committed to workers' health and safety which is evidenced by the fact that EITA Elevator has obtained OHSAS 18001:2007 certification for Occupational Health and Safety Management System in 2010.

Since inception of our Group in 1996, we have established ourselves as a player in the E&E components and equipment, Elevator systems and Busduct systems sectors.

Further details on our Group are set out in Section 4.1 of this Prospectus.

### **1.2 COMPETITIVE ADVANTAGES AND KEY STRENGTHS**

Our Directors believe that we have the following competitive advantages and key strengths that ensure our Group's sustainability and growth:-

- (a) We Are Authorised Distributors for A Number of E&E Brands of Components and Equipment;
- (b) We Have A Wide Distribution Network;
- (c) We Have Our Own Brands of Elevator Systems, Centralised Dimming System, Ballasts and Busduct Systems;
- (d) We Have An Established Track Record;
- (e) We Provide Total Elevator Systems Solutions;
- (f) Our Elevator Designs Are Approved by the Relevant Authorities;
- (g) We Have In-house R&D; and
- (h) Our Busduct Systems Designs Are Certified.

Further details on our Group's competitive advantages and key strengths are set out in Section 4.18 of this Prospectus.

**1. INFORMATION SUMMARY (Cont'd)****1.3 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT**

Our Promoters, substantial shareholders, Directors and key management are as listed below:-

<b>Name</b>	<b>Designation</b>
<b><u>Promoters</u></b>	
Ruby Technique	-
Sudut Kreatif	-
Jasa Simbolik	-
Fu Wing Hoong	Group Managing Director
Lim Joo Swee	Executive Director
Lee Peng Sian	Executive Director
Chia Mak Hooi	Non-Independent Non-Executive Director
<b><u>Substantial Shareholders</u></b>	
Ruby Technique	-
Sudut Kreatif	-
Jasa Simbolik	-
Goh Kin Bee	-
Lee Peng Sian	Executive Director
Lee Pek See	-
Lim Joo Swee	Executive Director
Fu Wing Hoong	Group Managing Director
CBG Holdings Sdn Bhd	-
Farsathy Holdings Sdn Bhd	-
Chia Seong Pow	Non-Executive Director of subsidiaries
Chia Seong Fatt	-
Chia Song Kun	-
<b><u>Directors</u></b>	
Dato' Siow Kim Lun @ Siow Kim Lin	Independent Non-Executive Chairman
Fu Wing Hoong	Group Managing Director
Lim Joo Swee	Executive Director
Chong Yoke Peng	Executive Director
Lee Peng Sian	Executive Director
Chia Mak Hooi	Non-Independent Non-Executive Director
Chia Lik Khai	Non-Independent Non-Executive Director
Tan Chuan Hock	Independent Non-Executive Director
Chong Lee Chang	Independent Non-Executive Director
<b><u>Key Management</u></b>	
Kow Poh Gek	Chief Financial Officer (EITA)
Lai Wai Keong	General Manager (EITA Technologies Malaysia)
Loh Kuwei Lam	General Manager (EITA-Schneider)
Tan Chee Huat	General Manager (Technical/ R&D, EITA Elevator)
Wee Fook Sang	General Manager (Production and Service, EITA-Schneider)
Wong Chin Tim	General Manager (EITA Electric)
Lim Yew Chai	Finance Manager (EITA)
Ng Kheok Wah	Factory Manager (Furutec Electrical)

Further details of our Promoters, substantial shareholders, Directors and key management are set out in Section 5 of this Prospectus.

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**1. INFORMATION SUMMARY (Cont'd)****1.4 PROFORMA CONSOLIDATED INCOME STATEMENTS OF OUR GROUP**

The table below sets out a summary of our proforma consolidated results for the past three (3) FYE 2008 to FYE 2010 and FPE 2010 and FPE 2011 on the assumption that our Group has been in existence throughout the financial years/ periods under review. Our proforma consolidated results are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the proforma consolidated financial information set out in Section 8.1 of this Prospectus.

	← Audited →			Unaudited	Audited
	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000	<sup>(1)</sup> FPE 2010 RM'000	FPE 2011 RM'000
Revenue	131,757	136,361	163,719	125,553	114,070
Contract costs recognised as expense	(7,586)	(12,041)	(8,515)	(6,525)	(4,857)
Cost of sales	(93,701)	(88,968)	(109,964)	(84,710)	(75,492)
GP	30,470	35,352	45,240	34,318	33,721
Distribution costs	(2,751)	(3,067)	(4,054)	(2,881)	(2,774)
Administrative expenses	(15,590)	(16,510)	(19,859)	(14,283)	(16,229)
Other operating expenses	(342)	(2,052)	(2,631)	(3,100)	(2,151)
Other operating income	2,426	1,527	2,327	1,995	1,494
Results from operating activities	14,213	15,250	21,023	16,049	14,061
Finance costs	(1,189)	(738)	(807)	(588)	(595)
Interest income	87	147	113	91	58
PBT	13,111	14,659	20,329	15,552	13,524
Tax expense	(2,353)	(3,187)	(4,710)	(3,556)	(3,219)
PAT	10,758	11,472	15,619	11,996	10,305
Attributable to:-					
- Owners of our Company	10,768	11,429	15,576	11,971	10,167
- Non-controlling interest	(10)	43	43	25	138
	10,758	11,472	15,619	11,996	10,305
Number of Shares in issue ('000) <sup>(2)</sup>	107,000	107,000	107,000	107,000	107,000
EBITDA	15,017	16,105	22,041	16,787	14,916
GP margin (%)	23.13	25.93	27.63	27.33	29.56
PBT margin (%)	9.95	10.75	12.42	12.39	11.86
PAT margin (%)	8.17	8.41	9.54	9.55	9.03
Gross EPS (sen) <sup>(3)</sup>	12.25	13.70	19.00	<sup>(4)</sup> 19.38	<sup>(4)</sup> 16.85
Net EPS (sen) <sup>(5)</sup>	10.05	10.72	14.60	<sup>(4)</sup> 14.95	<sup>(4)</sup> 12.84
Diluted EPS (sen) <sup>(6)</sup>	10.05	10.72	14.60	<sup>(4)</sup> 14.95	<sup>(4)</sup> 12.84

**Notes:-**

- (1) Unaudited and included for the purpose of comparison only.
- (2) Based on the issued and paid-up share capital of 107,000,000 Shares after the Bonus Issue.
- (3) Gross EPS is computed based on PBT attributable to owners of our Company divided by the issued and paid-up share capital of 107,000,000 Shares after the Bonus Issue.
- (4) Annualised to twelve (12) months for comparison purposes.
- (5) Net EPS is computed based on PAT attributable to owners of our Company divided by the issued and paid-up share capital of 107,000,000 Shares after the Bonus Issue.
- (6) Diluted EPS is calculated based on PAT attributable to owners of our Company divided by the issued and paid-up share capital of 107,000,000 Shares after the Bonus Issue. There is no dilutive effect.

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**1. INFORMATION SUMMARY (Cont'd)****1.5 PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OUR GROUP**

The proforma consolidated statement of financial position of our Group as at 30 September 2011 as set out below had been prepared solely for illustrative purposes, to show the effects on the audited consolidated statement of financial position of our Company had the Listing Scheme and the utilisation of proceeds been effected on that date. The proforma consolidated statement of financial position should be read in conjunction with the accompanying notes and assumptions included in the proforma consolidated financial information set out in Section 8.1 of this Prospectus.

	Audited as at 30.09.2011 (RM'000)	* Proforma I (RM'000)
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	7,186	20,611
Investment properties	196	196
Other investment	10	10
Deferred tax asset	1,455	1,455
Intangible assets	2,151	3,601
<b>Total non-current assets</b>	<b>10,998</b>	<b>25,873</b>
<b>CURRENT ASSETS</b>		
Inventories	29,111	29,111
Trade and receivables	61,093	61,093
Prepayment and deposits	2,682	2,682
Asset classified as held for sale	264	264
Cash and cash equivalents	12,932	12,737
<b>Total current assets</b>	<b>106,082</b>	<b>105,887</b>
<b>TOTAL ASSETS</b>	<b>117,080</b>	<b>131,760</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	53,500	65,000
Share premium	-	3,180
Reserves	21,123	21,123
Non-controlling interest	527	527
<b>Total equity</b>	<b>75,150</b>	<b>89,830</b>
<b>Non-current liabilities</b>		
<b>Long Term Loan</b>		
Loans and borrowings	729	729
Deferred tax liabilities	128	128
<b>Total non-current liabilities</b>	<b>857</b>	<b>857</b>
<b>Current liabilities</b>		
Trade and other payables including derivatives	27,119	27,119
Deferred income	2,357	2,357
Dividend payable	-	-
Loans and borrowings	11,442	11,442
Current tax liabilities	155	155
<b>Total current liabilities</b>	<b>41,073</b>	<b>41,073</b>
<b>TOTAL LIABILITIES</b>	<b>41,930</b>	<b>41,930</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>117,080</b>	<b>131,760</b>
Number of Shares in issue ('000)	107,000	130,000
NTA (RM'000)	72,999	86,229
NTA per Share (RM)	0.68	0.66

Note:-

\* Incorporates the effects of the IPO and utilisation of proceeds.

**1. INFORMATION SUMMARY (Cont'd)****1.6 PRINCIPAL STATISTICS RELATING TO THE LISTING SCHEME**

	No. of Shares	Share Capital (RM)
<b>Authorised Share Capital</b>	1,000,000,000	500,000,000
<b>Existing Issued and Fully Paid-Up Share Capital</b>	107,000,000	53,500,000
<b>New Shares to be issued:-</b>		
• Pursuant to the Public Issue	23,000,000	11,500,000
<b>Enlarged issued and paid-up share capital upon Listing</b>	130,000,000	65,000,000
<b>Offer for Sale</b>	17,000,000	8,500,000
<b>IPO PRICE PER SHARE (RM)</b>		0.76
<b>PROFORMA CONSOLIDATED NTA</b>		
• Proforma consolidated NTA as at 30 September 2011 (based on the enlarged issued and paid-up share capital after the IPO and after deducting the estimated listing expenses of approximately RM2.80 million) (RM)		86,229,000
• Proforma consolidated NTA per Share (based on the enlarged issued and paid-up share capital of 130,000,000 Shares) (RM)		0.66
<b>MARKET CAPITALISATION OF OUR COMPANY (based on the IPO Price and enlarged issued and paid-up share capital after the IPO) (RM)</b>		98,800,000

Further details on the Listing Scheme are set out in Section 2.3 and Section 4.2 of this Prospectus.

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**1. INFORMATION SUMMARY (Cont'd)****1.7 UTILISATION OF PROCEEDS**

The Public Issue is expected to raise gross proceeds of RM17.48 million, which shall accrue to us. We intend to use the proceeds raised in the following manner:-

	Description of Utilisation	Timeframe for Utilisation	<sup>(1)</sup> Amount (RM'000)	Percentage (%)
(a)	Expansion and improvements of manufacturing and business facilities	Within 36 months	8,851	50.64
(b)	Expansion in R&D	Within 24 months	3,750	21.45
(c)	Working capital	Within 12 months	2,079	11.89
(d)	Estimated listing expenses <sup>(2)</sup>	Immediate	2,800	16.02
	<b>Total Public Issue Proceeds</b>		<b>17,480</b>	<b>100.00</b>

Notes:-

- (1) The proceeds will be placed in interest bearing deposits with licensed financial institutions until eventual utilisation.
- (2) If the actual Listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual Listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.

Further details on the utilisation of proceeds are set out in Section 2.7 of this Prospectus.

**1.8 RISK FACTORS**

Prospective investors should carefully consider the following risk factors (which are not exhaustive) in addition to other information contained elsewhere in this Prospectus before subscribing for any of the Shares:-

**(a) Risks Relating to Our Business and Operations**

- (i) Business risks;
- (ii) Dependence on major suppliers and principals;
- (iii) Dependence on Directors, key management and skilled workforce;
- (iv) Credit risks of our customers;
- (v) Financial risks;
- (vi) Risks relating to R&D;
- (vii) Investment activities risk and new ventures;
- (viii) Operational risks and insurance coverage;
- (ix) Defects liability; and
- (x) Risk of tenancy renewals and relocation.

**(b) Risks Relating to the Industry in Which Our Group Operates**

- (i) Competitive risks;
- (ii) Fluctuation in prices of raw materials;
- (iii) Foreign exchange fluctuation;
- (iv) Political and economic risks; and
- (v) Regulatory framework.

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**1. INFORMATION SUMMARY (Cont'd)**

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**(c) Risks Relating to the Investment in Our Shares**

- (i) No prior market for our Shares;
- (ii) Capital market risks/ Share price volatility;
- (iii) Control by Promoters;
- (iv) Payment of dividends to shareholders;
- (v) Failure/ delay in our Listing;
- (vi) Delay between admission and trading of the IPO Shares; and
- (vii) Disclosure regarding forward-looking statements.

Further details of the risk factors are set out in Section 3 of this Prospectus.

**1.9 AUDIT QUALIFICATIONS**

None of the financial statements of the companies within our Group for the FYE 2008 to FYE 2010 and FPE 2011 were subject to any audit qualification.

**1.10 SHARIAH STATUS**

We have voluntarily submitted an application to the SC for a Shariah compliance review to be carried out by the SAC as part of the process of determining our Shariah status at IPO.

The SAC has classified our securities as Shariah-compliant based on the audited financial statements for the FYE 2010 and the Shariah criteria adopted by the SAC.

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## 2. PARTICULARS OF THE IPO

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This Prospectus is dated 26 March 2012. The IPO is subject to the terms and conditions of this Prospectus.

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

**The approval of the SC for the Listing Scheme, as set out in Section 6.1(a) of this Prospectus, shall not be taken to indicate that the SC recommends the IPO and you should rely on your own evaluation to assess the merits and risks of the IPO.**

We have obtained Bursa Securities' approval for our admission to the Official List of the Main Market of Bursa Securities and for the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities, vide its letter dated 15 December 2011. Listing of and quotation for our Shares will commence after, amongst others, receipt of confirmation from Bursa Depository of the receipt of allotment information for the crediting of our Shares and receipt of an undertaking that all notices of allotment will be issued and dispatched to all successful applicants prior to the date of listing of and quotation for our Shares, failing which any allotment and allocation made on an Application to subscribe for and/or purchase of our Shares pursuant to this Prospectus is required under Malaysian law to be void.

Acceptance of Application for the IPO Shares will be conditional upon permission being granted by Bursa Securities for the quotation of the entire enlarged issued and fully paid-up share capital of our Company on the Main Market of Bursa Securities. Accordingly, monies paid in respect of any Application accepted from the IPO Shares will be returned without interest if the aforesaid permission 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 our Company is notified by or on behalf of Bursa Securities within the aforesaid time frame. If such monies are not repaid within fourteen (14) days after we become liable to repay it, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

**Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as a Prescribed Security. In consequence thereof, our Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the Central Depositories Act and the Rules.**

Persons submitting Applications by way of Application Forms or by way of Electronic Share Application or Internet Share Application must have a CDS Account. If you do not have a CDS account, you may open one (1) by contacting any of the ADAs listed in Section 13.11 of this Prospectus. In the case of an Application by way of Application Form, an applicant should state his/her CDS Account number in the space provided in the Application Form. In the case of an Application by way of Electronic Share Application or Internet Share Application, only an applicant who is an individual and has a CDS Account can make an Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or Internet Share Application.

Pursuant to the Listing Requirements, our Company must have at least 25.0% of the total number of Shares for which listing is sought in the hands of a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing. In the event that the above requirement is not met, our Company may not be allowed to proceed with our Listing on the Main Market of Bursa Securities. In the event thereof, monies paid in respect of all Applications will be returned if the said permission is not granted.

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**2. PARTICULARS OF THE IPO (Cont'd)**

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The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinions or report expressed in this Prospectus. Admission to the Official List of the Main Market of Bursa Securities is not to be taken as an indication of the merits of our Group or the merits of our Shares.

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by our Company. Neither the delivery of this Prospectus nor any IPO 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 our Company since the date hereof. Nonetheless, should our Company become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of the Listing, our Company shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

The distribution of this Prospectus and the making of the IPO in certain other jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of the IPO Shares are subject to Malaysian laws and our Company together with the Adviser, Sole Underwriter and Sole Placement Agent, take no responsibility for the distribution of this Prospectus and the offer of any part of the IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions. 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 or an offer to sell the IPO Shares in any jurisdiction in which such invitation or offer is not authorised or lawful or to any person to whom it is unlawful to make such invitation or offer.

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

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## 2. PARTICULARS OF THE IPO (Cont'd)

### 2.1 SHARE CAPITAL

As at the LPD, the authorised share capital of our Company is RM500,000,000 divided into 1,000,000,000 Shares and the issued and fully paid-up share capital for our Company is RM53,500,000 comprising 107,000,000 Shares.

Upon the allotment and issue of the Public Issue Shares pursuant to our IPO, our enlarged issued and paid-up capital of our Company will be RM65,000,000 comprising 130,000,000 Shares as follows:-

	Number of Shares	Share Capital (RM)
<b>Authorised Share Capital</b>	1,000,000,000	500,000,000
<b>Existing Issued and Fully Paid-Up Share Capital</b>	107,000,000	53,500,000
<b>New Shares to be issued:-</b>		
• Pursuant to the Public Issue	23,000,000	11,500,000
<b>Enlarged issued and paid-up share capital upon Listing</b>	130,000,000	65,000,000
<b>Offer for Sale</b>	17,000,000	8,500,000
<b>IPO PRICE PER SHARE (RM)</b>		0.76
<b>PROFORMA CONSOLIDATED NTA</b>		
• Proforma consolidated NTA as at 30 September 2011 (based on the enlarged issued and paid-up share capital after the IPO and after deducting the estimated listing expenses of approximately RM2.80 million) (RM)		86,229,000
• Proforma consolidated NTA per Share (based on the enlarged issued and paid-up share capital of 130,000,000 Shares) (RM)		0.66
<b>MARKET CAPITALISATION OF OUR COMPANY (based on the IPO Price and enlarged issued and paid-up share capital after the IPO) (RM)</b>		98,800,000

Our market capitalisation upon Listing, based on the IPO Price and our enlarged issued share capital of 130,000,000 Shares will be RM98,800,000. The IPO Price is payable in full upon Application, subject to the terms and conditions of this Prospectus. The board lot size for our enlarged issued and paid-up share capital upon Listing will be standardised at 100 units per board lot.

As at the date of this Prospectus, our Company has only one (1) class of share, namely, ordinary shares of RM0.50 each, all of which rank pari passu with one another. The IPO Shares will rank pari passu in all respects with our existing Shares, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

## **2. PARTICULARS OF THE IPO (Cont'd)**

Subject to any special rights attaching to any Shares which our Company may issue in the future, the holders of Shares in our 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 any surplus in the event of the liquidation of our Company, in accordance with our Articles of Association.

At every general meeting, a shareholder shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting; if two (2) proxies are appointed, only one (1) specifically nominated by the shareholders and if no such nomination, the proxy whose name ranked first, is allowed to vote on a show of hands or attorney to a shareholder shall have one (1) vote and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each Share held. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Act shall not apply to the Company.

There are no limitations on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on the securities imposed by law or by the constituent documents of our Company.

### **2.2 PURPOSES OF THE LISTING**

The purposes of the IPO are as follows:-

- (a) To enable our Group to gain recognition and enhance our profile through our Listing status and further augment our corporate reputation and assist our Group in expanding our customer base;
- (b) To provide additional funds to meet the working capital requirements of our Group and to facilitate the expansion of our Group's facilities including new product design and development as detailed in Section 4.19 of this Prospectus;
- (c) To enable our Group to gain access to the capital market in future in order to be more cost-effective in relation to general borrowings and funding to pursue future growth opportunities;
- (d) To create liquidity of our Shares; and
- (e) To provide the opportunity for the eligible Directors, employees and business associates of our Group and the Malaysian investing public and institutions to participate in the equity and continuing growth of our Group.

### **2.3 DETAILS OF THE IPO**

The Public Issue of 23,000,000 new Shares and Offer for Sale of 17,000,000 Shares are issued/ offered at the IPO Price of RM0.76 payable in full on Application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:-

#### **2.3.1 Public Issue**

The Public Issue of 23,000,000 Shares at the issue price of RM0.76 per Share representing approximately 17.69% of our enlarged issued and paid-up share capital will be made available for Application in the following manner:-

##### **(a) Malaysian Public (via Balloting)**

6,500,000 Public Issue Shares, representing 5.0% of our enlarged issued and paid-up share capital, to be allocated via balloting will be made available for application by the Malaysian Public whereby 50.0% will be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.

**2. PARTICULARS OF THE IPO (Cont'd)****(b) Eligible Directors, Employees and Business Associates of Our Group**

3,500,000 Public Issue Shares representing approximately 2.69% of our enlarged issued and paid-up share capital, will be made available for Application by the eligible Directors, employees and business associates of our Group.

The Pink Form Shares will be allocated to a total of approximately 150 eligible Directors and employees of our Group based on the following criteria as approved by our Board:-

- (i) at least eighteen (18) years old;
- (ii) designation and position;
- (iii) length of service; and
- (iv) contribution to our Group.

The Pink Form Shares to be allocated to the business associates of our Group will take into consideration their contribution to the success of our Group.

Directors of our Company are entitled for the Pink Form Shares as follows:-

<b>Name of Directors</b>	<b>Designation</b>	<b>No. of Shares</b>
Dato' Siow Kim Lun @ Siow Kim Lin	Independent Non-Executive Chairman	200,000
Chong Yoke Peng	Executive Director	100,000
Chia Mak Hooi	Non-Independent Non-Executive Director	200,000
Chia Lik Khai	Non-Independent Non-Executive Director	200,000
Tan Chuan Hock	Independent Non-Executive Director	200,000
Chong Lee Chang	Independent Non-Executive Director	200,000
<b>Total</b>		<b>1,100,000</b>

**(c) Private Placement**

13,000,000 Public Issue Shares representing 10.0% of our enlarged issued and paid-up share capital will be made available by way of private placement to selected investors.

All the new Shares to be issued pursuant to the Public Issue shall, upon allotment and issue, and when fully paid, rank *pari passu* in all respects with our existing issued and paid-up Shares, except that the Public Issue Shares will not be entitled to any dividends, rights, allotments or other distributions declared, made or paid prior to the date of allotment and issue of the Public Issue Shares.

The Public Issue will increase our issued share capital from 107,000,000 Shares to 130,000,000 Shares.

**2. PARTICULARS OF THE IPO (Cont'd)****2.3.2 Offer for Sale**

Concurrent with the Public Issue, the Offerors will offer for sale 17,000,000 Shares at the offer price of RM0.76 per Share representing approximately 13.08% of our enlarged issued and paid-up share capital. Such Offer Shares will be made available in the following manner:-

**(a) Private Placement**

4,000,000 Offer Shares representing approximately 3.08% of our enlarged issued and paid-up share capital will be made available by way of private placement to selected investors.

**(b) Bumiputera Investors (via Placement)**

13,000,000 Offer Shares representing 10.0% of our enlarged issued and paid-up share capital will be made available by way of private placement to Bumiputera investors approved by MITI.

Details of the Offerors are set out below:-

No.	Name	Address	Position/ Relationship With Our Group Within the Past Three (3) Years	Shareholdings Before IPO <sup>(a)</sup>		Offer for Sale			Shareholdings After IPO <sup>(b)</sup>	
				No. of Shares	%	No. of Shares	% Before IPO <sup>(a)</sup>	% After IPO <sup>(b)</sup>	No. of Shares	%
1.	Ruby Technique	No.16A, Jalan Astaka U8/83, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan	Promoter and substantial shareholder	37,112,042	34.68	6,238,783	5.83	4.80	30,873,259	23.75
2.	Fu Wing Hoong	No. 10, Jalan U8/49, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan	Promoter, substantial shareholder and Group Managing Director	6,324,361	5.91	5,242,720	4.90	4.03	1,081,641	0.83
3.	Lim Joo Swee	No. 23, Jalan PJU 3/12C, Tropicana Indah Resort Homes, 47410 Petaling Jaya, Selangor Darul Ehsan	Promoter, substantial shareholder and Executive Director	5,586,303	5.22	4,051,062	3.79	3.12	1,535,241	1.18
4.	Lee Peng Sian	No. 26, Jalan Adang U8/16, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan	Promoter, substantial shareholder and Executive Director	7,324,266	6.85	1,231,258	1.15	0.95	6,093,008	4.69
5.	Wong Jiann Shyong	52, Jalan Wawasan 3/14, Pusat Bandar Puchong, 47100 Puchong, Selangor Darul Ehsan	Senior Manager (EITA Electric)	1,096,541	1.02	184,336	0.17	0.14	912,205	0.70
6.	Low Yong Hoe	224, Jalan C.Y. Choy, 10300 Georgetown, Pulau Pinang	Senior Branch Manager - Penang (EITA Electric)	308,379	0.29	51,841	0.05	0.04	256,538	0.20
<b>Total</b>				<b>57,751,892</b>	<b>53.97</b>	<b>17,000,000</b>	<b>15.89</b>	<b>13.08</b>	<b>40,751,892</b>	<b>31.35</b>

Notes:-

(a) Based on our issued and paid-up share capital of 107,000,000 Shares after the Bonus Issue and before the IPO.

(b) Based on our enlarged issued and paid-up share capital of 130,000,000 Shares after the IPO.

## 2. PARTICULARS OF THE IPO (Cont'd)

### 2.3.3 Underwriting and Allocation of the IPO Shares

In summary, the IPO Shares will be allocated in the following manner:-

	Public Issue		Offer for Sale		Total	
	No. of Shares ('000)	% of Enlarged Share Capital	No. of Shares ('000)	% of Enlarged Share Capital	No. of Shares ('000)	% of Enlarged Share Capital
Malaysian Public (via balloting)	6,500	5.00	-	-	6,500	5.00
Eligible Directors, employees and business associates of our Group	3,500	2.69	-	-	3,500	2.69
Private placement to selected investors	13,000	10.00	4,000	3.08	17,000	13.08
Bumiputera investors (via placement)	-	-	13,000	10.00	13,000	10.00
<b>Total</b>	<b>23,000</b>	<b>17.69</b>	<b>17,000</b>	<b>13.08</b>	<b>40,000</b>	<b>30.77</b>

All the 10,000,000 Public Issue Shares available for application by the Malaysian Public and our eligible Directors, employees and business associates of our Group under Sections 2.3.1(a) and 2.3.1(b) of this Prospectus respectively have been fully underwritten.

The 13,000,000 Public Issue Shares and 4,000,000 Offer Shares to be allocated by way of private placement to selected investors under Sections 2.3.1(c) and 2.3.2(a) of this Prospectus respectively are not underwritten as irrevocable undertakings have been obtained from the selected investors to take up the Public Issue Shares and Offer Shares available under the private placement.

The 13,000,000 Offer Shares made available for application by Bumiputera investors approved by MITI under Section 2.3.2(b) of this Prospectus are not underwritten as these Offer Shares have been allocated for MITI's approved and recognised Bumiputera investors whereby irrevocable undertakings from the Bumiputera investors have been obtained.

In the event of an under-subscription of the 13,000,000 Offer Shares made available for application by Bumiputera investors approved by MITI under Section 2.3.2(b) of this Prospectus, the unsubscribed Offer Shares shall be made available for application by the Bumiputera public as part of the balloting process. Subsequently, any of the unsubscribed Shares which are not taken up by the Bumiputera public will be made available for application by the Malaysian Public and/or private placement to selected investors.

In the event of an under-subscription of the Public Issue Shares by the Malaysian Public, the unsubscribed Public Issue Shares will be made available to the selected investors. Any Public Issue Shares which are not taken up by our Group's eligible Directors, employees and business associates will be reoffered to our Group's other eligible employees and business associates. Subsequently, any of the unsubscribed Public Issue Shares reoffered which are not taken up will be made available for application by the Malaysian Public on a fair and equitable manner and/or selected investors via the private placement. Any further Public Issue Shares not subscribed for will be made available for subscription by the Sole Underwriter based on the terms of the Underwriting Agreement.

## **2. PARTICULARS OF THE IPO (Cont'd)**

The allocation of the IPO Shares shall take into account the desirability of distributing the IPO Shares to a reasonable number of applicants with a view of broadening our Company's shareholding base to meet the public spread requirements of Bursa Securities and to establish a liquid and adequate market for our Company's Shares.

There is no minimum subscription amount to be raised from the IPO. All the IPO Shares are either fully underwritten by the Sole Underwriter and/or subscribed by the selected investors pursuant to their irrevocable undertakings.

### **2.4 BASIS OF ARRIVING AT THE IPO PRICE**

The IPO Price is RM0.76 per Share. The price was determined and agreed upon by our Company and AmlInvestment Bank as the Adviser, Sole Underwriter and Sole Placement Agent based on various factors which include:-

- (a) our Group's operating and financial history and position as outlined in Sections 4 and 8 of this Prospectus respectively;
- (b) our competitive advantages and key strengths as listed in Section 4.18 of this Prospectus;
- (c) our future plans, strategies and prospects as set out in Section 4.19 of this Prospectus;
- (d) our net EPS of approximately RM0.12 per Share for FYE 2010 and annualised net EPS of approximately RM0.11 per Share for FPE 2011, based on our enlarged issued and paid-up share capital of 130,000,000 Shares upon Listing; and
- (e) our proforma consolidated NTA as at 30 September 2011 of approximately RM0.66 per Share based on our enlarged issued and paid-up share capital of 130,000,000 Shares upon Listing and after the utilisation of proceeds as set out in Section 2.7 of this Prospectus.

Our Directors and the Offerors are of the opinion that the IPO Price is fair and reasonable after careful consideration of the abovementioned factors.

However, you should note that the market price of our Company's Shares upon Listing on Bursa Securities is subject to the vagaries of market forces and other uncertainties which may affect the price of the Shares when they are traded.

You should bear in mind the risk factors as set out in Section 3 of this Prospectus and form your own views of the valuation of the IPO Shares and the reasonableness of the bases used before deciding to invest in our Shares.

### **2.5 MARKET CAPITALISATION UPON LISTING**

Based on the IPO Price and the issued and fully paid-up share capital of 130,000,000 Shares upon listing, our Company's market capitalisation will be RM98,800,000.

### **2.6 DILUTION**

Dilution is the amount by which the IPO Price to be paid by the applicants for our Shares under the IPO exceeds our proforma consolidated NTA per Share after the IPO. The proforma consolidated NTA per Share as at 30 September 2011 based on the issued and paid-up share capital of 107,000,000 Shares before the IPO is RM0.68.



**2. PARTICULARS OF THE IPO (Cont'd)**

Pursuant to the Public Issue of 23,000,000 new Shares at the IPO Price and after adjusting for the effects of the utilisation of proceeds, the proforma consolidated NTA of our Group as at 30 September 2011 will decrease to RM0.66 per Share based on the enlarged issued and paid-up capital of 130,000,000 Shares after the IPO. This represents an immediate decrease in adjusted NTA of RM0.02 per Share to our existing shareholders and an immediate dilution in NTA of RM0.10 per Share representing approximately 13.16% to our new investors. The following table illustrates such dilution on a per Share basis:-

	RM
IPO Price	0.76
Proforma consolidated NTA per Share as at 30 September 2011 (after adjusting for the effects of the Bonus Issue)	0.68
Decrease in proforma consolidated NTA per Share due to listing expenses	0.02
Proforma consolidated NTA per Share after the IPO	0.66
Dilution in NTA per Share to new investors	0.10

The following table summarises the total number of Shares held (after taking into account the number of shares acquired during the past three (3) years and those arising from the Share Split and Bonus Issue) and the average price per Share paid by our substantial shareholders, Directors and key management or persons connected and the Shares to be held by the new investors pursuant to the IPO:-

	<sup>(1)</sup> No. of Shares Held	<sup>(2)</sup> Consideration (RM)	Average Price Per Share (RM)
Ruby Technique	37,112,042	8,367,921	0.23
Sudut Kreatif	21,501,533	2,724,024	0.13
Jasa Simbolik	11,893,574	1,600,632	0.13
Lee Peng Sian	7,324,266	1,209,250	0.17
Goh Kin Bee	6,618,279	1,391,481	0.21
Fu Wing Hoong	6,324,361	880,225	0.14
Lim Joo Swee	5,586,303	792,158	0.14
Lee Pek See	3,360,963	516,545	0.15
Chong Yoke Peng	4,259,236	667,560	0.16
Wong Chin Tim	1,276,550	180,228	0.14
Loh Kuwei Lam	337,973	61,108	0.18
<b><u>New Investors</u></b>			
- Public Issue	23,000,000	17,480,000	0.76
- Offer For Sale	17,000,000	12,920,000	0.76

Notes:-

- (1) Represents the number of Shares held including those acquired during the past three (3) years and those arising from the Share Split and Bonus Issue.
- (2) Save for Ruby Technique, the consideration was paid beyond the past three (3) years.

## 2. PARTICULARS OF THE IPO (Cont'd)

### 2.7 UTILISATION OF PROCEEDS

The Public Issue is expected to raise gross proceeds of RM17.48 million, which shall accrue to us. We intend to use the proceeds raised in the following manner:-

	Description of Utilisation	Timeframe for Utilisation	<sup>(1)</sup> Amount (RM'000)	(%)
(a)	Expansion and improvements of manufacturing and business facilities	Within 36 months	8,851	50.64
(b)	Expansion in R&D	Within 24 months	3,750	21.45
(c)	Working capital	Within 12 months	2,079	11.89
(d)	Estimated listing expenses <sup>(2)</sup>	Immediate	2,800	16.02
	<b>Total Public Issue Proceeds</b>		<b>17,480</b>	<b>100.00</b>

Notes:-

- (1) The proceeds will be placed in interest bearing deposits with licensed financial institutions until eventual utilisation.
- (2) If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.

#### (a) Expansion and Improvements of Manufacturing and Business Facilities

We have budgeted approximately RM11.13 million to expand and improve our manufacturing and business facilities in line with our business growth which we intend to finance partly from the Public Issue proceeds to be raised of approximately RM8.85 million and the balance of approximately RM2.27 million will be funded via our internally generated funds and/or borrowings as follows:-

	Description	Estimated		
		Public Issue Proceeds (RM'000)	Internally Generated Funds and/or Borrowings (RM'000)	Total (RM'000)
(i)	Expansion of Elevators manufacturing facility			
	(aa) Purchase of land	3,411	2,274	5,685
	(bb) Construction of a factory with warehouse and ancillary office building including related infrastructure and renovations	3,880	-	3,880
	(cc) Purchase of machineries	420	-	420
		<b>7,711</b>	<b>2,274</b>	<b>9,985</b>
(ii)	Improvements of business facilities	1,140	-	1,140
		<b>8,851</b>	<b>2,274</b>	<b>11,125</b>

**2. PARTICULARS OF THE IPO (Cont'd)****(i) Expansion of Elevators Manufacturing Facility**

The expansion will focus on our manufacturing facility for Elevators. In this regard, we have budgeted approximately RM9.99 million (approximately RM7.71 million to be financed from the Public Issue proceeds and the balance of approximately RM2.27 million from internally generated funds and/or borrowings) for the construction of a new factory with warehouse and ancillary office building including related infrastructure and renovations, and the purchase of machineries over the next 36 months for our Elevator products as set out below:-

**(aa) Purchase of land**

We have via EITA-Schneider signed the sale and purchase agreement dated 30 June 2011 with Sime Darby USJ Development Sdn Bhd and Sime Darby Property (Klang) Sdn Bhd, for the acquisition of a piece of freehold industrial land measuring approximately 2.90 acres in Bandar Bukit Raja (Eastern Division), Klang ("Land") for a purchase consideration of RM5,684,580. Please refer to Section 12.5(c) of this Prospectus for further details.

As at the LPD, we have paid RM3,126,519 representing 55.0% of the purchase consideration for the acquisition of the Land. We intend to build a new factory, which will house the Elevator manufacturing and testing facilities, warehouse and ancillary office building on the Land. Pending the receipt of the Public Issue proceeds, we intend to finance approximately RM3.41 million via bank borrowings. The balance of approximately RM2.27 million will be financed from our internally generated funds. Upon receipt of the Public Issue proceeds, we intend to repay the bank borrowings which were used to finance the purchase of the Land. We intend to construct our new factory, which will house our Elevator manufacturing facility, including a warehouse and ancillary office building on the Land upon delivery of the Land.

Our Elevator testing tower for our Elevator R&D which will be constructed utilising our Public Issue proceeds as explained in Section 2.7(b)(i) of this Prospectus will be located at the abovementioned Land.

**(bb) Construction of a factory with warehouse and ancillary office building including related infrastructure and renovations**

Details of the proposed new factory with warehouse and ancillary office building are as follows:-

Details	Estimated Built-up Area	Estimated Commencement Date/ Completion Date	Estimated Production Capacity Per Annum
A factory with warehouse and ancillary office building for manufacturing of Elevators	35,000 Sq Ft	Second half 2013/ Second half 2014	Not applicable #

Note:-

# Measures of capacity and output are not meaningful for the design and manufacture of Elevator systems as this business activity is project based.

**2. PARTICULARS OF THE IPO (Cont'd)****(cc) Purchase of machineries**

Further details on the type, quantity and unit cost of machineries proposed to be acquired are as set out below:-

Particulars	Estimated Quantity of Units	Estimated Cost Per Unit (RM'000)	Estimated Cost (RM'000)
Forklift (low mast 2.5 tonnes)	1	100	100
Wire rope cutting machine	1	150	150
Overhead crane (5 tonnes)	1	100	100
Packing machine	1	50	50
Movable container ramp	1	20	20
<b>Total</b>			<b>420</b>

Please refer to Section 4.19.2(b) of this Prospectus for further details.

**(ii) Improvements of Business Facilities**

We intend to upgrade and improve the infrastructure of our Group's operating offices and facilities such as the upgrading and enhancement of our product showrooms and information technology infrastructures estimated to be approximately RM1.14 million. Our intention to upgrade and enhance the information technology infrastructures encompass various initiatives such as the upgrading of our software and network infrastructure, and the introduction of a bar-coding system for our inventory.

**(b) Expansion in R&D**

To further differentiate our product lines, it is important that we strive for innovation. We intend to utilise RM3.75 million of the Public Issue proceeds for our expansion in R&D.

The breakdown of the utilisation of proceeds for our expansion in R&D is as follows:-

Details	RM'000
(i) Elevator testing tower	2,300
(ii) Development cost – Elevator	200
(iii) Busduct R&D centre	250
(iv) Expenditure in certification	1,000
<b>Total</b>	<b>3,750</b>

**(i) Elevator Testing Tower**

We intend to utilise RM2.30 million for the construction of an Elevator testing tower to enhance our Elevator R&D capabilities. The Elevator testing tower will be located at the site of our new Elevator manufacturing factory as explained in Section 2.7(a)(i) of this Prospectus.

We intend to utilise RM1.50 million for the construction Elevator testing tower and the remaining RM0.80 million for the purchase of equipment for the Elevator testing tower. The equipment to be purchased includes various test equipment such as traction machine, guide-rail laser alignment device and vibration analysers.

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## 2. PARTICULARS OF THE IPO (Cont'd)

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The aforementioned facility will allow us to expand our R&D initiatives in enabling us to carry out the necessary tests in-house in developing new products and features.

Please refer to Section 4.19.2(b) of this Prospectus for further details.

**(ii) Development Cost – Elevator**

We intend to utilise RM0.20 million to test and certify the fire rated door and purchase of equipment such as field testing meters, the hardware and software for the R&D of the Elevator systems and other ancillary testing equipment.

Please refer to Section 4.19.2(b) of this Prospectus for further details.

**(iii) Busduct R&D Centre**

We intend to utilise RM0.25 million to purchase new testing equipment to expand our Busduct R&D centre in Penang. The expansion will enable our Group to expand the range of Busduct testing activities that we can carry out in-house.

We intend to utilise part of the Public Issue proceeds to purchase some testing equipment and to further enhance our Group's Busduct R&D capabilities.

These testing equipment will be used to test the mechanical properties and heat resistance of Busduct systems, and will complement the electronic testing equipment currently installed.

The testing equipment will also enable our Group to expand its in-house testing and quality control initiatives as part of our Group's Busduct systems product development initiatives. The in-house facility will allow our Group to test its products based on various electrical and mechanical standards prior to sending them for third party certification.

Please refer to Section 4.19.2(a) of this Prospectus for further details.

**(iv) Expenditure in Certification**

We have budgeted approximately RM1.50 million to obtain additional internationally recognised third party product certification for our HP-ES range of Busduct systems as disclosed in Section 4.19.1(a) of this Prospectus which we intend to finance partly from the Public Issue proceeds of RM1.0 million and the balance of approximately RM0.50 million to be funded from our internally generated funds.

We have commenced the process of obtaining the certification in 2011 which involved progressive payments for the certification. We have financed the progressive payments via internally generated funds prior to the receipt of the Public Issue proceeds. Upon receipt of the Public Issue proceeds, we will utilise the said Public Issue proceeds to finance the remaining balance of the expenditure which has yet to be incurred. Further, upon receipt of the Public Issue proceeds, we will also repay the bank borrowings (if any) which were used to finance the progressive payments prior to the receipt of the Public Issue proceeds.

## 2. PARTICULARS OF THE IPO (Cont'd)

The expansion of our Group's in-house R&D facilities is expected to assist our Group to remain competitive by continuously improving our products, thus ensuring that we are kept up-to-date with the ever-changing consumer demand and new electrical standards. The said expansion and upgrades will also enhance the marketability of our Group's products.

Further information on our future R&D initiatives is disclosed in Section 4.8 of this Prospectus.

### (c) Working Capital

Our requirement for working capital will increase in tandem with our expected expansion and business growth. Therefore, we expect to utilise approximately RM2.08 million of the Public Issue proceeds as additional working capital to finance our day-to-day operations.

The funds will also be used to support our initiatives to enhance our Group's image and workforce in line with our expansion. This includes the expansion of our sales force and distribution network, and marketing initiatives such as product branding and participation in trade shows and exhibitions.

The breakdown of proposed utilisation of proceeds for working capital is as follows:-

Details of the Working Capital Utilisation	RM'000
(i) Advertising and promotion activities including participation in trade shows	400
(ii) Expansion of workforce	1,150
(iii) Other working capital requirements	529
<b>Total</b>	<b>2,079</b>

#### (i) *Advertising and Promotion Activities Including Participation in Trade Shows*

We intend to increase our advertising and promotion activities in line with initiatives to enhance our Group's image and brand presence.

To promote our products locally and to export markets, we intend to participate in various regional and international exhibitions, and trade shows as part of our marketing initiatives.

We expect to utilise approximately RM0.40 million for advertising and promotion activities including participation in trade shows. The advertising and promotion activities will involve advertising in various trade journals and setting up of billboard advertisements at strategic locations.

#### (ii) *Expansion of Workforce*

In line with our Group's expected expansion and business growth, we intend to bolster our workforce to service our potential and existing customers better. We expect to utilise approximately RM1.15 million for the expansion of our workforce to recruit additional staff for the following:-

- (aa) technical staff for our design and maintenance segments;
- (bb) sales staff to enhance our Group's existing nationwide distribution networks; and
- (cc) sales staff for our expansion in the overseas markets.

**2. PARTICULARS OF THE IPO (Cont'd)****(iii) Other Working Capital Requirements**

In tandem with our Group's business growth, we plan to utilise approximately RM0.53 million as working capital to support our Group's cash cycle. The funds will be utilised for various aspects of our business such as the purchasing of raw materials, inventories and to finance other operating costs of our Group's day-to-day operations. This will enable us to conduct our operations smoothly without being dependent on external borrowings.

**(d) Estimated Listing Expenses**

The estimated listing expenses for our Listing are as follows:-

<b>Estimated Listing Expenses</b>	<b>Amount (RM'000)</b>
Professional fees <sup>(1)</sup>	1,500
Fees to authorities	180
Underwriting, placement and brokerage fees	810
Other miscellaneous expenses & contingencies <sup>(2)</sup>	310
<b>Total</b>	<b>2,800</b>

Notes:-

- (1) *Include fees for the Adviser, Reporting Accountants, Solicitors, Independent Business and Market Research Consultants and other professional advisers as well as Issuing House.*
- (2) *Travelling expenses, other incidental or related expenses and contingencies in connection with the IPO. Any unutilised amount shall be used for our Group's working capital purposes.*

Our Company will bear all expenses and fees incidental to the Listing which includes underwriting commissions, placement fees, brokerage, professional fees, fees to authorities, advertising and other fees the aggregate of which is estimated to be RM2.80 million.

The Offer for Sale is expected to raise gross proceeds of RM12.92 million. This amount shall accrue entirely to the Offerors and no part of the proceeds is receivable by our Company. All expenses and fees incidental to the Offer for Sale, for example placement fees and miscellaneous expenses, estimated to be approximately RM0.37 million (in addition to the RM2.80 million above), shall be borne by the Offerors.

**2.8 FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS**

Our utilisation of the proceeds from the Public Issue is expected to have a financial impact on our Group as follows:-

**(a) Interest Savings**

Without the Public Issue proceeds, we are expected to incur incremental borrowings of approximately RM12.60 million to fund our plans for future expansion. As such, with the Public Issue proceeds and based on an assumed interest rate of 5.0% per annum, we expect to have an interest savings of approximately RM0.63 million per annum.

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## **2. PARTICULARS OF THE IPO (Cont'd)**

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### **(b) Enhancement of Working Capital**

We will utilise approximately RM2.08 million of the Public Issue proceeds for our working capital requirements as outlined in Section 2.7 of this Prospectus. This will further enhance our cash flow position and enable us to conduct our operations and expansion smoothly without being overly dependent on external funding.

### **(c) Increase in Revenue**

Our Group will use the proceeds from the Public Issue to expand our current facilities and enhance our support to our existing customer base as well as to new customers in the region and overseas countries. In addition, the Public Issue proceeds used for our R&D initiatives will serve to enhance our Group's competitiveness and are vital to our continuing success and to meet the changing needs of the market.

The foregoing will enhance the revenues of our Group as our business base expands over the next few years.

## **2.9 COMMISSIONS AND BROKERAGE**

### **(a) Brokerage Fee**

Brokerage is payable by our Company in respect of the Public Issue under Section 2.3.1(a) of this Prospectus at the rate of 1.0% of the IPO Price in respect of the successful applications which bear the stamp of member participating organisation companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association and/or EQUINITI.

### **(b) Placement Fee**

The Sole Placement Agent has agreed to place the IPO Shares available under private placement as set out in Sections 2.3.1(c) and 2.3.2 of this Prospectus.

Accordingly, our Company will pay the placement fee to be incurred on the sale of the Public Issue Shares under Section 2.3.1(c) of this Prospectus at the rate of up to 2.0% of the value of the Public Issue Shares reserved for private placement (being the number of Public Issue Shares reserved for private placement multiplied by the IPO Price) to be placed out successfully by our Sole Placement Agent.

The Offerors will pay the placement fee to be incurred on the sale of the Offer Shares under Section 2.3.2 of this Prospectus at the rate of up to 2.0% of the value of the Offer Shares reserved for private placement (being the number of Offer Shares reserved for private placement multiplied by the IPO Price) to be placed out successfully by our Sole Placement Agent.

### **(c) Underwriting Commission**

Our Company will pay the Sole Underwriter an underwriting commission at the rate of 2.0% of the value of the total underwritten Public Issue Shares under Sections 2.3.1(a) and 2.3.1(b) of this Prospectus (being the number of the underwritten Public Issue Shares multiplied by the IPO Price).



## 2. PARTICULARS OF THE IPO (Cont'd)

### 2.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

The salient terms of the Underwriting Agreement dated 6 March 2012 entered into between our Company and the Sole Underwriter ("**Underwriting Agreement**"), including provisions which may allow the Sole Underwriter to withdraw from its obligations under the Underwriting Agreement after the IPO as extracted from the Underwriting Agreement, are set out below.

Unless otherwise stated, all capitalised terms herein shall bear the same meanings as prescribed in the Underwriting Agreement.

#### **14.1 Events of Termination**

*Notwithstanding anything herein contained, if there shall have occurred, happened or come into effect, any of the following circumstances, on or before the Closing Date or the Extended Closing Date as the case may be, the Underwriter may by notice in writing to the Company terminate, cancel and withdraw its commitment to underwrite the Underwritten Shares:-*

- 14.1.1 **Breaches in Representations, Warranties or Undertakings:** *there is any breach by the Company of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice (Provided Always that such period of days shall be not less than 14 days) after notice of such breach shall be given to the Company or by the Closing Date, whichever is earlier, or withholding of information of a material nature from the Underwriter, which is required to be disclosed pursuant to this Agreement which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business, financials or operations of the Group, the success of the Public Issue, or the distribution or sale of the Public Issue Shares; or*
- 14.1.2 **Information Withheld:** *there is withholding of information of a material nature from the Underwriter, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Public Issue Shares; or*
- 14.1.3 **Material and/or Adverse Changes:** *there shall have occurred, happened or come into effect any material and/or adverse change to the business or financial condition of the Company or the Group; or*
- 14.1.4 **Force Majeure/ Lapse of Agreement:** *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 (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or*

**2. PARTICULARS OF THE IPO (Cont'd)**

- (b) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage or acts of war) which, (in the reasonable opinion of the Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of the Company or the Group, the success of the Public Issue, or the distribution or sale of the Public Issue 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
- (c) if in the reasonable opinion of the Underwriter that the success of the Public Issue is seriously and/or materially jeopardised by the FTSE Bursa Malaysia Kuala Lumpur Composite Index, consecutively on the three (3) Market Days prior to the or up to the Closing Date, falling by 10.0% or more (as compared to the index as at 5.00 p.m. on the date of this Agreement);

whereby the obligations of the parties to this Agreement that remain executory at such time shall be suspended unless otherwise agreed in writing by the parties, and the parties shall agree to an Extended Closing Date.

In the event the obligations of the parties to this Agreement are suspended, the parties shall endeavour to proceed with the underwriting of the Underwritten Shares on terms as may be mutually agreed between the parties; or

In the event the obligations of the parties to this Agreement are suspended and the parties fail to agree to proceed with the underwriting of the Underwritten Shares before the Extended Closing Date, this Agreement shall be terminated and shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches and any ancillary expenses incurred by the Underwriter under or pursuant to the terms of this Agreement.

- 14.1.5 **Withdrawal or Non-Procurement of Approval for Listing by Bursa Securities:** the approval in principle of Bursa Securities for the admission of the Company to the Official List of Bursa Securities or for the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Market of Bursa Securities is withdrawn or not procured within six (6) weeks from the date of issue of Prospectus or such other period as may be specified by the SC; or
- 14.1.6 **Failure to Perform Obligations:** there is failure on the part of the Company to perform any of its obligations herein contained."

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### **3. RISK FACTORS**

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**IN EVALUATING AN INVESTMENT IN THE IPO SHARES, YOU SHOULD CAREFULLY CONSIDER ALL INFORMATION CONTAINED IN THIS PROSPECTUS INCLUDING BUT NOT LIMITED TO THE FOLLOWING GENERAL AND SPECIFIC RISKS.**

#### **3.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS**

##### **3.1.1 Business Risks**

We are subject to business risks inherent to the industry that we are currently operating in. This may include amongst others, fluctuation in the demand for our products, changes in general economic, business, competitive and credit conditions, changes in governmental and international policies and regulations, non-performance or unsatisfactory performance of sub-contractors and other business risks common to going concerns.

Instances of non-performance or unsatisfactory performance of sub-contractors is an inherent risk of our business as sub-contracted work represented approximately 3.34%, 6.83%, 5.05% and 2.64% of our Group's total cost of sales for the FYE 2008, FYE 2009, FYE 2010 and FPE 2011 respectively. However, these incidents may be mitigated through the replacement of problematic sub-contractors with those with a proven track record. As at the LPD, there had been no instances of material non-performance or unsatisfactory performance of sub-contractors in the past which have significantly affected the business of our Group.

As with any business, our business may be affected by increases in the cost of operations. Examples of factors which may result in an increase in the cost of our operations include a situation of scarcity of skilled labour which may cause an increase in the cost of our workforce and an increase in commodity prices which may cause an increase in the raw materials for our operations.

In addition, as our Group's business caters for a wide range of industries covering the machinery and equipment industry, E&E industry, lighting industry, infrastructure industry as well as building and construction industry. Any slowdown in the aforementioned sectors may impact the demand for our Group's products and services.

Although we seek to limit these risks through, amongst others, a careful identification of the type of projects to be undertaken, prudent financial policy, maintenance of a large pool of suppliers with whom we have long term relationships and close supervision on our projects, no assurance can be given that any change to these factors will not have a material adverse effect on our business and financial conditions.

##### **3.1.2 Dependence on Major Suppliers and Principals**

Our Group relies on a number of major suppliers for certain products and raw materials, as disclosed in Section 4.10.3 of this Prospectus. For the FYE 2010 and FPE 2011, purchases of products for our marketing and distribution of E&E components and equipment accounted for approximately 56.96% and 56.03% of our total purchases of raw materials and services respectively. As we are the authorised distributor of some of these E&E components and equipment, these suppliers are also our principals. The list of authorised distributorships of E&E components and equipment are disclosed in Section 4.5.1 of this Prospectus.

As such, any severance of these relationships may have a negative impact on our Group's ability to supply our products and services to our customers.

**3. RISK FACTORS (Cont'd)**

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Although there is no assurance that our Group will be able to maintain these partners and principals, we currently enjoy long standing relationships with our suppliers, a majority of whom have been dealing with our Group for five (5) years or more. As at the LPD, 11 out of our 14 partners and principals have been dealing with our Group for five (5) years or more. In addition, our Group seeks to mitigate this risk by maintaining good working relationships and ensuring all obligations are fulfilled in a timely manner.

Our main obligations to our major suppliers and principals are meeting their annual sales target and resolving technical issues that may arise. Our sales targets are normally set and reviewed by our partners and principals every year. Our good working relationships with our major suppliers and principals, as well as our knowledge of their products enable us to resolve any technical issues encountered smoothly.

Besides that, our Group has cultivated commendable working relationships with our Group's pool of suppliers including, inter-alia, various multinational companies. As such, our Group does not expect to encounter significant problems in obtaining products from and continuing the relationship with these suppliers nor does our Group expect to face difficulties in sourcing quality merchandise at competitive prices from our Group's large pool of suppliers.

**3.1.3 Dependence on Directors, Key Management and Skilled Workforce**

We believe that our continued success will depend, to a significant extent, upon the abilities and continued efforts of our Directors, key management personnel and skilled workforce. We are led by experienced Directors and managed by a team of qualified key personnel who have extensive knowledge and experience in the industry we are involved in. The credentials and list of our Directors and key management are set out in Section 5 of this Prospectus.

Furthermore, the nature of our business demands both the management team and workforce to be highly skilled and technically competent in quality and safety issues/ measures, especially when dealing with the maintenance of Elevators and safety cables. Stringent safety measures are always in place to prevent hazards in our work environment. We organise progressive and continuous courses to further develop our employees' skill and technical competence, and update our employees on new safety measures introduced within the industry.

Accordingly, the loss of any key personnel may have an impact on our ability to compete effectively in the industry. As part of our Group's management succession plan, we have groomed all our key management personnel, who are on average, about 10 years younger than our Executive Directors to be ready to assume a director's role should any vacancies be made available. Besides that, we also have various 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.

Furthermore, in recognition of their contributions to our Group, pursuant to the Listing Scheme, we have reserved 3,500,000 Public Issue Shares for allocation to our eligible Directors, employees and business associates of our Group in order for the eligible Directors and employees to participate directly in the equity of our Company to instil a sense of ownership in as well as to increase the level of commitment and loyalty particularly amongst the key management and skilled workforce 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 skilled workforce.

### **3. RISK FACTORS (Cont'd)**

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#### **3.1.4 Credit Risks of Our Customers**

We are exposed to the risks of default by customers. We may experience delays in payment for our services and products, or in more severe cases, we may not be able to collect payment. In the event of payment defaults, we would have to make provisions for doubtful debts or to write off bad debts, which will have an adverse impact on our profitability.

Please refer to Section 7.5.11 of the Accountants' Report provided in Section 9 of this Prospectus for details on provision of doubtful debts/ impairment loss for the past three (3) FYE 2008 to FYE 2010 and FPE 2011 respectively.

To keep our credit risk under control, we assess the financial and credit position of potential customers by reviewing their audited financial statements, as well as carrying out checks on their reputation and credibility within their respective industries.

For existing customers, we continually assess and review their credit position and maintain close contact with these customers, thereby allowing us to be in a better position to notice any changes that may have an impact on their credit position and thus affect their ability to make payment for our services and products. We may also periodically review the audited financial statements of these customers to assess their financial position.

In situations where our customer is unable to adhere to the agreed credit terms, we will examine the reasons for the delay. If there is sufficient commercial justification, we will negotiate for settlement, which could include an extension of the time for payment or even accepting tangible assets in lieu of cash payment. Should the negotiations fail, we would not hesitate to initiate legal actions or proceedings to recover the amount owed to us by the customers.

#### **3.1.5 Financial Risks**

Our working capital requirements are partially met by internally generated funds and external financing by means of short-term loans and hire purchase. Given that we have borrowings and the payment of the loan interest is dependent on the prevailing interest rate, future fluctuation of interest rates could have material effects on our Group's interest and principal repayment. Presently, we enjoy good credit standing with our bankers and have adequate credit facilities.

Save as disclosed in Section 8.3 of this Prospectus, we do not have any other form of borrowings and indebtedness. As at 30 September 2011, our Group's total borrowings amounted to approximately RM12.17 million.

Notwithstanding the above, our Directors are confident of our ability to meet our financial obligations when they become due and payable, with internally generated funds and/or external borrowings. In addition, our Listing will enable us to tap the capital markets in the future to meet long-term funding requirements when the need arises. The effective usage of the capital markets will result in relatively cheaper source of funds, which may enhance our profitability due to interest savings and enable us to further expand our operations and lessen our exposure to fluctuation in interest rates.

However, there is no assurance that future fluctuation of interest rates will not adversely impact our ability to meet financial obligations when they become due and payable.

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### **3. RISK FACTORS (Cont'd)**

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#### **3.1.6 Risks Relating to R&D**

We continuously undertake R&D to improve on our existing products or introduce new products/ designs for the manufacturing of Elevator and Busduct systems. As part of our future plans, we intend to design high speed passenger Elevator systems, and improve Elevator and Busduct systems. Additional details regarding these future plans are disclosed in Section 4.19 of this Prospectus.

As such, there is the potential risk that if the R&D of new or improved products/ models or designs do not materialise, it may have an impact on the performance of our Group. In any case, we can still continue to operate using our existing range of products for our Elevator and Busduct systems. Nevertheless, there is no assurance that our Group's R&D activities will result in the commercialisation of new or improved Elevator and Busduct systems that will contribute to the performance of our Group.

#### **3.1.7 Investment Activities Risk and New Ventures**

If appropriate opportunities present themselves, we may from time to time acquire additional businesses or invest in synergistic new ventures. As such, there is a potential risk that these investments may have longer than expected gestation periods or may not be entirely successful. In this event, we may take time to recover or unable to recover our initial investments.

We plan to mitigate this risk by exercising due care with effective evaluation and assessment prior to the commencement of such business or ventures in relation to customers' demand or market trends.

#### **3.1.8 Operational Risks and Insurance Coverage**

We are susceptible to various operational risks such as accidents, outbreaks of fire or floods, energy crises or other natural calamities, which may cause loss of or damage to our goods and/or significant damage to our warehouses, manufacturing facility and offices, thus disrupting and affecting our business operations.

We are aware of the adverse consequences arising from inadequate insurance coverage for the accidents and outbreaks that could disrupt our business operations. In any event, our Directors are of the opinion that our assets are adequately insured for public liability, fire, theft and flood. In addition, our Group has maintained adequate insurance coverage for the replacement cost of our buildings and equipment, business interruption and any consequential loss arising thereof.

Nevertheless, there are also other risks such as natural disasters, riots, general strikes, acts of terrorism and any other risks that cannot reasonably be insured against, which may adversely affect our operations. Thus far, our operations have not been affected by any of such events.

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### 3. RISK FACTORS (Cont'd)

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#### 3.1.9 Defects Liability

For our manufacturing of Elevators for the construction projects, there is generally a defect liability period of between twelve (12) and twenty four (24) months commencing upon the official handing over of the completed projects to the project principal. During this period, we are required to rectify any defects in respect of our Elevators in these projects with no additional fee. The defect liability for our manufacturing of Elevator encompasses product defects such as car or counterweight pulley with defective bearing, defective encoder for traction machine, defective door sensor for car door and defective car position indicator etc.

For EITA Power System's electrical and security system solutions related projects, our Group includes an amount of up to a maximum of 1.50% of the original contract sum for defects liability in estimating/ budgeting the total costs of the project. Such an amount will be determined in accordance to the scope of the work, product installed and the tenure of the defect liability period. For provision of electrical and security system solutions, the defect liability can be in the form of workmanship up to the product installed. It includes card access system, CCTV system and SMATV system etc depending on the scope of equipment in the contract.

With respects to our Busduct and fire-rated cable products, we provide a standard manufacturing defect warranty period of twelve (12) months to our customers.

We usually factor in a certain amount for such potential defects in estimating/ budgeting the total costs of a project undertaken by us. The total estimated/ budgeted costs of a project, which comprise cost of raw materials, sub-contractors cost, site expenses and cost of rectifying potential defects etc are used for the purpose of project/ contract revenue recognition as detailed in Section 8.4.1(a)(A)(2) of this Prospectus. In this regard, there is no separate account maintained in our accounting records for the estimated/ budgeted cost of defects liability. As at the LPD, thus far, the estimated/ budgeted amounts for defects liability factored into the total costs of the projects undertaken by our Group are sufficient and our Group has not experienced any major claim against the estimated/ budgeted cost of defects liability.

Our Group has maintained a reasonable sum of product liability insurance to cover any incidental liability claims for the Elevator, Busduct and fire-rated cable business.

However, there is no assurance against unusual circumstances where the costs of rectifying the defects during the defect liability period exceed the amount estimated/ budgeted for such defects. If the additional costs being borne by us substantially exceed our estimated/ budgeted amount for such defects, the profitability of that particular project may be affected.

In addition, our Group has good relationships with our customers based on our track record in meeting our customers' requirements and needs, and as such, any occurrence of unusual or excessive defects may affect our business reputation. An adverse change to our reputation could affect our customer relationships and subsequently our business.

Nevertheless, our Directors believe that with our experience and expertise and by working closely with our clients to ensure that all work specifications are met, defects in our projects or products can be minimised.

### **3. RISK FACTORS (Cont'd)**

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#### **3.1.10 Risk of Tenancy Renewals and Relocation**

Our Group currently operates largely from premises and properties that are rented. The tenancy agreements for our sales and representative offices, factories and warehouses carry tenures of between one (1) to three (3) years, as per the typical market practices in Malaysia. As a result, each of these properties experience lease cycles in which a number of tenancies expire each year. There can be no assurance that we would be able to renew all our tenancies as and when it becomes due and we are susceptible to relocation risk should any non-renewal of these tenancies materialise.

However, we have a long-standing relationship with most of our landlords. Our long-standing tenancy relationships with the respective landlords would provide tenancy continuity of our properties.

Besides that, we do not have a long and integrated manufacturing process line in our manufacturing facilities in Penang, Sungai Buloh and Subang Jaya. Our machines in the aforementioned facilities consist mainly of basic standalone industrial machines for cutting, bending, welding and CNC type apparatus which are easily dismantled and reinstalled in a new premise in the event of relocation. Our Group's CNC type apparatus is only located in Penang. In mitigation, there are other premises and properties available for rent within the vicinity of our various places of operations should we be required to relocate.

### **3.2 RISKS RELATING TO THE INDUSTRY IN WHICH OUR GROUP OPERATES**

#### **3.2.1 Competitive Risks**

Our Group faces both local and global competition. For the marketing and distribution of E&E components and equipment, we face competition from other operators. However, operators such as our Group will have an advantage over smaller players due to our ability to carry an extensive range of products, which enable us to cross-sell products to an existing customer base.

For our Elevator systems, we primarily face competition from foreign lift manufacturers including, among others Otis, Mitsubishi Electric, Kone and Schindler. The threat from new local entrants is low due to relatively high barriers of entry in terms of technical expertise, skilled workforce and established brand name and reputation.

Our Busduct systems face competition mainly from local operators. However, competition is reduced by the need for designers and manufacturers to obtain independent third-party certification for their Busduct systems, without which it may be difficult to gain customer acceptance. Our Group seeks to differentiate our Busduct products through our Busduct system certifications as well as continuous innovation through our R&D initiatives.

Our Group believe that our historical track record, dedicated, experienced and skilled personnel, ready access to technology, high safety standards and prompt delivery of our range of products will enable us to remain competitive in the future. Nevertheless, there can be no assurance that our Group will be able to maintain or increase our market share in the future in light of competition from existing players and/or potential new entrants into the industry.



### 3. RISK FACTORS (Cont'd)

#### 3.2.2 Fluctuation in Prices of Raw Materials

We are dependent on raw materials in the form of steel for the manufacturing of Elevators for our marketing and distribution business and copper for the manufacturing of Ballasts and Busducts. As many of our products are made from these materials, fluctuation in the prices of these commodities may affect the cost of our raw materials. For the FYE 2010, approximately RM8.29 million or 7.66% whilst for the FPE 2011 approximately RM5.49 million or 7.62% of our Group's total purchases relate to raw materials such as stainless steel, copper, aluminium and sheet metal which are directly affected by fluctuation in prices of commodities.

As the profitability of our operations and business is to a certain extent, dependent on the availability of raw materials at a relatively low cost, we closely monitor the commodity market and place advance bookings and purchase forward on expectations of increase in commodity prices.

We adopt a forward hedging strategy to minimise our exposure to commodity price fluctuation, particularly copper price fluctuation for some of our customers' orders where deliveries are scheduled for twelve (12) months or more from the date of the orders. In these cases, we would hedge the purchase of the relevant raw materials forward, for example by entering into a copper futures contract. In addition, our management closely monitors raw material price movements and trends.

Please refer to Section 8.4.4 of this Prospectus for information on the disclosure on the impact of commodity prices fluctuation on our Group's operations.

Nevertheless, there is no assurance that fluctuation in the prices of raw materials will not materially impact our profitability.

#### 3.2.3 Foreign Exchange Fluctuation

A significant proportion of our revenue and purchases are transacted in foreign currencies and the detailed breakdown by geographical location for FYE 2010 and FPE 2011 are as follows:-

	FYE 2010						FPE 2011					
	Malaysia		Overseas		Total		Malaysia		Overseas		Total	
	(RM'000)	%	(RM'000)	%	(RM'000)	%	(RM'000)	%	(RM'000)	%	(RM'000)	%
Revenue	132,627	81.01	31,092	18.99	163,719	100.00	100,605	88.20	13,465	11.80	114,070	100.00
Purchases	42,638	39.41	65,564	60.59	108,202	100.00	24,711	34.29	47,351	65.71	72,062	100.00

For the FYE 2010 and FPE 2011, our revenue from overseas markets represented approximately 18.99% and 11.80% of our Group's total revenue respectively while our purchases from overseas markets recorded approximately 60.59% and 65.71% of our Group's total purchases respectively. Revenue generated from domestic market is mainly transacted in RM while our overseas sales are denominated in foreign currencies.

There is a financial risk to our business if there is any adverse fluctuation in any one or more currencies transacted by our Group. In such situation, there is possibility that we could incur foreign exchange losses and/or our product pricing may increase which could make us less competitive.

### **3. RISK FACTORS (Cont'd)**

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For foreign revenue sources and payment of creditors and operational expenses, we would either hedge the transaction forward with a bank with foreign exchange hedging facilities or by natural hedging, whereby we will use our proceeds in a particular foreign currency to pay for expenses in the same foreign currency. By hedging forward or natural hedging, we minimise our foreign exchange exposure risk. In addition, our management also closely monitors the movement of the foreign currencies applicable to our business in managing foreign currencies risk.

Please refer to Sections 8.4.4 and 8.4.7(e) of this Prospectus for information on the impact of foreign exchange fluctuation and the financial instruments used to mitigate the effect of fluctuation in foreign currency on our Group.

#### **3.2.4 Political and Economic Risks**

Any adverse development in the political situation and economic uncertainties in Malaysia and Singapore in which we conduct our business, directly or indirectly, could materially and adversely affect the financial performance of our Group.

Any slowdown in the economy of these countries is likely to affect our business operations. Similarly, we will be affected by any changes in the political leadership and/or regulatory and government policies in these countries. 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 and 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 the countries we operate in, 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 and political environment in markets we operate in would not have an adverse impact on our ability to conduct business in these countries. The political situation and economic uncertainties have the potential to affect any of the industries and/or sectors in which our Group operates.

#### **3.2.5 Regulatory Framework**

Our operations are governed by the laws and regulations in Malaysia, as well as the laws and regulations of the countries in which we operate.

In Malaysia, we are subject to, amongst others, the Industrial Coordination Act 1975, the Construction Industry Development Board Act 1994, the Factories and Machinery Act, 1967 (and the regulations made thereunder), the Occupational Safety and Health Act, 1994, the Environment Quality Act, 1974 and the Electricity Regulations 1994.

Whilst we have not in the past experienced any severe restrictions on the conduct of our business in Malaysia or in the other countries in which we operate, 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 regulatory environment in Malaysia and in the other countries in which we operate would not have an adverse impact on our ability to conduct business in these countries.

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### **3. RISK FACTORS (Cont'd)**

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#### **3.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES**

##### **3.3.1 No Prior Market for Our Shares**

Prior to this invitation, there has been no public market for our Shares. There can be no assurance that an active and liquid market for our Shares will develop and continue to develop subsequent to our Listing or, if developed, that such a market is sustained. The issue price has been determined after taking into consideration a number of factors, including but not limited to, our Group's financial and operating history and conditions, our prospects and the prospects of the industry in which our Group operates, the management of our Group, the market price for shares of companies engaged in similar businesses and the prevailing market conditions.

There is no assurance that the IPO Price will correspond to the market price at which our Shares will be traded on the Main Market of Bursa Securities upon or subsequent to our Listing or that an active market for our Shares will develop or continue to develop upon or subsequent to our Listing.

##### **3.3.2 Capital Market Risks/ Share Price Volatility**

The performance of the local bourse is very much dependent on external factors such as the performance of the regional and world bourses, and the flows of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions in Malaysia as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risk to the market price of the listed securities.

In addition, the market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, amongst others, the following factors, some of which are beyond our control:-

- (a) variations in our results of operations;
- (b) success or failure of our management team in implementing business and growth strategies;
- (c) gain or loss of an important business relationship;
- (d) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (e) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors;
- (f) changes in market valuations and share prices of companies with similar businesses to our Company that may be listed in Malaysia;
- (g) additions or departures of key personnel;
- (h) fluctuation in stock market prices and volume; or
- (i) involvement in litigation.

Nevertheless, our profitability is not dependent on the performance of Bursa Securities, as our business activities have no direct correlation with the performance of securities listed on Bursa Securities.

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**3. RISK FACTORS (Cont'd)**

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**3.3.3 Control by Promoters**

Upon our Listing, our Promoters as set out in Sections 5.1 and 6.2 of this Prospectus will collectively control at least 56.29% of our enlarged issued and paid-up capital.

As a result, our Promoters will still be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as influence the outcome of certain matters requiring the vote of our shareholders unless our Promoters are required to abstain from voting by law and/or by the relevant guidelines or regulations.

Nevertheless, as a step towards good corporate governance, we have appointed four (4) Independent Directors and set up an Audit Committee to ensure that, inter alia, all future transactions involving related parties, if any, are entered into on an arm's length basis or normal commercial terms that are not more favourable to the related parties than those generally available to third parties and are not to the detriment of our minority shareholders.

**3.3.4 Payment of Dividends to Shareholders**

We are principally an investment holding company and we operate our core business through our subsidiaries. Therefore, the availability of funds to pay dividends or make other distributions to our shareholders depend upon dividends or other distributions received from our subsidiaries.

If our subsidiaries incur debts or losses, such indebtedness or losses may impair our subsidiaries' ability to pay dividends or other distributions to us. As a result, our ability to pay dividends will be restricted. In addition, restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future may also restrict the ability of our subsidiaries to make contributions to us and our ability to receive distributions. Therefore, these restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our shareholders.

Our ability to pay dividends or make other distributions to our shareholders is also subject to the future financial performance and cash flow position of our Group. There is no assurance that we will be able to distribute dividends to our shareholders as a result of the abovementioned factors. Accordingly, our historical dividend distribution should not be used as a reference or basis to determine the level of dividends that may be declared and paid by us in the future. There is also no assurance that we will be able to record profits and have sufficient funds above our funding requirements, other obligations and business plans to declare dividend to our shareholders. Please refer to Section 8.5 of this Prospectus for details of our dividend policy.

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### **3. RISK FACTORS (Cont'd)**

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#### **3.3.5 Failure/ Delay in Our Listing**

The occurrence of any one or more of the following events, which is not exhaustive, may cause a delay in or cancellation of our Listing on the Main Market of Bursa Securities:-

- (a) the identified investors fail to subscribe to the portion of IPO Shares intended to be placed to them although they have furnished their irrevocable undertaking letters to subscribe for such Shares;
- (b) the Sole Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations thereunder;
- (c) we are unable to meet the public spread requirement as determined by Bursa Securities, i.e. at least 25.0% of our enlarged issued and paid-up share capital must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing; or
- (d) we are unable to obtain permission from Bursa Securities for our Admission to the Official List and for the quotation of our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities.

In such an event, we will return in full without interest, all monies paid in respect of any Applications accepted. Nevertheless, our Directors will endeavour to ensure compliance with the various requirements for our successful Listing.

#### **3.3.6 Delay Between Admission and Trading of the IPO Shares**

Delays in the Admission and the commencement of trading in shares on Bursa Securities have occurred in the past. In respect of the Public Issue Shares comprised in the IPO Shares, following their allotment and issue to investors, a return of monies to such investors may be effected by way of either a repurchase by the Company of those Shares at the IPO Price, or by way of a reduction of our share capital. A capital reduction would require the approval of our shareholders by special resolution and approval of the courts.

Further, such capital reduction shall not be effected if on the date the reduction is to be effected, there are reasonable grounds for believing that we are, or after the reduction would be, unable to pay our liabilities as they become due.

There can be no assurance that monies can be recovered within a short period of time. If Bursa Securities does not admit our Shares for Listing, the market for our Shares will be illiquid and it may not be possible to trade our Shares. This may also have a materially adverse effect on the value of our Shares.

#### **3.3.7 Disclosure Regarding Forward-Looking Statements**

Certain information and statements in this Prospectus are based on the historical data and may not be reflective of future results and any forward-looking statements in nature are subject to uncertainties and contingencies. All forward-looking statements are based on estimate and assumptions made by our Company and although believed to be reasonable, are subject to unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results including performance of achievements expressed or implied in such forward-looking statements. Such factors include, inter-alia, general economic and business conditions, competition and the impact of new laws and regulations affecting our Group. In the light of these and other uncertainties, the inclusion of any forward-looking statements in this Prospectus should not be regarded as a representation by our Company or our Company's adviser that the plans and objectives of our Group will be achieved.