

# IDEAL JACOBS

## M A L A Y S I A

### Ideal Jacobs (Malaysia) Corporation Bhd

(857363-U) (Incorporated in Malaysia under the Companies Act 1965)

PUBLIC ISSUE OF 30,000,000 NEW ORDINARY SHARES OF 10 SEN EACH IN OUR COMPANY AT AN ISSUE PRICE OF 27 SEN PER ORDINARY SHARE PAYABLE IN FULL ON APPLICATION COMPRISING:

- 2,000,000 NEW ORDINARY SHARES OF 10 SEN EACH AVAILABLE FOR APPLICATION BY THE PUBLIC; AND
- 28,000,000 NEW ORDINARY SHARES OF 10 SEN EACH FOR PRIVATE PLACEMENT TO SELECTED INVESTORS

IN CONJUNCTION WITH THE LISTING OF OUR COMPANY ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD.

ADVISER, SPONSOR, SOLE UNDERWRITER AND  
SOLE PLACEMENT AGENT

**midf**   
**INVESTMENT**

**MIDF AMANAH INVESTMENT BANK BERHAD (23878-X)**



Screen printed labels



Panel with EMI shielding gasket and latch



Color plate -A tool for quality control



Laser cutting process

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO PAGE 24 FOR "RISK FACTORS".

INVESTORS ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE ACE MARKET MAY BE OF HIGH INVESTMENT RISK

## STATEMENTS

The directors and promoters of the company have seen and approved this prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in the prospectus false or misleading.

MIDF Amanah Investment Bank Berhad, being the Adviser, Sponsor, Sole Underwriter and Sole Placement Agent acknowledges that, based on all available information, and to the best of its knowledge and belief, this prospectus constitutes a full and true disclosure of all material facts concerning the offering.

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## STATEMENTS OF DISCLAIMER

A copy of this prospectus has been registered with the Securities Commission Malaysia. The approval, and registration of this prospectus, should not be taken to indicate that the Securities Commission Malaysia recommends the offering or assumes responsibility for the correctness of any statement made or opinion or report expressed in this prospectus. The Securities Commission Malaysia has not, in any way, considered the merits of the securities being offered for investment.

The Securities Commission is not liable for any non-disclosure on the part of the company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this prospectus.

**INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

Approval has been or will be obtained from Bursa Malaysia Securities Berhad for the listing of and quotation for the securities being offered. Admission to the Official List of Bursa Malaysia Securities Berhad is not to be taken as an indication of the merits of the invitation, corporation, or its securities.

A copy of this prospectus, together with the application form, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

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## OTHER STATEMENTS

Companies listed on the ACE Market may have a limited operating history or may not have any profit track record prior to listing. Such companies may be of high investment risk. As with all investments, prospective investors should be aware of all potential risks in investing in such companies and should make the decision to invest after giving due and careful consideration by referring to, among others, the prospectus, latest financial statements and corporate announcements. You are strongly recommended to seek advice from a securities professional/adviser.

The issue, offer or invitation for the offering is an exempt transaction under Section 213 of the *Capital Markets & Services Act 2007* and is therefore not subject to the approval of the Securities Commission Malaysia.

If the approval of Bursa Malaysia Securities Berhad is not granted before the expiration of 6 weeks from the date of issue of the prospectus (or such longer period as may be specified by the Securities Commission), all monies received by applicants shall be repaid within 14 days after the corporation becomes liable to pay it. In the event such monies are not repaid, the provision of Section 243(2) of the *Capital Markets & Services Act 2007* shall apply.

Investors are advised to note that recourse for false or misleading statements or acts made in connection with the prospectus is directly available through Sections 248, 249 and 357 of the *Capital Markets & Services Act 2007*.

Securities listed on Bursa Malaysia Securities Berhad are offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any of the persons set out in Section 236 of the *Capital Markets & Services Act 2007*, e.g. directors and advisers, are responsible.

This prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent jurisdiction or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia. No action has been taken or will be taken to ensure that this prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia.

We will not, prior to acting on any acceptance in respect of the Public Issue make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not be deemed to accept any liability in relation thereto or not any enquiry or investigation is made in connection therewith.

It shall be your responsibility to ensure that your application for the Public Issue would be in compliance with the terms of the Public Issue and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted the Public Issue in Malaysia and will be subject to the laws of Malaysia in connection therewith.

However, we reserve the right in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or legal applicable legal or regulatory requirements.

It shall be your sole responsibility to consult your legal or other professional adviser on the laws to which the Public Issue or you are or might be subjected to. Neither we nor our Adviser nor any other advisers in relation to the Public Issue shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

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### **ELECTRONIC PROSPECTUS**

The contents of the electronic prospectus ("Electronic Prospectus") and the paper / printed copy of this prospectus registered with the Securities Commission are the same. You may view or download a copy of the Electronic Prospectus from Bursa Malaysia Securities Berhad's website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

You are advised that the Internet is not a fully secured medium, and that your Internet Share application (as defined herein) may be subject to the risks of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). Risks due to computer viruses, spyware, data transmission, fraudulent or 'phishing' websites, computer security threats, faults with computer software and other events are beyond the control of and will not be borne by Bursa Malaysia Securities Berhad and the Internet Participating Financial Institution(s).

In relation to any reference in this prospectus to third party Internet sites (referred to as "Third Party Internet Sites") whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

- (i) we and our Adviser do not endorse and are not affiliate in any way to the Third Party Internet Sites. Accordingly, we and our Adviser are not responsible for the availability of, or the content or any data, information, file or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites.
- (ii) we and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, file or other material provided by such parties.
- (iii) any data, information, file or other material downloaded from the Third Party Internet Sites is done at your discretion and risk. We and our Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (i) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institutions shall not be responsible in any way for the integrity of the contents of any Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties.
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the Internet is not a fully secured medium.

The Internet Participating Financial Institutions are not liable (whether in tort or contract or otherwise) for any loss, damage or cost, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracy, change, alteration, deletion or omission in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any faults with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to the information or systems in relation to the website of the Internet Participating Financial Institution and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

If in doubt about the validity or integrity of an Electronic Prospectus, you should immediately request from us, our Adviser or MIDFCCS, a paper / printed copy of this prospectus. The Electronic Prospectus submitted to the Securities Commission and Bursa Securities Malaysia Berhad is intended to be exactly the same as the registered paper / printed copy. However, the contents of the paper / printed copy of this prospectus which is registered with the Securities Commission shall prevail if there is any discrepancy between the contents of the Electronic Prospectus and the paper / printed copy of this prospectus.

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**INDICATIVE TIME TABLE**

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The indicative timing and sequence of events leading up to the listing of and quotation for our entire enlarged issued and fully paid-up share capital on the ACE Market of Bursa Malaysia Securities Berhad is as follows:

**KEY DATES**

Issue of prospectus / Opening of the Applications	29 April 2011
Closing of the Applications	6 May 2011
Balloting of Applications	10 May 2011
Allotment of Public Issue Shares	16 May 2011
Tentative Listing date	18 May 2011

**This timetable is subject to any changes which may be necessary to facilitate implementation procedures.**

Our Directors reserve the right to extend the closing date for applications for our Public Issue Shares. Unless so extended the application period shall end at 5.00 p.m. on 6 May 2011.

If the closing date of the Public Issue is extended, the dates for balloting and allotment of our Public Issue Shares and our Listing will be extended accordingly. Such extended dates will be announced by way of advertisements in widely circulated English and Bahasa Malaysia daily newspapers.

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**DEFINITIONS**


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The following definitions or acronyms are used in this prospectus:

<b>ACE Market</b>	The alternative market of Bursa Securities
<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 Securities to the Official List of the ACE Market of Bursa Securities and “admitted” will be construed accordingly
<b>Adviser</b>	MIDF Amanah Investment Bank Berhad (23878-X)
<b>Application(s)</b>	The application for the Public Issue Shares by way of Application Form or by way of Electronic Share Application or Internet Share Application
<b>Application Form(s)</b>	The application form(s) used in applying for the Public Issue Shares
<b>ATM</b>	Automated Teller Machine
<b>Baht</b>	Thai Baht, the legal currency of Thailand
<b>BNM</b>	Bank Negara Malaysia
<b>Board or Directors</b>	Board of Directors of Ideal Jacobs
<b>Board of Supervisors</b>	The Board of Supervisors of IJX who are responsible for reviewing the financial affairs of IJX, monitoring the acts of the directors and senior officers of IJX in the performance of their duties and other supervisory duties
<b>Bursa Depository</b>	Bursa Malaysia Depository Sdn. Bhd. (165570-W)
<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>CMSA</b>	The Capital Markets and Services Act 2007, or any statutory modification, amendment or re-enactment thereof for the time being in force
<b>Depositor</b>	A holder of a Securities Account
<b>EBIT</b>	Earnings before interest and taxation
<b>EBITDA</b>	Earnings before interest, taxation, depreciation and amortisation
<b>Electronic prospectus</b>	A copy of a prospectus that is issued, circulated or distributed via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs
<b>EPS</b>	Earnings per share
<b>Fidelity Law Firm</b>	Fidelity Law Firm, the solicitors conducting due diligence on IJX and the legal adviser on the laws of the PRC
<b>FPE</b>	Financial period ended / ending

**DEFINITIONS**

<b>FRS</b>	Financial Reporting Standards
<b>FYE</b>	Financial year ended / ending
<b>GDP</b>	Gross Domestic Product
<b>Ideal Jacobs Group or our Group</b>	Ideal Jacobs and its subsidiaries, IJT and IJX
<b>Ideal Jacobs or Company</b>	Ideal Jacobs (Malaysia) Corporation Bhd. (857363-U)
<b>IJT</b>	Ideal Jacobs Corporation (Thailand) Limited (0105552099957)
<b>IJT Acquisition</b>	The acquisition of 99,998 shares of IJT by Ideal Jacobs from the IJT Vendors
<b>IJT Vendors</b>	Meng Bin, Chia Ching Kang and Paul Jordan, the parties who transferred their respective shares in IJT amounting to 99,998 shares to Ideal Jacobs pursuant to the acquisition of IJT by Ideal Jacobs
<b>IJUS</b>	Ideal Jacobs Corporation, USA (221960248/000)
<b>IJX</b>	Ideal Jacobs (Xiamen) Corporation (350200400008183)
<b>IJX Acquisition</b>	The acquisition of the entire contributed registered capital of IJX amounting to USD1,260,000 by Ideal Jacobs from the IJX Vendors
<b>IJX Vendors</b>	IJUS and Foo Chong Lee, the parties who sold their respective proportions of contributed registered capital in IJX to Ideal Jacobs pursuant to the IJX Acquisition
<b>Internet Participating Financial Institution(s)</b>	Participating financial institution(s) in the Internet Share Application, as listed in <b>Section 13.7(b)</b>
<b>Internet Share Application</b>	Application for the Public Issue Shares through an Internet Participating Financial Institution
<b>Latest Practicable Date or LPD</b>	31 March 2011 being the last practicable date for information to be obtained and disclosed in this prospectus prior to registration of this prospectus with the SC
<b>Licensed Countries</b>	The countries specified in the Territorial, Licensing and Technical Assistance Agreement, which includes the countries within the boundary of Asia comprising, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan, the PRC, Hong Kong, Macau, Japan, North Korea, South Korea, Mongolia, Republic of China (Taiwan), Brunei, Myanmar, Cambodia, East Timor (Timor-Leste), Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, Vietnam, Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka, Armenia, Azerbaijan, Bahrain, Cyprus, Georgia, Iraq, Iran, Israel, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, Syria, Turkey, United Arab Emirates, Yemen, and existing customers of Ideal Jacobs in Russia and Poland.
<b>Listing</b>	Admission, listing of and quotation for the entire issued and share capital of our Company comprising 120,001,000 Shares on the ACE Market of Bursa Securities
<b>Listing Requirements</b>	The ACE Market Listing Requirements of Bursa Securities, as amended, supplemented or modified from time to time

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**DEFINITIONS**


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<b>Listing Scheme</b>	The Public issue of 30,000,000 new ordinary shares of 10 sen each in our company at an issue price of 27 sen per ordinary share payable in full on application comprising 2,000,000 new ordinary shares of 10 sen each available for application by the public and 28,000,000 new ordinary shares of 10 sen each for private placement to selected investors
<b>Market Day</b>	A day on which Bursa Securities is open for trading in securities
<b>MI</b>	Minority interest
<b>MIDF Investment</b>	MIDF Amanah Investment Bank Berhad (23878-X)
<b>MIDFCCS or Issuing House</b>	MIDF Consultancy and Corporate Services Sendirian Berhad (11324-H)
<b>NA</b>	Net assets attributable to ordinary equity holders of the listed corporation
<b>NBV</b>	Net book value
<b>NTA</b>	Net tangible assets
<b>Official List</b>	A list specifying all securities which have been admitted for listing on the ACE Market and not removed
<b>Participating Financial Institution(s)</b>	Participating financial institution(s) for Electronic Share Application as listed in <b>Section 13.6(b)(xvi)</b>
<b>PAT</b>	Profit after taxation
<b>PBT</b>	Profit before taxation
<b>PE Multiple</b>	Price earnings multiple
<b>PRC</b>	Peoples' Republic of China
<b>Prescribed Security</b>	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 of Depository
<b>Promoters</b>	IJUS, Andrew Conrad Jacobs, Meng Bin and Foo Chong Lee
<b>prospectus</b>	This prospectus dated 29 April 2011 issued by our Company in respect of the Public Issue
<b>Public Issue</b>	The invitation by our Company to the public to subscribe for the Public Issue Shares at the Public Issue Price, payable in full upon Application, subject to the terms and conditions of this prospectus
<b>Public Issue Price</b>	27 sen per Public Issue Share
<b>Public Issue Share(s)</b>	The 30,000,000 Shares, which are the subject of the Public Issue
<b>RM and sen</b>	Ringgit Malaysia and sen respectively, the legal currency of Malaysia
<b>RMB or yuan</b>	Renminbi or yuan, the legal currency of the PRC

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**DEFINITIONS**


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<b>Rules of Depository</b>	The Rules of Bursa Malaysia Depository Sdn Bhd including any amendment that may be made from time to time
<b>SBC International Law Firm</b>	SBC International Law Firm, the solicitors conducting due diligence on IJT and the legal adviser on the laws of Thailand
<b>SC</b>	Securities Commission Malaysia
<b>SC Guidelines</b>	Securities Commission Equity Guidelines
<b>Securities Account</b>	An account established by the Bursa Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor
<b>Share(s)</b>	Ordinary share(s) of 10 sen each in Ideal Jacobs
<b>Sole Placement Agent</b>	MIDF Amanah Investment Bank Berhad (23878-X)
<b>Sole Underwriter</b>	MIDF Amanah Investment Bank Berhad (23878-X)
<b>Sponsor</b>	MIDF Amanah Investment Bank Berhad (23878-X)
<b>USA</b>	The United States of America
<b>USD or US\$</b>	US Dollar, the legal currency of USA
<b>Territorial, Licensing and Technical Assistance Agreements</b>	The Territorial, Licensing and Technical Assistance Agreement dated 8 June 2010 and the Supplemental Territorial, Licensing and Technical Assistance Agreement dated 12 November 2010 entered into between Ideal Jacobs and IJUS containing the salient terms and conditions as detailed in <b>Section 12.4(c)</b>
<b>WFOE</b>	Wholly Foreign-Owned Enterprise

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**GLOSSARY OF TECHNICAL TERMS**


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Below are descriptions/definitions of some of the technical terms and abbreviations commonly found in our industry.

Bar Code Labels	Labels that are printed with an array of parallel lines and spaces of variable widths and are machine-readable representations of information. Some uses of bar code labels are in products identification at point-of-sale or tracking items in a warehouse
Die-cutting	A process, which involves imparting or cutting out the products into any shape or geometric patterns and designs including square, rectangle, circular and others. Die-cutting processes use steel rule dies, rotary or circular dies, thermal and clicker dies, as well as machined compound and progressive dies
EMI	Electromagnetic Interference
EMI/RFI Shielding Materials	Shielding materials commonly laminated with aluminium foils and high dielectric insulation films that are die-cut to shape to act as reflective barriers and enclosures. EMI shielding is used to prevent interference with nearby electronic components and devices
EMI Shielding Plastic Panels	Plastic panels made from polycarbonate or other plastic materials and installed with adhesive foam strips onto electronic equipment or its housings to protect from electromagnetic interference due to electromagnetic conduction or electromagnetic radiation emitted from other external sources that carry rapidly changing electrical charges in electrical circuits
EMS	Electronics Manufacturing Services
Faceplates	Injection moulded parts designed to fit over a device or equipment. They act as a removable protective shield and are installed to separate the inner workings of a machine or electrical equipment
Gaskets	Commonly made from flexible materials such as rubber and plastic foam and laminated with an adhesive backing. Gaskets are used as a mechanical seals to fill the space or gap between two surfaces, generally to prevent leakage or to create an air-tight or water-tight seal
Industrial Labels	Labels used in industrial product applications such as in electrical components and equipment, as opposed to consumer based products such as personal care, food and beverage and other products
IT	Information technology
Injection Moulded Parts	Parts that are formed from the injection moulding process where hot molten resin or plastic is injected under high pressure into a mould
Insulators	Insulators are made from materials that have high electrical resistance and poor conductivity
Labels	Face material with an adhesive backing, and are usually die-cut into various shapes and sizes
Lamination	A process of applying a transparent plastic or polymer film to the surface of one or both sides of a printed material to enhance its appearance and increase its durability

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**GLOSSARY OF TECHNICAL TERMS**

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Laser Cut	A process of cutting sheets of plastics, rubber, foam or metal into various shapes, patterns or intricate designs of variable sizes using a laser beam. Laser cutting does not require any tooling and fixtures, and is a form of non-contact cutting method. It follows the geometric patterns as designed in a computer or from direct input in the form of electronic data from a computer-aided design drawing
Nameplates	Usually attached to equipment, nameplates are designed to withstand exposure to adverse conditions. Nameplates usually contain information or data such as serial numbers of components, electrical requirements, type and model numbers, date of manufacture and other instruction rating
Overlays	Large labels printed with decorative and informative letters and images. They are commonly used in membrane switches or electronic control panels displaying printed text and pictograms and diagrams. An overlay is a type of nameplate
R&D	Research and development
RFI	Radio frequency interference
Rolled Labels	Labels that are printed in a roll form. Rolled Labels usually consist of face materials with an adhesive backing and is dispensed from a spool ready to be stuck on to parts
Screen Printing	A method of printing in which the ink is forced through the image area of a properly stretched fabric by the use of a squeegee
Security Labels	Labels that incorporate one or more anti-counterfeiting or anti-forgery attributes such as holograms
Thermoplastic Composites Materials	A plastic material composed of various types of polymers or resins and other additives

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## PRESENTATION OF INFORMATION

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"We", "us", "our" and "ourselves" refers to our company, Ideal Jacobs, and where relevant, includes other companies in our Group

"our Group" or "the Group" refers to the Ideal Jacobs Group

Beliefs, expectations, estimates and opinions are those of our Directors

Acronyms, abbreviations and technical terms used in this prospectus are contained in the Sections on "Definitions" and "Glossary of Technical Terms"

Unless specifically stated otherwise, all references to Sections shall refer to sections of this prospectus

References to the singular shall include the plural and *vice versa*

References to the masculine gender shall include the feminine and neuter genders and *vice versa*

References to persons shall include companies or corporations

The use of words such as "could", "would", "may", "believe", "plan", "expect", "intend", "estimate" "anticipate", "aim", "forecast" and similar expressions identify forward-looking statements which are based on assumptions and subject to known and unknown risks, uncertainties and contingencies. Forward-looking statements represent our Directors' views and beliefs with respect to the future of our Group, but are not meant to be a guarantee

Actual results may differ materially from information contained in forward-looking statements. For further explanation on the reasons for this difference see **Section 3** on Risk Factors and **Section 8.3** on our management's discussion and analysis of our financial condition and results of our operations

Information contained on our Group's website or on any other website directly or indirectly linked to such website does not form part of this prospectus and should not therefore be relied upon

Any act or enactment referred to in this prospectus is a reference to that act or enactment for the time being amended or re-enacted and includes any rules or regulations made under such act or enactment

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 includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industries in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this prospectus is extracted or derived from report(s) provided by independent business and market research consultants, Vital Factor Consulting Sdn Bhd. We believe that the statistical data and projections cited in this prospectus are useful in helping you understand the major trends in the industries in which we operate. However, neither we nor our advisers have independently verified these data. Neither we nor our advisers make any representation as to the correctness, accuracy or completeness of such data and accordingly, you should not place undue reliance on the statistical data cited in this prospectus

Similarly, third-party projections, including the projections from the independent business and market research consultants, cited in this prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. Hence, you should not place undue reliance on the third-party projections cited in this prospectus

**EXCHANGE RATES**

The average and closing exchange rates as outlined in the table below are extracted from published information by BNM. The average exchange rate for each financial period is the average of the closing exchange rates on the last day of each month during that financial period. These exchange rates have been presented solely for information only and should not be construed as a representation that those Baht, RMB or USD amounts could have been, or could be, or was converted into RM, at any particular rates, the rates stated below, or at all.

	BAHT100 : RM		RMB : RM		US\$ : RM	
	average	closing	average	closing	average	closing
FYE 2007	9.9561	9.8308	0.4518	0.4534	3.4277	3.3115
FYE 2008	9.9719	9.9498	0.4819	0.5084	3.3345	3.4675
FYE 2009	<sup>(1)</sup> 10.2588	10.2774	0.5157	0.5019	3.5225	3.4265
FPE 2009	10.2712	10.2064	0.5189	0.4998	3.5451	3.4125
FPE 2010	10.0980	10.3803	0.4756	0.4662	3.2278	3.1115

(Source: BNM)

Note:

IJT was incorporated on 17 September 2009 and its first FYE was 31 December 2009. The average exchange rate computed for the FYE 2009 for Baht was based on the last remaining 4 months to FYE 31 December 2009.

The high and low exchange rates between Baht and RM, RMB and RM and between USD and RM for each of the past 6 months prior and up to the LPD were as follows:

	BAHT100 : RM		RMB : RM		US\$ : RM	
	low	high	low	high	low	high
October 2010	10.221	10.4194	0.4614	0.4688	3.0820	3.1180
November 2010	10.3503	10.4824	0.4621	0.4747	3.0825	3.1635
December 2010	10.2338	10.4976	0.4667	0.4734	3.0855	3.1540
January 2011	9.8327	10.1879	0.4623	0.4649	3.0516	3.08
February 2011	9.8767	10.0049	0.4608	0.4661	3.0335	3.0655
March 2011	9.9321	10.0726	0.4609	0.4657	3.0252	3.0605

(Source: BNM)

As at LPD, the closing exchange rate between Baht and RM was Baht100 to RM10.001, between RMB and RM was RMB1 to RM0.4619 and between USD and RM was USD1 to RM3.0253.

The above exchange rates have been calculated with reference to exchange rates quoted from the BNM website and should not be construed as representations that the RMB or USD amounts actually represent such amounts or could be or was converted into the RM at the rate indicated, or at any other rate, or at all. Fluctuations in the exchange rates between the RMB and the RM will affect the RMB equivalent of the RM price of our Shares on Bursa Securities and the RM equivalent of any cash dividend paid by us in RMB.

We believe that we have extracted the relevant information in its proper form and context in this prospectus, and have not verified the above exchange rates.



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

Name	Designation	Address	Occupation	Nationality
Andrew Conrad Jacobs	Non-Independent Non-Executive Chairman	22 Hickory Rd. Short Hills, NJ 07078 USA	Director	American
Meng Bin	Chief Executive Officer / Managing Director	No.101/1015 Xian Yue Road,Villa Bali, Xiamen, Fujian, PRC	Director	Chinese
Hing Kim Tat	Independent Non-Executive Director	No.20, Jalan USJ 1/3 K, Grandville, 47600 Subang Jaya, Selangor, Malaysia	Lawyer	Malaysian
Wee Hock Kee	Independent Non-Executive Director	78, BU 11/7 Bandar Utama 47800 Selangor, Malaysia	Director	Malaysian
Koong Lin Loong	Independent Non-Executive Director	No.18, Jalan BU 12/4 Bandar Utama Damansara 47800 Petaling Jaya, Selangor, Malaysia	Accountant	Malaysian

**AUDIT COMMITTEE**

Name	Designation	Directorship
Hing Kim Tat	Chairman	Independent Non-Executive Director
Wee Hock Kee	Member	Independent Non-Executive Director
Koong Lin Loong	Member	Independent Non-Executive Director

**REMUNERATION COMMITTEE**

Name	Designation	Directorship
Wee Hock Kee	Chairman	Independent Non-Executive Director
Hing Kim Tat	Member	Independent Non-Executive Director
Koong Lin Loong	Member	Independent Non-Executive Director

**NOMINATION COMMITTEE**

Name	Designation	Directorship
Koong Lin Loong	Chairman	Independent Non-Executive Director
Wee Hock Kee	Member	Independent Non-Executive Director
Hing Kim Tat	Member	Independent Non-Executive Director

## CORPORATE DIRECTORY

<b>Company Secretaries</b>	: Lim Seck Wah MAICSA 0799845 41, Jalan Taming Indah 2 Taman Taming Indah Bandar Sungai Long 43000 Kajang Selangor Darul Ehsan, Malaysia  Tang Chi Hoe (Kevin) MAICSA 7045754 B198 Jalan Batu Berani Taman Kok Lian 51200 Kuala Lumpur, Malaysia
<b>Registered Office</b>	: Level 15-2, Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur, Malaysia Telephone no. : (03) 2692 4271 Facsimile no. : (03) 2732 5388
<b>Head Office</b>	: Suite 12.1, 12 <sup>th</sup> Floor, East Wing, Rohas Perkasa, No. 8 Jalan Perak, 50450 Kuala Lumpur, Malaysia Telephone no. : (03) 2166 1079 Facsimile no. : (03) 2166 2079
<b>Website</b>	: <a href="http://www.idealjacobs.com.my">www.idealjacobs.com.my</a>
<b>E-Mail</b>	: <a href="mailto:info@idealjacobs.com.my">info@idealjacobs.com.my</a>
<b>Registrar and Transfer Office</b>	: Mega Corporate Services Sdn. Bhd. (187984-H) Level 15-2, Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur, Malaysia Telephone no. : (03) 2692 4271 Facsimile no. : (03) 2732 5388
<b>Auditors and Reporting Accountants</b>	: SJ Grant Thornton (AF-0737) Level 11, Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur, Malaysia Telephone no. : (03) 2692 4022 Facsimile no. : (03) 2732 5119
<b>Due Diligence Solicitors on Ideal Jacobs and adviser for the Public Issue</b>	: Lee Choon Wan & Co Advocates & Solicitors 12, Lorong Dungun Damansara Heights 50490 Kuala Lumpur, Malaysia Telephone no. : (03) 2093 0078 Facsimile no. : (03) 2094 1750 / 2094 5631

## CORPORATE DIRECTORY

<b>Due Diligence Solicitors on IJX and the legal adviser on laws of the PRC</b>	: Fidelity Law Firm 7F Water Biz Mansion No.157 W.Lianqian Rd Xiamen 361008 PRC Telephone no. : (+86) 592 590 9988 Facsimile no. : (+86) 592 590 9989
<b>Due Diligence Solicitors on IJT and the legal adviser on laws of Thailand</b>	: SBC International Law Associates Company Limited 317 Kamol Sukosol Building Level 8 Suite 8B Silom Road Bangkok 10500 Thailand Telephone no. : (+660) 2631 2066 Facsimile no. : (+660) 2631 2990
<b>Principal Bankers</b>	: China Merchants Bank, Xiamen Branch 1/F, Hong Tai Building, North Section of Hubin East Road, Xiamen, Fujian, PRC Telephone no. : (+86) 592 582 2202 Facsimile no. : (+86) 592 586 0501  : HSBC Amanah Malaysia Berhad Bukit Bintang Branch 33 Jalan Sultan Ismail 50250 Kuala Lumpur, Malaysia Telephone no. : (03) 2050 7676 Facsimile no. : (03) 2142 5470  : Bangkok Bank Public Company Limited 333, Silom Road, Bangrak Bangkok 10500 Thailand Telephone no. : (+660) 2231 4333 Fax no. : (+660) 2233 3355
<b>Risk Management and Internal Control Consultants</b>	: Audex Governance Sdn. Bhd. (469101-V) B10-15, Tower B, Megan Avenue II 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur, Malaysia Telephone no. : (03) 2166 1229 Facsimile no. : (03) 2166 8229
<b>Independent Business and Market Research Consultants</b>	: Vital Factor Consulting Sdn. Bhd. (266797-T) 75C & 77C, Jalan SS22/19 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan, Malaysia Telephone no. : (03) 7728 0248 Facsimile no. : (03) 7728 7248
<b>Issuing House</b>	: MIDF Consultancy and Corporate Services Sendirian Berhad (11324-H) Level 8, Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur, Malaysia Telephone no. : (03) 2173 8888 Facsimile no. : (03) 2173 8677

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**CORPORATE DIRECTORY**

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**Adviser, Sponsor, Sole  
Underwriter and Sole Placement  
Agent** : MIDF Amanah Investment Bank Berhad (23878-X)  
Level 8,9,10,11,12, Menara MIDF  
82, Jalan Raja Chulan  
50200 Kuala Lumpur, Malaysia  
Telephone no. : (03) 2173 8888  
Facsimile no. : (03) 2173 8277

**Listing Sought** : ACE Market of Bursa Securities

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## 1. INFORMATION SUMMARY

This Section of the prospectus highlights some summary information about our Group. You should read and understand the whole prospectus before deciding whether or not to invest in our shares.

Bursa Securities has approved the Admission and Listing of our entire enlarged issued and fully paid-up share capital on the ACE Market of Bursa Securities via its letter dated 30 August 2010.

This prospectus is dated 29 April 2011. A copy of this prospectus, together with the relevant application forms has been registered with the SC and lodged with the Registrar of Companies.

### 1.1 BACKGROUND INFORMATION ON OUR GROUP

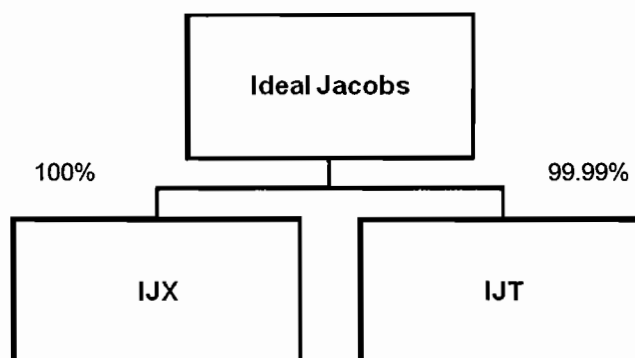
#### CORPORATE STRUCTURE

**Ideal Jacobs** was incorporated under the Act in Malaysia as a private company limited by shares on 18 May 2009. Subsequently on 6 April 2010 it was converted into a public company limited by shares. The principal business activity of Ideal Jacobs is investment holding.

**IJX** was established under the laws of the PRC as a WFOE company with limited liability on 3 February 2005. It became a wholly owned subsidiary company of Ideal Jacobs on 23 March 2010. The principal business activity of IJX is the manufacture of industrial labels, nameplates and laser/die-cut products and fabrication of plastic parts.

**IJT** was incorporated under the laws of Thailand as a private company limited by shares on 17 September 2009. It became a 98% and 99.99% owned subsidiary of Ideal Jacobs on 11 December 2009 and 27 April 2010 respectively. The principal business activity of IJT is the manufacture of industrial labels and nameplates and die-cut products.

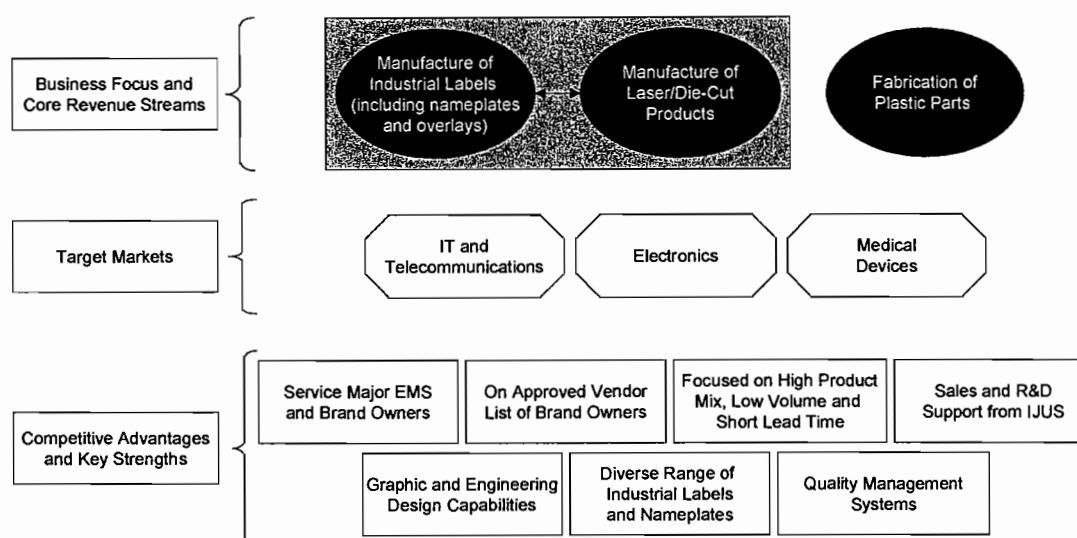
Our Group structure is as follows:



## 1. INFORMATION SUMMARY

### OUR BUSINESS

Our business model is depicted in the figure below:



Our business is focused on the manufacture of industrial labels and nameplates, and laser/die-cut products. Our secondary business is in the fabrication of plastic parts. Nameplates are special types of labels, while laser/die-cut products are commonly part of the total label industry. In support of our business, we also provide in-house graphic and engineering design as a value-added service to our customers.

Our head-office is in Kuala Lumpur, Malaysia while our main manufacturing facility is in Xiamen, PRC, and we have commenced our manufacturing in Samut Prakan Province, Thailand in March 2010.

In January 2011, we started setting-up our die-cutting line in Suzhou, PRC and plan to commence operation by the second quarter of 2011. As part of our future plans, we intend to commence manufacturing of industrial labels in the same facility in Suzhou, PRC by second half of 2011.

As at LPD, we also have sales engineers covering markets such as Shanghai/ Suzhou, Shenzhen, Wuhan, Qingdao, Ningbo, Beijing/Tianjin and the Fujian province in the PRC.

Detailed information on our Group is as set out in **Section 4.1**.

### REVENUE STREAM

For the FYE 31 December 2009, the manufacture of industrial labels, nameplates, and laser/die-cut products accounted for 71.5% of our total revenue, amounting to approximately RM10.2 million. Within this category, screen printed labels, and nameplates accounted for 46.3% of our total revenue while 11.7% of our total revenue was derived from rolled labels. This is followed by rubber and plastic foams at 10.5% and insulators at 3.1%.

Fabrication of plastic parts accounted for 20.8% of our total revenue for the FYE 31 December 2009. This includes faceplates, EMI shielding plastic panels and latches.

Details on our financial information are set out in **Section 8**.

## 1. INFORMATION SUMMARY

### 1.2 COMPETITIVE ADVANTAGES AND KEY STRENGTHS

- (a) We service major EMS companies and brand owners of the IT, telecommunications, electronics and medical devices industries
- (b) We are on the approved vendor lists of brand owners
- (c) Our business model is focused on high product mix, low volume and short lead time
- (d) We have sales and research and development support from IJUS
- (e) We have graphic and engineering design capabilities
- (f) We have the capabilities to produce a diverse range of industrial labels and nameplates
- (g) We have quality management systems in place

Details on our competitive advantages and key strengths are discussed in **Section 4.2.1(c)**.

### 1.3 SUMMARY OF RISK FACTORS

#### Industry Risks

- (a) We face continuous competition in our industry
- (b) We are vulnerable to fluctuations in raw material prices
- (c) We are exposed to foreign exchange risks
- (d) We are vulnerable to changes in political, economic and regulatory conditions
- (e) Our business may be affected by the global financial crisis

#### Operational and Business Risks

- (a) We are dependent on our Directors and key management team
- (b) Our business may be affected by our customer's product life-cycle
- (c) We are dependent on our major customers
- (d) We are dependent on our major suppliers
- (e) Our reliance on IJUS
- (f) Failure or delay in implementing our future plans
- (g) We are dependent on the information technology, telecommunications, electronics and medical devices industries
- (h) We are exposed to environmental risks
- (i) We are designated to operate in certain geographical areas

#### Risks Related to Investment in our Shares

- (a) No prior market for our Shares
- (b) Capital market risks and share price volatility
- (c) Control by Promoters
- (d) Achievement of business targets and payment of dividends
- (e) Future fund raisings dilute shareholders' equity and restrict our operations or dividend payments
- (f) The historical proforma consolidated statements of financial position and proforma consolidated statements of comprehensive income included herein may not reflect our actual financial position, results and cashflow
- (g) Failure or delay in Listing
- (h) Delay between Admission and trading of our Shares
- (i) Disclosure regarding forward-looking statements

Please note that though the risks affecting our Group, its business and in investing in our Shares are discussed in detail in **Section 3**, we can give no assurance that the risk factors which we have listed out are exhaustive and that there is no possibility of any other risks materially and adversely affecting our Group, its business, its profitability or the market price of our Shares.

**1. INFORMATION SUMMARY****1.4 SUMMARY OF FINANCIAL INFORMATION****PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OF OUR GROUP**

The Proforma Consolidated Statements of Comprehensive Income of Ideal Jacobs Group for the past three (3) FYE 31 December 2007 to 2009, FPE 31 October 2009 and FPE 31 October 2010 are provided for illustrative purposes, based on the audited and unaudited financial statements of Ideal Jacobs, IJT and IJX by assuming that the Ideal Jacobs Group has been in existence throughout the financial years/ periods under review.

The table below should be read in conjunction with the detailed discussion of our financial information in **Section 8**, our Directors' Report in **Section 11** and other information set out in this prospectus. The risk factors discussed in **Section 3** must also be taken into account when interpreting our financial information.

Years/ Periods ended	31 December 2007 (audited) RM	31 December 2008 (audited) RM	31 December 2009 (audited) RM	31 October 2009 <sup>(4)</sup> (unaudited) RM	31 October 2010 (audited) RM
Revenue	4,106,016	7,562,817	14,207,759	11,069,282	13,406,651
Gross profit	2,341,626	4,035,466	8,685,861	6,727,019	7,945,287
Profit before amortisation, depreciation, interest expenses and taxation	1,290,895	2,354,002	5,880,769	5,007,957	4,471,668
Amortisation	-	-	-	-	-
Depreciation	(258,427)	(294,068)	(343,078)	(263,062)	(427,368)
Interest expenses	-	-	(724)	(729)	(10,845)
PBT but after amortisation, depreciation and interest expenses	1,032,468	2,059,934	5,536,967	4,744,166	4,033,455
Taxation	-	(211,881)	(590,876)	(436,756)	(387,636)
PAT	1,032,468	1,848,053	4,946,091	4,307,410	3,645,819
Gross Profit Margin (%)	57.03	53.36	61.13	60.77	59.26
PBT Margin (%)	25.15	27.24	38.97	42.86	30.09
PAT Margin (%)	25.15	24.44	34.81	38.91	27.19
Gross Earnings per Share ("EPS") <sup>(1)</sup> (sen)	1.15	2.29	6.15	6.33 <sup>(3)</sup>	5.38 <sup>(3)</sup>
Net EPS <sup>(1)</sup> (sen)	1.15	2.05	5.50	5.74 <sup>(3)</sup>	4.86 <sup>(3)</sup>
Diluted Net EPS <sup>(2)</sup> (sen)	0.86	1.54	4.12	4.31 <sup>(3)</sup>	3.65 <sup>(3)</sup>

**Notes:**

(1) Based on our enlarged share capital of 90,001,000 Shares

(2) Based on our entire enlarged issued and paid up share capital of 120,001,000 after the Public Issue and Listing

(3) Annualised to 12 months for comparison purposes

(4) The consolidated statements of comprehensive income for the FPE 31 October 2009 is unaudited and is included for comparison purpose only



**1. INFORMATION SUMMARY****PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP**

The Proforma Consolidated Statements of Financial Position of Ideal Jacobs Group as at 31 October 2010 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in **Section 8.7** on the assumption that these transactions were completed on 31 October 2010.

	As at 31 October 2010	Proforma I Public Issue of shares	Proforma II Utilisation of Proceeds
	RM	RM	RM
SHARE CAPITAL	9,000,100	12,000,100	12,000,100
SHARE PREMIUM	-	5,100,000	4,240,005
TRANSLATION RESERVE	(213,198)	(213,198)	(213,198)
STATUTORY RESERVE	454,438	454,438	454,438
UNAPPROPRIATED PROFIT	2,626,951	2,626,951	486,946
Total shareholders' equity	11,868,291	19,968,291	16,968,291
NON CURRENT LIABILITY			
Finance creditor	107,666	107,666	107,666
	11,975,957	20,075,957	17,075,957
Represented by:			
NON-CURRENT ASSETS			
Property, plant and equipment	3,898,188	3,898,188	7,198,188
Deferred tax assets	199,639	199,639	199,639
Goodwill on consolidation	146,779	146,779	146,779
Total non-current assets	4,244,606	4,244,606	7,544,606
CURRENT ASSETS			
Inventories	1,560,050	1,560,050	1,560,050
Trade and other receivables	6,319,469	6,319,469	4,430,651
Amount due from holding company	-	-	211,258
Cash and bank balances	1,160,662	9,260,662	2,710,852
Fixed deposits with a licensed bank	2,727,270	2,727,270	2,727,270
Total current assets	11,767,451	19,867,451	11,640,081
CURRENT LIABILITIES			
Trade and other payables	2,034,915	2,034,915	2,034,915
Amount due to holding company	1,927,370	1,927,370	-
Amount due to a Director	46,620	46,620	46,620
Tax payable	27,195	27,195	27,195
Total current liabilities	4,036,100	4,036,100	2,108,730

**1. INFORMATION SUMMARY**

	As at 31 October 2010 RM	Proforma I Public Issue of shares RM	Proforma II Utilisation of Proceeds RM
NET CURRENT ASSETS	<u>7,731,351</u>	<u>15,831,351</u>	<u>9,531,351</u>
	<u>11,975,957</u>	<u>20,075,957</u>	<u>17,075,957</u>
NUMBER OF ORDINARY SHARES	<u>90,001,000</u>	<u>120,001,000</u>	<u>120,001,000</u>
NET TANGIBLE ASSETS PER ORDINARY SHARE OF:			
- RM0.10 EACH (RM)	<u>0.13</u>	<u>0.17</u>	<u>0.14</u>
NET ASSETS PER ORDINARY SHARE OF:			
- RM0.10 EACH (RM)	<u>0.13</u>	<u>0.17</u>	<u>0.14</u>

**Auditors' qualification**

As set out in the Accountants' Report in **Section 9**, the financial statements of the companies within our Group for the financial years/financial periods under review were not subject to any audit qualification.

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## 1. INFORMATION SUMMARY

### 1.5 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

The names and designations of our Promoters, substantial shareholders, Directors and key management are set out below:

Promoters and substantial shareholders	<ul style="list-style-type: none"> <li>• IJUS</li> <li>• Andrew Conrad Jacobs</li> <li>• Meng Bin</li> <li>• Foo Chong Lee</li> </ul>
Directors	<ul style="list-style-type: none"> <li>• Andrew Conrad Jacobs, Non-Independent Non-Executive Chairman</li> <li>• Meng Bin, Chief Executive Officer / Managing Director</li> <li>• Hing Kim Tat, Independent Non-Executive Director</li> <li>• Wee Hock Kee, Independent Non-Executive Director</li> <li>• Koong Lin Loong, Independent Non-Executive Director</li> </ul>
Key management	<ul style="list-style-type: none"> <li>• Meng Bin, Chief Executive Officer / Managing Director of Ideal Jacobs</li> <li>• Lim Peng Keat, Chief Finance Officer of Ideal Jacobs</li> <li>• Paul Jordan, General Manager of IJT</li> <li>• Du Xixi, General Manager of IJX</li> <li>• Chia Ching Kang, Business Development Manager of Ideal Jacobs</li> <li>• Zou Jie, Assistant to Chief Executive Officer / Managing Director</li> <li>• He Nali, Costing &amp; Engineering Centre Manager of IJX</li> <li>• Liu Lihui, Sales Manager of IJX</li> <li>• Zhao Hua, Finance Manager of IJX</li> <li>• Suwaleerat Kawinsungkom, Sales Manager of IJT</li> </ul>

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

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**1. INFORMATION SUMMARY****1.6 PRINCIPAL STATISTICS RELATING TO THE LISTING SCHEME**

	No. of Shares	Share Capital (RM)
Authorised share capital	250,000,000	25,000,000
Existing issued and fully paid-up share capital of 10 sen each	90,001,000	9,000,100
New Shares to be issued pursuant to the Public Issue	30,000,000	3,000,000
Entire enlarged issued and paid up share capital upon Listing	120,001,000	12,000,100
ISSUE PRICE PER SHARE		27 sen
<b>PROFORMA CONSOLIDATED NA</b>		
Proforma consolidated NA as at 31 October 2010 (based on our entire enlarged issued and paid up share capital after the Listing and after deducting the estimated listing expenses of RM3,000,000)		RM16,968,291
Proforma consolidated NA per share (based on our entire enlarged issued and paid up share capital)		14 sen
<b>PROFORMA CONSOLIDATED NTA</b>		
Proforma consolidated NTA as at 31 October 2010 (based on our entire enlarged issued and paid up share capital after the Listing and after deducting the estimated listing expenses of RM3,000,000).		RM16,821,512
Proforma consolidated NTA per share (based on our entire enlarged issued and paid up share capital).		14 sen
<b>OUR MARKET CAPITALISATION</b> (based on the Public Issue Price and our entire enlarged share capital after the Listing).		RM32,400,270

Further details on the Listing scheme are set out in **Section 2**.

**1.7 EXPECTED PROCEEDS FROM THE PUBLIC ISSUE**

Our Public Issue Shares, if fully subscribed, will result in us receiving gross proceeds of RM8,100,000.

Further details on the proposed utilisation of proceeds from the Public Issue are set out in **Section 2.9**.

**1. INFORMATION SUMMARY****1.8 UTILISATION OF PROCEEDS FROM THE PUBLIC ISSUE**

Proposed utilisation	RM	Percentage of total proceeds (%)	Time frame for utilisation
Establish an industrial label manufacturing plant in Suzhou, PRC	1,500,000	18.5	within 9 months
Launch a new production line for engineered thermoplastic composite products in Samut Prakan Province, Thailand	1,000,000	12.3	within 12 months
Establish an industrial label manufacturing plant in the northern region of Malaysia	800,000	10.0	within 12 months
Working capital for our Group <sup>(1)</sup>	1,800,000	22.2	within 12 months
Estimated listing expenses <sup>(2)</sup>	3,000,000	37.0	within 2 months
<b>TOTAL</b>	<b>8,100,000</b>	<b>100.0</b>	

**Note:**

(1) As at LPD, there is an amount owing by Ideal Jacobs to IJUS amounting to USD687,326 (approximately RM2.1 million) of which approximately RM1.3 million were utilised for payment of listing expenses and approximately RM0.3 million and RM0.5 million were utilised for the operations of our Head Office in Kuala Lumpur, Malaysia and as working capital for IJT respectively. The amount owing to IJUS by Ideal Jacobs is interest free and repayable on demand.

*Ideal Jacobs intends to utilise approximately RM0.8 million from part of the proceeds allocated for working capital to repay the amount owing to IJUS utilised for the operation of Head Office in Kuala Lumpur, Malaysia and working capital of IJT.*

(2) *Ideal Jacobs had made payments for listing expenses amounting to approximately RM1.3 million funded by the amount owing to IJUS. It intends to utilise approximately RM1.3 million from part of proceeds allocated for payment of listing expenses to repay this amount owing to IJUS.*

Detailed information on the utilisation of proceeds from the Public Issue is set out in **Section 2.9**.

**1.9 DIVIDEND POLICY**

The declaration and recommendation of interim and final dividends are subject to the discretion of our Board and any final dividend for a particular year is subject to the approval of our shareholders. It is the Board's intention to pay dividends to our shareholders to allow them to participate in our profits. However, our ability to pay dividends or make other distributions to our shareholders will depend upon a number of factors, including our earnings, capital requirements, general financial conditions and our distribution reserves.

For the FYE 31 December 2009, there were no dividends declared and paid by Ideal Jacobs Group except for the dividend paid by IJX of approximately RM1,906,004 (RMB3,695,955). IJX has also declared a dividend of approximately RM1,207,250 (RMB2,500,000) on 22 February 2010 payable to the IJX Vendors and which was paid on 11 June 2010, 18 June 2010 and 25 June 2010. On 13 January 2011, IJX has declared dividend of approximately RM800,500 (RMB1,731,560) which was paid to Ideal Jacobs on 25 January 2011. On 30 March 2011, IJX has further declared dividend of approximately RM798,769 (RMB1,731,560) which was paid to Ideal Jacobs on 11 April 2011.

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**1. INFORMATION SUMMARY**

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Our Board intends to adopt a progressive dividend policy, subject to the factors stated in **Section 8.6**. We intend to recommend and distribute approximately 10% to 15% of our PAT for the FYE 31 December 2011.

You should note that the foregoing statements are merely statements of our present intention and do not constitute a legally binding obligation in respect of our future dividends. Our dividend policy is subject to modification at our Board's sole and absolute discretion.

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future. Further details on our dividend policy are set out in **Section 8.6**.

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## 2. PARTICULARS OF THE PUBLIC ISSUE

This prospectus details our offer to the public of our Public Issue Shares at the Public Issue Price of 27 sen each.

We have received clearance from the SC for issuance of this prospectus and a copy of this prospectus has been registered with the SC. A copy of this prospectus, together with the application forms, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Acceptance of applications for the Public Issue will be conditional upon approval being granted by Bursa Securities for our Listing. Listing of and quotation for our Shares will commence after, amongst others, receipt of confirmation from Bursa Depository of the receipt of allotment and allocation information for the crediting of the Public Issue Shares, and receipt of an undertaking that all notices of allotment will be issued and despatched to all successful applicants prior to the date of listing and quotation of the 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.

Pursuant to the Listing Requirements, we must have at least 25% of the total number of Shares for which Listing is sought in the hands of a minimum of 200 public shareholders holding not less than 100 Shares each at the point of our Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing on the ACE Market. If this occurs, monies paid in respect of all Applications will be returned to the applicants.

As our Shares are Prescribed Securities pursuant to Section 14(1) of the Central Depositories Act, the Public Issue Shares allotted through this prospectus will be deposited with Bursa Depository directly, and any dealings in these Shares will be carried out in accordance with the Central Depositories Act and the Rules of Depository.

### 2.1 NOTES ON APPLICATIONS FOR OUR PUBLIC ISSUE SHARES

Each applicant for our Public Issue Shares must have a CDS Account.

Applications for our Public Issue Shares can only be submitted via an original Application Form which accompanies this prospectus.

All enquiries on the Application Forms for the Public Issue Shares may be directed to MIDFCCS. Notwithstanding this, investors should note that information relevant to an investment in our Public Issue Shares is contained in this prospectus.

The Public Issue is only intended to be made available in Malaysia or to any person in Malaysia. The distribution of this prospectus and the making of the Public Issue in other jurisdictions outside Malaysia may be restricted by law or be illegal.

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

Further details on the procedure for Application for our Public Issue Shares are set out in **Section 13**.

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## 2. PARTICULARS OF THE PUBLIC ISSUE

### 2.2 PURPOSE OF LISTING

We have undertaken the Listing for the purposes of:

- (a) allowing us access to capital markets and raise funds for our Group's future and continued expansion, diversification and growth;
- (b) enhancing our Group's recognition and profile and augment our corporate reputation so that our customer base can be expanded; and
- (c) allowing the Malaysian public and institutions to participate in the equity and growth of our Group.

### 2.3 PUBLIC ISSUE FINANCIAL DATA

Number of Shares offered under the Public Issue	30,000,000
Total number of Shares on completion of the Public Issue	120,001,000
Market capitalisation at the Public Issue Price	RM32,400,270

### 2.4 PUBLIC ISSUE SPREAD AND DETAILS

Number of Public Issue Shares offered	30,000,000
Public Issue Price	27 sen
Allocation and allotment:	
<b>Malaysian Public via Balloting</b>	
2,000,000 Public Issue Shares, representing 1.67% of our entire enlarged issued and paid-up share capital upon Listing via ballot	
<b>Selected investors via Placement</b>	
28,000,000 Public Issue Shares, representing 23.33% of our enlarged issued and paid-up share capital upon Listing, will be made available for private placement to selected investors.	

All the 2,000,000 Public Issue Shares made available to the Malaysian public via balloting have been fully underwritten by MIDF Investment as the Sole Underwriter. Please refer to **Section 2.12** for details.

There is no minimum subscription amount to be raised from the Public Issue.

### 2.5 LISTING OF AND QUOTATION FOR OUR SHARES

We had applied to Bursa Securities for our Admission and Listing and approval had been obtained from Bursa Securities via their letter dated 30 August 2010.



## 2. PARTICULARS OF THE PUBLIC ISSUE

### 2.6 DILUTION

Dilution occurs when the Public Issue Price of our Shares is higher than our proforma consolidated NA per Share after the Public Issue.

Prior to the Listing Exercise, the proforma consolidated NA per Share is 13 sen based on the consolidated NA of RM11,868,291 as at 31 October 2010 before the Public Issue and the utilisation of proceeds and based on our issued and paid-up share capital of 90,001,000 Shares.

Pursuant to the Public Issue Price of 27 sen per Share and after adjusting for the effects of the utilisation of proceeds, the proforma consolidated NA of our Group as at 31 October 2010 will increase to 14 sen per Share based on our entire enlarged issued and paid-up capital of 120,001,000 Shares.

This will result in an immediate increase in adjusted NA of 1 sen per Share to our existing shareholders and an immediate dilution in NA of 13 sen per Share to our new investors. The following table illustrates such dilution on per Share basis:

Public Issue Price	27 sen
Proforma consolidated NA per Share as at 31 October 2010 before Listing	13 sen
Increase in proforma consolidated NA per Share contributed by new investors	1 sen
Proforma consolidated NA per Share after the Listing and after deducting the estimated Listing expenses	14 sen
Dilution in NA per Share to new investors	13 sen
Percentage of Dilution to Public Issue Price	48%

The following table summarises the total number of Shares acquired by our Directors, key management and substantial shareholders or persons connected with any of the foregoing during the period of 3 years prior to the date of this prospectus and the average cost per share to them.

	Substantial Shareholders		Persons Connected
	IJUS	Foo Chong Lee <sup>(1)</sup>	Chew Siok Mei <sup>(2)</sup>
Number of Shares	54,000,000	36,000,000	4,455,000
Total consideration (RM)	5,400,000	3,600,000	500,000
Average price per Share (RM)	10 sen	10 sen	11 sen

Note:

(1) Foo Chong Lee is the wife of Meng Bin, our Chief Executive Officer/Managing Director

(2) Chew Siok Mei is the wife of Hing Kim Tat, our Independent Non-Executive Director

## 2. PARTICULARS OF THE PUBLIC ISSUE

### 2.7 BASIS OF ARRIVING AT THE PUBLIC ISSUE PRICE

The Public Issue Price has been determined by our Directors and our Adviser and Sponsor, MIDF Investment, after consideration of the following:

- (a) our Group's competitive advantages and key strengths and operating and financial history, as outlined in **Sections 4.2.1, 4.2.2, 8.1 and 8.3**;
- (b) our Group net EPS of 4.12 sen per Share for the FYE 31 December 2009 and annualised net EPS of 3.65 sen per Share for the FPE 31 October 2010 based on our entire enlarged issued and paid up capital of 120,001,000 shares and computed based on the PAT for the FYE 31 December 2009 of RM4,946,091 and PAT for the FPE 31 October 2010 of RM3,645,819 translating to a proforma net PE multiple of 6.55 times and 7.40 times;
- (c) our proforma consolidated NA as at 31 October 2010 of 14 sen per Share, based on our entire enlarged issued and paid-up share capital after the Listing and the utilisation of the proceeds; and
- (d) the overview and outlook of the industry as outlined in **Sections 4.23, 4.24 and 10.1** vis-a-vis the future plans and prospects of the Group in **Section 4.22**.

Our Board and MIDF Investment are of the opinion that the Public Issue Price is fair and reasonable.

The market price of our Shares upon Listing is however subject to the inherent unpredictability of the capital market and other uncertainties that may affect the price of our Shares when they are traded. You should form your own views on the valuation of the securities and the reasonableness of the bases used.

### 2.8 SHARE CAPITAL

	No. of Shares	Share Capital (RM)
Authorised share capital	250,000,000	25,000,000
Issued and fully paid-up share capital		
Existing as at the LPD	90,001,000	9,000,100
New Shares to be issued pursuant to the Public Issue	30,000,000	3,000,000
Enlarged share capital upon Listing	120,001,000	12,000,100

We have only 1 class of shares which are ordinary shares of 10 sen each. All our Shares including the Public Issue Shares rank *pari passu* with one another in all respects including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment hereof.

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 any surplus in the event of our liquidation, in accordance with our Articles of Association. However, 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.

## 2. PARTICULARS OF THE PUBLIC ISSUE

At every general meeting, each shareholder shall be entitled to vote in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney to a shareholder shall have 1 vote and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have 1 vote for each Share held.

A shareholder is entitled to appoint 2 proxies to attend the same meeting; if 2 proxies are appointed, only the proxy who is either specifically nominated by the shareholders and if no such nomination has been made, the proxy whose name is ranked first, is allowed to vote on a show of hands. A proxy may but need not be a member of the Company. If he is not a member, the proxy need not be an advocate, an approved company auditor or a person appointed by the Registrar of Companies.

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

### 2.9 PROPOSED UTILISATION OF PROCEEDS FROM THE PUBLIC ISSUE

The Public Issue is expected to raise gross proceeds of RM8,100,000 which shall accrue to the Company.

We propose to use the entire proceeds of our Public Issue in the following manner:

	Time frame for utilisation	Amount (RM)	Percentage of total proceeds (%)	Notes
Establish an industrial label manufacturing plant in Suzhou, PRC	within 9 months	1,500,000	18.5	(a)
Launch a new production line for engineered thermoplastic composite products in our factory located at Samut Prakan Province, Thailand	within 12 months	1,000,000	12.3	(b)
Establish an industrial label manufacturing plant in the northern region of Malaysia	within 12 months	800,000	10.0	(c)
Working capital for our Group	within 12 months	1,800,000	22.2	(d)
Estimated listing expenses	within 2 months	3,000,000	37.0	(e)
<b>Total</b>		<b>8,100,000</b>	<b>100.0</b>	

*Note: Any proceeds pending actual utilisation will be placed on fixed deposit with a bank in Malaysia.*

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## 2. PARTICULARS OF THE PUBLIC ISSUE

### (a) Establish an industrial label manufacturing plant in Suzhou, PRC

We had on 13 January 2011 entered into a lease agreement for the lease of a premise located at Gangtian Industrial Square, Suzhou, PRC for use as a factory and office. We have started the setting up a die cutting line in January 2011. We had on 2 April 2011 entered into a construction project contract with Suzhou Tri Falcon Decoration Engineering Co., Ltd to renovate the premise. The construction project shall commence on 2 April 2011 and it shall be completed by 2 May 2011. We are expecting the operation to commence in the early 2nd quarter of 2011. Upon listing, we plan to expand the factory to a manufacturing plant for labels, nameplates, including laser/ die-cut labels and nameplates. Once completed by late 2nd quarter 2011, the production capacity of the plant is estimated to be approximately 4.5 million pieces of screen labels and 7 million pieces of rolled labels per annum.

The plant will allow us to further address business opportunities by targeting EMS companies and brand owners operating within the IT, telecommunications, electronics and medical devices industries in Suzhou, PRC

We will utilize internally generated fund of approximately RM300,000 and approximately RM1,500,000 of the proceeds from the Public Issue to fund the business expansion in Suzhou including the cost of setting up the factory and the purchase of the following machinery and equipment:

	<u>Estimated Cost</u>
	<u>RM</u>
3 units of screen printing machines	720,000
2 units of material cutting machines	80,000
2 units of laminating machines	20,000
3 units of material cleaning machines	75,000
3 units of die-cutting machines	65,000
1 unit of air compressor	10,000
2 units of roll-to-roll machines	390,000
8 units of computers	25,000
Furniture and fittings	25,000
Factory renovation and improvement	350,000
Production tools	40,000
<b>Total</b>	<b><u>1,800,000</u></b>

### (b) Launch a new production line for engineered thermoplastic composite products in our existing manufacturing plant in Samut Prakan Province, Thailand

Part of our new business expansion plan in venturing into engineered thermoplastic composite products is to set up one production line for engineered thermoplastic composite products in our existing factory in Samut Prakan Province, Thailand. The production plant is based on using the forming process to manufacture the engineered plastic composite products.

Our engineered thermoplastic composite materials exhibit various properties including, among others, impact resistant, blast resistant, corrosion resistant, fire resistant, weather resistant, mouldability and lightweight. Some of the potential applications for our engineered thermoplastic composite materials include telecommunications, barrier protection, marine parts, and safety and architectural applications. Further description of our engineered thermoplastic composite materials is set out in Section 4.22.1 (d)(i).

## 2. PARTICULARS OF THE PUBLIC ISSUE

The actual applications in relation to our Group's engineered thermoplastic composite materials have yet to be determined, as no sales contract have been signed.

We will utilise part of the proceeds from the Public Issue of approximately RM1,000,000 to fully fund the set up of the new production line in Samut Prakan Province, Thailand including the purchase of the following machinery and equipment:

	<u>Estimated Cost</u>
	<u>RM</u>
1 unit of new custom made press	800,000
Testing equipment	100,000
Band saws, drill press and prototyping room	100,000
<b>Total</b>	<u><u>1,000,000</u></u>

We expect to commence setting up the new production line at IJT by end of 2011 and expect completion by the 1st quarter of 2012. Upon completion, the production capacity of the new production line is estimated to be approximately 200,000 pieces of engineered thermoplastic composite products per annum.

IJUS is obligated to provide us with technological know-how and technical assistance to allow us to manufacture and sell these engineered thermoplastic composite products by virtue of the Territorial, Licensing and Technical Assistance Agreements as further described in **Section 12.4(c)**.

The R&D on the engineered thermoplastic composite products by IJUS commenced in September 2008. As of LPD, approximately USD1,970,000 has been invested by IJUS toward this product in the form of salaries of employees involved, implementation of a prototyping facility, materials and cost of samples and product testing. Products and applications have been tested and will continue to be tested.

This product is currently at the R&D stage and is undergoing extensive product testing, market research, product design and prototyping. The product has not been commercialized as of LPD.

**(c) Establish an industrial label manufacturing plant in the northern region of Malaysia**

As part of the Group's geographical expansion plan, we intend to set up a new industrial label manufacturing plant in Malaysia. The Group has yet to identify a specific location for its industrial label manufacturing plant in Malaysia. However, we intend to locate it in one of the northern states in Malaysia.

To capitalise on our current core competency in manufacturing of industrial labels and nameplates, and laser/die-cut products, we plan to target the IT and telecommunication industries in Malaysia.

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## 2. PARTICULARS OF THE PUBLIC ISSUE

This new expansion into Malaysia will provide us with the opportunities for business growth as well as expand our market coverage. We will utilise RM800,000 to fully fund the expansion in Malaysia including the cost of setting up of the factory and purchase of the following machinery and equipment:

	<u>Estimated Cost</u>
	<u>RM</u>
2 units of screen printing machines	480,000
1 unit of material cutting machine	25,000
1 unit of laminating machine	10,000
2 units of material cleaning machines	50,000
2 units of die-cutting machines	25,000
1 unit of air compressor	10,000
8 units of computers	25,000
Furniture and fittings	25,000
Factory renovation and improvement	150,000
<b>Total</b>	<b>800,000</b>

We intend to commence setting up the manufacturing plant in the northern region of Malaysia during the 3rd quarter of 2011 and expect completion by the 4th quarter of 2011. Upon completion, the production capacity of the plant is estimated to be approximately 3 million pieces of screen labels per annum.

### (d) Working capital for our Group

Gross proceeds of approximately RM1,800,000 will be reserved for general working capital for our Group to finance the day to day operations of each company within our Group including for payment of salaries for additional staff, purchase of raw materials, supplies, and additional operational expenses due to the new business expansions. These additional working capital funds will enhance our Group's cash flow and enable us to operate our business and expansions smoothly without us having to depend on external funding.

The proportion of proceeds to be utilised for each company within our Group is as follows:

- (i) Ideal Jacobs – RM500,000 will be reserved for the operation of the factory to be established in the northern region of Malaysia while RM500,000 will be reserved for the operation of the Head Office in Kuala Lumpur, Malaysia
- (ii) IJT – RM800,000 will be utilised as working capital for IJT. The operations of IJT commenced in March 2010 and it will require working capital for purchases of raw materials and the increase in operational expenses

As at LPD, there is an amount owing by Ideal Jacobs to IJUS amounting to USD687,326 (approximately RM2.1 million) of which approximately RM1.3 million were utilised for payment of listing expenses and approximately RM0.3 million and RM0.5 million were utilised for the operation of Head Office in Kuala Lumpur, Malaysia and working capital of IJT respectively.

Ideal Jacobs intends to utilise approximately RM0.8 million from part of the proceeds allocated for working capital to repay the amount owing to IJUS utilised for the operation of Head Office in Kuala Lumpur, Malaysia and working capital of IJT. The amount owing to IJUS by Ideal Jacobs is interest free and repayable on demand.

## 2. PARTICULARS OF THE PUBLIC ISSUE

### (e) Estimated Listing expenses

Our estimated listing expenses consist of the following:

	(RM)
Professional advisors	2,400,000
Fees to authorities	60,000
Underwriting commissions, placement fees and brokerage	200,000
Printing, advertising and miscellaneous	340,000
<b>Total</b>	<b>3,000,000</b>

*Note:*

*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.*

Ideal Jacobs had made payments for listing expenses amounting to approximately RM1.3 million funded by the amount owing to IJUS. It intends to utilise approximately RM1.3 million from part of proceeds allocated for payment of listing expenses to repay this amount owing to IJUS. The amount owing to IJUS by Ideal Jacobs is interest free and repayable on demand.

## 2.10 FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS

The financial impact of the utilisation of the proceeds from the Public Issue is as follows:

### (a) Growth

With the proceeds from the Public Issue, our Group will be able to continue to maintain or expand our market share in the local and overseas markets. For the expansion, the Group has diversified and expanded our user-industry sectors to the automotive and medical devices industries. Using our core competencies in the industrial labels especially the screen printed labels, we will continue to develop new applications for other industry sectors.

### (b) Financial Position

Our financial position would be further strengthened in terms of NA backing and better cashflow position and we will be poised to capitalize on the business opportunities that are available to the Company. The enhanced financial position coupled with the potential ability to raise funds from debt will enable the Group to portray further confidence to its suppliers and customers to maintain its existing or increase business relationships with our Group. We will also be in a better position to negotiate better terms from both our suppliers and customers.

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**2. PARTICULARS OF THE PUBLIC ISSUE**

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**2.11 PLACEMENT FEES AND BROKERAGE**

**2.11.1 Placement Fees**

We will pay to our Sole Placement Agent placement fees at the rate of up to 2.5% of the value of the 28,000,000 Public Issue Shares reserved for private placement under **Section 2.4**.

**2.11.2 Brokerage**

We will pay to the relevant parties, brokerage incurred on the sale of 2,000,000 Public Issue Shares under **Section 2.4** at the rate of 1.0% of the Public Issue Price per Share in respect of successful applications bearing the stamp of member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

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## 2. PARTICULARS OF THE PUBLIC ISSUE

### 2.12 UNDERWRITING

An underwriting agreement has been entered into by our Company and the Sole Underwriter on 3 March 2011 to underwrite the 2,000,000 Public Issue Shares at the rate of 2.5% of the value of the shares to be underwritten. The salient terms of the underwriting agreement are set out below. Unless otherwise stated, all capitalised terms shall have the same meanings as defined in the said underwriting agreement.

#### Clause 2 – Underwriting Commitment

The Underwriter agrees to underwrite the Underwritten Shares not taken up or applied for by the public by 5.00 p.m. on the Closing Date or the Extended Closing Date, as the case may be.

The underwriting commitment of the Sole Underwriter shall not at any time exceed the total value of the Underwritten Shares at the Issue Price.

#### Clause 5 – Conditions precedent

- 5.1 Unless waived by the Underwriter, the obligations of the Underwriter under this Agreement shall be conditional upon the fulfillment and/or satisfaction of the following:-
- (a) Bursa Securities having approved the admission of the Company to the Official List and the listing and quotation of the entire issued and paid up share capital of the Company;
  - (b) approval in principle from the SC having been obtained in respect of the Prospectus, the registration of the Prospectus with the SC pursuant to the CMSA and the subsequent lodgement of the Prospectus with the Companies Commission of Malaysia;
  - (c) all other necessary approvals and consents required in relation to the Public Issue and the Issue Shares including but not limited to governmental approvals having been obtained and being in full force and effect;
  - (d) the issuance of the Issue Shares having been approved by the shareholders of the Company in general meeting;
  - (e) there having been, on or prior to the Closing Date or the Extended Closing Date, as the case may be, no breach of any representation, warranty, covenant, undertaking or obligation of the Company in this Agreement or which is contained in any certificate, statement, or notice provided under or in connection with this Agreement or which proves to be incorrect in any material respect;
  - (f) there having been, on or prior to the Closing Date or the Extended Closing Date, as the case may be, no material adverse change, or any development involving a prospective material adverse change, in the financial condition or business or operations of the Group or in the prospects or future financial condition or business or operations of the Group from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to such extent which is or will be material in any of the representations, warranties, covenants and undertakings and obligations of the Company herein contained; and

## 2. PARTICULARS OF THE PUBLIC ISSUE

- (g) the Underwriter receiving a copy certified by a director or secretary of the Company to be a true resolution of the Board of Directors of the Company approving the Listing Exercise, the Prospectus, this Agreement and the issuance of the Issue Shares and authorizing a person or persons to sign this Agreement on behalf of the Company.

5.2 In the event any of the conditions set forth in Clause 5.1 are not satisfied within three (3) months from the date of this Agreement, the Underwriter shall, subject as mentioned below in this clause, be entitled to forthwith terminate this Agreement by notice in writing given to the Company whereupon the following shall take place within three (3) Market Days of the receipt of such notice:

- (a) the Company shall make payment of the Underwriting Commission to the Underwriter; and
- (b) each party shall return all other monies (in the case of the Underwriter, after deducting the Underwriting Commission due and owing to the Underwriter hereunder) paid to the other party under this Agreement (except for monies paid by the Company for the payment of the expenses as provided hereunder);

and thereafter, this Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches.

### Clause 12 – Termination

12.1 Notwithstanding anything herein contained, the Underwriter may by notice in writing to the Company given at any time before the Closing Date or the Extended Closing Date, as the case may be, terminate, cancel and withdraw its commitment to underwrite the Underwritten Shares if:-

- (a) the approval of Bursa Securities for the admission of the Company to the Official List or for the listing of and quotation for the entire issued and paid-up share capital of the Company on the ACE Market of Bursa Securities is withdrawn or procured but subject to the conditions not acceptable to the Underwriter;
- (b) there is any breach by the Company of any of the representations, warranties or undertakings contained in **Clauses 3 and 4**, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company; or
- (c) there is failure on the part of the Company to perform any of its obligations herein contained; or
- (d) there is 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 or operations of the Group, the success of the Public Issue, or the distribution or sale of the Issue Shares; or
- (e) there shall have occurred, or happened any material and adverse change in the business or financial condition of the Group; or

## 2. PARTICULARS OF THE PUBLIC ISSUE

(f) there shall have occurred, or happened any of the following circumstances: -

- (i) 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
- (ii) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);

which, 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 Group as a whole, the success of the Public Issue 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.

12.2 In the event that this Agreement is terminated pursuant to **Clause 12.1**, the Underwriter and the Company may confer with a view to deferring the Public Issue by amending the terms of this Agreement and enter into a new underwriting agreement accordingly, but neither the Underwriter nor the Company shall be under any obligation to enter into a fresh agreement.

12.3 Upon any such notice(s) being given pursuant to **Clause 12.1**, the Underwriter shall be released and discharged from its obligations hereunder whereupon the following shall take place within three (3) Market Days of the receipt of such notice:

- (a) the Company shall make payment of the Underwriting Commission to the Underwriter; and
- (b) each party shall return all other monies (in the case of the Underwriter, after deducting the Underwriting Commission due and owing to the Underwriter hereunder) paid to the other party under this Agreement (except for monies paid by the Company for the payment of the expenses as provided hereunder);

and thereafter, this Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches.

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### 3. RISK FACTORS

#### 3.1 RISK FACTORS

The following are potential risks which our Board views as having a possible adverse impact on the future performance of our Group or on the market prices of our Shares. Some of these risks can be mitigated by employing contingency plans and/or safeguards. Other risks however are inherent or beyond our control and cannot be mitigated.

**Before deciding to invest in our Company you should carefully consider the following risk factors (which in our view are comprehensive but not exhaustive) and their respective mitigating or contingency plans/safeguards.**

#### 3.2 RISKS RELATING TO OUR INDUSTRY, OPERATION AND BUSINESS AND INVESTMENT IN OUR SHARES

##### 3.2.1 Risks affecting our industry

###### (a) We face continuous competition in our industry

Our business faces competition from other manufacturers of industrial labels, nameplates, and laser/die-cut products in PRC and also in Thailand where we commenced manufacturing operations in March 2010. Although our Group has forged strong relationships with our customers, we will continue to face competition from our peers in the industry. As a mitigating factor, we believe that our proven track record as an approved vendor of brand owners of IT, telecommunications, electronics and medical devices, some of which include Alcatel-Lucent, USA Ciena International Inc., Sun Micro Systems Inc., and Arris Group Inc., and our team of experienced and skilled personnel will enable our Group to remain competitive in the future. In addition, we also provide value-added services, such as graphic and engineering design to support our core products and services, which creates an added competitive advantage to our business.

Nonetheless there is no assurance that our Group will be able to continue to be competitive in the future in light of competition from existing players and/or potential entrants into the industry.

###### (b) We are vulnerable to fluctuations in raw material prices

Polymer materials are commonly used as face stock for the label manufacturing industry. The increase in oil prices may impact prices of polymer materials.

In most situations, increases in the price of raw materials are usually factored into the pricing of our products. Some examples of polymer-based raw materials used in the manufacturing of labels include double-sided and single-sided tapes, polyester tapes and films. However most of these are regarded as downstream polymer materials, which have undergone some form of value-adding, for example, the incorporation of special adhesive, to form the raw materials used by label manufacturers.

In addition, industrial labels are usually necessity items and considering the relatively low cost of labels, any increase in prices would not normally deter users from using polymer-based labels.

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### 3. RISK FACTORS

We source polymer related materials (including polycarbonate and polyester) that are used as face stock for our industrial labels manufacturing. In addition to polymer-based materials, some other raw materials that we used for the manufacturing of industrial labels are adhesive materials and ink. These materials are also available in a number of overseas countries and locally in the PRC.

Since inception of our business, we have not faced any material interruptions to our business due to shortage of main raw materials. This is because all our main raw materials are easily sourced in PRC as well as from other countries.

In the past, we have faced price fluctuations for our main raw materials. However, we have been able to pass cost increases to our customers.

#### (c) We are exposed to foreign exchange risks

For the FYE 2009 and FPE 31 October 2010, our revenue was mainly derived from our manufacturing facility and operations in PRC. As a result, we are exposed to foreign exchange risks as 51.5% and 48.5% of our revenue for the FYE 2009 were transacted in USD and RMB respectively. Similarly, 29.8% and 70.2% of our purchases for the FYE 2009 were also transacted in USD and RMB respectively. For the FPE 31 October 2010, 62.5% and 37.5% of our revenue were transacted in RMB and USD respectively. For the FPE 31 October 2010, 67.0% and 32.4% of our purchases were also transacted in RMB and USD respectively. A small proportion of 0.6% of our purchases were also transacted in Thai Baht for the FPE 31 October 2010.

For the last three financial years, the impact of being exposed to foreign currency on our business was minimal.

We adopt prudent foreign currency management by seeking a natural hedge whereby a proportion of our foreign currency revenue will be used for our purchases which are made in foreign currencies. However there is no assurance that any adverse fluctuations in foreign exchange rates in the future will not materially impact on the revenue of our Group.

In addition, since our Group revenue is mainly derived from sales in USD and RMB, the relative strength or weakness of the USD and the RMB compared to the RM may also have an adverse impact on our financial performance due to the necessary conversion of these currencies into RM for purposes of our financial statements.

#### (d) We are vulnerable to changes in political, economic and regulatory conditions

Our business is, to a large extent, dependent on the general economic conditions in PRC and Thailand where our manufacturing facilities are currently based and in the future, Malaysia. Therefore adverse developments in the political, economic and regulatory conditions in PRC, Thailand and Malaysia could materially impact our manufacturing operations and prospects of our Group.

Our risks in these countries may include, but not be limited to the changes in general economic, business and credit conditions, political leadership, government legislations and policies affecting manufacturers, inflation, interest rates, currency exchange controls, risks of war, expropriation, nationalisation, employment of foreign workers, and methods of taxation. As for Thailand, there are additional risks of possible disruption in our operations due to the recent political instability.

### 3. RISK FACTORS

#### (e) Our business may be affected by the global financial crisis

Any prolonged and/or widespread downturn such as the recent global financial turmoil has affected PRC and other global economies. Industrial labels are largely dependent on the demand for electronic and electrical products and various machinery and equipment, and any downturn in the economy is likely to impact on consumer and business spending and confidence.

For the FYE 31 December 2009 and FPE 31 October 2010, the PRC market alone accounted for 50.3% and 65.8% of our total revenue respectively. The next largest markets were Thailand, Hong Kong and the USA, which respectively accounted for 16.5%, 13.7% and 13.3% of our total revenue for the FYE 31 December 2009. As for the FPE 31 October 2010, the next largest markets were the Thailand, USA and Hong Kong, which accounted for 11.2%, 10.9% and 6.4% of our total revenue respectively. Hence, a slowdown in PRC and/or other global economies is likely to reduce demand for a wide range of products, including labels, which would have an impact on the performance of our Group.

As industrial labels are regarded as important or mandatory parts of many electronics and electrical products and medical devices, it is likely that demand for these products will still continue, albeit at a lower expenditure level during an economic slowdown. This is further mitigated by positive forecasted economic performances of some of our key markets which are as follows:

- (i) In 2010, PRC's real GDP growth was 10.3%, while the real GDP growth for more advanced economies like the United States, the United Kingdom and Japan in 2010 were 2.9%, 1.3% and 3.9% respectively, which were lower compared to China's real GDP.
- (ii) In 2010, the economic conditions in Thailand improved with a real GDP growth of 7.8% based on preliminary figures. Looking forward into 2011, Thailand's real GDP is forecasted to grow by 4.0%.
- (iii) In 2010, Hong Kong's real GDP growth was 6.8%. The economic conditions of Hong Kong are expected to continue growing with a projected real GDP growth of 5.4% in 2011.
- (iv) In 2010, United States' real GDP growth was 2.9%. In 2011, the real GDP growth of the United States is projected to continue to grow at 2.8%.

*(Source: Independent Assessment of the Industrial Label Manufacturing Industry in China prepared by Vital Factor Consulting Sdn Bhd)*

Nevertheless there can be no assurance that our business will not be negatively affected by any global financial crisis.

#### 3.2.2 Risks relating to our operation and business

##### (a) We are dependent on our Directors and key management team

To a large extent, the continuing success of our Group is dependent on the leadership of Andrew Conrad Jacobs, our Non-Independent Non-Executive Chairman and efforts of our Chief Executive Officer/Managing Director, Meng Bin, and other key management personnel. The loss of our key management personnel without suitable or timely replacements may adversely affect our business performance.

### 3. RISK FACTORS

As such, our Board recognises that the ability to retain our Directors and key management personnel is critical to the performance of the Group in the future and has facilitated the implementation of the following strategies:

- (i) we groom younger members of our key management personnel to take on more responsibilities and ensure a smooth transition as part of our management succession plan in the event of any departures from our key management personnel.
- (ii) we continue to attract and retain our key management personnel who are essential in the support of our Group's operations by providing employee benefits and incentives to ensure a longer term commitment of our key management personnel to the Group.

Upon completion of the Listing, our Non-Independent Non-Executive Chairman, Andrew Conrad Jacobs will by virtue of his shareholding in IJUS indirectly hold 40.55% of Ideal Jacobs whilst our Chief Executive Officer / Managing Director, Meng Bin will by virtue of his wife Foo Chong Lee's shareholding in Ideal Jacobs indirectly hold 27.03% of Ideal Jacobs. In addition, IJUS and Foo Chong Lee have agreed to a moratorium of 12 months, instead of the stipulated 6 months, on the disposal of their entire shareholdings. This will further ensure that Andrew Conrad Jacobs and Meng Bin will continue to have a vested interest in the success of our Group. Details of the moratorium are set out in **Section 6.2**.

Although we seek to limit our dependency on our Chief Executive Officer / Managing Director and key management personnel, there can be no assurance that the above measures will be successful in retaining their employment or ensuring a smooth transition in key management personnel in the event of any departures.

**(b) Our business may be affected by our customers' product life-cycle**

Our customers are manufacturers of IT, telecommunications, electronics and medical devices. Each product has its own product life-cycle and eventually most products will be phased out totally or replaced with upgrades or new products. In situations when these equipment or devices are phased out or replaced, our industrial labels, nameplates and laser/die-cut products for these equipment or devices would also no longer be relevant. There is a risk that product phase out or replacements or upgrades would adversely affect our financial performance.

The decline in gross profit margin from our insulators from 63.7% for the FYE 2007 to 35.5% for the FYE 2009 was due to end of the product life-cycle whereby the customer insisted on lowering of the cost of insulators which impacted on the product pricing and margin on insulators. However, based on our experience, products that reach the end of their product life-cycle are commonly replaced either with new products or upgraded version of the products. In most of such situations, we continue to obtain purchase orders for the manufacture of industrial labels, nameplates and laser/die-cut products for the new or upgraded products.

Nevertheless, there is no assurance that our customers' product life-cycle will not impact on our future business performance.

**(c) We are dependent on our major customers**

For the FYE 31 December 2009, our 2 largest customers, Celestica (Thailand) Ltd, Thailand and Chinese Global Limited, PRC contributed 16.0% and 13.4% to our total Group revenue respectively. Collectively, both these customers represented 29.4% of our total Group revenue for the FYE 31 December 2009. There is a risk that losing one or both of these major customers may adversely affect our financial performance.

### 3. RISK FACTORS

Our dependency on Celestica (Thailand) Ltd as a customer is partly mitigated by the long-term relationship we have had with them over the last 5 years, which indicates a stable relationship. This would provide the basis for a continuing business relationship. Chinese Global Limited may be a relatively new customer, however the risk of dependency is limited to 13.4% of total Group revenue for the FYE 31 December 2009. In addition to our top 2 customers, the remaining 70.6% of our revenue was contributed by 114 customers. This provides some diversity to our customer base.

For the FPE 31 October 2010, Chinese Global Limited, PRC and Celestica (Thailand) Ltd, Thailand contributed 6.0% and 7.1% to our total Group revenue respectively.

Nevertheless, there is no assurance that our dependency on these top 2 customers will not impact our future business performance.

#### (d) We are dependent on our major suppliers

Our Group is relatively dependent on our suppliers, Stockwell Elastomerics Inc., USA for the supply of foam and IJUS for the supply of industrial labels, insulators, polycarbonate sheets, ink, semi-finished metal and plastic parts, and foil materials. For the FYE 2009, purchases from Stockwell Elastomerics Inc., USA and IJUS accounted for 11.3% and 10.3% of our total Group purchases respectively. As for the FPE 31 October 2010, purchases from Stockwell Elastomerics Inc., USA and IJUS accounted for 12.9% and 3.9% of our total Group purchases respectively. We have been dealing with Stockwell Elastomerics Inc. for the last 3 years. In the event there is a shortage or interruptions in the supply of foams from our top suppliers, we have 4 other suppliers of foam to rely on as part of our contingency plan. We buy industrial labels and other materials from IJUS to optimise on efficiency and timely delivery as well as the competitive pricing derived from bulk sourcing of materials. Another reason we purchase materials from IJUS is due to our customers' request to source materials from the USA. In the event there are shortages or interruptions in supply from IJUS, we can rely on other suppliers to source similar types of materials. However there can be no assurance that any disruptions in the supply of raw materials from our major suppliers will not have an adverse impact on our business operations.

#### (e) Our reliance on IJUS

Our reliance on IJUS can be categorized into the following:

##### (i) Raw material purchases from IJUS

For the FYE 2008 and FYE 2009, our purchases of raw material and finished products from IJUS amounted to 10.5% and 10.3% of our total raw material purchases respectively.

##### (ii) Customer referrals and research and development of new products including engineered thermoplastic composite products which comprise part of our future product line and expansion plans.

Apart from the above, IJUS has also been providing us with funds to defray our listing expenses and for working capital purposes. These advances are treated as an interest free loan from a shareholder and are disclosed as a non-recurrent related party transaction in Section 7.1.2 of this prospectus. Furthermore, IJUS has confirmed that it has adequate financial resources to provide the necessary financial support to us for a period of at least 12 months from LPD, if and when required.



### 3. RISK FACTORS

In mitigation, we are confident that in the unlikely event our raw materials cannot be purchased from IJUS, there are other suppliers who will be able to fulfill our raw material purchasing requirements. As for industrial labels and nameplates, we have our own in-house graphic design capabilities that enable us to be totally independent for our production of industrial labels and nameplates.

In relation to customer referrals and the research and development of new products by IJUS, Ideal Jacobs has entered into Territorial, Licensing and Technical Assistance Agreements whereby IJUS is obligated to refer customers and inquiries from the designated territories stated in the agreements. The agreements also oblige IJUS to provide to Ideal Jacobs new products and the research, development and technical support for any such new products which are developed. The cost of R&D undertaken by IJUS is fully borne by IJUS. However, the fees paid in consideration of the Territorial, Licensing and Technical Assistance Agreements would normally cover relevant expenses, including R&D expenses. The salient terms of the agreements are set out in **Section 12.4(c)**.

In addition, we currently manage our own sales team and are capable of independently attracting new customers. We are also technically capable of independently operating our core competency of printing and customizing industrial labels and nameplates to service our customers.

We shall, on a best efforts basis, continue to maintain our business independence from IJUS in terms of reducing our dependency on purchases and the development of new products. Nevertheless, we continue to get some sales referrals from IJUS for their clients in the USA that have either their own or outsourced manufacturing operations in many countries, including PRC. However, there can be no assurance that our reliance on IJUS for purchases of raw material or for research and development assistance for future products will not adversely affect our business performance in the future.

#### (f) Failure or delay in implementing our future plans

The future success of our Group is dependent on the successful implementation of our growth strategy and future plans which include expansion of our existing product range in industrial labels and laser/die-cut products as well as the new engineered thermoplastic composite products.

Expansion of industrial labels will include nameplates and overlays for medical devices with various features, and conductive overlays that have five layers. Our expansion of laser/die-cut products will be for automotive applications. Our new engineered thermoplastic composite materials will include applications in telecommunications, barrier protection, marine parts, safety and architectural applications, and others. Further descriptions are set-out in Section 4.22.1 (a), (b) and (d)(i).

Part of our growth plans is also in the overseas geographical expansion of our manufacturing facilities. Any failure or delay in the implementation of our future plans may adversely affect the future growth of our Group.

Our Board is confident in the expansion of our product range namely industrial labels and laser/die-cut products as these products are within our core competencies. Although engineered thermoplastic composite products may be a new product addition to our Group, IJUS has undertaken extensive research and design into these types of products. The new engineered thermoplastic composite products will be produced at our existing manufacturing plant in Samut Prakan Province, Thailand.

### 3. RISK FACTORS

Our geographical expansion plan includes establishing manufacturing facilities in both the northern region of Malaysia and Suzhou, PRC. In that respect, we may be faced with challenges in terms of business restrictions, regulatory, legal, cultural barriers and language differences. While our management and marketing team will ensure the implementation of our future plans on a best efforts basis, there can be no assurance that we will be successful.

Our subsidiary in Thailand, IJT commenced operations in March 2010 with a small amount of external revenue of approximately RM44,000 recorded for the FPE 31 October 2010. The delay is mainly due to the following reasons:

- Unstable political conditions in Thailand for the first half of 2010 has dampened our effort to send experienced and skilled personnel from IJX to provide training to the relevant staff in IJT in various areas such as design, sales and marketing, quality control, certification and audit.
- Customers delayed the audit process on our operations due to the unstable political conditions in Thailand. The audit is a quality and procedures audit, which involves reviewing processes, quality assurance and control systems procedures, records, and administrative documentation to ensure proper quality assurance and control as well as proper internal management and documentation. A quality and procedures audit is sometimes requested by new customers or existing customers for new manufacturing plants. The audit process is to ensure that our Thailand operations meet customers' requirements and expectation. As at LPD, three of our customers in Thailand have completed their audit process namely Celestica (Thailand) Ltd, Fabrinet Co Ltd and Sanmina SCL. As at LPD, IJT has already received request for quotations directly from these three customers with expected orders from December 2010 onwards.

Notwithstanding the above, there is no assurance that any delay in the timing and/or failure in implementing our future plans would not materially affect our Group's business performance in the future.

There is also a risk that Ideal Jacobs may not identify industry trends correctly, or that new product ranges it launches will not meet the demand of the new markets. There is no assurance that Ideal Jacobs will be able to successfully extend and/or implement their existing product range into new markets.

**(g) We are dependent on information technology, telecommunications, electronics and medical devices industries**

The target markets for our products are EMS companies and brand owners of information technology, telecommunications, electronics and medical devices industries. In the event of a downturn in any of these industry sectors, it would impact on the demand for our Group's products and services.

Our Group recognises this risk and has already taken steps to mitigate the risk by diversifying and expanding our user-industry sectors to the automotive and medical devices industries. Although we are currently servicing the medical devices industry, this only represented a small proportion of our Group revenue for the FYE 31 December 2009. As part of our diversification strategy, we will continue to develop new applications for other industry sectors using our core competencies in industrial labels and nameplates. Additionally, we plan to expand into a new business area to manufacture engineered thermoplastic composite products to address new markets for business growth.

Nevertheless there can be no assurance that our Group will be successfully in penetrating new industry sectors.

### 3. RISK FACTORS

#### (h) We are exposed to environmental risks

We generate the following types of waste during our industrial label manufacturing process:

- (i) wastewater
- (ii) hazardous waste including adhesive, paper, plastic and other materials containing ink, alcohol and chemicals
- (iii) bulk waste including polycarbonate, wastepaper, plastic paper/roll and laminated paper

We have taken the necessary actions to ensure compliance with environmental regulations and have not been found to be in breach of these regulations. We have obtained a pollution emission certificate from the Environmental Protection Bureau of Xiamen City, which is valid from 6 March 2009 to 7 March 2012 for our manufacturing operations in Xiamen, PRC. In addition, we have also, in the agreement referred to in **Section 12.4(g)**, engaged a government appointed environmental agency to collect and dispose of our hazardous and bulk waste. As part of our emphasis on environment, we have obtained ISO 14001:2004 accreditation for environmental management system for IJX.

As for IJT, we are aiming for ISO 14001:2004 accreditation for environmental management systems in June 2011. This is critical when dealing with customers where there is a concern regarding environmental issues.

Nevertheless, there is no assurance that any changes in the environmental regulations in the future will not affect the performance of our Group.

#### (i) We are designated to operate in certain geographical areas

Under the Territorial, Licensing and Technical Assistance Agreements we have the exclusive right to conduct our business within the Licensed Countries. Other countries which are not part of the Licensed Countries are under the purview of IJUS and this may restrict our ability to procure customers from those areas which are designated to be under IJUS's purview.

In mitigation however, the Territorial, Licensing and Technical Assistance Agreements also allows us to procure and service customers from those areas which are outside the Licensed Territories by obtaining the written consent of IJUS. Furthermore, IJUS is also not allowed to conduct its business in the Licensed Countries. In relation to our own rights over the Licensed Countries, our exclusive right to conduct and obtain business in the Licensed Countries is irrevocable. The salient terms and conditions of the Territorial, Licensing and Technical Assistance Agreements are described in **Section 12.4(c)**.

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### 3. RISK FACTORS

#### 3.2.3 Risk relating to investment in our Shares

##### (a) No prior market for our Shares

There has been no prior market for the Shares. There can be no assurance as to the liquidity of any market that may develop for the Shares, the ability of holders to sell their Shares or the prices at which holders would be able to sell their Shares. Although application will be made to Bursa Securities for our Listing, there can be no assurance that the Shares will be accepted for trading on Bursa Securities.

The Shares could trade at prices that may be lower than the Public Issue Price depending on many factors, including prevailing economic and financial conditions in PRC, Thailand and Malaysia, Ideal Jacobs' operating results and the markets for similar securities. The Promoters and Sponsor have no obligation to create a market in the Shares or to maintain the Listing.

##### (b) Capital market risks and Share price volatility

Performance of Bursa Securities is highly dependent on external uncontrollable factors such as the performance of regional and world bourses and flows of foreign funds. Internal factors such as the economic and political conditions in Malaysia as well as the growth potential of the various sectors of the economy drive market sentiments. These factors invariably contribute to the volatility of trading volumes on Bursa Securities and add risk to the market price of the listed securities.

The market price of our Shares may also fluctuate significantly and rapidly in response to, amongst others, the following factors, some of which are beyond our control:

- (i) variations in our results of operations
- (ii) success or failure of our management team in implementing business and growth strategies
- (iii) gain or loss of important business relationships
- (iv) securities analysts' recommendations, perceptions or estimates of our financial performance
- (v) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors
- (vi) changes in market valuations and share prices of companies with similar businesses to our Company that may be listed on Bursa Securities
- (vii) additions or departures of key personnel
- (viii) fluctuations in stock market prices and volume
- (ix) involvement in litigation

Although we are committed to the sound management of our business, there is no assurance that our Share price will not be subject to volatility due to market sentiments. In addition, the market for securities in emerging markets has been subject to disruptions that have caused intense volatility in the prices of securities similar to the Shares. There can be no assurance that the market for the Shares, if any, will not be subject to similar disruptions. Any disruption in such market may have a material adverse effect on the holders of the Shares.

### 3. RISK FACTORS

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.

#### (c) Control by Promoters

Upon Listing, our Promoters as set out in **Section 5.1** will hold (directly and indirectly) approximately 67.58% of our entire enlarged issued and paid-up share capital. As a result, they will still be able to, in the foreseeable future, effectively control our business direction and management as well as influence the outcome of certain matters requiring the vote of our shareholders unless they are required to abstain from voting by law and/or by the relevant guidelines or regulations.

Upon Listing, IJUS which is our single largest shareholder will hold approximately 40.55% of our enlarged issued and paid-up share capital. IJUS is principally involved in a similar nature of business.

As a result, the strategies and activities of Ideal Jacobs may be influenced by the overall interests of IJUS. There can be no assurance that conflicts of interest will not arise between Ideal Jacobs and IJUS in the future.

Nevertheless, as our commitment towards good corporate governance, we have appointed 3 Independent Non-Executive Directors and set up an Audit Committee to ensure that, *inter alia*, any future transactions involving related parties are entered into on an arms'-length basis, and on normal commercial terms that are not more favourable to the related parties than those generally available to third parties and that such transactions are not detrimental to our minority shareholders.

#### (d) Achievement of business targets and payment of dividends

Our ability to pay dividends or make other distributions to our shareholders is dependent on several factors such as the future financial performance and cashflow position of our business. Although we are optimistic of our business targets and projections, we can give no assurance that such targets or projections will be achieved thus allowing for payment of dividends or other distributions. Any failures in achieving these business targets or in paying dividends may result in fluctuations on our Share price.

The laws of the PRC and of Thailand relating to the repatriation of capital and remittance of profits to and from Malaysia are detailed in the reports set out in **Sections 10.2 and 10.3**.

#### (e) Future fund raisings dilute shareholders' equity and restrict our operations or dividend payments

We may require additional funding for our future growth which may result in dilution of our shareholders' equity, or restrictions imposed by additional debt funding.

Our capital requirements are dependent on, amongst others, our business, the availability of our resources for attracting, maintaining and enlarging our customer base. We may therefore require additional capital expenditure for mergers and acquisitions or investments. Any issue of Shares or other securities to raise funds will dilute shareholders' equity interests. In the case of a rights issue, additional investment may also be required by shareholders.

### 3. RISK FACTORS

Further, an issue of Shares below the then prevailing market price will also affect the value of Shares then held by investors. Dilution in shareholders' equity interests may occur even if the issue of Shares is at a premium to the market price. Additional debt funding may also increase our debt to equity or gearing ratio and restrict our freedom to operate our business as such debt funding may have conditions that:

- (i) limit our ability to pay dividends or require us to obtain consent before paying dividends
- (ii) increase our vulnerability to general adverse economic and industry conditions
- (iii) require us to dedicate a portion of our cash flow for repayment of our debt, thereby reducing the availability of our cash flow for capital expenditures, working capital and other general purposes
- (iv) limit our flexibility in planning for, or reacting to, changes in our businesses and our industry

If we fail in obtaining more funds to meet requirements for our business, merger and acquisition plans or investments, we may not be able to implement future plans that are essential to our growth.

- (f) **The historical proforma consolidated statements of financial position and proforma consolidated statements of comprehensive income included herein may not reflect our actual financial position, results and cashflow**

The proforma consolidated statements of financial position and proforma consolidated statements of comprehensive income included elsewhere in this prospectus has been prepared on an aggregated basis and assuming that our subsidiaries, IJX and IJT, have been operating as a single economic entity throughout and as at the financial years or periods presented. As part of the Listing, the acquisition of our subsidiaries was accounted for using the purchase method of accounting in accordance with FRS 3 "Business Combination".

The proforma consolidated financial statements are, therefore, not necessarily indicative of the financial position, results of operations and cash flows that would have occurred if our subsidiaries had been independent stand-alone companies during the financial years or periods under review. The proforma consolidated financial statements are also not necessarily indicative of the future financial position, results of operations and cash flows of Ideal Jacobs Group.

The proforma consolidated statements of comprehensive income have been prepared on the basis that the Ideal Jacobs Group's results have been restated through appropriate consolidated adjustments, assuming our Group structure had been in place as at 31 October 2010. As the proforma consolidated statements of financial position are prepared for illustrative purposes only, such information because of its nature does not give a true picture of the effects of the Listing on the financial position of Ideal Jacobs Group had the transaction or event occurred at the reporting date. Further, such information does not purport to predict our Group's future financial position.

### 3. RISK FACTORS

#### (g) Failure or delay in Listing

Any one or more of the following events, which is not exhaustive, may cause a delay in or cancellation of our Listing on Bursa Securities:

- (i) the identified investors fail to subscribe to the portion of Public Issue Shares intended to be placed to them;
- (ii) we are unable to meet the public spread requirement as determined by Bursa Securities i.e. at least 25% of our entire enlarged issued and paid-up share capital must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of our Listing; and/or
- (iii) we are unable or are delayed, for any reason, in obtaining 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 ACE Market of Bursa Securities.

In such an event, subject to **Section 3.2.3(h)** below, we will return in full without interest, all monies paid in respect of any Applications accepted. Nevertheless, our Directors will endeavor to ensure our compliance with the various requirements for our successful Listing.

#### (h) Delay between Admission and trading of our Shares

Delays in the Admission and commencement of trading in shares on Bursa Securities have occurred in the past. In respect of the Public Issue Shares already allotted, a return of monies to investors may be made either by repurchase by us of the Shares at the Public Issue Price, or by way of a reduction in our share capital. A capital reduction would require a special resolution of our shareholders and approval of the courts.

Further, 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.

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 have a materially adverse effect on the value of our Shares and there is no assurance that monies paid for the Shares can be recovered within an identifiable period of time.

#### (i) Disclosure regarding forward-looking statements

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

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

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

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**3. RISK FACTORS**

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Given the risks and uncertainties that may cause our Group's actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this prospectus, we advise investors not to place undue over-reliance on those statements. We are not warranting nor representing to investors that our Group's actual future results, performance or achievements will approximate those as discussed in those statements.

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## 4. INFORMATION ON OUR GROUP

### 4.1 GROUP OVERVIEW

#### Our History

Our Company was incorporated in Malaysia under the Act as a private company limited by shares on 18 May 2009. It was converted into a public company limited by shares on 6 April 2010. Details of our subsidiaries are set out in **Section 4.1.3**.

Our business is focused on the manufacture of industrial labels and nameplates, and laser/die-cut products. Our secondary business is in the fabrication of plastic parts. Nameplates are special types of labels, while laser/die-cut products are commonly part of the total label industry.

Andrew Conrad Jacobs who is our founder and Non-Independent Non-Executive Chairman and Meng Bin who is our Chief Executive Officer/Managing Director, have contributed to the growth and development of our Group. Andrew Conrad Jacobs has been instrumental in developing the strategic direction of the Group with more than 30 years of experience in the industrial label industry whilst Meng Bin has contributed to the growth of the Group through 17 years of experience in general management, marketing and operations. Andrew Conrad Jacobs will only be involved in making strategic decisions regarding marketing, sales and finance and is not involved in the day to day operations or management of the Group. Meng Bin is in charge of the management and operations of the Ideal Jacobs Group.

Andrew Conrad Jacobs is the owner of IJUS, which is the single largest shareholder of Ideal Jacobs and has similar business activities. IJUS has been operating since 1921. IJUS is a non-listed corporation with paid-up capital of USD1,300 and a total shareholder's equity of USD4,043,651 as at 31 December 2009. IJUS currently employed 29 full time employees. IJUS also has a subsidiary in the Netherlands and a related company in Mexico to service Western Europe and South America. The business of Ideal Jacobs Europe B.V. is the keeping and exploiting of patents, importing products made of printed plastic, extruded, manufactured and processed material of intermediate for telecommunications, defense and chemical industries whilst the principal business activity of Ideal Jacobs Mexico S.de.R.L. de C.V. is in the label warehousing and commercialization. IJUS provides sales referrals particularly from clients with operations in PRC and other parts of Asia. Referrals from IJUS are generally set-up by Andrew Conrad Jacobs and communicated to Ideal Jacobs. Some of the referrals are done together with representatives from Ideal Jacobs Group. IJUS also provides research and development support to our Group, as well as a source of enhanced, new and innovative products. On 8 June 2010 and 12 November 2010 IJUS entered into the Territorial, Licensing and Technical Assistance Agreements with Ideal Jacobs whereby, inter alia, IJUS is obliged and will continue to refer clients to Ideal Jacobs from the Licensed Countries as set out in the agreements and provide technical support and their research and development capabilities for any new products developed by IJUS to Ideal Jacobs. The salient terms and conditions of the agreements are set out in **Section 12.4(c)**.

The history of our Group can be traced back to 2005 with the establishment of IJX, a WFOE company with limited liability, as a subsidiary and the manufacturing arm of IJUS. The establishment of IJX was part of IJUS's overall strategy of establishing a manufacturing base in PRC to better meet customer requirements. In IJX, we have our own in-house graphic design team focusing on the design of industrial labels.

In 2005, IJX was accredited with ISO 9001/14001 and subsequently also certified with Occupational Health and Safety Advisory Services ("OHSAS") 18001. This is an indication of our Group's emphasis on quality management and occupational health and safety management systems.

#### 4. INFORMATION ON OUR GROUP

In addition, we have several UL certifications and authorisation as follows:

- 1) IJX is an authorised label manufacturer to print the "UL" mark labels for sticking onto third party products that are UL certified. This was obtained in 2005.

This represents an additional revenue stream for IJX, as manufacturers with UL certified products will require labels with the "UL" mark to stick onto their UL certified products. Such labels can only be purchased from label manufacturers that are authorised by UL to print "UL" mark labels, in which we are one of the authorised label manufacturers.

- 2) IJX's manufactured products comprising insulating devices and materials are UL certified. This was obtained in 2008.

This provides IJX with an added advantage, as it is able to sell its UL certified insulating devices and materials to manufacturers whose products are UL certified, which require all product parts to be also UL certified.

- 3) IJX's printing materials comprising ink and facestock, which constitute the total label, are UL certified. This was obtained in 2007.

This provides IJX with an added advantage, as it is able to sell its UL certified labels to manufacturers whose products are UL certified, which require all parts, including labels, to be also UL certified.

The Underwriter Laboratories (UL) is an independent product safety certification organisation. In 2009, UL serviced customers in 102 countries with 66,149 manufacturers producing UL certified products.

Since the commencement of IJX in 2005, we have established ourselves as a manufacturer of industrial labels, nameplates and laser/die-cut products, and as a fabricator of plastic parts with our own in-house graphic and engineering design capabilities.

As part of our Group strategy of servicing our customers more effectively, in 2006 we appointed 1 sales engineer to focus on the Shenzhen market in PRC, and in 2007 we appointed 1 sales engineer for the Suzhou market in PRC. These sales engineers are mainly responsible for developing new business, maintaining relationships with existing customers and providing after sales service.

In 2007, we expanded our product portfolio of laser/die-cut products to cover fabric over foam gasket, which is used for shielding or grounding of servers, computers, telecommunications equipment and peripherals to prevent the escape of electromagnetic waves. This is part of our product extension to complement our core business in industrial labels and nameplates.

In 2008, we set-up our internal engineering design department to focus on the industrial design of plastic parts. This was in view of our expansion into fabricated plastic parts as part of our intention to provide complementary products to meet our customers' requirements. In addition, our engineering design department also provided engineering design support for our industrial labels. With our internal engineering design team, we have successfully patented the design of an EMI shielding plastic panel in PRC in 2008. This design was aimed at saving costs incurred from the replacement of the original metal part. We have also mechanically redesigned a latch for telecommunications equipment applications, which was originally in two different parts to form one single continuous piece. The redesigned latch, which has been successfully registered as our patent is aimed at saving production costs.

#### 4. INFORMATION ON OUR GROUP

In 2008, IJX also signed a partnership growth agreement ("PGA") with Celestica AG, Switzerland. In the same year, we received the Top Supplier Award from Pentair Technical Products, China. This is a testament to the quality of our products and services.

As part of our geographical expansion strategy, on 11 December 2009 and 27 April 2010 respectively, we acquired 98,000 and 1,998 shares of IJT amounting to 99.99% of the issued and paid up share capital of IJT from the IJT Vendors. IJT commenced operations in March 2010. The principal activity of IJT is the manufacture of industrial labels, nameplates, and die-cut products.

In 2009, our industrial labels were accepted by the Canadian Standards Association ("CSA") for the use of CSA designated identification mark under the category 'adhesive type labels'. This is to comply with the requirements of our customers and more importantly, it indicates that the quality of our industrial labels is able to meet with the standards and requirements of CSA. Subsequently in early 2010, we commenced our application of ISO/TS 16949 for our future products such as industrial labels and gaskets for automotive applications. In May 2009, we incorporated Ideal Jacobs, an investment holding company. At end of 2009, we appointed 4 additional sales engineers to focus on other markets in PRC namely, Wuhan, Beijing/Tianjin, Ningbo and the Fujian province.

In 2010, we appointed 2 additional sales engineers in Qingdao and Shanghai, PRC. As at LPD, we have 7 sales engineers, each servicing customers in various parts of PRC. In the same year, we merged our internal art design and engineering design departments, which is currently headed by He Nali.

In January 2011, we started setting-up our die-cutting line in Suzhou, PRC and plan to commence operation by the second quarter of 2011. As part of our future plans, we intend to commence manufacturing of industrial labels in the same facility in Suzhou, PRC by the second half of 2011.

IJX mostly purchases raw materials such as polycarbonate, other plastic sheet, adhesive, ink, plastic pellet, supplementary material, metal, foil, foam, semi-finished plastic parts for assembly, semi-finished printed labels, other semi-finished (components), finished goods breakdown, label (screen print), roll label, gasket, insulator from IJUS.

IJX sells finished products, labels (screen print), roll label gaskets, foam, insulators, metal parts, injection parts, assembly, semi-finished printed labels, other semi-finished (components), cable to IJUS.

IJUS and the Ideal Jacobs Group sell the same types of finished products. However, if any of the products can be manufactured more cheaply in Asia than in the US then the other companies in the Ideal Jacobs group will generally buy from the companies in Asia to sell to its customers.

IJUS' purchases from the Ideal Jacobs Group amounted to approximately 16.4%, 13.5% and 9.2% of the total revenue of the Group for the FYE 2007, 2008 and 2009 respectively.

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**4. INFORMATION ON OUR GROUP****Our Subsidiaries**

We are an investment holding company with 2 subsidiaries as set out below:

Company / Registration No.	Date/Place of Incorporation	Issued and Fully Paid up Capital	Effective Equity Interest	Current Principal Activities
IJX  35020040000 8183	03.02.2005  Xiamen, PRC	USD1,260,000 (Contributed Registered Capital)	100%	Manufacture of industrial labels, nameplates and, laser/die-cut products and fabrication of plastic parts
IJT  0105552099 957	17.09.2009  Samut Prakan Province, Thailand	10,000,000 Baht	99.99%	Manufacture of industrial labels, nameplates and die- cut products.

**4.1.1 Incorporation and share capital****Background and history**

Our Company was incorporated in Malaysia under the Act on 18 May 2009 as a private company limited by shares. Our company registration number is 857363-U. Our authorised share capital upon incorporation was RM100,000 and our issued and paid up capital was RM100 comprising 100 shares of RM1 each.

On 11 December 2009 and 27 April 2010 respectively, we acquired 98,000 and 1,998 shares of IJT from the IJT Vendors for a total consideration of 9,800,000 Baht. The purchase consideration for the transfer of the IJT shares to Ideal Jacobs was based on the cash and fixed assets which Ideal Jacobs had advanced to IJT. This amount was capitalized as fully paid-up shares of IJT upon acquisition by Ideal Jacobs of the issued but unpaid shares from the IJT Vendors. This resulted in us acquiring 99.99% of the issued and paid-up share capital of IJT.

On 27 January 2010, we sub-divided our shares so that each share of RM1 was divided into 10 Shares of 10 sen each.

On 23 March 2010 we purchased 100% of the contributed registered capital of IJX for a total purchase consideration of USD1,260,000, wholly satisfied by the issuance on 31 May 2010 of 90,000,000 Shares each credited as fully paid-up to the IJX Vendors and the parties nominated by them, Chew Siok Mei and Koo Ah Lik @ Ku Yin Fu.

On 20 March 2010, we entered into the Equity Transfer Agreement with the IJX Vendors for the IJX Acquisition as detailed in Section 12.4(b) for a purchase consideration of USD1,260,000 based on the contributed registered capital of IJX at the time. On 23 March 2010, we obtained approval on the stake transfer by the IJX Vendors to Ideal Jacobs from Xiamen Foreign Investment Bureau of Xiamen, PRC. The IJX Acquisition was duly completed on 31 May 2010 at the total consideration of RM9,000,000 based on the net assets of IJX as at 31 December 2009 adjusted for the dividend declared on 22 February 2010 (based on the final draft audited financial statements for the FYE 31 December 2009 of IJX available then) wholly satisfied by the issue and allotment of 90,000,000 Shares to the IJX Vendors and the parties nominated by them, Chew Siok Mei and Koo Ah Lik @ Ku Yin Fu.

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**4. INFORMATION ON OUR GROUP**

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Chew Siok Mei, a Malaysian, aged 46, is the wife of Hing Kim Tat, an independent non-executive director of Ideal Jacobs. Koo Ah Lik @ Ku Yin Fu, a Malaysian, aged 73, is a retiree and has no relationship with the company nor the promoters of the Company. Both Koo Ah Lik @ Ku Yin Fu and Chew Siok Mei do not hold shares directly in IJX before IJX Acquisition but hold approximately 4.95% of the shares in Ideal Jacobs after the IJX Acquisition before the Listing Scheme. They are not involved in the operations or management of the Ideal Jacob Group and will continue not to be involved in the future. They have not contributed to the business of the Company in past nor will they contribute in future. They are merely investors in Ideal Jacobs.

We converted into a public company on 6 April 2010.

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#### 4. INFORMATION ON OUR GROUP

##### Share capital

The present authorised capital of our Company is RM25,000,000 comprising 250,000,000 Shares. The existing issued and paid-up share capital of our Company is RM9,000,100 comprising 90,001,000 Shares.

Details of the changes in our Company's issued and paid-up share capital since incorporation are as follows:

Date of Allotment/ Sub-division	No. of Ideal Jacobs' shares allotted	Par Value	Description / Consideration	Cumulative Issued and Fully Paid-Up Ordinary Share Capital (RM)
18.05.2009	100	RM1	Allotment of Subscribers' shares / RM100	100
27.01.2010	1000	10 sen	Subdivision of shares from RM1 to 10 sen	100
31.05.2010	90,000,000	10 sen	IJX Acquisition	9,000,100

Upon completion of the Public Issue, our entire enlarged issued and fully paid-up share capital will increase to RM12,000,100 comprising 120,001,000 Shares.

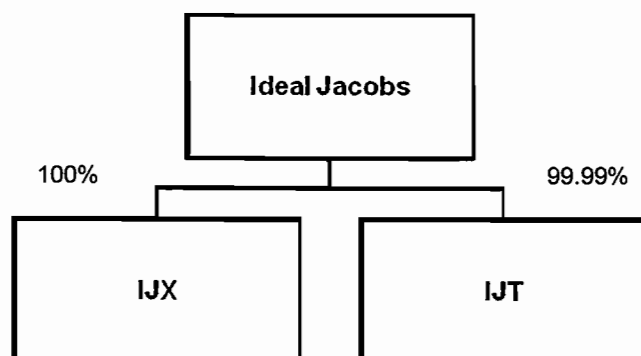
There are no warrants, options, and convertible securities in issue or any uncalled capital in respect of our Shares.

##### Principal business activity

Our principal business activity upon incorporation was general trading and our current principal business activity is investment holding.

##### 4.1.2 Group corporate structure

Our Group corporate structure is as follows:



#### 4. INFORMATION ON OUR GROUP

##### 4.1.3 Information on our subsidiaries

###### IJX

###### Background and history

IJX was established under the laws of the PRC as a WFOE company with limited liability on 3 February 2005 in Xiamen. IJX commenced operations in February 2005 with manufacturing of industrial labels and nameplates.

The company name of IJX in Chinese was changed from (捷卡 (厦门) 印务有限公司) to (捷卡 (厦门) 产品标识系统有限公司) on 12 November 2007. There was no change to the English name of IJX.

Upon incorporation, our business scope was the manufacture of product packaging and decoration printing and the preparation work for product labeling. Currently, our business scope is expanded to the manufacture of industrial labels and nameplates including polycarbonate labels and fabric over foam gasket, injected moulded panels, laser/die-cut products, wire assemblies, machined parts and fabrication of plastic parts.

###### Principal business activities

The current principal business activity of IJX is the manufacture of industrial labels, nameplates and laser/die-cut products and fabrication of plastic parts.

###### Registered capital

As at LPD, the registered capital of IJX is USD1,260,000. The table below details all changes to the contributed registered capital in IJX since incorporation:

Date of Contribution in Registered Capital	Increase in Contributed Registered Capital (USD)	Method of Contribution	Cumulative Contributed Registered Capital (USD)
20.06.2005	746,000	Cash	746,000
28.09.2006	514,000	Cash and Equipment	1,260,000

There are no warrants, options, convertible securities in issue or any uncalled capital in respect of the registered or contributed capital of IJX.

###### Substantial shareholders

As at LPD, IJX is a wholly owned subsidiary of Ideal Jacobs.

###### Subsidiary or associated Company

As at LPD, IJX does not have any subsidiary or associated company.

###### Legal Representative, Board of Directors and Board of Supervisors

As at LPD, Meng Bin is the legal representative of Ideal Jacobs in IJX and also the chairman of the Board of Directors. The other members of the Board of Directors are Du Xixi and Zhao Hua. The Board of Supervisors of IJX consist of Hing Kim Tat, Wee Hock Kee and Zou Jie.

#### 4. INFORMATION ON OUR GROUP

### IJT

#### Background and history

IJT was incorporated under the laws of Thailand on 17 September 2009 as a private company limited by shares in Bangkok. IJT commenced operations in March 2010.

#### Principal business activities

The current principal business activity of IJT is the manufacture of industrial labels, nameplates and die-cut products.

#### Share capital

Upon incorporation the authorised capital of IJT was 10,000,000 Baht comprising 100,000 shares of 100 Baht each, out of which 300 Baht was paid up. As at LPD, there has been no change to the authorised capital of IJT whilst the paid up capital has been increased to 10,000,000 Baht. The table below details all changes to the issued and paid up capital in IJT since incorporation:

Date of increase in issued share capital	No. of shares issued	Share par value (Baht)	Consideration	Cumulative issued and paid up share capital (Baht)
15.09.2009	3	100	Cash	300
17.09.2009	99,997	100	Nil <sup>(1)</sup>	300
11.12.2009	0	100	Cash and property, plant and equipment	<sup>(2)</sup> 10,000,000

Note:

(1) The shares were allotted on 15.09.2009 and the relevant statutory filing was done on 17.09.2009. These shares were issued but were not paid up.

(2) The 99,997 shares were fully paid up on 11.12.2009.

There are no warrants, options and convertible securities in issue or any uncalled capital in respect of the shares of IJT.

#### Substantial shareholders

As at LPD, IJT is a 99.99% owned subsidiary of Ideal Jacobs.

#### Subsidiary or associated Company

As at LPD, IJT does not have any subsidiary or associated company.

#### Board of Directors

The Board of Directors of IJT consist of Paul Jordan, Hing Kim Tat and Wee Hock Kee.

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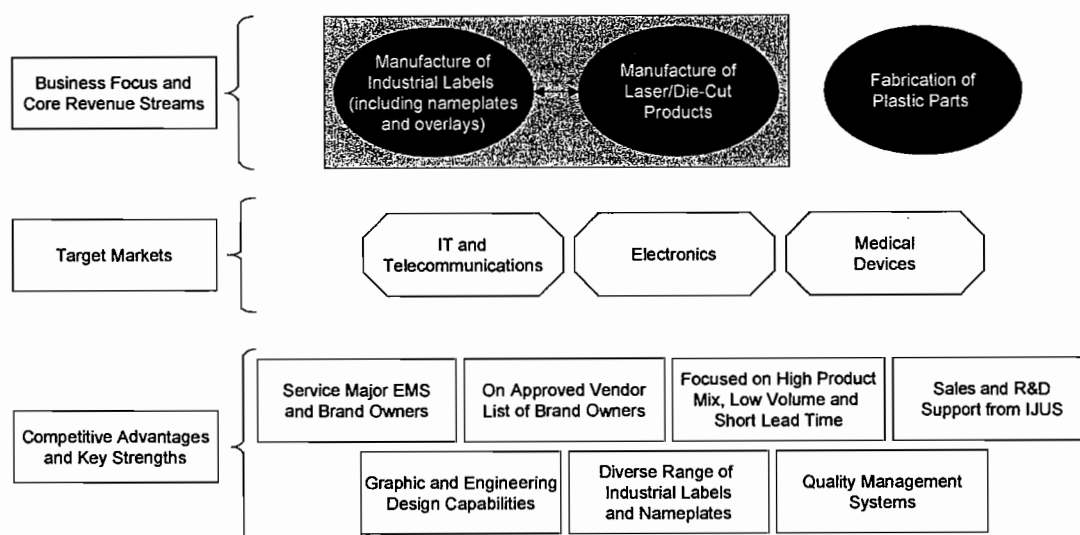


## 4. INFORMATION ON OUR GROUP

### 4.2 OVERVIEW OF OUR BUSINESS ACTIVITIES

#### 4.2.1 Our business model

Our business model is depicted in the figure below:



#### (a) Business focus and core revenue streams

Our business is focused on the manufacture of industrial labels (including nameplates and overlays) and laser/die-cut products. Our secondary business is in the fabrication of plastic parts. Nameplates are special types of labels, while laser/die-cut products are related to the label industry. In support of our business, we also provide in-house graphic and engineering design as a value-added service to our customers.

Industrial labels are for use in industrial applications. Often they are placed inside products or serve specific functions other than informational. Industrial labels also include nameplates and overlays. Nameplates, usually attached to equipment, are designed to withstand exposure to adverse conditions. Nameplates usually contain information or data such as serial numbers of components, electrical requirements, type and models numbers, date of manufacture and other instructions and ratings. Overlays are large labels printed with decorative and informative letters and images. They are commonly used in membrane switches or electronic control panels displaying printed text and pictograms and diagrams.

Laser/die-cut products are related to the label industry, where in most cases, manufactures of industrial labels commonly extend their capabilities into the manufacturing of laser/die-cut products using the same equipment as for industrial labels. Laser/die-cut products are made from polymer materials such as plastic strips and foams, as well as rubber strips and foams, with or without adhesive. Some of the laser/die-cut products that we manufacture include rubber and plastic foams comprising EMI shielding gaskets, and rubber and plastic gaskets that are used in thermal and mechanical or acoustic insulation. Insulators refer to non-conductive materials used to separate or support conductors.

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**4. INFORMATION ON OUR GROUP**


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**(b) Target markets**

Our markets are currently focused on IT, telecommunications, electronics and medical devices industries.

**(c) Competitive advantages and key strengths****(i) We service major EMS companies and brand owners operating within the IT, telecommunications, electronics and medical devices industries**

Our customers are some of the major EMS companies and brand owners of IT, telecommunications, electronics and medical devices. Through EMS and procurement centres, we also service some major brand owners. This serves as a testament to the quality of our products and services. Some of our customers who are EMS companies include Celestica (Thailand) Ltd, Celestica (Suzhou) Technology Co Ltd, Flextronics Technology (Penang) Sdn Bhd and Flextronics Global Enclosures (Shanghai) Co. Ltd. Some of our customers who are also brand owners include Rayco (Shanghai) Medical Products Co. Ltd., Alcatel-Lucent Shanghai Bell Co. Ltd., Lucent Technologies Qingdao Telecommunication Systems Ltd., Pentair Technical Products China, and Emerson Network Power Philippines Inc. Our ability to continuously meet the expectations and requirements of our customers and brand owners will provide us with the basis for future growth.

**(ii) We are on the approved vendor lists of brand owners**

Our subsidiary, IJX is on the approved vendor lists ("AVL") of brand owners including Alcatel-Lucent, USA Ciena International Inc., Sun Micro Systems Inc., and Arris Group Inc. In total, IJX is on the AVL of 12 brand owners. Being on the AVL list of brand owners means we are normally given the opportunity to bid for any contracts relating to our manufacturing capabilities. Our normal bidding process is to submit written quotations in response to request for quotation from our customers. Under such a scenario, we commonly compete against two and no more than four other competitors. As such, by being on the AVL of brand owners, we do not need to solicit for potential sales as they come to us instead, and the competitive intensity is reduced. Our subsidiary, IJX has been on the AVL of the 12 brand owners ranging from several months up to five years. Some of the brand owners use intermediaries such as EMS to do their actual manufacturing or procurement service providers to obtain materials like our labels.

**(iii) Our business model is focused on high product mix, low volume and short lead time**

Our business model is unlike most other manufacturers of labels, nameplates and laser/die-cut products, which emphasises on high volume to generate high revenue. However, high volume business generally comes with lower pricing, and thus lower margin.

As such, we have differentiated our business model from most other manufacturers by taking on small volume jobs with a high mix of products. High mix of products refers to many different jobs requiring different combination of machinery, machinery set-up, materials, design, patterns, sizes and colours to produce different products. Our low volume means we are able to charge higher pricing for each production run that we do. In addition, we take on many product mix, and for each product that we manufacture we have factored in the initial set-up cost into the pricing of our first order. As such, subsequent production runs would provide us with higher margins as we have already recovered our initial set up costs.

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**4. INFORMATION ON OUR GROUP**


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In addition, our business model is also based on fast turnaround. In our job specifications, we normally agree to deliver within 12 days of receiving confirmed purchased orders. In many situations, we are also able to deliver within 1 to 3 days from receipt of purchase orders.

Our ability to achieve fast turnaround is primarily a reflection of our efficient production and supports the fact that most of our orders are low volume. In addition, a fast turnaround is our business model to differentiate us from other manufacturers.

As such, our business model of high product mix, low volume orders and fast turnaround has contributed to our high profit margin.

**(iv) We have sales and research and development support from IJUS**

Most of what we currently do is similar to those undertaken by IJUS. As such, it provides support to us, particularly in the areas of sales and R&D.

Some of the jobs that we currently undertake are referrals from IJUS for their clients in the USA that have either their own or outsourced manufacturing operations in many countries, including PRC.

IJUS also has sales and distribution offices in Netherlands and Mexico. As IJUS is a major shareholder of our Group and through our Territorial, Licensing and Technical Assistance Agreements, sales orders from the USA and Europe for their operations in Asia, will be channelled to our manufacturing facilities in Xiamen, PRC, and in future to our manufacturing plants in Samut Prakan Province, Thailand and the northern region of Malaysia. This is primarily for cost effective reasons as well as to comply with requests from customers to supply products closer to where they are used, particularly in the PRC and other parts of Asia.

We are also supported by IJUS for research and development activities particularly in composite plastics. This provides us with a channel for improved, new and innovative products to expand our product portfolio as well as to better meet the needs of our customers.

**(v) We have graphic and engineering design capabilities**

We have graphic and engineering design capabilities, which enable us to provide value-added services to our customers for industrial labels and nameplates, as well as plastic parts. Our graphic design capabilities for industrial labels and nameplates include layout design, colour management, creation or reproduction of image and graphics, and development of prototypes. Our engineering design capabilities for industrial labels and nameplates take into consideration material selection, adherence properties, hardness, abrasion resistance and environmental resistance properties.

We also undertake engineering design for fabrication of plastic parts. The focus is to assist our customers to reduce costs by improving overall design or replacement of metal parts with more cost effective plastic parts.

#### 4. INFORMATION ON OUR GROUP

Our engineering design capabilities for plastic parts provide us with the opportunity to extend our services to complement our core labels, nameplates and laser/die-cut products on the same IT and telecommunications equipment or electronic devices. As such, our fabrication of plastic parts is highly synergistic as we are primarily servicing the same customers who buy our labels, nameplates and laser/die-cut products. Thus far, we have used our engineering design capabilities to successfully develop complementary parts including among others, faceplate, filler panel, EMI shielding plastic panels, latches and enclosures in telecommunications equipment and devices.

We have patented the design of our EMI shielding plastic panel, which is a cost effective and more environmentally friendly alternative to the original metal part. We have also mechanically redesigned a latch for telecommunications equipment, which forms a continuous piece compared to the original two-piece version. This design has been successfully registered as our patent. Similarly the redesigned latch has helped our customer to save on cost of production.

Our in-house engineering design capabilities provide us with the opportunities to expand our products and services whilst providing added value to our customers.

**(vi) We have the capabilities to produce a diverse range of industrial labels and nameplates**

We can produce a diverse range of industrial labels and nameplates to meet most, if not all of our customers' product labelling and identification requirements with our own in-house design facilities, colour management, screen printing, laminating, and die-cutting facilities.

We have the capabilities to produce customised industrial labels with special properties including among others, the ability to withstand high temperature, resistance to chemicals, smear and scratch resistance, embossed, braille press, electrostatic dissipative and waterproof.

Our diverse range of labels and nameplates is one of our key strengths to win new customers and to do more for existing customers.

**(vii) We have quality management systems in place**

We place significant emphasis on quality and this is reflected in the ISO 9001:2000 quality management systems that we have in place through our subsidiary, IJX. In line with product quality, our industrial labels comply with UL standards as certified by Underwriters Laboratories Inc., USA. As a testament of our quality and our ability to meet the requirements of our customers, we are on the approved vendor list of 12 brand owners.

In addition, our subsidiary, IJX has also obtained ISO 14001:2004 accreditation for environmental management systems, which is critical when dealing with customers where there is a concern regarding environmental issues. Product quality is not only critical in helping us to maintain customer loyalty through customer satisfaction and continuing business patronage but serve as a reference site for new customers.

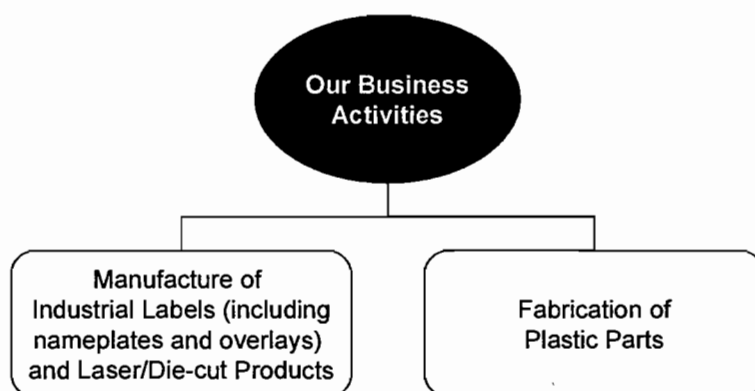
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#### 4. INFORMATION ON OUR GROUP

##### 4.2.2 Overview of Business Activities and Revenue Segmentation

###### (a) Business activities

Our business activities are depicted as follows:



Our core business is focused on the manufacture of industrial labels (including nameplates and overlays) and laser/die-cut products.

Our secondary business is in the fabrication of plastic parts. Fabrication of plastic parts is synergistic to our business as it is mainly servicing the same customers for the same equipment that use our industrial labels, nameplates and laser/die-cut products. This allows us to capitalise on opportunities from our existing customer base and products.

Our head-office is in Kuala Lumpur, Malaysia while our main manufacturing facility is in Xiamen, PRC, and we have commenced our manufacturing in Samut Prakan Province, Thailand in March 2010.

In January 2011, we started setting-up our die-cutting line in Suzhou, PRC and plan to commence operation by the second quarter of 2011. As part of our future plans, we intend to commence manufacturing of industrial labels in the same facility in Suzhou, PRC by second half of 2011.

As at LPD, we also have sales engineers covering markets such as Shanghai/ Suzhou, Shenzhen, Wuhan, Qingdao, Ningbo, Beijing/Tianjin and the Fujian province in PRC.

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#### 4. INFORMATION ON OUR GROUP

##### (b) Revenue segmentation by business activities

The breakdown of our Group's revenue by business activities for the FYE 31 December 2009 and FPE 31 October 2010 as follows:

	FYE 31 December 2009		FPE 31 October 2010	
	RM'000	%	RM'000	%
<b>Manufacture of industrial labels (including nameplates and overlays) and laser/die-cut products</b>	<b>10,155</b>	<b>71.5<sup>^</sup></b>	<b>8,834</b>	<b>65.9<sup>^</sup></b>
<i>Industrial labels (including nameplates and overlays)</i>				
- Screen printed labels	6,572	46.3	5,554	41.4
- Rolled labels	1,661	11.7	967	7.2
<i>Laser/die-cut products</i>				
- Rubber and plastic foams <sup>(1)</sup>	1,488	10.5	1,720	12.8
- Insulators <sup>(2)</sup>	434	3.1	593	4.4
<b>Fabrication of plastic parts <sup>(3)</sup></b>	<b>2,950</b>	<b>20.8</b>	<b>3,390</b>	<b>25.3</b>
<b>Others <sup>(4)</sup></b>	<b>1,102</b>	<b>7.8</b>	<b>1,183</b>	<b>8.8</b>
<b>TOTAL</b>	<b>14,208<sup>^</sup></b>	<b>100.0<sup>^</sup></b>	<b>13,407</b>	<b>100.0</b>

<sup>^</sup>Total does not add-up due to rounding

##### Notes

- (1) These are laser/die-cut products which includes EMI shielding gaskets, rubber gaskets, plastic foam gaskets and thermal pads.
- (2) These are laser/die-cut products.
- (3) Fabrication of plastic parts also involves minor assembly. Plastic parts include faceplates, EMI shielding plastic panels and latches.
- (4) Others are mainly the supply of labels, insulators, gaskets, elastomer bands and metal parts that are manufactured by third parties. Metal parts include heat sinks, metal faceplates and other machined metal parts.

For the FYE 31 December 2009 and FPE 31 October 2010, the manufacture of industrial labels (including nameplates and laser/die-cut products) accounted for 71.5% and 65.9% of our total revenue respectively. Under the category of industrial labels, screen printed labels and nameplates accounted for 46.3% and 41.4% of our total revenue for the FYE 31 December 2009 and FPE 31 October 2010 respectively whilst 11.7% and 7.2% of our total revenue were derived from rolled labels for the FYE 31 December 2009 and FPE 31 October 2010 respectively. This was followed by laser/die-cut products comprising rubber and plastic foams at 10.5%, and insulators at 3.1% for the FYE 31 December 2009. For the FPE 31 October 2010, rubber and plastic foams, and insulators accounted for 12.8% and 4.4% respectively.

Fabrication of plastic parts accounted for 20.8% and 25.3% of our total revenue for the FYE 31 December 2009 and FPE 31 October 2010. This includes faceplates, EMI shielding plastic panels, latches and others.

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**4. INFORMATION ON OUR GROUP**

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Others include the supply of labels, insulators, gaskets, elastomer bands and metal parts, which were manufactured by third parties. Metal parts include heat sinks, metal faceplates and other machined metal parts. For the FYE 31 December 2009 and FPE 31 October 2010, we purchased external products for the following reasons:

- For the FYE 31 December 2009, some of the industrial labels were sourced from IJUS, which were leftover stocks from IJUS customers when they were transferred to IJX. In the FYE 2009, the leftover stock that were transferred from IJUS to IJX were for one of our customers namely Chinese Global Limited.
- We outsourced a small proportion of our industrial labels to external manufacturers to supplement our production during peak periods where our capacity is fully utilised particularly for high volume and low-end rolled labels. Externally sourced labels only accounted for 1.9% and 4.2% of our revenue for the FYE 31 December 2009 and FPE 31 October 2010 respectively.
- We also outsourced a small proportion of our insulators and gaskets to external manufacturers particularly for high volume and larger sized insulators and gaskets, which requires the hot bending process, a process that we do not have in-house. In addition, we also outsourced insulators and gaskets during peak periods where our capacity is fully utilised. Externally sourced insulators and gaskets only accounted for 4.7% and 1.7% of our revenue for the FYE 31 December 2009 and FPE 31 October 2010 respectively.
- We sourced metal parts from external suppliers, as we do not have in-house facilities to produce these parts.

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#### 4. INFORMATION ON OUR GROUP

##### (c) Revenue contribution by subsidiaries

Revenue contribution by our subsidiaries for the FYE 31 December 2009 and FPE 31 October 2010 is as follows:

	FYE 31 December 2009		FPE 31 October 2010	
	RM'000	%	RM'000	%
IJX	14,208	100	13,363	99.7
IJT*	Nil	Nil	44	0.3
TOTAL	14,208	100	13,407	100.0

\* IJT only commenced operations in March 2010, therefore no revenue was recorded for the FYE 31 December 2009.

Our subsidiary in Thailand, IJT commenced operations in March 2010 with a small amount of external revenue of approximately RM44,000 recorded for the FPE 31 October 2010. The delay in revenue generation of IJT is mainly due to the following reasons:

- Unstable political conditions in Thailand for the first half of 2010 has dampened our effort to send experienced and skilled personnel from IJX to provide training to the relevant staff in IJT in various areas such as design, sales and marketing, quality control, certification and audit.
- Customers delayed the audit process on our operations due to the unstable political conditions in Thailand. The audit is a quality and procedures audit, which involves reviewing processes, quality assurance and control systems procedures, records, and administrative documentation to ensure proper quality assurance and control as well as proper internal management and documentation. A quality and procedures audit is sometimes requested by new customers or existing customers for new manufacturing plants. The audit process is to ensure that our Thailand operations meet customers' requirements and expectations. As at LPD, three of our customers in Thailand have completed their audit process namely Celestica (Thailand) Ltd, Fabrinet Co Ltd and Sanmina SCL. As at LPD, IJT has already received request for quotations directly from these three customers with expected orders from December 2010 onwards.

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#### 4. INFORMATION ON OUR GROUP

#### 4.3 DEVELOPMENT AND ACHIEVEMENT MILESTONES AND RECOGNITION

##### 4.3.1 Key development and achievement milestones

The table below sets out our Group's key development and achievement milestones:

Year	Milestones
2005	<p>Incorporation of IJX as the manufacturing arm of IJUS. Our initial business activities were in the manufacture of industrial labels and nameplates, and laser/die-cut products.</p> <p>IJX was accredited with ISO 9001/14001 and subsequently also certified with Occupational Health and Safety Advisory Services (OHSAS) 18001.</p> <p>IJX was authorised to print UL registered certification marks for industrial labels.</p>
2006	<p>We appointed 1 sales engineer to focus on the Shenzhen market in PRC.</p>
2007	<p>We appointed 1 sales engineer in Suzhou, PRC.</p> <p>We expanded our laser/die-cut product portfolio to include fabric over foam gasket.</p> <p>IJX was registered with UL for "Printing Materials – Component" for our industrial labels.</p> <p>We setup our engineering design department to focus on industrial design of plastic parts as well as to provide engineering support for our manufacture of labels and nameplates, and laser/die-cut products.</p>
2008	<p>We expanded into the fabrication of plastic parts.</p> <p>We patented the design of electromagnetic interference ("EMI") shielding plastic panel in PRC.</p> <p>We received the Top Supplier Award from Pentair Technical Products China.</p>
2009	<p>We incorporated IJT with the intention of undertaking the manufacture of industrial labels and nameplates, and die-cut products in Thailand.</p> <p>We appointed additional sales engineers to cover other markets in PRC, namely, Wuhan, Beijing/Tianjin, Ningbo and the Fujian province.</p> <p>We signed partnership growth agreement with Celestica, Switzerland.</p> <p>IJX was accepted by the Canadian Standards Association for our industrial labels for the use of CSA designated identification mark under the category 'adhesive type labels'.</p> <p>We started applying for ISO/TS 16949 for future products such as industrial labels and gaskets specifically for automotive applications.</p> <p>We were incorporated as our Group's investment holding arm.</p>
2010	<p>We appointed sales engineers in Qingdao and Shanghai, PRC.</p> <p>IJT commenced manufacturing of labels and nameplates in Samut Prakan Province, Thailand.</p> <p>We patented the mechanically redesigned latch for telecommunications equipment application in PRC.</p>

#### 4. INFORMATION ON OUR GROUP

Year	Milestones
	IJX was accredited with ISO/TS 16949.
2011	In January 2011, we started setting-up our die-cutting line in Suzhou, PRC and plan to commence operation by the second quarter of 2011.

##### 4.3.2 Awards, accreditations and recognitions

Details of our awards, accreditations and recognitions are mentioned in **Section 4.3.1**.

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## 4. INFORMATION ON OUR GROUP

### 4.4 OUR PRODUCTS, SERVICES AND OPERATIONS

#### 4.4.1 Manufacture of industrial labels, nameplates and laser/die-cut products

Our core competency is in the manufacture of industrial labels and nameplates, and laser/die-cut products. The production of industrial labels and nameplates, and laser/die-cut products, are undertaken by our subsidiaries, IJX in PRC, and IJT in Thailand.

For the FYE 31 December 2009 and FPE 31 October 2010, manufacturing of industrial labels and nameplates, and laser/die-cut products accounted for 71.5% and 65.9% of our Group's total revenue, amounting to approximately RM10.2 million and RM8.8 million respectively.

Between the FYE 31 December 2007 and 2009, our manufacturing of industrial labels and nameplates, and laser/die-cut products increased from approximately RM3.6 million for the FYE 31 December 2007 to approximately RM10.2 million for the FYE 31 December 2009. This represented an average annual growth of 67.7%.

##### 4.4.1.1 Industrial labels and nameplates

We provide a total end-to-end solution to customers with full in-house capabilities including design and artwork creation, screen making and preparation, multi colour screen printing, and finishing processes.

We are authorised to print Underwriter Laboratories' ("UL") registered certification marks for products that have been tested by UL and meet the required standards. Currently, we are registered with UL Inc under the following categories:

- Authorised Label Supplier Program (PGAA LP3058)
- Insulating Devices and Materials, Miscellaneous – Component (OCDT2. E321189)
- Printing Materials – Component (PGJI2.MH45893)

In addition, IJUS has also registered with UL as Authorised Label Supplier Program (PGAA LP1058) and for the category of 'Marking and labelling systems – component (PGDQ 2)'.

Some of the major steps undertaken in our manufacturing of labels and nameplates include:

- Design and Artwork
- Screen Making and Preparation
- Screen Printing
- Finishing

##### (a) Design and artwork

We have in-house expertise to undertake customised design and artwork for our industrial labels and nameplates to meet customer's specifications and requirements.

Some of our design and artwork include:

- creation of objects, text, graphics and pictograms using computer aided programs including AutoCAD and Adobe Illustrator
- colour measurement and control including colour specifications and management such as colour matching, ink formulation and colour control
- reproduction of existing and customised image and graphics
- create digital prototype of industrial labels and nameplates



#### 4. INFORMATION ON OUR GROUP

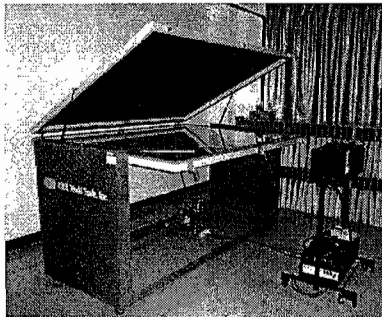
##### (b) Screen making and preparation

Screen making and preparation work involve the process of transferring a positive image on the film to the printing stencil. The stencil is then mounted onto a screen frame that is attached to the printing press prior to mass printing. We are equipped with full in-house facilities for screen making and preparation including light source, vacuum frame and wash out areas.

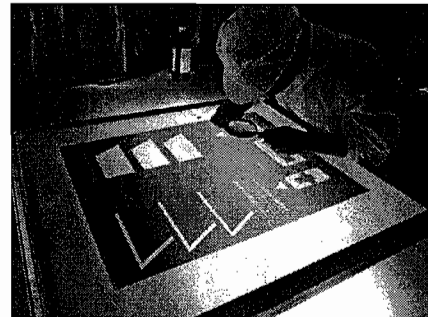
The first step is to create a positive image of the artwork on film, which represents the image exactly as it will be printed. Our artwork is stored in a computer. All that is required is to print out the desired image onto a transparent film using a laser printer. The result is a positive image of the artwork on a transparent film. In other words, areas that are not covered by text or image are transparent.



The second step is to create a negative image on a stencil. To do this, the film positive with the desired artwork is placed on top of a photosensitive stencil, which sits on top of a screen mounted on an aluminium frame. They are then placed in an exposure unit and exposed to ultraviolet ("UV") light for approximately 20 seconds. The exposed stencil is then placed in a special solution where the part that is exposed to UV light is rendered soluble in water, while the part that is not exposed to UV light hardens and adheres to the screen. The entire screen is then sprayed with water to remove those parts of the stencil that are soluble in water leaving a negative image of the artwork on the screen.



Exposure unit to transfer image from film positive to stencil using UV light



The resultant negative image on the screen

We commonly use yellow and orange coloured fabric for the screen mesh as it prevents light from bouncing when the stencil is exposed to UV light.

Some of the consideration factors during the screen making and preparation are:

- **Drying:** The screen must be thoroughly dry before exposure for maximum stencil durability
- **Time of exposure:** Exposure time is essential to achieve optimum definition or resolution and stencil life. Inadequate exposure will cause series of faults and problems such as images does not wash out or only part of the image washes out, premature stencil breakdown, and pinholes in screen due to underexposure, etc
- **Clean environment:** The glass of the exposure unit, screen, and the film positive are free of dirt or dust prior to exposure

#### 4. INFORMATION ON OUR GROUP

- Others: Other factors that may affect the exposure include light source and age of bulb, lens thickness and diameters, and transparency of the positive film

In addition, we also have in-house capabilities to perform the following:

- improvement of stencils and film positives including touch up on any small blemishes or pinholes that are usually caused by dust specks, or spots on film positives, and eliminate fish eyes resulting from mesh contaminated with grease or oils;
- reclaiming of stencils, where the screen must be reclaimed and ready for the next use after a stencil has been used for mass production.

#### (c) Industrial screen printing and finishing

##### Industrial screen printing

We currently utilise semi-automated industrial screen printing technique to manufacture industrial labels and nameplates. Screen printing is a method of printing in which the ink is forced through the image area of a properly stretched fabric, by the use of a squeegee. The ink applied in screen printing is five to ten times thicker than in other printing processes. For this reason it is particularly suited to industrial labels and nameplates that is exposed to harsh environment conditions as well as subject to constant wear and tear.

Currently, there are two types of screen printing presses used at our facility, namely flat bed and rotary screen presses.

##### Flatbed screen printing

Our flat bed printing press has the following features:

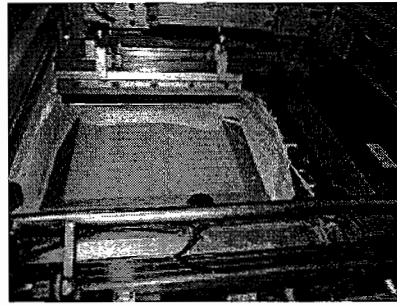
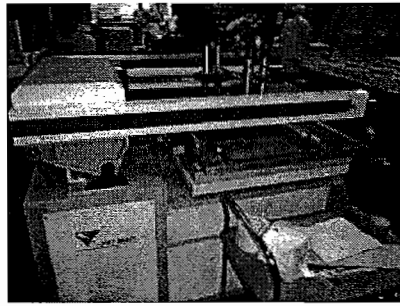
- motor driven vertical screen lifting system
- pneumatic controlled printing unit and adjustable vacuum system
- runs on precision linear motion with speed adjustment to ensure smooth movement
- automatic feeder and pick-up

The screen plate lifts up and down vertically and the squeegee moves horizontally from left to right. The movement of the squeegee is controlled by frequency servo motor for precision movement to ensure a high quality printing result.

In flat screen printing, individual sheets of substrate are printed on one by one basis. This involves a pass over the screen by the floodbar to fill the mesh openings with ink, and followed by a squeegee pass to bring the stencil and substrate into contact to transfer the ink onto the substrate.

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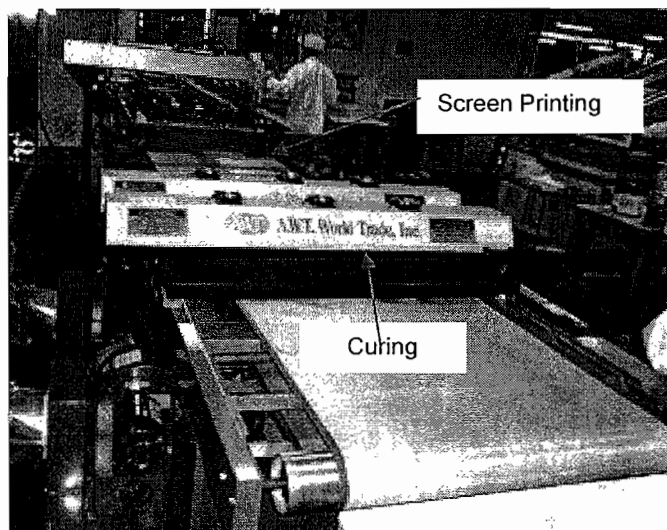
#### 4. INFORMATION ON OUR GROUP



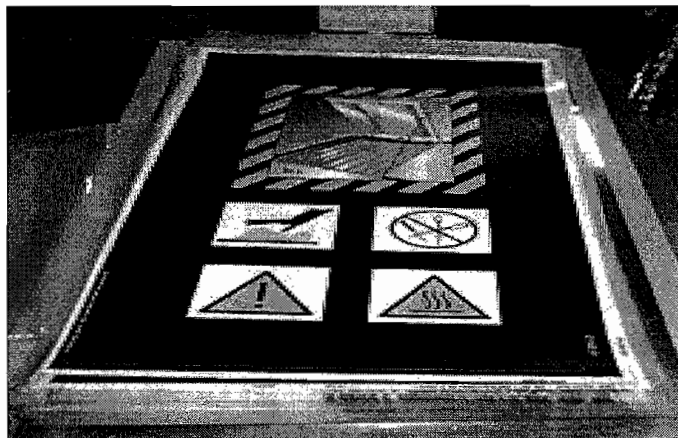
Our Flat-Screen Printing Machinery

Our flat bed screen printing has the capabilities to deposit UV ink of thickness from 30 microns up to 100 microns, depending on the viscosity of the ink.

In addition, we have integrated two units of UV curing system into our screen printing lines for drying and curing applications. Our UV curing system features intense UV light to dry the ink on the substrates.



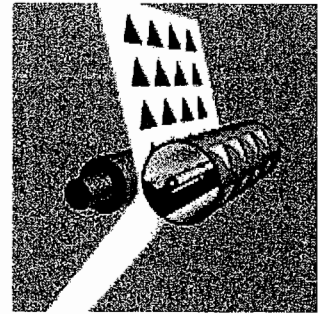
Integrated Screen Printing incorporating Printing and Curing



Final Product Using Flatbed Screen Printing

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**Rotary screen printing:** This type of printing uses a cylinder screen that rotates in a fixed position. The cylinder is raised and lowered at precisely the same location for the printing process. The screen with the stencil is wrapped around the cylindrical frame while the squeegee is inside the cylinder.



Example of a rotary screen printing cylinder and squeegee

Rotary presses are designed for roll-to-roll printing on flexible materials such as web films. The web travels at a consistent speed between the screen and a steel impression roller immediately below the screen. The squeegee on a rotary press is in a fixed position with its edge making contact with the inside surface of the screen precisely at the point where the screen, substrate and impression roller come together. At this point time, the ink is automatically fed into the centre of the screen and the motion of the screen causes this bead of ink to roll, which forces ink into stencil openings. The squeegee then shears the ink as the stencil and substrate come into contact, allowing the ink to transfer cleanly to the material.



Our Rotary Printing and Curing Machinery

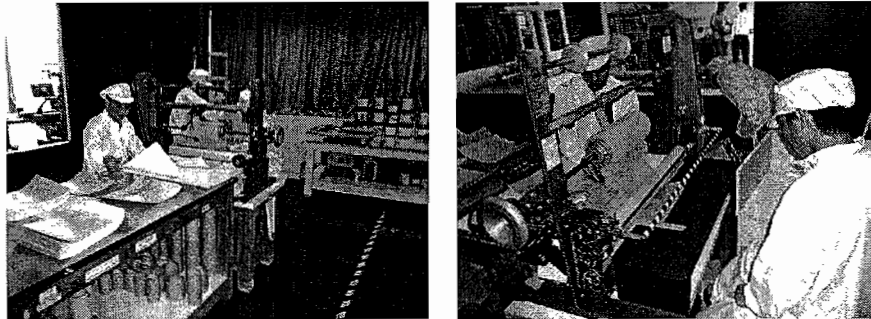
With in-house facilities, we are able to perform screen printing on various materials comprising:

- polymeric films and sheets as face materials (including polycarbonate, polyester, polyimide, polyethylene, and polyvinyl chloride)
- nylon

#### 4. INFORMATION ON OUR GROUP

##### (d) Finishing

We also undertake laminating based on customers' requirements and specifications. Lamination is undertaken to protect the labels or nameplates.



Our Laminating Process

Laminating is the process of applying a polymer film to either single or both sides of a printed material. The film is coated with a layer of heat activated adhesive materials on one side of the lamination that sticks to the printed substrates when it run through the laminator or heated roller.

We mainly use polyester film in the lamination process, which is available in various finishes such as clear gloss, satin and matt. Typically, polyester film is heat resistant, foldable, scuff and scratch resistant, flexible and made of tough materials. It is mainly used to protect the prints from moisture, and wear and tear. In addition, we also laminate adhesive materials onto the printed substrates with good peeling strength.

##### 4.4.1.2 Manufacture of laser/die-cut products

Our in-house facilities in Xiamen, PRC are equipped with laser cutting and die-cutting equipment.

In January 2011, we started setting-up our die-cutting line in Suzhou, PRC and plan to commence operation by the second quarter of 2011.

##### Die-cut process

Die-cut products involve imparting or cutting out the products into any shape or geometric pattern and design including square, rectangle, circle and others. Die-cutting uses steel rule dies, and rotary or circular dies.

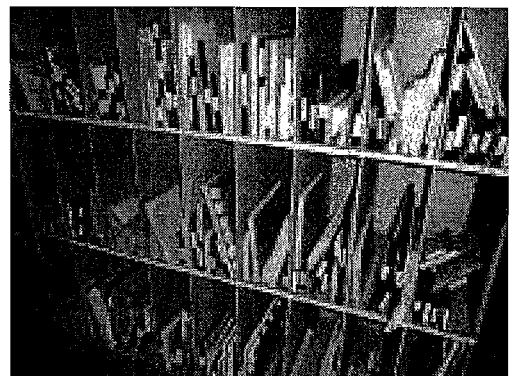
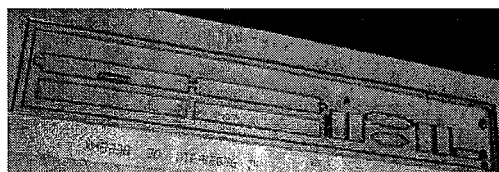
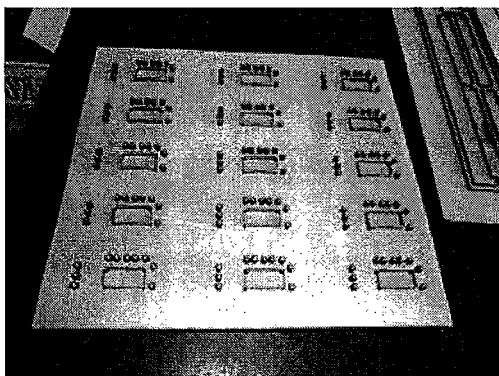
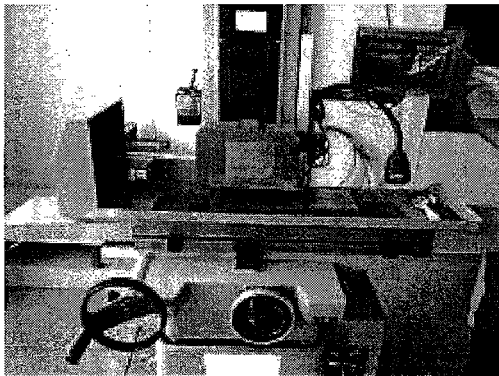
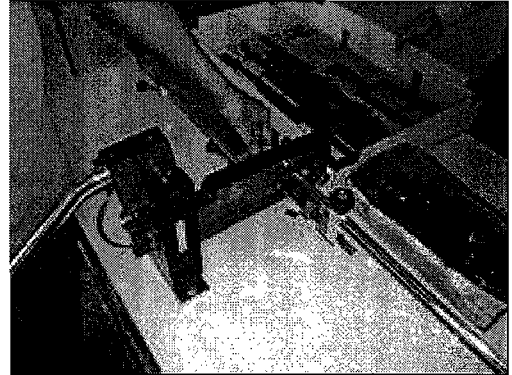
Our die department is equipped with die making facilities including grading, sawing, cutting and bending machines to facilitate the die making process in our facility in PRC. Our die-making facilities and samples of dies are depicted as follows:

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#### 4. INFORMATION ON OUR GROUP

##### Our Die Making Process



#### 4. INFORMATION ON OUR GROUP

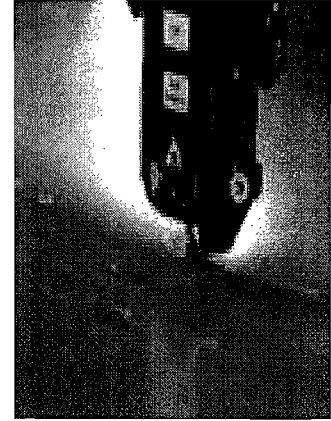
As at LPD, our in-house die making department has successfully developed and created approximately 2,426 dies for our die-cutting process.

##### Laser cut

Our plant in Xiamen, PRC is equipped with laser cutting systems.

Laser cutting system uses a laser beam to cut thin sheets of various materials including rubber, plastics or foam, into various shapes, patterns or intricate design. Laser cutting is a non-contact cutting method and it imparts no mechanical force on the sheets or foams, which can easily be deformed by contact cutting.

The laser cutting system uses computer-aided design drawings to product flat form designs of great complexity. Laser cutting system is able to perform high speed and precision cutting for prototyping and small production runs for gaskets and insulators.



Using Laser to Cut Various Materials

#### 4.4.2 Types of products

We manufacture the following customised products comprising:

- Industrial labels
- adhesive labels
- rolled labels
- security labels
- barcodes
- Nameplates and overlays
- identification plates
- instruction panels
- control panels with printed overlays
- membrane switches, keyboards and keypads.
- Laser/die-cut products



##### (a) Industrial labels

Labels are referred to as a functional portion of a pressure sensitive construction consisting of the face material and adhesive, and die-cut into various shapes and sizes. Pressure sensitive labels are also commonly known as self-adhesive labels and refer to materials designed to adhere to substrate resulting from the application of rub-down pressure. Industrial labels are defined as labels used in an industrial production setting.

We have the capabilities to produce customised industrial labels with special properties including among others, the ability to withstand high temperature, resistance to chemicals, smear and scratch resistance, embossed, electrostatic dissipative and waterproof.



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**4. INFORMATION ON OUR GROUP**

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We mainly utilise polymeric films and sheets as face materials for the production of customised industrial labels. Some of the types of polymeric materials used in our production are as follows:

- Polycarbonate
- Polyester
- Polyimide
- Polyethylene
- Polyvinyl Chloride
- Others include (acetate, orientated polypropylene)

Some of the polymeric customised industrial labels that we manufacture are:

- Polyimide film, also sometimes known as Kapton, is a film that can be used in a variety of electrical and electronic insulation applications such as wire and cable tapes, formed coil insulation, substrates for flexible printed circuits, motor slot liners, magnet wire insulation, transformer and capacitor insulation, magnetic and pressure-sensitive tapes, and tubing. Its applications are based on the excellent balance of electrical, thermal, mechanical, physical and chemical properties over a wide range of temperatures.
- Polyester film is a strong film with good resistance to moisture, solvents, oils, etc. Usually transparent, although available with opaque ester, it is formed by polymerisation or condensation. It has excellent strength, clarity and dimensional stability.
- Polycarbonate is a high clarity film with the versatility of acetate and durability of polyester.
- Polyethylene is a tough, stretchy plastic film with good low temperature characteristics.
- Polyvinyl Chloride is a very thin transparent film with excellent resistance to acids, water and organic solvents.
- Polypropylene is stronger, has higher temperature resistance, and excellent clarity. Also used in various thickness in the printing of labels as well as backing or liner materials.

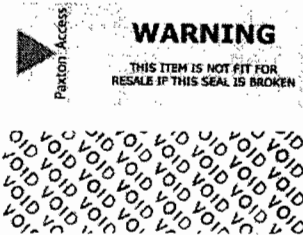
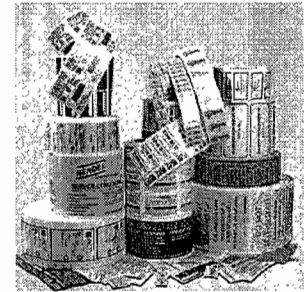
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Rolled labels are used for various applications and contain information for industrial as well as consumer applications. They include, among others, warning labels, safety labels, compliance labels, pictogram labels and instructional labels. Rolled labels are commonly used for industrial applications where the manufacturers placed the rolled labels on a spool for the workers to stick them onto parts.

Security Label usually contains one or more protective attributes. This type of labels is commonly used for tamper evident applications and asset identification. Types of security labels that we manufacture include:

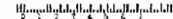
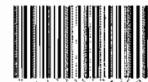
- Ultra destructible labels
- Void labels
- Tamper evident labels
- Water sensitive labels
- Security seals



Barcodes are labels printed with information that may be electronically read. The code is denoted by the thickness of each bar, number of bars, and the unprinted space between each bar. Barcodes commonly have the following types of characters:

- start character
- alphanumeric character
- checksum character
- stop character

##### Barcodes



We have in-house capabilities to overprint resolution of 300 dots per inch ("dpi"), dense black, sharp images onto plain white and/or pre-printed labels. Typically it can produce large or very small text, simple logos, consecutively numbered labels, picket fence or ladder bar codes for tracking applications.

##### (b) Nameplates and overlays

Nameplates are designed to be attached to equipment and able to withstand exposure to adverse conditions. This type of nameplates usually contains information or data such as serial numbers of components, electrical requirements, type and model numbers, date of manufacture and other instructions and ratings.

Overlays are decorative and informative front layer of a membrane switch or electronic control panel, which commonly feature various sizes and shapes of transparent windows, printed text and pictograms, colours and others. In addition, the overlays also serve to protect the underlying functional layers of the membrane switch or electronic control panel.

Overlays are a special kind of nameplates and are sometimes referred to as nameplates or are grouped together with nameplates.

We use screen process to print the image onto the nameplates and overlays, whereby the ink is forced through a design on a taut screen and onto the project printed. This process results in a heavy ink deposit that provides excellent outdoor durability and able to withstand continuous usage.

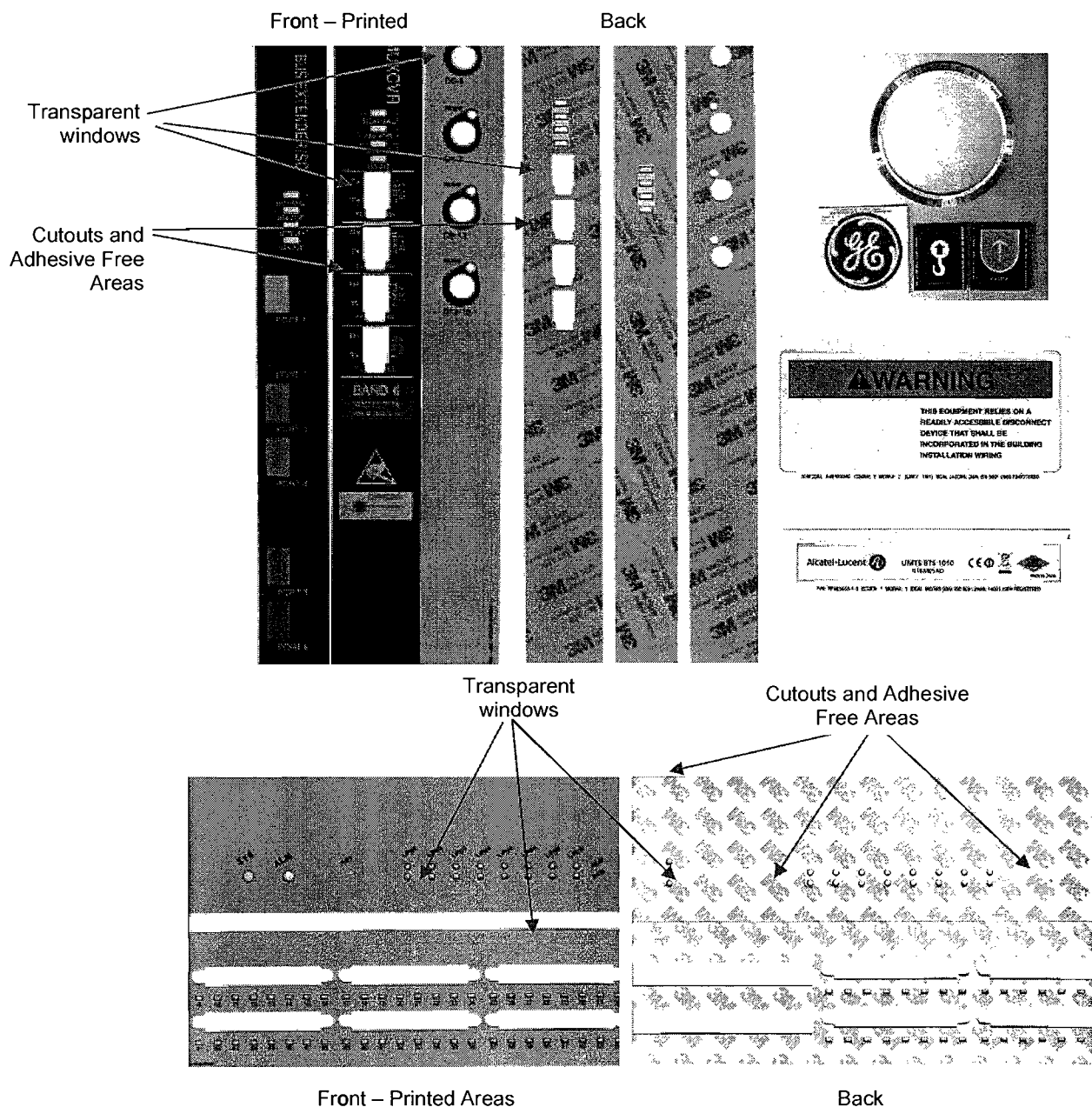
#### 4. INFORMATION ON OUR GROUP

We mainly provide two types of nameplates and overlays:

- Adhesive - where an adhesive material is applied to the non-printing side of the nameplate and overlay
- Non-adhesive - no adhesive material is applied on the nameplate and overlay

Our nameplates and overlays are mainly for industrial applications, which include rating plates, safety instruction plates, keyboard graphics, point-of-purchase counter-top display, model identification and colourful graphics overlay, as well as using as part of identification plates, control panels and graphics overlay.

Samples of nameplates and overlays that we manufacture are depicted as follows:

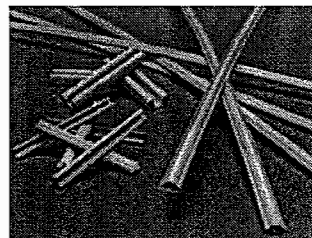


#### 4. INFORMATION ON OUR GROUP

##### (c) Laser/die-cut products

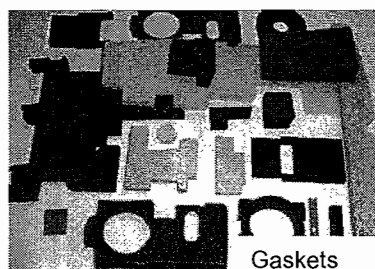
We have in-house capabilities and facilities to perform die-cut and laser cut processes on various materials. Some of the major types of laser/die-cut products we manufacture are as follows:

- EMI shielding materials (namely fabric over foam gasket), are commonly laminated with aluminium foils and high dielectric insulation films, and die-cut to shape to act as reflective barriers and enclosures;



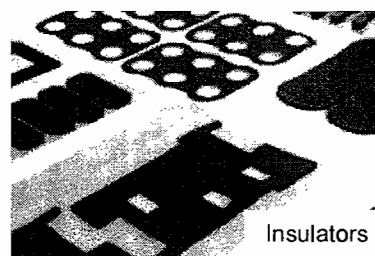
EMI Shielding Materials

- Gaskets are commonly rubber and plastic foams consisting of individual closed cells of inert gas suspended in a plastic or rubber medium, resulting in a desirable reduction of the dielectric constant. Foams are available for both thermal insulation and mechanical or acoustic insulation. Gaskets commonly has adhesion materials on one surface for easy liner approval and installation;



Gaskets

- Insulators, refer to non-conductive material used to separate or support conductors such as rubber, ceramic, and others; and
- Thermal pads, are conductive materials, either acrylic or silicon based. It is to provide a connection while dissipating heat from frame chassis, heat spreaders and heat sinks. In addition, thermal pads also have cushioning and vibration dampening capabilities.



Insulators

Lamination of adhesive liner is commonly incorporated on the open side of the die-cut product for easy liner approval and installation.

##### 4.4.3 Fabrication of plastic parts

We are also involved in the fabrication of plastic parts to complement our core business in manufacture of industrial labels and nameplates and die-cut products.

For the FYE 31 December 2009 and FPE 31 October 2010, revenue derived from fabrication of plastic parts accounted for 20.8% and 25.3% of our total revenue respectively.

Our revenue derived from fabrication of plastic parts increased from approximately RM0.5 million for the FYE 31 December 2008 to approximately RM3.0 million for the FYE 31 December 2009, which represented a growth of 442.3%.

#### 4. INFORMATION ON OUR GROUP

##### (a) Plastic parts

We have in-house capabilities to design and fabricate plastic parts to meet requirements of customers of dimensions with average tolerance of 0.25 mm.

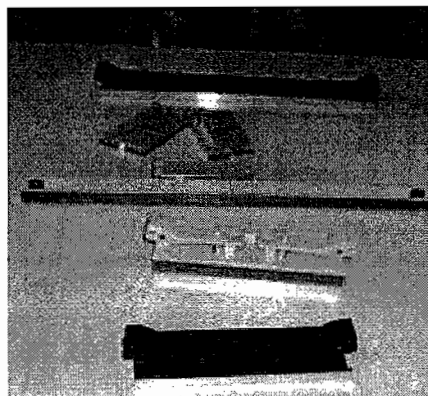
Our plastic part fabrication activities are supported by our in-house design team and fabrication facility with one line of injection moulding equipment with a clamping force of 128 tonnes. The moulds and dies used for the injection moulding process are currently fabricated by external parties.

Our plastic parts are mainly for industrial applications, namely IT and telecommunications, electronics and medical devices. Types of customised plastic parts that we fabricate are:

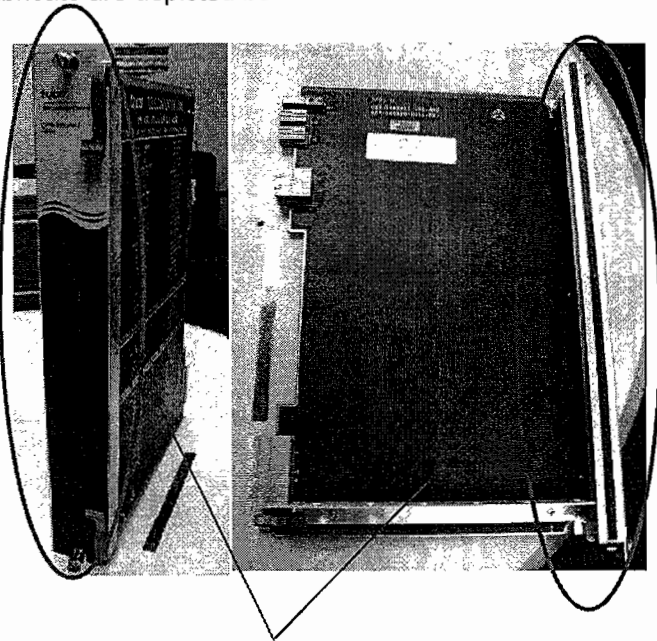
- Faceplates
- EMI shielding plastic panels
- Other plastic parts (such as latches)

Faceplate is an injection moulded part designed to fit over a device or equipment to enhance functionality. Faceplates are commonly attached to a motherboard that is slid into the rack of a device with lock latches design. As the faceplates are made of plastic materials, they are transparent to electromagnetic interference, which commonly require shielding. We have in-house capabilities to fabricate faceplates with or without electromagnetic interference shielding materials.

Samples of faceplates that we fabricate are depicted below:



Different Sizes of Faceplates



Faceplates attached to a motherboard

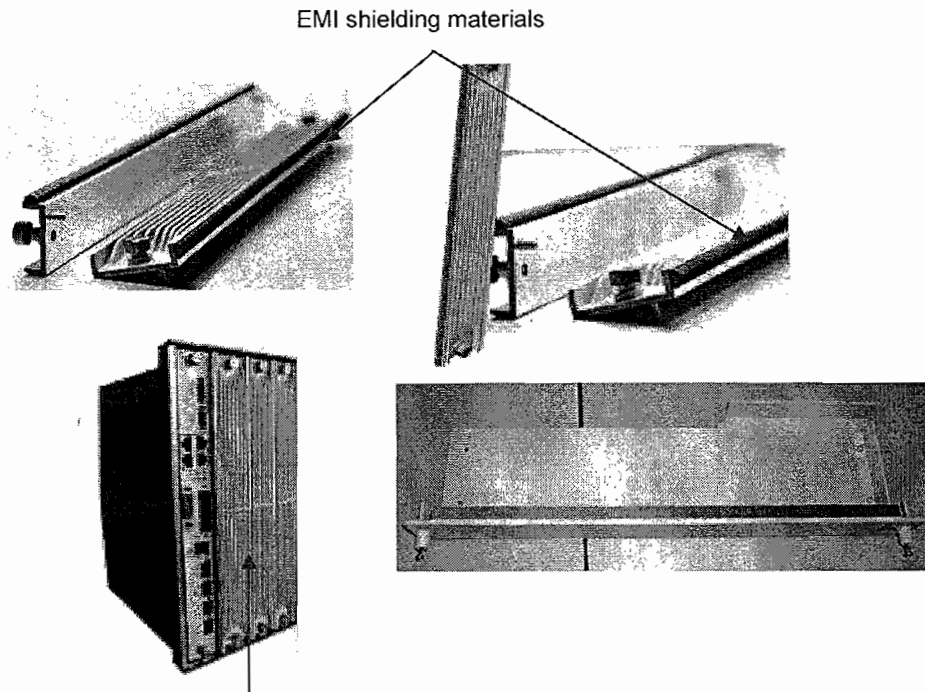
Electromagnetic interference ("EMI") shielding plastic panels are made from polycarbonate or other plastic materials and installed with an adhesive foam strips, namely fabric over foam EMI gasket, and assembled with mechanical lock latches. EMI shielding plastic panels are used in place of reserved slots and provide electromagnetic interference protection and airflow management.

With our internal design team, we have successfully patented the design of an EMI shielding plastic panel in the PRC in 2008.

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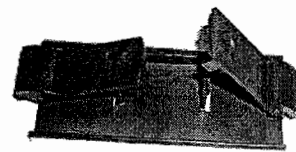
**4. INFORMATION ON OUR GROUP**

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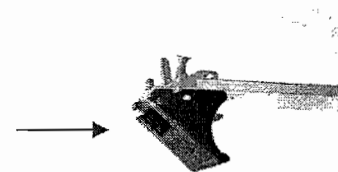


Faceplates with shielding materials slid into the switch rack

A latch is a type of fasteners attached to faceplates for locking purposes. With in-house expertise, we have also mechanically redesigned a latch on telecommunications equipment, which forms a continuous piece compared to the original two-piece version. We have successfully registered this design as our patent.



Latch attached to the faceplate



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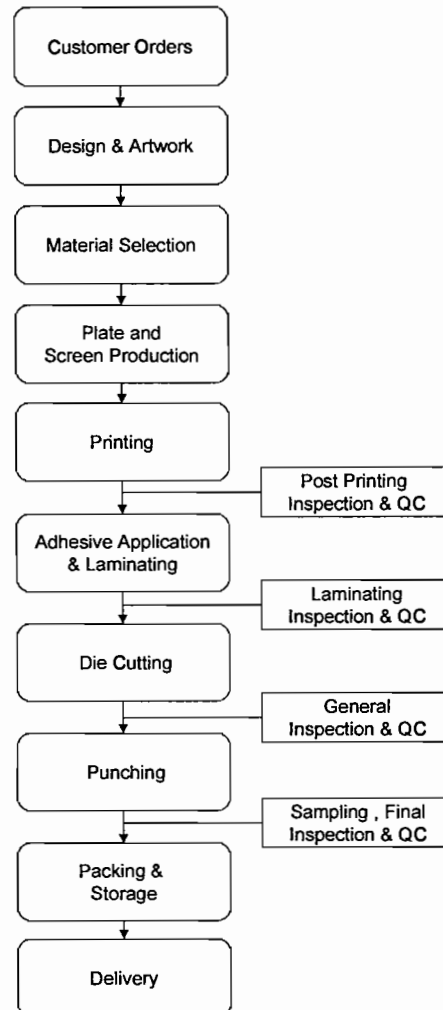


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### 4.4.4 Process flow

#### (a) Label manufacturing

The process flow for the manufacture of labels is depicted in the diagram below:



The manufacture of labels begins with the confirmation of customer orders for the product or labels according to design and specifications.

The label design and artwork is assigned to in-house industrial graphic designers for the creation of artwork for the specified labels. The finished artwork is then sent to the customer for approval and confirmation.

Once the artwork has been approved and updated, we will then proceed to material selection and die and film set up for production of screens and plates for printing.

The manufacture of labels utilises the screen printing process. This involves the use of a mesh screen that is coated with a film of light sensitive emulsion, which is exposed to UV light to harden the emulsion. The screen is then washed out with a solvent, leaving behind negative image in the screen.

The screen is then mounted onto a printing machine where a squeegee pushes ink through the screen to transfer an image onto the printing surface of the label material.

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Raw materials that have undergone incoming quality control inspection are then sourced from the warehouse stocks according to specification and requirements.

Inks used must be suitable for the following adhesive laminating process and complete drying of the ink is extremely important as any residual water or solvent will adversely affect the adhesion and appearance of the labels.

When the screen print has dried, an adhesive laminate process is carried out on the printed material if required or specified. The screen print after lamination will then be sent for die-cutting or stamping.

The printed labels then undergo an adhesive application and laminating process where the adhesives are applied by passing the label through a laminator. The laminator spreads an adhesive layer onto the label together with a backing material together in such a manner that the release layer of the backing material contacts with the adhesive layer.

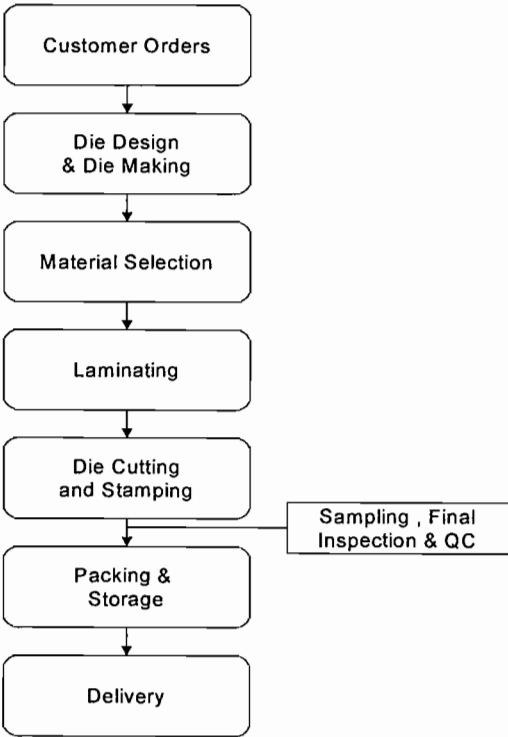
Inspections and quality control measures of the printed label are undertaken at this stage. Inspections and quality control measures of the laminated label are undertaken at this stage.

The labels are then passed through a die cutting machine where the size and shape of the label are cut according to customer requirements and specifications. A general inspection and quality control is undertaken before the labels are passed through a label punching machine as required.

Dies used in the machine are designed according to specifications and requirements and it is used to punch out holes and shapes in the labels. Sampling and final quality control inspections are carried out before the finished labels are packed and stored prior to delivery to customers.

(b) Die cutting and stamping

The process flow for the manufacture of die cuts is depicted in the diagram below:



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Die-cutting is a process that uses a sharp metal die to cut irregular shapes out of paper, foam or vinyl materials. The die-cutting process begins with the confirmation of customer orders for the product according to design and specifications. A production schedule is sent from the production planner to the manufacturing personnel to initiate the die-cutting process.

Design of the dies and other templates are carried out and a sample of the die cut is sent to the customer for approval and confirmation before the die is made in readiness for production.

The materials of the die cuts are selected before they are laminated. Raw materials that have undergone incoming quality control inspection are then sourced and selected from the warehouse stocks according to specification and requirements. The raw materials are then prepared for die-cutting.

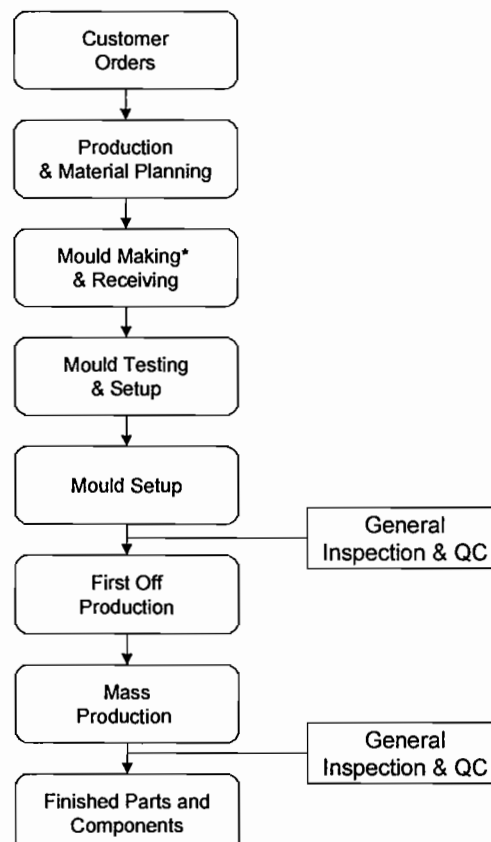
Die cuts consisting of more than one laminate material are also produced and is used to achieve specific application purposes. Many diverse materials are used in creating the laminate structure where the two laminates are mechanically bonded together.

The laminate then proceeds to the die cutting or stamping process. The manufactures of die cuts in high volume typically use mechanical dies to stamp or cut the target materials provided in sheets or rolls. A stamping tool where the die is mounted onto has a flat base containing the die cutting edges arranged in the desired geometric design of the die cut. The stamping tool travels in vertical motion to stamp, punch or cut the design on the target material.

Sampling and final quality control inspections are carried out before the finished die cut products are packed and stored prior to delivery to customers.

##### (c) Injection moulding of plastic parts

The process flow for the manufacture of plastic parts and components is depicted in the diagram below:



#### 4. INFORMATION ON OUR GROUP

*\* Mould making is undertaken by external parties*

The manufacturing process for the manufacturing of plastic parts and components begins with receiving of customer orders.

Raw materials are sourced and pre-production planning is undertaken before the initial production run.

The correct mould is required for production of the plastic part and components is designed or prepared and received at this stage of the production. The mould is then set up and tested and is put through first off production. The moulds used for injection moulding are currently fabricated by external parties.

All production processes are carried out under controlled conditions which include documented work instruction defining the manner of production, usage of suitable production equipment, suitable working environment, compliance with the reference standards and codes, quality plans and workmanship standards.

Upon receiving the mould, machine and line set-up, a production inspection and quality control check is carried out.

If the samples are rejected corrective action is undertaken and the new sample is re-submitted to Quality Control ("QC") for approval. If the sample is accepted, the line proceeds into mass production.

The in-process inspection and test is then carried out on the mass produced sample.

Any rework and sorting of the product is done at this stage before the approved product is transferred for painting and spraying as required.

Further sub-assembly of other plastic parts are undertaken at this stage according to specifications and requirements.

An outgoing inspection and test is then carried out at the stage. The test covers the correct quantity and product name, information displayed on the carton labels and packing standards as documented.

The components are then transferred to the store to be stored at defined locations, identified by part name and part numbers. Products are then ready for delivery to customers.

##### 4.4.5 Quality management

We have in place various quality processes and control to further ensure that quality of our products are maintained. This is reflected by the fact that we are an ISO 9001:2000 and ISO 14001:2004 accredited company. In line with our emphasis on health and safety standards, we are also an OHSAS 18001:2007 accredited company.

We adopt the following approaches in our manufacturing operations to ensure that certain quality standards are maintained and adhered to:

- In-coming raw materials such as polyester, polycarbonate, plastic pellets will have to undergo inspection prior to production. This is to ensure that the final products meet with the desired specifications.
- In-line process inspection where each step of the production process from post printing, post laminating, die-cutting have to undergo additional processes of quality checks before proceeding onto the next step.

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- A sample of the finished products undergoes inspection to ensure that it meets with customer specifications.
- The finished product then undergoes the final inspection before delivery.

As at LPD, our Group has a quality assurance team comprising 3 personnel in PRC and 2 in Thailand that focus on ensuring that product quality meets specifications of customers.

**4.4.6 Research and development****(a) Policies of R&D**

We do not undertake any material product R&D. As a result, we do not carry out any specific R&D activities and R&D policy is not relevant to our operations.

IJUS provides R&D support to our Group, as well as a source of enhanced, new and innovative products.

**(b) R&D expenditure**

We did not undertake any R&D and as such, did not recognise any R&D expenditure for the FYE 31 December 2007, 2008, 2009 and FPE 31 October 2010.

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#### 4. INFORMATION ON OUR GROUP

##### 4.5 OPERATIONAL FACILITIES

Our Group operates from the following premises in Malaysia, PRC and Thailand:

Companies within the Group	Location	Main function	Approximate built-up area (square feet)	Location of facilities (address)
<b>MALAYSIA</b>				
Ideal Jacobs	Kuala Lumpur, Malaysia	Head Office	1,690	Suite 12.1, 12 <sup>th</sup> Floor, East Wing, Rohas Perkasa, No. 8, Jalan Perak, 50450 Kuala Lumpur, Malaysia
<b>PRC</b>				
IJX	Xiamen, Fujian, PRC	Administration Centre, Engineering and Design and Manufacturing Facility	26,642	Floor 4, Block D, Gangxia Industry Park, No. 319 East Hubin Road, Xiamen, Fujian, PRC
IJX	Suzhou, PRC	Manufacturing Facility <sup>(1)</sup>	11,840	North Side of Unit 18 of No.99 Gangtian Road, Gangtian Industrial Park, Suzhou Industrial Park, Suzhou, PRC
<b>THAILAND</b>				
IJT	Samut Prakan Province, Thailand	Manufacturing Facility and Sales Office	18,533	Unit N3, 888/113 Moo. 19 Soi. Yingcharoen, Bangpleeyai Sub-District, Bangplee District, Samut Prakan Province, 10540, Thailand

Notes:

(1) In January 2011, we started to set-up our die-cutting line in Suzhou, PRC and we plan to commence operations by the second quarter of 2011.

IJX and Xiamen XinJingDi Group Co., Ltd has entered into a sale and purchase agreement dated 17 February 2011 for the purchase of Unit C2801, 24<sup>th</sup> Floor, Building 3, Plot 3, XinJing Center, measuring 100.13 square meters, whereby the purchase consideration of RMB 2,007,106 (RM927,885) has been fully paid by IJX on 17 February 2011. The said agreement has yet to be completed as it is pending the transfer of the property from Xiamen XinJingDi Group Co., Ltd to IJX and the realty registration for the said property. IJX intend to set-up a sales and marketing office at the said property. Renovation works is expected to commence in June 2011 and expected to complete by August 2011.

#### 4. INFORMATION ON OUR GROUP

##### 4.6 PRODUCTION OUTPUT, CAPACITY AND UTILISATION

The production output, capacity and utilisation of the Group's manufacturing facilities for the FYE 31 December 2009 and FPE 31 October 2010 are as follows:

##### Operations in PRC

##### FYE 31 December 2009

Major types of products	Production for FYE 31 December 2009 ( <sup>1</sup> 000 pieces)	Estimated annual capacity ( <sup>1</sup> 000 pieces) <sup>(4)</sup>	Utilisation rate for FYE 31 December 2009
<b>Industrial labels (including nameplates and overlays)</b>			
Screen printed labels	2,532 <sup>(1)</sup>	3,000 <sup>(5)</sup>	84%
Rolled labels	3,282 <sup>(1)</sup>	7,000	47%
<b>Laser/die-cut products</b>			
Rubber and plastic foams	214 <sup>(3)</sup>	700	31%
Insulators	82 <sup>(2)</sup>	1,000	8%
<b>Plastic parts</b>	169 <sup>(2)</sup>	400	42%

##### FPE 31 October 2010

Major types of products	Production for FPE 31 October 2010 ( <sup>1</sup> 000 pieces)
<b>Industrial labels (including nameplates and overlays)</b>	
Screen printed labels	2,874 <sup>(1)</sup>
Rolled labels	3,103 <sup>(1)</sup>
<b>Laser/die-cut products</b>	
Rubber and plastic foams	514 <sup>(3)</sup>
Insulators	219 <sup>(2)</sup>
<b>Plastic parts</b>	458 <sup>(2)</sup>

##### Notes:

- (1) Currently running two 10-hour shifts per day and six days per week
- (2) Currently running one 8-hour shift per day and six days per week
- (3) Currently running one 9-hour shift per day and six days per week
- (4) Estimated annual capacity is calculated based on installed capacity running 24 hours per day and 7 days a week
- (5) Based on 2 screen label production lines

#### 4. INFORMATION ON OUR GROUP

##### Operations in Thailand

We commenced our manufacturing operations in Samut Prakan Province, Thailand in March 2010 and our annual capacity is as follows:

Major types of products	Estimated <sup>(1)(2)</sup> annual capacity ('000 pieces)
<b>Industrial labels (including nameplates and overlays)</b>	
Screen labels	3,000 <sup>(3)</sup>

*Notes:*

- (1) Annual capacity is calculated based on installed capacity running 24 hours per day and seven days a week.
- (2) Currently, our operation in Thailand is running one 8-hour shift per day and 5 days per week.
- (3) Based on 2 screen label production lines

As our manufacturing operations in Samut Prakan Province, Thailand only commenced in the first quarter of 2010, it is not meaningful to calculate utilisation rate. For the FPE 31 October 2010, production of screen labels was approximately 203,000 pieces.

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#### 4. INFORMATION ON OUR GROUP

##### 4.7 SUPPLY OF RAW MATERIALS AND FINISHED PRODUCTS

###### FYE 31 December 2009

Following are the major types of raw materials and finished products purchased for our manufacturing operations in PRC for the FYE 31 December 2009:

	Value of purchases  (RM'000)	% of total Group purchases  (%)	Sources of supply  PRC (%) Import from overseas* (%)	
<b>Raw Materials for the Manufacturing Operations</b>	<b>3,016</b>	<b>79.2^</b>	<b>64.4</b>	<b>35.6</b>
Foam <sup>(1)</sup>	761	20.0	10.2	89.8
Polycarbonate <sup>(2)</sup>	554	14.5	87.4	12.6
Adhesive materials	525	13.8	82.3	17.7
Semi-finished plastic components <sup>(3)</sup>	257	6.8	100.0	-
Ink	174	4.6	0.6	99.4
Moulds	155	4.1	100.0	-
Polyester <sup>(2)</sup>	104	2.7	88.1	11.9
Packaging materials <sup>(4)</sup>	45	1.2	100.0	-
Plastic pellets	38	1.1	-	100.0
Solvents	30	0.8	100.0	-
Dies and die making materials	29	0.8	100.0	-
Photosensitive films	29	0.8	100.0	-
Others <sup>(5)</sup>	314	8.2	99.0	1.0
<b>Finished Products</b>	<b>792</b>	<b>20.8</b>	<b>92.1</b>	<b>7.9</b>
Laser/Die-cut products <sup>(6)</sup>	233	6.1	100.0	-
Industrial labels <sup>(7)</sup>	185	4.9	67.2	32.8
Metal parts and metal assembly	196	5.2	100.0	-
Plastic parts, assembly and others <sup>(8)</sup>	176	4.6	98.8	1.2
<b>Total</b>	<b>3,808</b>	<b>100.0</b>	<b>70.2</b>	<b>29.8</b>

#### 4. INFORMATION ON OUR GROUP

*\*Includes imports through stockists*

Notes:

- (1) *Include plastic and rubber foam.*
- (2) *Polymer materials (including polycarbonate and polyester) that are used as face stock for our industrial label manufacturing.*
- (3) *Include plastic components used for our fabrication of plastic parts such as latch and thermoform plastic parts.*
- (4) *Include packaging materials for labels, plastic parts, metal and gaskets.*
- (5) *Include semi-finished label materials, tapes, laminating materials, magnetic sheets and printing supplementary materials, die making materials, dies, foils, semi-finished foil materials, gasket packaging materials, semi-finished foam, materials, packaging materials for plastic and metal parts.*
- (6) *Include gaskets and insulators.*
- (7) *Include overlays and rolled labels.*
- (8) *Include plastic sheets, cables and others.*

The purchases of raw materials and finished products for the FYE 31 December 2009 amounted to approximately RM3.808 million. The above purchases exclude electricity and other utilities.

For the FYE 31 December 2009, purchases of raw materials for our manufacturing operations accounted for 79.2% of our total purchases of raw materials and finished products.

Of this, foam materials were the largest materials purchased for our manufacturing operations, which accounted for 20.0% of our Group's total purchases for the FYE 31 December 2009. The bulk of our foam materials, amounting to 89.8%, were sourced directly from overseas suppliers or purchased through local stockists and distributors. The remainder 10.2% of our foam materials were sourced from local suppliers in PRC.

For the FYE 31 December 2009, the purchases of polycarbonate and adhesive materials accounted for 14.5% and 13.8% of the total Group purchases respectively. This was followed by purchases of semi-finished plastic components and ink at 6.8% and 4.6% respectively of total Group purchases of raw materials and finished products for the FYE 31 December 2009.

Some of other major materials purchased for our manufacturing operations included the following:

- moulds
- polyester materials
- packaging materials
- plastic pellets
- solvents
- dies and dies making materials
- photosensitive films

Purchases of finished products accounted for 20.8% of our total purchases for the FYE 31 December 2009. These comprised the following:

- laser/die-cut products including gaskets and insulators
- metal parts and assembly
- industrial labels comprising overlays and rolled labels
- plastic parts, assembly and others including plastic sheets and cables

Overall, we sourced 70.2% of our raw materials and finished products locally in PRC, whilst the remainder 29.8% were sourced through direct imports and through local stockists and distributors.

#### 4. INFORMATION ON OUR GROUP

Thus far, we have not experienced any shortages in the supply of raw materials for our manufacturing operations.

##### **FPE 31 October 2010**

Following are the major types of raw materials and finished products purchased for our manufacturing operations in PRC and Thailand for the FPE 31 October 2010:

	Value of purchases  (RM'000)	% of total Group purchases  (%)	Sources of supply  Local <sup>#</sup> (%)	Import from overseas*  (%)
<b>Raw Materials for the Manufacturing Operations</b>	<b>3,335<sup>^</sup></b>	<b>77.3<sup>^</sup></b>	<b>58.6</b>	<b>41.4</b>
Foam <sup>(1)</sup>	893	20.7	16.6	83.4
Polycarbonate <sup>(2)</sup>	628	14.6	72.4	27.6
Adhesive materials	823	19.1	80.2	19.8
Semi-finished plastic components <sup>(3)</sup>	190	4.4	90.6	9.4
Ink	98	2.3	6.1	93.9
Moulds	151	3.5	100.0	-
Polyester <sup>(2)</sup>	186	4.3	66.8	33.2
Packaging materials <sup>(4)</sup>	51	1.2	100.0	-
Plastic pellets	58	1.4	100.0	-
Solvents	24	0.6	100.0	-
Dies and die making materials	46	1.1	100.0	-
Photosensitive films	38	0.9	100.0	-
Others <sup>(5)</sup>	147	3.4	12.7	87.3
<b>Finished Products</b>	<b>977</b>	<b>22.7<sup>^</sup></b>	<b>90.2</b>	<b>9.8</b>
Laser/Die-cut products <sup>(6)</sup>	223	5.2	92.6	7.4
Industrial labels <sup>(7)</sup>	179	4.1	74.8	25.1
Metal parts and metal assembly	208	4.8	96.4	3.6
Plastic parts, assembly and others <sup>(8)</sup>	367	8.5	92.6	7.4
<b>Total</b>	<b>4,312<sup>^</sup></b>	<b>100.0</b>	<b>65.7</b>	<b>34.3</b>

\*Includes imports through stockists

<sup>^</sup>Total does not add-up due to rounding

<sup>#</sup>Local refers to each manufacturing plant that sourced its raw materials locally in its respective country.

#### 4. INFORMATION ON OUR GROUP

Notes:

- (1) *Include plastic and rubber foam.*
- (2) *Polymer materials (including polycarbonate and polyester) that are used as face stock for our industrial label manufacturing.*
- (3) *Include plastic components used for our fabrication of plastic parts such as latch and thermoform plastic parts.*
- (4) *Include packaging materials for labels, plastic parts, metal and gaskets.*
- (5) *Include semi-finished label materials, tapes, laminating materials, magnetic sheets and printing supplementary materials, die making materials, dies, foils, semi-finished foil materials, gasket packaging materials, semi-finished foam, materials, packaging materials for plastic and metal parts.*
- (6) *Include gaskets and insulators.*
- (7) *Include overlays and rolled labels.*
- (8) *Include plastic sheets, cables and others.*

The purchases of raw materials and finished products for the FPE 31 October 2010 amounted to RM4.312 million. The above purchases exclude electricity and other utilities.

For the FPE 31 October 2010, purchases of raw materials for our manufacturing operations accounted for 77.3% of our total purchases of raw materials and finished products.

Foam materials and adhesive materials accounted for 20.7% and 19.1% of our Group's total purchases for the FPE 31 October 2010 respectively. The bulk of our adhesive materials, amounting to 80.2%, were sourced directly from local suppliers in each of our operating countries while 19.8% were sourced from overseas suppliers or purchased through local stockists and distributors. As for our foam materials, 83.4% were sourced directly from overseas suppliers or purchased through local stockists and distributors while the remainder 16.6% were sourced from local suppliers in the respective operating countries in PRC and Thailand.

For the FPE 31 October 2010, the purchases of polycarbonate accounted for 14.6% of the total Group purchases. This was followed by purchases of semi-finished plastic components and polyester at 4.4% and 4.3% respectively of total Group purchases of raw materials and finished products for the FPE 31 October 2010.

Some of other major materials purchased for our manufacturing operations included moulds, ink, packaging materials, plastic pellets, solvents, dies and dies making materials, and photosensitive films.

Purchases of finished products accounted for 22.7% of our total purchases for the FPE 31 October 2010. These comprised the following:

- laser/die-cut products including gaskets and insulators
- metal parts and assembly
- industrial labels comprising overlays and rolled labels
- plastic parts, assembly and others including plastic sheets and cables

Overall, we sourced 65.7% of our raw materials and finished products locally in PRC and Thailand respectively, whilst the remainder 34.3% were sourced through direct imports and through local stockists and distributors.

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## 4. INFORMATION ON OUR GROUP

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### 4.8 TECHNOLOGY USED

We utilise the following main technologies in our manufacturing operations:

- Screen printing
- Laser/die-cutting
- Injection moulding

#### 4.8.1 Screen printing

We utilise screen printing as part of process of manufacturing industrial labels and nameplates. Screen printing is a method of printing in which ink is forced through the image area of a stretched permeable fabric by the use of a squeegee or air pressure, directly onto the substrate to be printed. In this method, some areas in the fabric are open while others are closed, thus forming the image area.

The equivalent of the printing plate for the screen printer is the screen, which is a wooden or aluminium frame with a fine nylon mesh tautly stretched over it. The mesh is coated with a light sensitive emulsion or film, which when it dries, will block the holes in the mesh. The image that needs to be printed is output to film either by a camera or image-setter.

This film positive and the mesh on the screen are placed together and then exposed to ultraviolet light in a device called a print-down frame. The screen is then washed with a jet of water to dissolve the light sensitive emulsion.

The screen is fitted onto the press with the substrate placed in position under the screen with the ink placed on the topside of the screen. A rubber squeegee is pulled across the top of the screen and pushes the ink through the mesh onto the surface of the substrate being printed. To repeat the process, the squeegee floods the screen again with a return stroke before printing the next impression.

#### 4.8.2 Laser/Die-cutting

Die cutting primarily involves pressing and stamping or cutting out products into any shape or geometric patterns and designs including squares, rectangles, circles and others.

The die cutting process generates large numbers of the same shape items from materials such as plastics, rubber, metal and fabric and is widely used on an assortment of products. Many manufactured products contain several die cut components, often assembled together in a series of steps to create a finished product.

The cutting blades are bent into the desired shape and mounted on metal backing called a die. Die cutting uses sharp steel rule dies, rotary or circular dies, thermal and clicker dies, as well as machined compound and progressive dies.

Sharp specially shaped blades are used in die cutting with the material to be cut being placed on a flat surface with a supportive backing, and the die is pressed onto the material to cut it. Depending on what is being made, a single die might cut one piece of material, or the die is sometimes designed to slice through multiple layers, generating a stack of blanks or shapes.

Laser die cutting is used where materials such as metal plates cannot be efficiently cut using a normal die. Unlike other die-cutting services, laser cutting uses a focused non-thermal laser beam to fabricate customer specified materials into custom shapes and sizes and specifications. The head of the laser die cutting tool follows a Computer Aided Design ("CAD") generated pre-set paths and patterns which enables mass production of cut parts.

#### 4. INFORMATION ON OUR GROUP

Laser die cutting is ideal for applications where accuracy and speed are critical. It is generally used for metal and other hard materials that resist other die-cutting methods. It is also frequently used for quick initial prototyping.

Other die cutting processes are listed as follows:

- Flatbed die cutting or steel rule-cutting using sharp steel rules to cut into any shape
- Rotary die cutting uses rotary presses for cutting out the products into any shape and usually for use in precision and high volume products
- Kiss cutting is a process that cuts the adhesive-backed parts in roll form, leaving the parts on a continuous release liner
- Hard tool stamping is a process whereby the stamping process is performed using dedicated tools. This type of tooling is used to make large volumes of one die cut configuration

Currently, our Group mainly uses the following types of die-cutting processes:

- Laser Die Cutting
- Flat Bed Die-Cutting
- Rotary Die-Cutting
- Kiss-Cutting
- Hard Tool Stamping

##### 4.8.3 Injection moulding

Injection moulding is a process where hot molten resin or plastic is injected under high pressure into a mould. Once the resin has solidified, the moulded object is ejected and thus completes the moulding process.

Depending on the specifications, precision and size of the required product, various types of pressure moulding machinery are employed to achieve the desired purpose and output.

The moulds used in injection moulding receive the resin and shapes it appropriately. The mould is cooled constantly to a temperature that allows the resin to solidify. Moulds are designed depending on specifications, shape and size as required and on the approved final prototype of the end product.

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#### 4. INFORMATION ON OUR GROUP

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##### 4.9 MARKETING STRATEGIES AND DISTRIBUTION NETWORK

###### 4.9.1 Marketing strategies

We adopt the following strategies to sustain and expand our business:

- (a) position ourselves as a one-stop manufacturer of industrial labels and nameplates, and laser/die-cut products with in-house design facilities to provide integrated solutions including design, colour management, die-cutting, screen printing, laminating, embossing and braille press to meet all of our customers' requirements
- (b) value-adding to our customers' business by extending our range of complementary products and services in engineering design, laser/die-cutting, fabrication of plastic parts in view of providing cost effective alternatives and cost savings to our customers
- (c) work closely with customers from concept development in the design of industrial labels, nameplates, laser/die-cut products and plastic parts to product finalisation
- (d) proactively develop designs together with customers
- (e) focus on serving IT and telecommunications, electronics and medical devices industries where we have already established ourselves as a preferred supplier among some major manufacturers
- (f) extending complementary product lines that utilise our strengths in engineering design namely our patented EMI shielding plastic panel and patented latch for telecommunications equipment
- (g) consistently deliver products of the highest quality in view of cultivating customer loyalty through customer satisfaction
- (h) focusing on short run productions and fast turnaround to meet the immediate requirements of customers for industrial labels and nameplates
- (i) aim to be listed on customer's approved vendor list ("AVL") with as many of our customers as possible, which will provide us with the first option to bid for any relevant jobs. Our normal bidding process is to submit written quotations in response to request for quotation from our customers
- (j) as part of our expansion plans, we intend to set-up a sales and marketing office in Xiamen, PRC. In addition, the new sales and marketing office will also be used as a showroom to display the range of products manufactured by us. This will enable us to showcase our products to our existing and potential customers. We planned to commence renovation works for the sales and marketing office in June 2011 and expect to complete by August 2011.

As our products are mainly for industrial use, our marketing is more selective and targeted at the companies of our focus namely IT and telecommunications, electronics and medical devices industries.

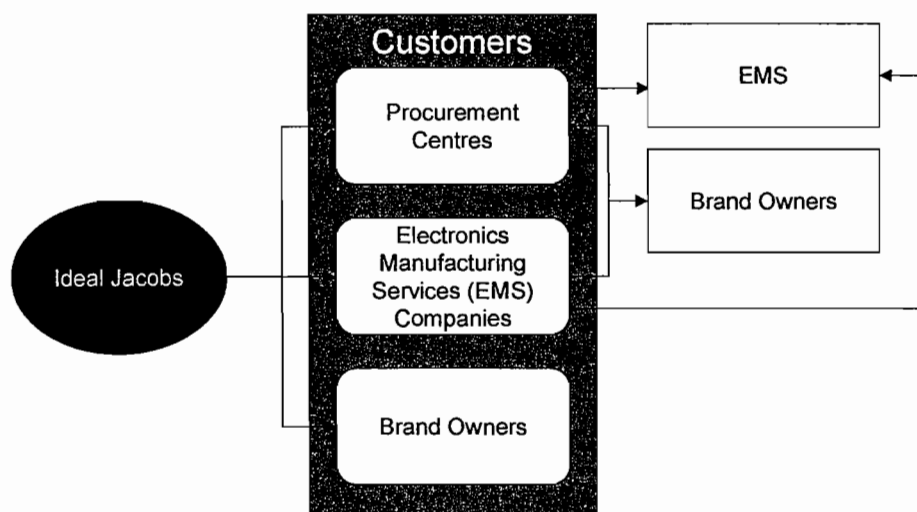
As at LPD, we have 18 personnel involved in sales and marketing functions, focusing on business development and servicing existing customers.

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#### 4. INFORMATION ON OUR GROUP

##### 4.9.2 Distribution channel strategy

- (a) We undertake a direct distribution channel strategy as depicted in the diagram below:



- (b) Our customers comprise the following:
- (i) Procurement centres that purchase products and services on behalf of brand owners who are the ultimate product owner or EMS companies;
  - (ii) EMS companies who undertake contract manufacturing for brand owners or other EMS companies; and
  - (iii) Brand owners.
- (c) Although we obtain purchase orders and payments from procurement centres, we have to discuss technical specifications and requirements directly with the brand owners. The procurement centres only act as the buying arm for brand owners. The procurement centres will send their request for quotations directly to us together with the estimated annual units (EAU) as a general guide and reference only. We will then submit our quotations together with minimum order quantity (MoQ), for example 250 pieces per order and the prices.
- (d) We also obtain purchase orders and payments from EMS customers, but in most situations we have to discuss technical specifications and requirements directly with the brand owners. Similarly, our normal bidding process is to submit written quotations with MoQ, prices and EAU in response to request for quotations.
- (e) We are also on the approved vendor lists of a number of brand owners including Alcatel-Lucent, USA Ciena International Inc., Sun Micro Systems Inc., and Arris Group Inc. In total, we are on the AVL of 12 brand owners. Being on the AVL list of brand owners means we are normally given the opportunity to bid for any contracts relating to our manufacturing capabilities. Under such a scenario, we commonly compete against two and no more than four other competitors. The brand owners will send their request for quotations directly to us together with EAU as a general guide and reference. We will then submit our quotations with MoQ and prices in response to request for quotations from these brand owners.
- (f) Some of the brand owners adopt a standardised global pricing primarily to facilitate efficiency for their operations, particularly from a costing perspective. In such a situation, procurement centres and EMS companies would have to adopt the global pricing when purchasing products and services from us.



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**4. INFORMATION ON OUR GROUP**

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- (g) We primarily service the IT, telecommunications, electronics and medical devices industries.

EMS companies, brand owners, and procurement centres accounted for approximately 43.8%, 31.1% and 15.8% respectively of our Group's total revenue for the FYE 31 December 2009. For the FPE 31 October 2010, EMS companies, brand owners, and procurement centres accounted for approximately 40.9%, 36.2% and 14.6% respectively of our Group's total revenue respectively.


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#### 4. INFORMATION ON OUR GROUP

##### 4.10 INTELLECTUAL PROPERTY

###### Trademarks

As at LPD, IJX and IJT own the following trademark:

Trademark	Registered owner	Registration number	Place of registration	Validity period	Trademark description
	IJX	5922258	PRC	14.02.2010 to 13.02.2020	International Classification No. 28
IDEAL JACOBS	IJT	Kor329339	Thailand	26.01.2010 to 25.01.2020	Class 17

On 8 June 2010 and 12 November 2010, Ideal Jacobs entered into the Territorial, Licensing and Technical Assistance Agreements with IJUS whereby Ideal Jacobs acquired the exclusive right and license to use the 'Ideal Jacobs' trademark in the designated territories. Details of the agreements are set out in **Section 12.4(c)** of this prospectus. Under the Territorial, Licensing and Technical Assistance Agreements, Ideal Jacobs is licensed to use the following trademark which has been registered by IJUS in the PRC:

Trademark	Registered owner	Registration number	Place of registration	Validity period	Trademark description
IDEAL JACOBS	IJUS	6313912	PRC	07.03.2010 to 06.03.2020	Class 16 – Adhesive labels; bar code labels; paper labels; printed paper labels; plastic adhesive labels; plastic labels; Decalcomanias; Adhesive backed plastic films for use as labels.

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#### 4. INFORMATION ON OUR GROUP


Under the Territorial, Licensing and Technical Assistance Agreements, Ideal Jacobs is also licensed to use the following trademark which has been applied for and is pending registration by IJUS in PRC:

Trademark	Registered owner	Registration number	Place of registration	Validity period	Trademark description
IDEAL JACOBS	IJUS	6313913	PRC	27.12.2009	Class 40 – Printing; portrait printing; customized printing of company names and logos for promotional and advertising purposes on the goods of others; design printing for others; imprinting messages on T-shirts; silk screen printing; provision of printing fonts for downloading by means of electronic transmission; printing of encoded identification on valuable documents and products for security purposes.

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#### 4. INFORMATION ON OUR GROUP

We have also applied for the following trademarks to be registered in Malaysia, the PRC and Thailand as follows:

Trademark	Applicant	Application number	Place of application	Trademark description
IDEAL JACOBS	Ideal Jacobs	09020415	Malaysia	Adhesive labels; bar code labels; paper labels; printed paper labels; shipping labels; printed pressure sensitive graphics labels for application to automobiles; Braille imprinted decals; brochures, magazines; printed matter, stationery; all included in Class 16.
IDEAL JACOBS	Ideal Jacobs	09020416	Malaysia	Adhesive-backed plastic films for use in the manufacture of durable labels and nameplates; clear plastic adhesive sheets for removal and lamination of labels on the bottles; all included in Class 17.
IDEAL JACOBS	Ideal Jacobs	09020417	Malaysia	Printing; portrait printing; customized printing of company names and logos for promotional and advertising purposes on the goods of others; design printing for others; imprinting messages on T-shirts, namely, screen printing; portrait printing; silk screen printing; stationery printing services all included in Class 40.
 "Jacobs" In Mandarin	Ideal Jacobs	ZC8160867	PRC	Laser scribing and cutting, gravure printing, portrait printing, offset printing, printing, phototypesetting and silk screen printing, color separation services all included in Class 40.
IDEAL JACOBS	IJT	756992	Thailand	Adhesive labels; bar code labels; paper labels; printed paper labels; shipping labels; printed pressure sensitive graphics labels for application to automobiles; Braille imprinted decals; brochures, magazines; printed matter, stationery; all included in Class 16

**4. INFORMATION ON OUR GROUP**

Trademark	Applicant	Application number	Place of application	Trademark description
IDEAL JACOBS	IJT	756994	Thailand	Printing; portrait printing; customized printing of company names and logos for promotional and advertising purposes on the goods of others; design printing for others; imprinting messages on T-shirts, namely, screen printing; portrait printing; silk screen printing; stationery printing services all included in Class 40.

**Patents**

Currently IJX owns the following patents, which are registered as follows:

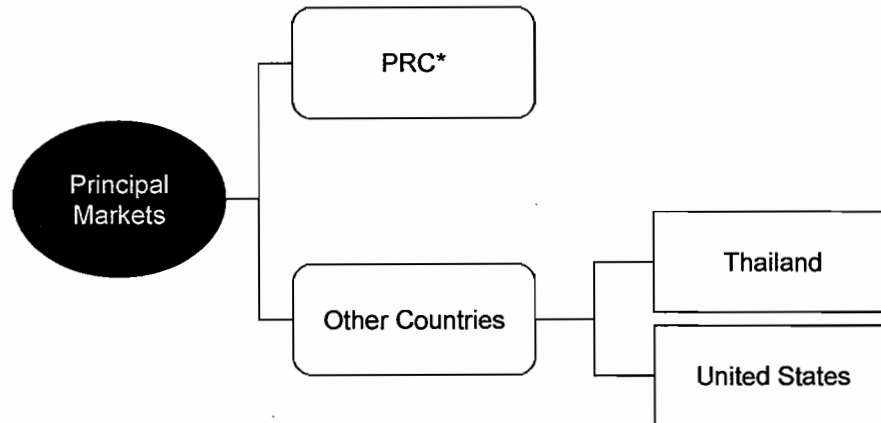
Patent	Registered owner	Certificate number	Place of registration	Validity period
Utility model "Filler Panel"	IJX	1001783	PRC	01.02.2007 to 31.01.2017
Design of Lighter	IJX	1069229	PRC	17.10.2008 to 16.10.2018
Utility model "IJ Latch"	IJX	1440411	PRC	17.7.2009 to 16.7.2019

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#### 4. INFORMATION ON OUR GROUP

##### 4.11 PRINCIPAL MARKETS

Our principal markets which represented approximately 10% or more of our total revenue for the FPE 31 October 2010 are as depicted in the diagram below:



*\* Note: Including 3.1% to companies located in free trade zones in PRC for the FPE 31 October 2010.*

For the FYE 31 December 2009 and FPE 31 October 2010, our largest market was the PRC which represented 50.3% and 65.8% of our total Group revenue respectively. This was followed by other countries namely Thailand, Hong Kong and the USA which represented 16.5%, 13.7% and 13.3% of our total Group revenue respectively for the FYE 31 December 2009. For the FPE 31 October 2010, Thailand and USA represented 11.2% and 10.9% of our total Group revenue respectively.

The remainder of the other countries included Philippines, Singapore, Malaysia, Taiwan, Mexico, the Netherlands, Korea and Finland which accounted for less than 10% each of our total Group revenue for the FYE 31 December 2009. For the FPE 31 October 2010, the remainder of other countries included Hong Kong, Malaysia, Taiwan, Philippines, India, Canada, Korea, the Netherlands and Singapore, which accounted for less than 10% each of our total Group revenue.

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#### 4. INFORMATION ON OUR GROUP

For FYE 31 December 2009 and FPE 31 October 2010, our revenue contribution segmented by countries was as follows:

	Revenue for FYE 31 December 2009		Revenue for FPE 31 October 2010	
	RM'000	%	RM'000	%
PRC	7,151 <sup>(1)</sup>	50.3	8,827 <sup>(2)</sup>	65.8
Other countries	7,057	49.7	4,580	34.2 <sup>^</sup>
- Thailand	2,344	16.5	1,496	11.2
- Hong Kong	1,940	13.7	857	6.4
- USA	1,894	13.3	1,472	10.9
- Philippines	265	1.9	145	1.1
- Singapore	230	1.6	9	#
- Malaysia	174	1.2	328	2.4
- Taiwan	102	0.7	109	0.8
- Mexico	81	0.6	-	-
- The Netherlands	23	0.2	14	0.1
- Korea	4	#	15	0.1
- Finland	#	#	-	-
- India	-	-	91	0.7
- Canada	-	-	44	0.3
<b>Total</b>	<b>14,208</b>	<b>100</b>	<b>13,407</b>	<b>100.0</b>

**Notes:**

\* Including 1.8% to companies located in free trade zones in PRC

# Insignificant proportion

<sup>^</sup> Total does not add-up due to rounding

(1) Including 1.8% to companies located in free trade zones in PRC

(2) Including 3.1% to companies located in free trade zones in PRC

#### 4.12 SEASONALITY

Generally, there is no sharp contrast in seasonality in our industrial labels, nameplates, laser/die-cut products, and fabricated plastic parts with the exception of a slowdown in business activities during the end of calendar year due to festive and holiday seasons.

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#### 4. INFORMATION ON OUR GROUP

##### 4.13 MAJOR CUSTOMERS

The table below list our Group's customers that accounted for 10% or more of total group revenue over the last 3 financial years and FPE 31 October 2010:

Name of customer	Products	FYE 2009		FYE 2008		FYE 2007	
		Revenue (RM'000)	Proportion of Revenue (%)	Revenue (RM'000)	Proportion of Revenue (%)	Revenue (RM'000)	Proportion of Revenue (%)
Celestica (Thailand) Ltd, Thailand	Industrial labels, plastic and metal products	2,270	16.0	1,378	18.2	495	12.1
Chinese Global Limited, Hong Kong	Industrial labels	1,902	13.4	0	0	0	0
IJUS <sup>(1)</sup>	Industrial labels, plastic and metal products, and foam	1,313	9.2	1,019	13.5	673	16.4
Pentair Technical Products China	Industrial labels, gaskets, plastic and metal products	950	6.7	1,590	21.0	1,186	28.9
<b>Total group revenue</b>		<b>14,208</b>		<b>7,563</b>		<b>4,106</b>	

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**4. INFORMATION ON OUR GROUP**

Name of customer	Products	FPE 31 October 2010	
		Revenue (RM'000)	Proportion of Revenue (%)
Celestica (Thailand) Ltd, Thailand	Industrial labels, plastic and metal products	954	7.1
Chinese Global Limited, Hong Kong	Industrial labels	810	6.0
IJUS <sup>(1)</sup>	Industrial labels, plastic and metal products, and foam	1,102	8.2
Pentair Technical Products China	Industrial labels, gaskets, plastic and metal products	1,333	9.9
<b>Total group revenue</b>		<b>13,407</b>	

*Note:*

*(1) IJUS is owned by Andrew Conrad Jacobs, who is also the Non-Independent Non-Executive Chairman of our Group. IJUS purchased industrial labels and foam from our Group when we are able to provide them at more competitive prices compared to IJUS manufacturing them. IJUS purchased plastic and metal products from our Group as IJUS does not manufacture them.*

**4.13.1** Our Group's business is dependent on the following customers by reason of their contribution towards our Group's revenue for the last 3 financial years:

- (a) Celestica (Thailand) Ltd, Thailand which accounted for 12.1%, 18.2% and 16% of total group revenue for the FYE 31 December 2007, 2008 and 2009 respectively.
- (b) Pentair Technical Products China, which accounted for 28.9% and 21.0% of total group revenue for the FYE 31 December 2007 and 2008 respectively.
- (c) IJUS, which accounted for 16.4% and 13.5% of total group revenue for the FYE 31 December 2007 and 2008 respectively.
- (d) Chinese Global Limited, Hong Kong, which accounted for 13.4% of total group revenue for the FYE 31 December 2009.

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**4. INFORMATION ON OUR GROUP**


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**4.13.2** The following factors serve to mitigate our Group's dependency on our customers:

- (a) Celestica (Thailand) Ltd and Pentair Technical Products China have been dealing with us since our Group's inception, which indicates a stable business relationship. Revenue from Pentair Technical Products China has declined in FYE 31 December 2009 and this is mainly caused by the end of the life-cycle of certain products. Nevertheless, as at LPD we are seeing a continuing contribution from Pentair Technical Products China as they commence manufacturing of new products.
- (b) Despite the increase in revenue from Celestica (Thailand) Ltd in FYE 31 December 2009 compared to FYE 31 December 2008, the percentage as a proportion to total Group revenue declined. This indicates a decrease in dependency on this customer.
- (c) The contribution of revenue from IJUS has declined from 16.4% in FYE 31 December 2007 to 9.2% in FYE 31 December 2009.
- (d) Chinese Global Limited is a relatively new customer that has been dealing with us since FYE 31 December 2009. However, there are indications of a continuing business relationship through additional projects with the company in 2010. Although there is dependency on this customer, this was only limited to 13.4% of total Group revenue for the FYE 31 December 2009. For the FPE 31 October 2010, revenue contribution from Chinese Global Limited was 6.0% while our total Group revenue registered growth of 21.1% compared to the same period in 2009.

For the FYE 31 December 2009, our Group serviced a customer base of 116 active customers. We enjoy good business relationships with our top 20 customers, and places significant emphasis on developing and maintaining customer satisfaction, goodwill and rapport. Our close business relationship is substantiated by the fact that 30% of our top 20 customers have been dealing with the Group for 3 or more years. As such, our large customer base and close business relationships with our customers will help mitigate dependency on any one customer.

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#### 4. INFORMATION ON OUR GROUP

##### 4.14 MAJOR SUPPLIERS

The value of purchases from our suppliers that accounted for more than 10% of our Group's purchases over the last 3 financial years and the FPE 31 October 2010 are as follows:

Name of supplier	Main products purchased	FYE 2009		FYE 2008		FYE 2007	
		Purchases (RM'000)	Proportion of purchases (%)	Purchases (RM'000)	Proportion of purchases (%)	Purchases (RM'000)	Proportion of purchases (%)
Stockwell Elastomerics Inc. (United States)	Foam	429	11.3	195	7.1	0	0
IJUS	Industrial labels, insulators, polycarbonate sheets, ink, semi-finished metal and plastic parts, and foil materials	391	10.3	289	10.5	539	44.3
Xiamen Friendship Trading Co Ltd (China)	Adhesive	291	7.6	307	11.1	183	15.1
Xiamen Xinghonghua Electronic Technology Co Ltd (China)	Moulds	140	3.7	146	5.3	177	14.5
Tekra Corporation (United States)	Adhesive materials	87	2.3	285	10.3	2	0.7
The Gund Company Inc (United States)	Polypropylene sheets	20	0.5	225	8.1	0	0
<b>Total group purchases</b>		<b>3,808</b>		<b>2,757</b>		<b>1,216</b>	

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#### 4. INFORMATION ON OUR GROUP

Name of supplier	Main products purchased	FPE 31 October 2010	
		Purchases (RM'000)	Proportion of purchases (%)
Stockwell Elastomerics Inc. (United States)	Foam	564	12.9
IJUS	Industrial labels, insulators, polycarbonate sheets, ink, semi-finished metal and plastic parts, and foil materials	168	3.9
Xiamen Friendship Trading Co Ltd (China)	Adhesive	304	7.0
Xiamen Xinghonghua Electronic Technology Co Ltd (China)	Moulds	86	2.0
Tekra Corporation (United States)	Adhesive materials	148	3.4
The Gund Company Inc (United States)	Polypropylene sheets	81	1.9
<b>Total group purchases</b>		<b>4,312</b>	

**4.14.1** Our business may be dependent on the following top 3 suppliers, by reason of their contribution towards our purchases for the FYE 31 December 2009:

- (a) Stockwell Elastomerics Inc. which accounted for 11.3% of total Group purchases for the FYE 31 December 2009.
- (b) Xiamen Friendship Trading Co. Ltd, which accounted for 7.6% of total Group purchases for the FYE 31 December 2009.
- (c) IJUS, which accounted for 10.3% of total Group revenue for the FYE 31 December 2009.

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**4. INFORMATION ON OUR GROUP**

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**4.14.2** Some mitigating factors against over dependency on suppliers are as follows:

- (a) Stockwell Elastomerics Inc. and Xiamen Friendship Trading Co. Ltd have been suppliers to our Group for 2 years and 4 years respectively. This indicates a stable business relationship. Stockwell Elastomerics Inc. supplies foam while Xiamen Friendship Trading Co., supplies adhesive materials to us. All these materials are easily available from other suppliers. We have 3 other suppliers of adhesives and 4 other suppliers of foam. This helps to mitigate any dependency on a single supplier.
- (b) We have been purchasing materials and finished products from our Promoter and substantial shareholder, IJUS for the following reasons:
  - Leftover stocks from IJUS customers when they were transferred to IJX. In FYE 2009 and FPE 31 October 2010, the leftover stock transferred from IJUS to IJX were for our customer Chinese Global Limited.
  - timely delivery of products.
  - competitive pricing from bulk sourcing.
  - special request from certain customers in the PRC to purchase the products from USA.

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#### 4. INFORMATION ON OUR GROUP

##### 4.15 MATERIAL PLANT AND EQUIPMENT

As at LPD, our material plant and equipment are as follows:

##### PRC

Category	Items	Function	Product line	Unit (s)	NBV as at FPE 31 October 2010 (RMB / RM)	NBV as at 31 March 2011 (RMB / RM)	Annual capacity FYE 2009 (‘000 pieces)	Estimated utilisation FYE 2009 (‘000 pieces)	Utilisation rate FYE 2009
Label	Clean machine	clean the film to keep the product clean	Silkreen Industrial Label	2	94,848/ 44,218	88,088/ 40,651	3,300	2,531	76.7%
	Rotary die-cut machine	die-cut label shape and size	Silkreen Industrial Label	1	51,150/ 23,846	48,675/ 22,483	6,700	3,282	49.0%
	Ruler die-cut machines	die-cut label shape and size	Roll labels	2	43,870/ 20,452	40,795/ 18,843	3,300	2,532	76.7%
	Manual screen press machines L	print silkscreen label	Screen Industrial Label	1	21,026/ 9,802	16,645/ 7,688	3,300	2,532	76.7%
	Material cutting machine L	prepare the material	Screen Industrial Label	1	45,208/ 21,076	42,039/ 19,418	3,300	2,532	76.7%
	Pneumatic stretching machine L	make the screen	Screen Industrial Label	1	3,563/ 1,661	3,000/ 1,386	3,300	2,532	76.7%
	Rotary screen printing machine L	print roll label	Roll labels	1	130,975/ 61,061	124,638/ 57,570	6,700	3,282	49.0%
	Screen drying cabinet L	make the screen	Industrial Label	1	19,194/ 8,948	17,849/ 8,244	3,500	2,532	72.3%
	Semi-automatic screen press machines L	print silkscreen label	Screen Industrial Label	3 <sup>(1)</sup>	569,061/ 265,296	538,245/ 248,615	3,300 <sup>(1)</sup>	2,532 <sup>(1)</sup>	76.7% <sup>(1)</sup>
	Stainless steel washout sink & Stand L	make the screen	Industrial Label	2	34,711/ 16,182	32,278/ 14,909	5,800	2,532	43.7%

#### 4. INFORMATION ON OUR GROUP

Category	Items	Function	Product line	Unit (s)	NBV as at FPE 31 October 2010 (RMB / RM)	NBV as at 31 March 2011 (RMB / RM)	Annual capacity FYE 2009 ('000 pieces)	Estimated utilisation FYE 2009 ('000 pieces)	Utilisation rate FYE 2009
	Ultraviolet cure system equipment L	make the screen	Industrial Label	2	337,262/ 157,232	313,622/ 144,862	5,800	2,532	43.7%
	Vacuum Frame exposure machine L	make the screen	Industrial Label	1	76,514/ 35,671	71,151/ 32,865	5,800	2,532	43.7%
Label & Gasket	Laminator L&G	lamine overlaminator or adhesive	Industrial Label or gasket	2 <sup>(2)</sup>	36,426/ 16,982	34,224/ 15,808	3,600 <sup>(2)</sup>	3,200 <sup>(2)</sup>	88.9% <sup>(2)</sup>
	Laser cutting machine L&G	laser-cut size and shape for label or gasket	Industrial Label or gasket	1	77,137/ 35,961	73,932/ 34,149	450	20	4.4%
Gasket	Slitting machine G	slit the foam to make gasket	Gasket	1	4,312/ 2,010	3,652/ 1,687	500	140	28.0%
	Stamping machines G	punch the gasket	Gasket	2	15,653/ 7,297	14,244/ 6,579	800	297	37.1%
	Micro computer digital cutting machine G	cut the gasket	Gasket	1	9,310/ 4,340	7,885/ 3,642	1,000	40	4.0%
	EMI gasket forming machine G	forming the EMI gasket	Gasket	1	21,070/ 9,823	17,845/ 8,243	100	20	20.0%
	Hot bending machine G	bend the gasket	Gasket	1	4,562/ 2,127	4,297/ 1,985	100	40	40.0%
Panel Assembly	Injection moulding machine PANEL	injection molding plastic product	plastic panel assembly	1	105,149/ 49,020	98,351/ 45,428	400	169	42.4%

(1) IJX purchased 1 additional unit of semi-automatic screen press machine during FPE 31 October 2010. The annual capacity, estimated utilisation and utilisation rate are for the 2 units as at FYE 2009.

(2) IJX purchased 1 additional unit of Laminator L&G during FPE 31 October 2010. The annual capacity, estimated utilisation and utilisation rate is for 1 unit as at FYE 2009.

#### 4. INFORMATION ON OUR GROUP

##### Thailand

Category	Items	Function	Product line	Unit(s)	NBV as at FPE 31 October 2010 (Baht/RM)	NBV as at 31 March 2011 (Baht/RM)	Estimated Annual Capacity ('000)	Utilisation	Utilisation Rate
label	Laminator L	laminates overlaminate or adhesive	Silkscreen Industrial label	1	86,006/ 8,286	77,638/ 7,763	3,600	No production in 2009	
	Material cutting machine	prepare the material		1	212,029/ 20,426	191,400/ 19,138	3,300		
	Cleaning Machine	prepare the material		2	303,039/ 29,194	273,555/ 27,353	3,300		
	Ruler die-cut machine	die-cut label shape and size		2	470,680/ 45,344	423,518/ 42,348	3,300		
	Semi-automatic screen press machines	print silkscreen label		2	3,186,021/ 306,930	2,876,041/ 287,575	3,300		
	Stainless steel washout sink & Stand	make the screen		2	122,848/ 11,835	110,896/ 11,088	5,800		
	Ultraviolet cure system equipment	make the screen		2	557,357/ 53,694	503,129/ 50,308	5,800		
	Vacuum Frame exposure machine	make the screen		1	167,686/ 16,154	151,371/ 15,136	5,800		

Further information on the technologies utilised in our manufacturing operations are set out in **Section 4.8**.

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#### 4. INFORMATION ON OUR GROUP

#### 4.16 MATERIAL CAPITAL EXPENDITURE AND DIVESTITURES

##### 4.16.1 Capital expenditure

Save as disclosed below, we did not incur any other material capital expenditure for the past 3 years FYE 31 December 2007 to 2009 and FPE 31 October 2010 up to LPD:

	Transaction value (RM)('000)				#01.11.2010 to LPD
	FYE 31.12.2007	FYE 31.12.2008	FYE 31.12.2009	FPE 31.10.2010	
Plant and machinery	40.0	130.0	141.0	178.0	9.0
Furniture, fixtures and office equipment	13.0	18.0	162.0	52.0	40.0
Motor vehicles	0	0	457.0	69.0	0
Renovation	0	0	185.0	0	0
Tools	0	0	22.0	28.0	0
Machinery in progress	0	0	530.0	87.0	0.0
<b>TOTAL</b>	<b>53.0</b>	<b>148.0</b>	<b>1,497.0</b>	<b>414.0</b>	<b>49.0</b>

# The investment of RM17,000 was undertaken in PRC and the investment of RM32,000 was undertaken in Thailand. The investment was funded with internally generated funds of the Group.

##### 4.16.2 Divestitures

Save as disclosed below, we did not carry out any material divestitures for the past 3 years FYE 31 December 2007 to 2009 and FPE 31 October 2010 up to LPD:

	Transaction value (RM)('000)				01.11.2010 to LPD
	FYE 31.12.2007	FYE 31.12.2008	FYE 31.12.2009	FPE 31.10.2010	
Plant and machinery	0	11.0	0	0	0
Furniture, fixtures and office equipment	0	0	2.0	0	0
Motor vehicles	0	0	98.0	0	0
Proceeds from voluntary liquidation of subsidiary <sup>(1)</sup>	0	0	499.0	0	0
<b>TOTAL</b>	<b>0</b>	<b>11.0</b>	<b>599.0</b>	<b>0</b>	<b>0</b>

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#### 4. INFORMATION ON OUR GROUP

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*Note:*

*(1) The name of the subsidiary company is Ideal Jacobs (Xiamen) Industry Design Corporation which was voluntarily liquidated during the FYE 2009. The voluntary liquidation was because the company was dormant and did not commence any business activity. The intended business scope of the company was to design, develop and promote labels, product labeling system, EMI shielding products, die-cut products, conductive products, plastic parts and metal parts.*

##### 4.17 MATERIAL PLANS TO CONSTRUCT, EXPAND OR IMPROVE FACILITIES

As at LPD, our Group has no immediate plans to construct, expand or improve our existing facilities save as disclosed in **Sections 2.9 and 4.22.1(c), (d) & (e)**.

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**4. INFORMATION ON OUR GROUP****4.18 PROPERTIES**

As at LPD, our Group does not own any properties save and except for the following:

Owner	Description of property	Existing use	Location/ Title identification	Built-up area / land area (sq ft)	Tenure of property	Category of land use/ express condition	Restriction in interest / major encumbrances	Audited NBV as at 31.10.2010 (RM)	Certificate of fitness for occupation
IJX	4 <sup>th</sup> Floor of a 6 storey factory	Office and manufacturing facility	4 <sup>th</sup> Block D Gangxia Industry Park No.319 East Hubin Road,Xiamen PRC	26,642/ Not applicable	50 years expiring on 24.09.2041	Industrial land / This property shall only be used for industrial purpose	Mortgaged to Xiamen Bank Company Limited	1,497,736	Approval and Acceptance Check to Fire Control for inner decoration of IJX issued by fire department Siming Xiamen No.005116(2005) on 31.08.2005

**Note:**

IJX and Xiamen XinJingDi Group Co., Ltd has entered into a sale and purchase agreement dated 17 February 2011 for the purchase of an office unit located in a 27 storey building with address Unit C2801, 24<sup>th</sup> Floor, Building 3, Plot 3, XinJing Center, measuring 100.13 square meters, whereby the purchase consideration of RMB 2,007,106 (RM927,885) has been fully paid by IJX on 17 February 2011. The said agreement has yet to be completed as it is pending the transfer of the property from Xiamen XinJingDi Group Co., Ltd to IJX and the realty registration for the said property. IJX intends to set-up a sales and marketing office at the said property. Renovation works is expected to commence in June 2011 and expected to complete by August 2011.

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#### 4. INFORMATION ON OUR GROUP

As at LPD, we occupy or lease the following premises:

Lessee	Landlord	Description of property	Existing use	Location	Built-up area/ Land area (sq ft)	Tenure of property (including option to renew, if any)	Category of land use	Rental & service charge (per annum)	Date of issuance of certificate of fitness
Ideal Jacobs	Wisma Perkasa Sdn Bhd (171838-K)	An office lot within an office building known as "Wisma Rohas Perkasa"	Head office	Suite 12.1, 12 <sup>th</sup> Floor, Wisma Rohas Perkasa, No 8 Jalan Perak, 50450 Kuala Lumpur	1,690/ Not applicable	2 years expiring 31 <sup>st</sup> December 2011 with option to renew for a further 2 years	Building/ This land shall only be used for commercial building purpose.	RM152,100.00*	06.01.2000
IJT	Tip Holding Co. Ltd	Two storey terrace factory building with separate floors for factory and office area	Office and manufacturing facility	Unit N3 888/113 Moo. 19 Soi. Yingcharoen, Bangpleeyai Sub-District, Bangplee District, Samut Prakan Province, 10540, Thailand	18,533/ Not applicable	36 months expiring on 31 October 2012	Industrial use	1,440,000 Baht (RM143,986.00)	Not applicable under current Thai laws
IJX	SIP Factory Building Industrial Co., Ltd	Three storey factory building for factory and office area	Office and manufacturing facility	North Side of Unit 18 of No.99 Gangtian Road, Gangtian Industrial Park, Suzhou Industrial Park, Suzhou, PRC	11,840/ Not applicable	2 years and 2 months expiring on 14 April 2013	Industrial use	RMB250,800 (RM115,845.00) for the period from 15 April 2011 to 14 April 2012. RMB264,000 (RM121,942.00) for the period from 15 April 2012 to 14 April 2013.	Approval and Acceptance Check to Fire Control for Gangtian Industrial factory issued by fire department of Suzhou No.0990(2006) on 10.08.2006

**4. INFORMATION ON OUR GROUP**

*Note:*

\* *Special conditions: 2 month's rent free at the end of every year during the fixed term provided that all rental fees are fully paid and up to date*

As at LPD, there is no material breach or non-compliance on any regulatory requirement or environmental issue which may materially affect our Group's operations and utilisation of assets in respect of the properties owned/ leased by our Group.

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**4. INFORMATION ON OUR GROUP****4.19 APPROVALS, MAJOR LICENCES AND PERMITS OBTAINED**

The following are the approvals, major licences and permits issued to companies in our Group in order for us to carry out our operations, other than those pertaining to general business registration requirements:

Authority	Date of issuance	Date of expiry	Description	Conditions imposed	Status of compliance (met/ not met/ will be met)
<b>IJX</b>					
People's Government of Xiamen	02.09.2010	27.12.2034	Certificate of Approval	Required for establishment of enterprises with foreign investment	Met
Xiamen Administration Bureau of Industry and Commerce	15.09.2010	02.02.2035	Business License	<ol style="list-style-type: none"> <li>1. The Business License serves as a certificate for an enterprise that has been accredited with the status of a Legal Person and the right for lawful operation.</li> <li>2. The Business License is prepared in both original and duplicate, both of which are equally legal binding.</li> <li>3. The original of the Business License shall be placed in a conspicuous position at the premise of the enterprise.</li> <li>4. The Business License shall not be falsified, altered, leased, lent or transferred.</li> <li>5. In the event that there is any change to the registered items, it is necessary to apply to the Registration bureau of the company for alteration registration and renew the Business License.</li> <li>6. During the period from March 1 to June 30 every year, the enterprise shall go through the annual audit.</li> <li>7. In the event that the Business License is revoked, business activities</li> </ol>	Met

**4. INFORMATION ON OUR GROUP**

Authority	Date of issuance	Date of expiry	Description	Conditions imposed	Status of compliance (met/ not met/ will be met)
				irrelevant to the liquidation shall not be conducted. 8. When the registration is cancelled, both the original and duplicates copies of the Business License shall be withdrawn. 9. In the event that the Business License is lost or damaged, the enterprises shall make announcement in the newspaper designated by the registry authorities and apply for a new Business License.	
Xiamen Finance Bureau	03.02.2005	02.02.2035	Financial Registration for Enterprises with Foreign Investment	No conditions imposed	N/A
Xiamen State Administration of Foreign Exchange	N/A	N/A	Foreign Exchange Registration Card	No conditions imposed	N/A
Xiamen Customs	20.10.2010	29.03.2012	Customs Registration Certificate	No conditions imposed	N/A
China Inspection and Quarantine Bureau	10.06.2008	09.06.2013	Registered Certificate	1. This is the valid certificate that the unit has obtained the registered certificate code from China IQB; 2. The unit shall be subject to supervision and inspection of entry-exist inspection and quarantine Bureau; 3. In case the name, address and legal representative changes, the written documents shall be submitted to the issuing organ with 15days; 4. The certificate is valid for 5 years, after the valid term, the renewing application	Met

#### 4. INFORMATION ON OUR GROUP

Authority	Date of issuance	Date of expiry	Description	Conditions imposed	Status of compliance (met/ not met/ will be met)
Fujian Press and Publication Bureau	25.03.2008	25.03.2011	Printing Operation License	No conditions imposed	N/A
Siming Branch Office of Xiamen Environmental Protection Bureau	06.03.2009	07.03.2012	Pollution Emission Certificate	<p>shall be submitted.</p> <ol style="list-style-type: none"> <li>1. Shall conform to emission of the pollution in accordance with the class, concentration, quantity, orientation and measures of approved in the Certificate, and accomplish the duty of pollution deduction timely.</li> <li>2. Shall conduct daily supervision over the pollution of the company and accept periodically supervision from ISO Environmental Agent.</li> <li>3. Shall apply for annual inspection procedures from certificate issuing Bureau periodically (The time for annual inspection is from December of each year to January of the next year)</li> <li>4. Shall accept spot inspection, supervision, check from the Environmental Protection Bureau, and shall provide the authentic documents and data.</li> <li>5. Shall apply to certificate issuing Bureau in 15 days advance in case the change of class, concentration, quantity, orientation and measures of pollution emission, and shall comply with the re-registration proceedings.</li> <li>6. Shall pay the fees of pollution emission in accordance with the regulations of the state, and shall not be exempted from the other obligations by the laws.</li> <li>7. Shall make application in 3 months</li> </ol>	Met



**4. INFORMATION ON OUR GROUP**

Authority	Date of issuance	Date of expiry	Description	Conditions imposed	Status of compliance (met/ not met/ will be met)
Administration for Industry and Commerce of Suzhou Industrial Park, Jiangsu Province	N/A*	N/A*	Business License*	<p>advance of the expiring of the certificate, and shall accept audit on the pollution emission and deduction during the certificate term from the certificate issuing Bureau or the designated agent. The result of audit could be deemed as the condition for certificate renewing.</p> <ol style="list-style-type: none"> <li>1. The Business License serves as a certificate for an enterprise's lawful operation.</li> <li>2. The Business License is prepared in both original and duplicate, both of which are equally legal binding.</li> <li>3. The original of the Business License shall be placed in a conspicuous position at the premise of the enterprise.</li> <li>4. The Business License shall not be falsified, altered, leased, lent or transferred.</li> <li>5. In the event that there is any change to the registered items, it is necessary to apply to the Registration bureau of the company for alteration registration and renew the Business License.</li> <li>6. During the period from March 1 to June 30 every year, the enterprise shall go through the annual audit.</li> <li>7. In the event that the Business License is revoked, business activities shall not be conducted.</li> <li>8. When the registration is cancelled, both the original and duplicates copies of the Business License shall be</li> </ol>	

#### 4. INFORMATION ON OUR GROUP

Authority	Date of issuance	Date of expiry	Description	Conditions imposed	Status of compliance (met/ not met/ will be met)
IJT Ministry of Industry of Thailand	30.10.2009	31.12.2014	Factory Operating License	<p>9. In the event that the Business License is lost or damaged, the enterprises shall make announcement in the newspaper designated by the registry authorities and apply for a new Business License.</p>	<p>withdrawn.</p>
				<p>1. Waste or used products and other hazardous waste is to be collected in suitable place and disposed at industrial waste disposal center approved by the Department of Industrial Works. In case it is to be transported out of the factory premises for further disposal, distribution or processing, approval from the Department of Industrial Works must be secured.</p> <p>2. Shall supervise the operation of the factory not to cause any disturbance to the public or to pose danger to personnel working in the factory and persons living nearby.</p>	Met

\* Note: This Business License was issued to the manufacturing facility of IJX in Suzhou, PRC ("IJX's Suzhou Branch Business License"). As the manufacturing facility was set up as a branch of IJX in Suzhou, PRC, the validity period of the IJX's Suzhou Branch Business License will be based on the validity period of the Business License issued to IJX's manufacturing facility located in Xiamen, PRC.

## 4. INFORMATION ON OUR GROUP

### 4.20 DEPENDENCY ON CONTRACTS/ARRANGEMENTS/LICENCES

Our Board is of the opinion that, save for our licences disclosed in **Section 4.19** and the Territorial, Licensing and Technical Assistance Agreements detailed in **Section 12.4(c)**, we are not highly dependent on any single contract/arrangement/licences.

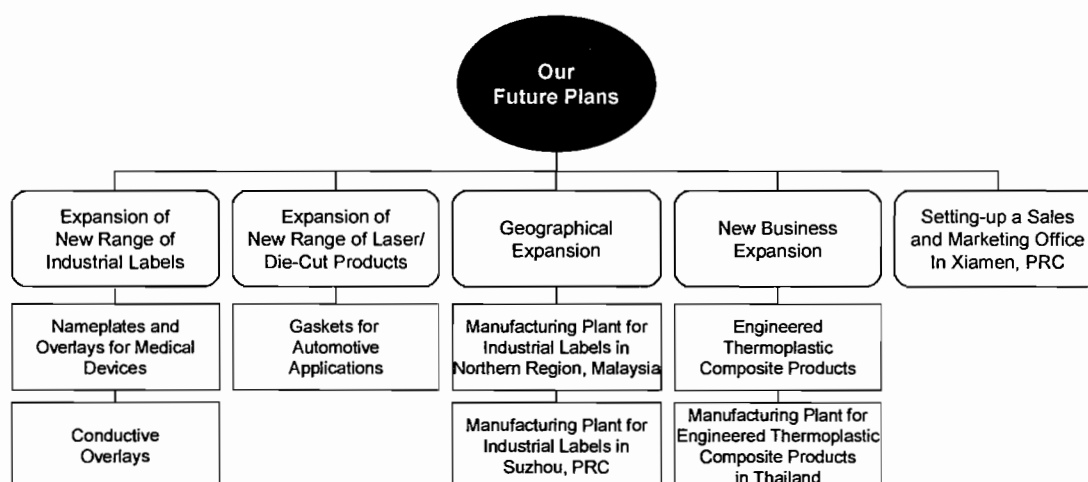
### 4.21 NON-INTERRUPTION IN BUSINESS OPERATIONS

We have not experienced any interruption in our business which had a significant effect on our operations during the past 12 months prior to the date of this prospectus.

### 4.22 FUTURE PLANS AND PROSPECTS

#### 4.22.1 Future plans

Our future plans are focused in five key areas as depicted in the figure below:



#### (a) Expansion of new range of industrial labels

##### Nameplates and overlays for medical devices

Part of our future plans is to expand our nameplates and graphic overlays to be used on medical devices. Currently our nameplates and overlays are mainly used on IT and telecommunications equipment, and the electronics industries.

Nameplates and overlays for medical devices require different specifications and considerations compared to name plates and overlays for IT and telecommunications equipment, and the electronics industries. This is because medical devices have to take the working environment into consideration, for example materials used must minimise growth of bacteria, fungi or viruses, facilitate ease of cleaning, corrosion resistant particularly to common cleaning agents and solvents, tactile material used for switches to provide feedback, and consideration for lighting to provide ease of reading or recognising functional icons or identification marks on keypads.

#### 4. INFORMATION ON OUR GROUP

We plan to utilise our core competency to expand our nameplates and overlays for medical devices. This new range of products may incorporate various features including, multi-tasking switch pattern designs with or without open window for backlighting, translucent graphics for backlighting, selective textures and coatings for matte or glass appearances to protect the nameplates and graphic overlays from chemicals, sunlight and abrasion, and embossing of functional keypads, logos or borders.

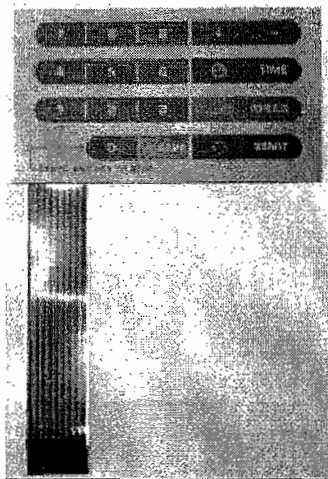
This new range of nameplates and overlays for medical devices can be produced using our existing production facilities, including screen printing and laser/die-cutting in the PRC.

##### **Conductive overlays**

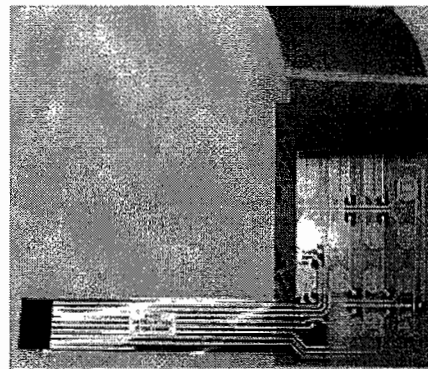
Part of our future plans also includes expanding our business into the manufacture of conductive overlays.

A conductive overlay is primarily a flexible circuit board, which is manufactured in the form of a printed overlay plus an electrical connectivity to an external device and/or energy source. A conductive overlay has five layers comprising:

- a protective top layer
- a graphics printed layer
- a functional layer of membrane switches
- a flexible printed circuit board layer
- a layer of adhesive material



Front view of a conductive overlay



Peel-off view of the flexible circuit board of a conductive overlay

Conductive overlays are particularly suited for incorporating switches where electronics is required to register when a button on a keypad is pressed. As such, a conductive overlay would normally provide an energy source and connection to an external device.

Currently our in-house technical team is able to undertake the full electronics design of the flexible circuit board. Currently our conductive overlay is mainly for medical devices and telecommunication applications.

We endeavour to expand conductive overlays for medical devices by using our existing manufacturing facilities in Thailand by end of 2011.

#### 4. INFORMATION ON OUR GROUP

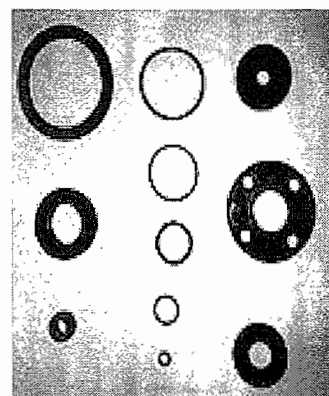
##### (b) Expansion of new range of laser/die-cut products

As part of our Group's product development, we plan to introduce new range of laser/die-cut products for automotive applications. Some of the major types of laser/die-cut products we manufacture are EMI shielding materials, gaskets, insulators, and thermal pads, which are primarily for the IT and telecommunication applications.

We plan to extend our user industries by introducing new range of products, namely gaskets for automotive applications. Gaskets for automotive applications are commonly referred to as mechanical seals made of rubber, polymer or silicone materials, to fill the gap between two parts or components to prevent air or liquid leakage.

Gaskets for automotive applications come in various designs, shapes and specifications, including EMI or radio frequency interference ("RFI") gaskets. Some of the common gaskets used for automotive applications comprise cooling system gaskets, fuel supply gaskets, transmission gaskets and seals.

We intend to introduce automotive gaskets using our existing laser/die-cutting facilities in PRC by mid 2011.



Samples of automotive gaskets

##### (c) Geographical expansion

- (i) Establish a manufacturing of industrial label plant in the northern region of, Malaysia

One of the challenges of our business model focusing on high product mix, low volume and fast turnaround is for each of our manufacturing plant to significantly grow in revenue terms and still obtain a relatively high profit margin.

To counter this challenge, we have adopted a geographical expansion strategy whereby we set-up manufacturing plants in multiple locations. This approach will enable us to retain our business model focusing on high product mix, low volume and fast turnaround to obtain relatively high profit margin for each manufacturing plant, but grow in total Group size by having multiple manufacturing plants spread out in PRC and across a number of other countries.

As part of our Group's geographical expansion plans, we intend to set-up a new industrial label manufacturing plant in the northern region of Malaysia.

To optimise from our current core competency in manufacturing of industrial labels and nameplates, and laser/die-cut products, we plan to target the IT and telecommunication industries in Malaysia.

For the first 11 months of 2009, output of electrical and electronics industry accounted for 33.9% of the total output of the manufacturing sector in Malaysia. Electrical and electronics industry in Malaysia comprises electronic components, consumer electronics, industrial electronics and electrical products. (Source: *Independent Assessment of the Industrial Label Manufacturing Industry in China* prepared by Vital Factor Consulting Sdn Bhd)

#### 4. INFORMATION ON OUR GROUP

This new expansion into Malaysia will provide us business opportunities for business growth as well as expand our market coverage. We will utilise part of the proceeds from the Public Issue to fund the business expansion in Malaysia including the purchase of the following machinery and equipment:

	<u>Estimated Cost</u>
	<u>RM</u>
2 units of screen printing machines	480,000
1 unit of material cutting machine	25,000
1 unit of laminating machine	10,000
2 units of material cleaning machines	50,000
2 units of die-cutting machines	25,000
1 unit of air compressor	10,000
8 units of computers	25,000
Furniture and fittings	25,000
Factory renovation and improvement	150,000
<b>Total</b>	<b>800,000</b>

We intend to commence setting up the manufacturing plant in the northern region of Malaysia during the 3rd quarter of 2011 and expect completion by the 4th quarter of 2011. Upon completion, the production capacity of the plant is estimated to be approximately 3 million pieces of screen labels per annum.

(ii) Establish a manufacturing of industrial label plant in Suzhou, PRC

We had on 13 January 2011 entered into a lease agreement for the lease of a premise located at Gangtian Industrial Square, Suzhou, PRC for use as a factory and office. We have started the setting up of a die cutting line in January 2011. We had on 2 April 2011 entered into a construction project contract with Suzhou Tri Falcon Decoration Engineering Co., Ltd to renovate the premise. The construction project shall commence on 2 April 2011 and it shall be completed by 2 May 2011. We are expecting the operation to commence in the early 2nd quarter of 2011. Upon listing, we plan to expand the factory to a manufacturing plant for labels, nameplates, including laser/ die-cut labels and nameplates. Once completed by late 2nd quarter of 2011, the production capacity of the plant is estimated to be approximately 4.5 million pieces of screen labels and 7 million pieces of rolled labels per annum.

The plant will allow us to further address business opportunities by targeting EMS companies and brand owners operating within the IT, telecommunications, electronics and medical devices industries in Suzhou, PRC

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#### 4. INFORMATION ON OUR GROUP

We will utilize internally generated fund of approximately RM300,000 and approximately RM1,500,000 of the proceeds from the Public Issue to fund the business expansion in Suzhou including the cost of setting up the factory and the purchase of the following machinery and equipment:

	<u>Estimated Cost</u>
	<u>RM</u>
3 units of screen printing machines	720,000
2 units of material cutting machines	80,000
2 units of laminating machines	20,000
3 units of material cleaning machines	75,000
3 units of die-cutting machines	65,000
1 unit of air compressor	10,000
2 units of roll-to-roll machines	390,000
8 units of computers	25,000
Furniture and fittings	25,000
Factory renovation and improvement	350,000
Production tools	40,000
<b>Total</b>	<b>1,800,000</b>

#### (d) New business expansion

##### (i) New products using engineered thermoplastic composites

We plan to expand into a new business area in the manufacture of engineered thermoplastic composite materials utilising forming process.

Our major shareholder, IJUS commenced R&D on the engineered thermoplastic composite products in September 2008. As of LPD, approximately USD1,970,000 has been invested by IJUS toward this product in the form of salaries of employees involved, implementation of a prototyping facility, materials and cost of samples and product testing. Products and applications have been tested and will continue to be tested.

This product is currently at the R&D stage and is undergoing extensive product testing, market research, product design and prototyping. The product has not been commercialized as of LPD.

The actual applications in relation to our Group's engineered thermoplastic composite materials have yet to be determined, as no sales contract have been signed.

This engineered thermoplastic composite material exhibit various properties including among others impact resistant, blast resistant, corrosion resistant, fire resistant, weather resistant, mouldability and lightweight.

The engineered thermoplastic composite materials are based on IJUS's proprietary formulation using various types of polymer resins combined with various additives and strengtheners to yield the desired material characteristics and properties.

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#### 4. INFORMATION ON OUR GROUP

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Some of the potential applications for the engineered thermoplastic composite materials include the following:

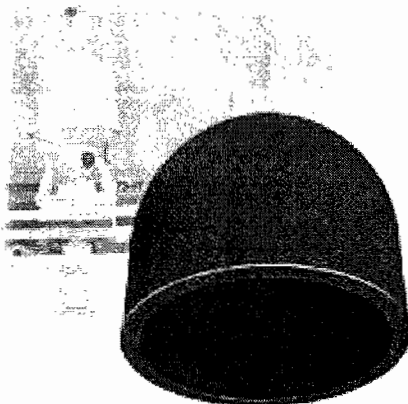
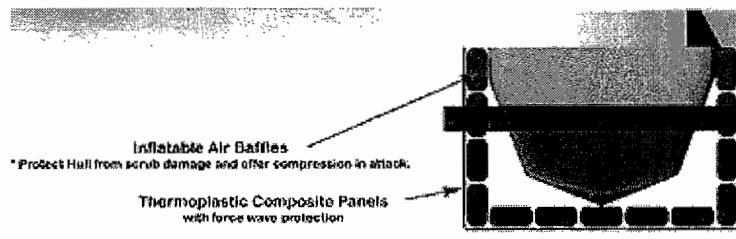
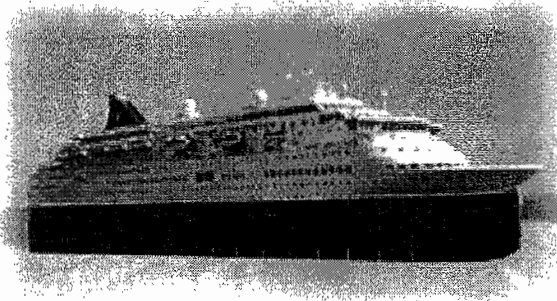
- telecommunications (such as communication cables and devices enclosure, shielding for parabolic dishes, and enclosure for fixed and rotating beam antennas)
- barrier protection, where the materials can be moulded onto the barriers
- as marine parts to form into hull liners, engine covers and other ballistic shielding applications for ships
- others include panels for safety and architectural applications, collapsible shipping containers, and automotive components, parts and accessories.

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#### 4. INFORMATION ON OUR GROUP

Example of how our engineered thermoplastic composite material can be used to manufacture ship protection cocoon



#### Hardened Radomes

The low dielectric properties of both the polymer and reinforcement fabrics enable Ideal Jacobs to build frequency transparent covers and protective shields for a variety of communications gear, satellite dishes, antennas and sensors.

Example of how our engineered thermoplastic composite material can be used to manufacture frequency transparent and protective shield for communications equipment

#### Boiler and High-Pressure Vessel Protection

Ideal Jacobs combines high-strength composites with energy absorbing materials (EAMs) to create structures or enclosures that provides protection from high pressure vessel failure and flying debris. The rigid composites "crush" EAMs during an event to erode the kinetic energy of shrapnel and flying debris.



Example of how our engineered thermoplastic composite material can be used to manufacture protective structures for critical equipment for communications equipment

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#### 4. INFORMATION ON OUR GROUP

We envisage commercialising our engineered thermoplastic composite products by 2012.

(ii) Manufacturing plant for engineered thermoplastic composite products in Thailand

Part of our new business expansion plan in venturing into engineered thermoplastic composite products is to set-up one production line for engineered thermoplastic composite products in our existing factory in Thailand. The production plant is based on using the forming process to manufacture the engineered plastic composite products.

We will utilise part of the proceeds from the Public Issue to fund the expansion in Thailand including the purchase of the following machinery and equipment:

	<u>Estimated Cost</u>
	<u>RM</u>
1 unit of new custom made press	800,000
Testing equipment	100,000
Band saws, drill press and prototyping room	100,000
<b>Total</b>	<u><u>1,000,000</u></u>

Other additional expenses will mainly be for normal production line expansion cost such as additional production and sales staff costs, and training related expenses.

IJUS is obligated to provide us with the, technological know-how and technical assistance to allow us to manufacture and sell these engineered thermoplastic composite products by virtue of the Territorial, Licensing and Technical Assistance Agreements referred to in **Section 12.4(c)**.

We expect to commence setting up the new production line at IJT by end of 2011 and expect completion by the 1st quarter of 2012. Upon completion, the production capacity of the new production line is estimated to be approximately 200,000 pieces of engineered thermoplastic composite products per annum.

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#### 4. INFORMATION ON OUR GROUP

##### (e) Setting-up a Sales and Marketing Office in Xiamen, PRC

As part of our expansion plans, we intend to set-up a sales and marketing office in Xiamen, PRC. In addition, the new sales and marketing office will also be used as a showroom to display the range of products manufactured by us. This will enable us to showcase our products to our existing and potential customers.

Our subsidiary company, IJX has entered into a sale and purchase agreement with Xiamen XinJingDi Group Co., Ltd dated 17 February 2011 for the purchase of Unit C2801, 24<sup>th</sup> Floor, Building 3, Plot 3, XinJing Center, measuring 100.13 square meters, whereby the purchase consideration of RMB 2,007,106 (RM927,885) has been fully paid by IJX on 17 February 2011. The said agreement has yet to be completed as it is pending the transfer of the property from Xiamen XinJingDi Group Co., Ltd to IJX and the realty registration for the said property.

We will utilise internally generated funds for the acquisition of this office and to set-up this new sales and marketing office. Renovation works are expected to cost approximately RMB200,000 (RM92,380). We planned to commence renovation works for the sales and marketing office in June 2011 and expect to complete by August of 2011.

##### (f) Milestones

The following table indicates the timing for implementation of our future plans:

	Year of Commencement 2011
Expansion of new range of industrial labels	√
Expansion of new range of laser/die-cut products	√
Geographical expansion	
- <i>Manufacturing plant for industrial labels, nameplates and laser/die-cut products in the northern region of Malaysia</i>	√
- <i>Manufacturing plant for industrial labels, nameplates and laser/die-cut products in Suzhou, PRC</i>	√
New business expansion	
- <i>Engineered thermoplastic composite products</i>	√
- <i>Manufacturing plant for engineered thermoplastic composite products in Samut Prakan Province, Thailand</i>	√
Setting-up a Sales and Marketing Office in Xiamen, PRC	√

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## 4. INFORMATION ON OUR GROUP

### 4.22.2 Prospects of our Group

The prospects of our Group are favourable in light of the following factors:

- Established track record
- Competitive advantages
- Future plans to provide sustainable growth

### 4.22.3 Established track record

Between the FYE 31 December 2007 and 2009, our financial performance was as follows:

- Our revenue grew at an average annual rate of 86.0%
- Our profit before tax grew by an average annual rate of 134.2%
- Our profit before tax margin grew from 25.2% for the FYE 31 December 2007 to 39.0% for the FYE 31 December 2009
- Our number of customers increased from 48 for the FYE 2007 to 116 for the FYE 2009

The continuing growth of our financial performance over the last 3 years will provide us with the platform for continuing business success and growth.

### 4.22.4 Competitive advantages

Our competitive advantages will provide a platform for continuing growth and success. This includes the following:

- We service major EMS companies and brand owners of IT, telecommunications, electronics and medical devices
- We are on the approved vendor lists of brand owners
- Our business model is focused on high product mix, low volume and short lead time
- We have sales and research and development support from our parent company
- We have graphic and engineering design capabilities
- We have the capabilities to produce a diverse range of industrial labels and nameplates
- We have quality management systems in place

### 4.22.5 Future plans to provide sustainable growth

We have in place a sound business plan for moving forward, and are focused in the following area:

- Expansion of industrial labels including nameplates and overlays for medical devices. This will provide diversification for our business as well as new areas of growth
- Expansion of a new range of laser/die-cut products focusing on the automotive industry. Again, this will provide diversification for our business as well as new areas of growth
- New business expansion into manufacturing of engineered plastic composite products in Thailand to address new markets for business growth

#### 4. INFORMATION ON OUR GROUP

- Expand geographically to include a manufacturing plant in the northern region of, Malaysia and another manufacturing plant in Suzhou, PRC. Geographic diversification would provide us with significant growth opportunities

Our future plans would provide us with the platform to grow and sustain our business.

#### 4.23 INDUSTRY OVERVIEW

##### 4.23.1 Overview of PRC's economy

In 2006, PRC's real GDP registered a growth of 12.7%. This was contributed by the fact that many of the sectors continued to experience growth, including investments in fixed assets, domestic spending, increased in foreign trading, expansion in the private sector and growth in household income.

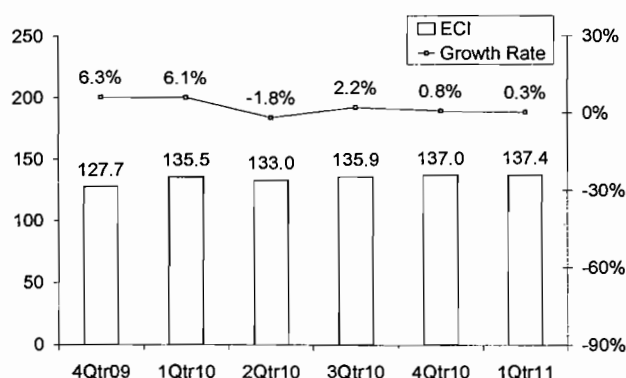
In 2007, PRC's real GDP continued to expand by 14.2%. The Chinese economy maintained a good momentum characterised by rapid growth, improved economic structure, maintained efficiency and improved living standards despite the increasing uncertainties in the international economic and financial performance and rising inflationary pressure in PRC.

Despite the global slowdown in 2008, PRC's real GDP grew by 9.6%, surpassing many more advanced economies like the United States, the United Kingdom and Japan which recorded real GDP of 0.0%, -0.1% and -1.2% respectively.

In 2009, in spite of the severe impact brought about by the global financial crisis, PRC continued to register real GDP growth of 9.2% while the real GDP growth for more advanced economies like the United States, the United Kingdom and Japan in 2009 were -2.6%, -4.9% and -6.3% respectively. The Chinese Government's implementation of proactive fiscal policy and moderation of monetary policy helped to counter the sliding of the economy and moved it towards a favourable direction.

In 2010, PRC's real GDP growth was 10.3%, while the real GDP growth for more advanced economies like the United States, the United Kingdom and Japan in 2010 were 2.9%, 1.3% and 3.9%, which were lower compared to China's real GDP.

The relatively stronger growth of the PRC's economy compared to other advanced economies augurs well for companies like Ideal Jacobs Group who is mainly serving the PRC market.



#### 4. INFORMATION ON OUR GROUP

In the third quarter of 2009, the ECI continued to increase by another 9.0% to reach 120.1 points. Confidence of entrepreneurs in all sectors continued to improve, particularly those in the social services, manufacturing and accommodation and catering sectors.

During the fourth quarter of 2009, the ECI increased by 6.3% to reach 127.7 points. Almost all sectors registered growth except for the social services sector.

In the first quarter of 2010, the ECI increased by 6.1% to reach 135.5 points. This indicates that confidence of entrepreneurs from most of the sectors continued to increase during this period.

During the second quarter of 2010, the ECI decreased slightly by 1.8% to 133.0 points. Confidence levels of entrepreneurs were varied across the various sectors where the individual sectors either recorded a slight increase or decrease compared to the previous quarter, with the exception of the real estate sector, which recorded a drop of 23 points.

In the third quarter of 2010, the ECI increased by 2.2% to reach 135.9 points. The growth is mainly due to the increase in confidence levels of entrepreneurs among majority of the sectors.

During the fourth quarter of 2010, the ECI increased by 0.8% to reach 137.0 points. The growth can be attributed to the significant increase in confidence among entrepreneurs in the information transmission, computer services and software sector as well as those in the industry and construction sectors.

In the first quarter of 2011, the ECI increased marginally by 0.3% to reach 137.4 points. The growth was contributed by the slight increases in the wholesales and retail trades sector as well as social services sector.

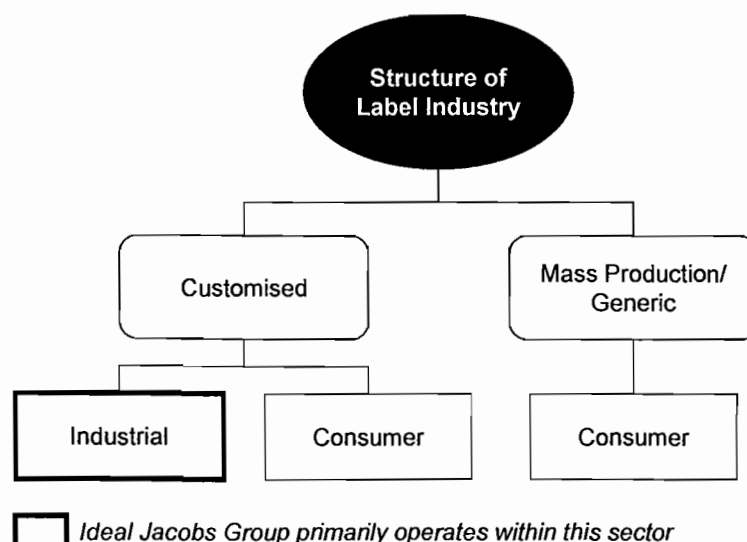
A continuing growth of ECI will augur well for overall manufacturing industry in PRC.

*(Source: Independent Assessment of the Industrial Label Manufacturing Industry in China prepared by Vital Factor Consulting Sdn Bhd)*

#### 4.23.2 Overview of the label manufacturing industry

##### (a) Overall structure

The label manufacturing industry can be segmented as follows:



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Customized labels are specially designed and customised to meet individual customers' specifications depending on the type of application and usage.

Customised labels are further segmented into industrial and consumer labels:

- (i) **Consumer labels:** These labels are used on consumer products. The most common application is for branding, and product identification and information, particularly for fast moving consumer goods. The food and beverage industry for the retail sector is a main user of consumer labels. As such, this type of labels are more marketing oriented whereby colours and aesthetics play an important role in appealing to various target customer groups
- (ii) **Industrial labels:** These labels are for use in industrial applications. Often they are placed inside products or serve specific functions other than informational. As such, they are less focused on aesthetics and colour but have specific applications, some of which include the following:
  - tamper-evident purposes as a security measure to detect tampering
  - scribble face materials, where markings can be made on the surface of the labels
  - informative purposes such as instruction, warning or product identification
  - certification of originality for example use of holograms

Industrial labels also include nameplates and overlays. Nameplates, usually attached to equipment, are designed to withstand exposure to adverse conditions. Nameplates usually contain information or data such as serial numbers of components, electrical requirements, type and model numbers, date of manufacture and other instructions and ratings. Overlays are large labels printed with decorative and informative letters and images. They are commonly used in membrane switches or electronic control panels displaying printed text and pictograms and diagrams. An overlay is a type of nameplate.

Printed industrial labels commonly go through a laser/die-cutting process to obtain the desired shape and size based on specifications. In most cases, manufacturers of industrial labels commonly extend their capabilities into the manufacturing of laser/die-cut products using the same equipment as for industrial labels. Generally, these laser/die-cut products are made from polymer materials such as plastic strips and foams, as well as rubber strips and foams, with or without adhesive.

Mass produced or generic labels are manufactured to meet the needs of the general public and are mainly consumer labels. They are commonly available at retail outlets for example blank stationery labels for office use and decorative stickers in the form of cartoon characters.

The focus of this section is on industrial labels.

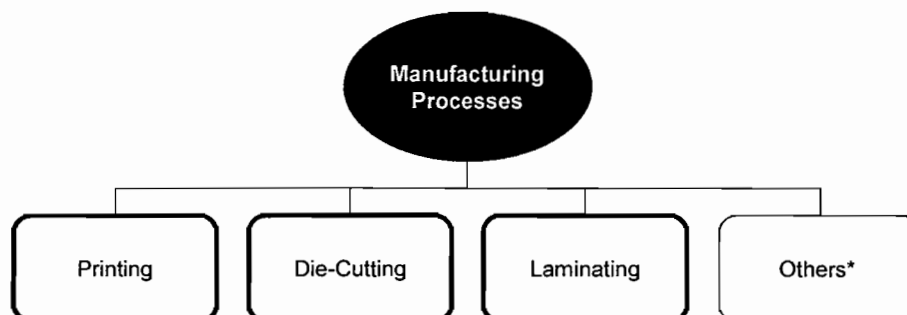
*(Source: Independent Assessment of the Industrial Label Manufacturing Industry in China prepared by Vital Factor Consulting Sdn Bhd)*

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##### (b) Manufacturing processes

The manufacturing of industrial labels can also be segmented into various processes as depicted in the diagram below:



☐ Processes undertaken by Ideal Jacobs Group

*\* Others include embossing, foil stamping and varnishing*

Industrial label manufacturing involves the production of plain or printed labels in roll or sheet form made of polymer film, foil or paper. Industrial labels are most commonly used as a form of product identification, information and instruction.

Industrial label manufacturing involves the one or a combination of the following processes including:

- Printing
- Die-cutting
- Laminating
- Others include embossing, foil stamping and varnishing

Printing involves transferring an image from an original master to a printing material such as paper, polymer film or foil. Some of the printing technologies used include letterpress, screen printing, tampo printing, flexography, offset lithography, digital imaging (such as plate-less, ink-jet and digital) and foil blocking.

In addition, printing also sometimes involves artwork whereby the original design includes diagrams, drawings and text.

Die-cutting primarily involves imparting or cutting out products into any shape or geometric pattern and design including square, rectangle, circle and others. Die-cutting uses sharp steel rule dies, rotary or circular dies, thermal and clicker dies, as well as machined compound and progressive dies.

Laminating refers to a web material formed by bonding two or more materials together by heat, adhesive, and/or pressure to a printed web for appearance and protection. The web material normally comprises face paper or film, adhesive, release coated liner, or sometimes a protective or decorative transparent overlay.

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Others include embossing, foil stamping and varnishing:

- Embossing is a process to create a relief design on the surface of a material. It may be printed or left plain, and may be achieved by passing the web between rotary or flat engraved dies in a male and female formation
- Foil stamping is a method of printing on a letterpress using thin metallic or pigmented film and a die
- Varnishing refers to a thin, clear coating made up of a mixture of natural and synthetic resins and drying oils. It may be applied to the printed surface for added protection or appearance. Sometimes it is mixed with inks or pigments in the printing process

The manufacturing of industrial labels referred to in this section does not include the manufacture of the raw materials or feedstock used in the above processes.

*(Source: Independent Assessment of the Industrial Label Manufacturing Industry in China prepared by Vital Factor Consulting Sdn Bhd)*

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#### 4. INFORMATION ON OUR GROUP

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##### 4.23.3 Industry players and competition

###### (a) Nature of competition in the industrial label manufacturing industry

In general, operators in the industrial label manufacturing industry face normal competitive conditions, which is similar to a free enterprise environment characterised by the following:

- There are no undue government regulations or licensing requirements
- The industry is not dominated by a single or small number of operators
- Operators may enter and leave the industry freely
- No single or small group of operators is large enough to dictate pricing

In such an environment, the industry is subjected to normal supply and demand conditions moderated by the price mechanism. Operators compete on product and service differentiations, and other factors of competition.

###### (b) Factors of competition

As with most free enterprise environment, competition within the industrial label manufacturing industry is based on a number of factors, including

- Quality products and services
- Manufacturing capabilities and capacities
- Price competitiveness
- Track record

###### (c) Impact of factors of competition on our Group

(i) **Quality products and services:** Quality products and services are important as labels are used for purposes such as product identification, bar coding for product tracking, security against counterfeit, brand identification, instruction labelling and others. Quality labelling on a product becomes even more important when the product is meant for a longer length of usage and/or could come into contact with heat and/or liquid. Thus, manufacturers that have stringent quality assurance programmes and certifications in place together with in-house quality tests and inspections will be in a better position to compete and win new customers.

(ii) **Manufacturing capabilities and capacities:** Certain level of technical expertise and experience are required in the manufacturing process of labels to meet the specifications of final products. In addition, experienced and trained workers are also required in the operation of machinery and equipment in the manufacturing processes.

In some situations, customers may require a high volume of output delivered in a relatively short period or time. This is because customers in the manufacturing industries generally produce their goods in large quantities and require labels promptly as and when they require them. As such, industrial label manufacturers with large capacity would have some competitive advantage.

(iii) **Price competitiveness:** Manufacturers that are able to provide price competitive solutions would have a significant competitive advantage. The need for price competitive manufacturers is partly driven by the competition from other manufacturers and cost consciousness of user industries such as manufacturers of electronic and electrical products.

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- (iv) **Track record:** Customers would normally select manufacturers with strong track record. This is important, as customers expect a high level of product and service quality. As such, a potential supplier with a strong track record would be in a better position to win new customers.

**(d) Competitive intensity**

Competition for the Group primarily comes from other manufacturers of industrial labels in PRC. This is because the Group's main manufacturing operations are based in PRC. Nevertheless, industrial label manufacturers in PRC also compete against manufacturers in other countries.

- (i) In 2010, there were approximately 3,000 enterprises in PRC engaged in the manufacture of labels.
- (ii) Between 2006 and 2010, the import value of other self-adhesive plates, sheets, film, foil and others of plastics in PRC grew at an average annual rate of 17.7% while in 2010, it increased by 59.5% to USD1.7 billion (equivalent to RMB11.5 billion).

The large market size of the label printing industry in PRC of RMB15 billion in 2010 (*Source: Vital Factor Consulting Sdn Bhd*) would be able to accommodate a relatively larger number of operators within the industry. This may mitigate somewhat the competitive intensity.

Companies that focus on providing value-added or customised labels that incorporate various properties such as metal-coated materials, desired opacity and other specific properties such as security would face less competition compared to the generic or standard labels.

Companies that generally provide a one-stop solution in label manufacturing by offering a wider range of services including among others, letterpress and silk screen printing, die-cutting, thermal transfer process, laser printing process, and direct thermal printing process are in a stronger position to meet the total requirements of customers.

Larger operators that can produce large volume of output can also compete more effectively due to the benefits of economies of scale compared to smaller operators.

**(e) Players in the industry**

In 2010, there were approximately 3,000 enterprises in PRC engaged in the manufacture of labels. Some of the manufacturers of industrial labels that have manufacturing operations in PRC are listed in alphabetical order are Beijing Deji Adhesive Labels & Prints Co Ltd, Beijing Light Industry Printing Factory, Brady Corporation, Chang Zhou Shi Zhong Tian Print Co Ltd, Chung Tai Printing (BVI) Co Limited (Subsidiary of Newway Group Holdings Ltd), CymMetrik Group, IJX, Jian Sheng Printing Co Ltd, Kaida (HK) International Company, Kunshan Chengya Printing Co Ltd, Lutong Printing Co Ltd, Industry Co Ltd of Shenzhen City Lingyu, Shanghai Pramers Chemi-tech Co Ltd, Shenzhen TJX Print Industrial Co Ltd, Shenzhen Xiushun Label-Printing Co Ltd, Suzhou Advance Printing Co Ltd, Top Print Labels (Suzhou) Co Ltd, and Worldmark International Ltd.

*(Note: The above is not an exhaustive list.)*

*(Source: Independent Assessment of the Industrial Label Manufacturing Industry in China prepared by Vital Factor Consulting Sdn Bhd)*

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##### 4.23.4 Market size and share

**Market size** In 2010, the market size of the label printing industry in PRC was estimated at **RMB15 billion** (equivalent to approximately **RM7 billion**) based on gross industrial output value.

**Market share** In 2010, our Group had a market share of less than **1%** of the label printing industry in PRC based on the Group's annualised revenue for the FPE 31 October 2010.

*(Source: Independent Assessment of the Industrial Label Manufacturing Industry in China prepared by Vital Factor Consulting Sdn Bhd)*

##### 4.23.5 Relevant laws and regulations

**Business licence** According to the Company Law of the PRC, any party who wishes to establish a company shall register and obtain a business licence with the company registration authority.

**Printing licence** According to the Regulations on the Administration of Printing Industry, no party can engage in a business involving printing activities without obtaining a printing licence.

**Patents** In PRC, all patents are governed by the Patent Law. After the grant of the patent right for an invention or utility model, except where otherwise provided for in the Patent Law, no entity or individual may, without the authorisation of the patentee, exploit the patent, that is, make, use, offer to sell, sell or import the patented product, or use the patented process, and use, offer to sell, sell or import the product directly obtained by the patented process, for production or business purposes.

After the grant of the patent right for a design, no entity or individual may, without the authorisation of the patentee, exploit the patent, that is, make, sell or import the product incorporating its or his patented design, for production or business purposes.

The duration of patent right for inventions shall be twenty years, the duration of patent right for utility models and patent right for designs shall be ten years, counted from the date of filing.

**Trademarks** In PRC, all trademarks are governed by the Trademark Law. Registered trademarks refer to trademarks that have been approved and registered by the Trademark Office, and the trademark registrants shall enjoy the exclusive right to use the trademarks, and be protected by law.

The period of validity of a registered trademark shall be ten years from the date of approval of the registration.

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**Environmental regulations** According to the Environmental Protection Law of PRC and the Environmental Protection Regulations of Xiamen City, all parties must obtain a pollutant or temporary pollutant discharge permit for discharge of pollutant.

According to the Solid Waste Pollution Prevention Law of PRC and Environmental Protection Regulations of Xiamen City, any party engaged in the activities of collection, storage and disposal of hazardous waste, must apply for a hazardous waste management permit.

*(Source: Independent Assessment of the Industrial Label Manufacturing Industry in China prepared by Vital Factor Consulting Sdn Bhd)*

#### 4.23.6 Demand and supply conditions

##### Demand conditions

##### PRC

**Export** Between 2006 and 2010, the export value of other self-adhesive plates, sheets, film, foil and others of plastics in PRC increased at an average annual rate of 21.7%, while in 2010, it increased by 48.3% to USD875.9 million (equivalent to RMB5.8 billion)

In 2010, Hong Kong was the largest export market for self-adhesive plates, sheets, film, foil and others of plastics in PRC, which accounted for 15.6% of the total export value. This was followed by United States, India, Russia, Japan, Brazil and other countries.

**Demand dependencies** The end-user-industry applications of labels are diverse, as virtually all products that are manufactured would require some form of labeling or identification.

Some of the industrial applications of labels are used in the following products:

- telecommunications products such as mobile phones and accessories (batteries), and fixed line telephones
- computers and peripherals such as notebooks, laptops, and keyboards
- electrical appliances such as refrigerators, toasters, microwave ovens and washing machines
- medical equipment such as diagnostic equipment, medical monitors, laboratory equipment

Some examples of industrial applications of labels include bar coding, certification of originality, tamper evident, warnings and many others.

The diversity in applications and user industries will continue to provide diversity in customer base ensuring continuing demand and opportunities for label manufacturers.

As our Group primarily manufactures industrial labels for the electronics and medical equipment sectors, this section will focus on performance of these two sectors.

#### 4. INFORMATION ON OUR GROUP

In addition, end-consumer demand for products requiring labels would also affect the demand for labels, as such this section would also include analysis on the consumption of electronic products and medical appliances, and some of the factors that will affect consumption of electronic products.

Between 2006 and 2009, the gross industrial output value of the manufacture of communication equipment, computers and electronic equipment in PRC increased at an average annual rate of 10.4% while in 2009, it grew by 1.5% to reach RMB4.5 trillion. In 2009, there were approximately 14,000 manufacturers of communication equipment, computers and electronic equipment in PRC.

Between 2005 and 2009, the gross industrial output value of the manufacture of electronic appliances in PRC (a sub-sector of the manufacture of communication equipment, computers and electronic equipment) increased at an average annual growth rate of 20.7% while in 2009, it increased by 1.5% to RMB644.7 billion. In 2009, there were approximately 2,400 manufacturers of electronic appliances in PRC.

Between 2005 and 2009, the gross industrial output value of the manufacture of medical equipment and appliances in PRC increased at an average annual rate of 28.9% while in 2009, it grew by 17.0% to reach RMB97.3 billion. In 2009, there were approximately 1,300 manufacturers of medical equipment and appliances in PRC.

Between 2005 and 2009, the sales value of wholesale of computer, software and assistant appliances in PRC grew at an average annual rate of 23.8% while in 2009, it increased by 10.0% to reach RMB257.1 billion.

Between 2005 and 2009, the sales value of specialty retail trade of household electric appliances and electronic products in PRC grew at an average annual rate of 19.3% while in 2009, it increased by 3.1% to reach RMB367.1 billion.

Between 2005 and 2009, the sales value of retail trade of computer, software and assistant appliances in PRC (a sub-sector of sales value of specialty retail trade of household electric appliances and electronic products) grew at an average annual rate of 22.3% while in 2009, it decreased by 2.7% to RMB69.5 billion.

Between 2005 and 2009, the sales value of retail trade of communication equipments in PRC (a sub-sector of sales value of specialty retail trade of household electric appliances and electronic products) grew at an average annual rate of 10.2% while in 2009, it decreased by 6.5% to RMB34.6 billion.

Between 2004 and 2008, the retail value of communication appliances in PRC grew at an average annual rate of 11.6% while in 2008, it increased by 1.4% to reach RMB62.0 billion.

*(Source: Independent Assessment of the Industrial Label Manufacturing Industry in China prepared by Vital Factor Consulting Sdn Bhd)*

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#### 4. INFORMATION ON OUR GROUP

##### MALAYSIA

As our Group intends to set-up a manufacturing plant in the northern region of Malaysia, following are some relevant statistics on Malaysia.

**Demand – local production** Between 2006 and 2010, sales value of the manufacture of gummed or adhesive paper in strips or rolls and labels, and wallpaper increased at an average annual rate of 20.0% while in 2010, it grew by 42.8% to RM644.9 million.

**Export** Between 2006 and 2010, export value of printed matters decreased at an average annual rate of 1.9% while in 2010, it declined by 1.3% to RM876.6 million.

**Performance of user industries** (a) **Electrical and electronics**

Electrical and electronics industry in Malaysia comprises electronic components, consumer electronics, industrial electronics and electrical products. From January to November 2009, output of electrical and electronics industry accounted for 33.9% of the total output of the manufacturing sector in Malaysia.

Between 2006 and 2010, sales value of the manufacture of computer and computer peripherals decreased at an average annual rate of 15.4% while in 2010, it declined by 13.2% to reach RM33.3 billion.

Between 2006 and 2010, sales value of the manufacture of domestic appliances, not elsewhere classified grew at an average annual rate of 7.0% while in 2010, it grew by 12.0% to reach RM2.8 billion.

Between 2006 and 2010, sales value of the manufacture of semi-conductor devices decreased at an average annual rate of 3.2% while in 2010, it declined by 5.5% to RM42.7 billion.

Between 2006 and 2010, the sales value of manufacture of electronic valves and tubes, and printed circuit boards decreased at an average annual rate of 8.1% while in 2010, it grew by 8.4% to RM25.4 billion.

Between 2005 and 2009, total exports of electrical and electronics declined at an average annual rate of 3.3% while in 2009, it declined by 10.8% to reach RM246.9 billion. From January to November 2010, total exports of electrical and electronics grew by 11.7% to reach RM248.2 billion compared to the corresponding period in 2009.

(b) **Medical devices**

Between 2006 and 2010, sales value of manufacture of medical and surgical equipment, and orthopaedic appliances increased at an average annual rate of 8.5% while in 2010, it grew by 10.7% to RM1.4 billion.

In 2009, expenditure on medical devices in Malaysia was USD826 million (equivalent to RM2.5 billion).

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Between 2006 and 2010, export value of medical instruments and appliances, not elsewhere specified increased at an average annual rate of 9.4% while in 2010, it increased by 8.2% to reach RM1.9 billion.

*(Source: Independent Assessment of the Industrial Label Manufacturing Industry in China prepared by Vital Factor Consulting Sdn Bhd)*

##### THAILAND

As our Group has set-up a manufacturing plant in Samut Prakan Province, Thailand in March 2010, following are some relevant statistics on Thailand.

**Demand** There are no statistics available specifically for the local production of industrial labels in Thailand. As such, the export statistics on printed matters will be used as an indication for demand in Thailand.

Between 2006 and 2010, export value of printed matters increased significantly at an average annual rate of 102.4% while in 2010, it grew by 23.4% to reach 65.8 billion Baht.

**Performance of user industries** (a) **Electrical and electronics**  
Between 2005 and 2009, the manufacturing production index (MPI) for electronic products increased at an average annual rate of 16.1% while in 2009, it grew by 2.2% to reach 467.2 points.

Between 2005 and 2009, the MPI for electrical appliances decreased at an average annual rate of 3.4% while in 2009, it declined by 14.6% to 108.1 points.

In 2006 (latest available data), gross output value of the manufacture of electronic valves and tubes, and other electronic components totalled 499.2 billion Baht.

Between 2005 and 2009, production of integrated circuits increased at an average annual rate of 3.9% while in 2009, preliminary figures indicated that it declined by 3.5% to 13.3 billion pieces. In the first seven months of 2010, preliminary figures indicated that the production of integrated circuits grew by 63.9% compared to the corresponding period in 2009 to reach 10.9 billion pieces.

Between 2005 and 2009, production of computer monitors decreased at an average annual rate of 26.1% while in 2009, preliminary figures indicated that it declined by 6.3% to 660,089 sets. In the first seven months of 2010, preliminary figures indicated that the production of computer monitors totalled 385,000 sets.

Between 2005 and 2009, production of selected electrical and electronic products, including computer keyboards, hard disk drive, printers and household appliances increased at an average annual rate of 14.3% while in 2009, preliminary figures indicated that it grew by 0.4% to 286.3 million units. In the first seven months of 2010, preliminary figures indicated that the production of selected electrical and electronic products grew by 28.6% compared to the corresponding period in 2009 to reach 189.5 million units.

Between 2006 and 2010, export value of electrical equipment increased at an average annual rate of 3.8% while in 2010, it grew by 22.9% to 650.7 billion Baht.



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Between 2006 and 2010, export value of printed circuits decreased at an average annual rate of 6.2% while in 2010, it grew by 4.1% to 30.2 billion Baht.

##### **(b) Medical devices**

In 2006 (latest available data), gross output value of medical and surgical equipment, and orthopaedic appliances totalled 6.1 billion Baht.

Between 2000 and 2005, total supply of scientific equipments, including medical equipment grew at an average annual rate of 14.2% while in 2005 (latest available data), it reached 121.2 billion Baht, representing an increase of 94.0% compared to 2000.

Between 2006 and 2010, export value of medical instruments and appliances increased at an average annual rate of 4.0% while in 2010, it declined by 2.6% to 13.8 billion Baht.

##### **(c) Telecommunication products**

Between 2005 and 2009, total number of fixed telephone lines decreased at an average annual rate of 2.5% while in 2009, it declined by 5.0% to 2.8 billion lines.

Between 2005 and 2009, total number of mobile phone lines increased at an average annual rate of 17.1% while in 2009, it grew by 11.4% to reach 30.4 billion lines.

Between 2006 and 2010, export value of telephone sets increased at an average annual rate of 18.4% while in 2010, it grew by 37.6% to 29.9 billion Baht.

Between 2006 and 2010, export value of transmission apparatus increased at an average annual rate of 4.4% while in 2010, it grew by 16.3% to 4.8 billion Baht.

Between 2000 and 2005, total supply of radio, television and communication equipment and apparatus grew at an average annual rate of 4.4% while in 2005 (latest available data), it reached 1.2 trillion Baht, representing an increase of 24.0% compared to 2000.

*(Source: Independent Assessment of the Industrial Label Manufacturing Industry in China prepared by Vital Factor Consulting Sdn Bhd)*

#### **Supply conditions**

##### **PRC – supply dependencies**

##### **Imports of self-adhesive materials**

Between 2006 and 2010, the import value of other self-adhesive plates, sheets, film, foil and others of plastics in PRC grew at an average annual rate of 17.7% while in 2010, it increased by 59.5% to USD1.7 billion (equivalent to RMB11.5 billion).

#### 4. INFORMATION ON OUR GROUP

In 2010, Japan was the largest source of import for other self-adhesive plates, sheets, film, foil and others of plastics in PRC, accounted for 32.9% of the total import value. This was followed by Taiwan, Korea and the United States, accounting for 17.8%, 16.4% and 13.7% of the total import value respectively. Some of the other sources of imports in 2010 include PRC (re-import), Singapore, Germany and others.

*Note: The above category is used for printed and unprinted consumer and industrial labels, as well as for other applications and usages. our Group imports the above materials for their feedstock under this category*

##### **Raw materials and feedstock**

The major raw materials used by the Group for its industrial label manufacturing operations include:

- Plastic materials
  - Polycarbonate
  - Polypropylene
  - Polyester
- Adhesive
- Plastic foam
- Ink

As such, the supply of these main materials would be crucial to ensure continuous operation of its manufacturing activities. The following statistics on local production and imports in PRC are used to assess the supply of these types of materials.

##### **Local production**

Between 2006 and 2009, the production quantity of plastic films in PRC increased at an average annual rate of 9.3% while in 2009, it increased by 17.0% to 6.9 million tonnes.

Between 2006 and 2009, the production quantity of adhesives and sealants in PRC increased at an average annual rate of 11.3% while in 2009, it grew by 13.4% to reach 4.1 million tonnes.

Between 2006 and 2009, the sales value of adhesives and sealants in PRC increased at an average annual rate of 14.8% while in 2009, it grew by 8.5% to reach RMB52.6 billion.

Between 2006 and 2009, the production quantity of plastic foams increased at an average annual rate of 18.3% while in 2008, it grew by 9.5% to reach 1.9 million tonnes.

In 2008, the production quantity of ink by members of the Ink Association in PRC grew by 5.6% to reach 227,651 tonnes while the sales value of ink products grew by 12.0% to reach RMB5.0 billion. In 2008, the production quantity of ink in PRC amounted to approximately 434,000 tonnes.

*Note: The above materials are used in the consumer and industrial label industries as well as many other industries.*

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#### 4. INFORMATION ON OUR GROUP

##### Imports

Between 2006 and 2010, the import value of non-foaming plastic plates, sheets, film, foil and strip of polycarbonates in PRC increased at an average annual rate of 21.8% while in 2010, it grew by 61.0% to reach USD342.7 million (equivalent to RMB2.3 billion).

In 2010, Japan was the largest source of import of non-foaming plastic plates, sheets, film, foil and strip of polycarbonates in PRC, accounting for 48.3% of the total import value. This was followed by Korea and PRC (re-import), accounting for 14.4% and 10.1% of the total import value respectively. Some of the other sources of imports in 2010 include PRC (reimport), United States, Germany and others.

Between 2006 and 2010, the import value of non-foaming plastic, plates, sheets, film and foil and others of polypropylene in PRC increased at an average annual rate of 18.7% while in 2010, it increased by 22.8% to reached USD553.9 million (equivalent to RMB3.6 billion).

In 2010, Japan was the largest source of import for non-foaming plastic plates, sheets, film and foil and others of polypropylene in PRC, accounting for 26.7% of the total import value. This was followed by United States and Korea, accounting for 18.4% and 18.1% of the total import value respectively. Some of the other sources of imports in 2010 include Taiwan, Germany, PRC (re-import), Australia and others.

Between 2006 and 2010, the import value of adhesives based on polymers in primary forms or on rubber in PRC increased at an average annual rate of 25.8% while in 2010, it grew by 46.7% to reach USD1.2 billion (equivalent to RMB7.6 billion).

In 2010, Japan was the largest source of import for adhesives based on polymers in primary forms or on rubber in PRC, which accounted for 34.3% of the total import value. This was followed by United States, Taiwan and Korea, accounting for 16.2%, 16.0% and 12.6% of the total import value respectively. Some of the other sources of imports in 2010 include Germany, PRC (re-import) and others.

Between 2006 and 2010, the import value of other printing ink in PRC decreased at an average annual rate of 0.3% while in 2010, it grew by 16.8% to USD339.3 million (equivalent to RMB2.2 billion).

In 2010, Japan was the largest source of import for other printing ink in PRC, accounting for 37.2% of the total import value. This was followed by Taiwan, which accounted for 19.2% of the total import value. Some of the other sources of imports in 2010 include Korea, PRC (re-import), United States, Germany, Singapore and others.

*Note: The above materials are used in the consumer and industrial label industries as well as many other industries.*

*(Source: Independent Assessment of the Industrial Label Manufacturing Industry in China prepared by Vital Factor Consulting Sdn Bhd)*

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#### 4. INFORMATION ON OUR GROUP

##### MALAYSIA – Supply dependencies

As our Group intends to set-up a manufacturing plant in Malaysia, following are some relevant statistics on Malaysia.

**Raw materials and feedstock** Between 2006 and 2010, sales value of the manufacture of plastic bags and films increased at an average annual rate of 2.3% while in 2010, it grew by 10.8% to RM5.6 billion.

Between 2006 and 2010, sales of the manufacture of plastic foam products increased at an average annual rate of 5.2% while in 2010, it grew by 18.4% to RM514.4 million.

Between 2006 and 2010, sales value of the manufacture of printing ink decreased at an average annual rate of 1.6% while in 2010, it declined by 23.1% to RM306.7 million.

Between 2006 and 2010, import value of plates, sheets, film, coil and strips of plastics increased at an average annual rate of 4.4% while in 2010, it grew by 12.0% to reach RM2.6 billion.

*(Source: Independent Assessment of the Industrial Label Manufacturing Industry in China prepared by Vital Factor Consulting Sdn Bhd)*

##### THAILAND – Supply dependencies

As our Group has set-up a manufacturing plant in Thailand in March 2010, following are some relevant statistics on Thailand.

**Raw materials and feedstock** In 2006 (latest available data), gross output value of the manufacture of paints, varnishes and similar coatings, printing ink and mastics totalled 44.7 billion Baht.

In 2006 (latest available data), gross output value of the manufacture of plastic products totalled 239.9 billion Baht.

Between 2006 and 2010, import value of plastic films and foils increased at an average annual rate of 4.9% while in 2010, it grew by 26.0% to 35.9 billion Baht.

*(Source: Independent Assessment of the Industrial Label Manufacturing Industry in China prepared by Vital Factor Consulting Sdn Bhd)*

#### 4.23.7 Substitute product / services

All industries use labels in one form or another. However there are substitutes for labels whereby other processes negates the need to use labels and some of the common examples of these include:

- injection moulding of brand name and other information onto plastics
- direct laser and engraving
- direct tampo printing
- direct bubble jet printing

#### 4. INFORMATION ON OUR GROUP

Although these processes are already in use, they cannot totally replace the use of labels. Labels are still regarded as the most practical and cost effective application for product identification and tracking, security against counterfeit, product description or instruction, tamper protection and others.

In addition, these substitute processes will not be practical for security purposes and this is where security labels has an advantage by having certain properties such as hologram features to protect against counterfeiting.

*(Source: Independent Assessment of the Industrial Label Manufacturing Industry in China prepared by Vital Factor Consulting Sdn Bhd)*

##### 4.23.8 Reliance on and vulnerability to imports

Some of the major raw materials such as plastic foams and ink used by our Group for the FYE 31 December 2009 were largely imported. Other major raw materials used by our Group for the FYE 31 December 2009 include polycarbonate materials, polyester materials and adhesive materials which were largely sourced in PRC with a small proportion of imports.

Our Group is reliant on imports for the supply of some of our major raw materials including plastic foams and ink used in our manufacturing operations. However, all of these materials are available in a number of countries, coupled with the fact that PRC has a past record of importing these materials from various overseas countries, therefore any disruption in supply would be minimised.

*(Source: Independent Assessment of the Industrial Label Manufacturing Industry in China prepared by Vital Factor Consulting Sdn Bhd)*

#### 4.24 OUTLOOK OF THE INDUSTRY

##### PRC

Looking forward into 2011, real GDP performance in PRC is forecasted to continue growing at approximately 8%. Although the GDP forecasted for 2011 is slightly lower compared to 2010 at 10.3%, nevertheless growth continues to be strong.

Entrepreneur confidence in the first quarter of 2011 also continued to improve by 0.3% compared to the previous quarter, and by 1.4% compared to the same period in 2010.

Continuing economic growth combined with stronger entrepreneur confidence will continue to provide opportunities and help sustain operators within the industrial label manufacturing industry.

##### Economic conditions in PRC relative to selected economies

PRC's real GDP growth at approximately 8% in 2011 is expected to be more robust compared to the projected GDP growth in 2011 for some of the more advanced economies, for example:

- United States = 2.8%
- United Kingdom = 1.7%
- Japan = 1.4%

#### 4. INFORMATION ON OUR GROUP

As such, operators whose main markets are in PRC are expected to be in a better position in terms of growth opportunities compared to companies whose main markets are projected to have slower growth. PRC's prospects in terms of outlook is further boosted by its large population, which registered 1.3 billion persons in 2010.

*(Source: Independent Assessment of the Industrial Label Manufacturing Industry in China prepared by Vital Factor Consulting Sdn Bhd)*

#### THAILAND

Our Group also undertakes manufacturing of industrial labels in Samut Prakan Province, Thailand. As such, the economic performance of Thailand will have some impact on our Group.

In 2010, the economic conditions in Thailand improved with a real GDP growth of 7.8% based on preliminary figures. Looking forward into 2011, Thailand's real GDP is forecasted to grow by 4.0%.

The continuing economic growth, albeit at a lower rate compared to 2010, will continue to provide opportunities for manufacturers within the industrial label manufacturing industry.

*(Source: Independent Assessment of the Industrial Label Manufacturing Industry in China prepared by Vital Factor Consulting Sdn Bhd)*

#### MALAYSIA

As we intend to set-up a plant for the manufacturing of industrial labels and nameplates in the northern region of Malaysia by 2011, the economic performance of Malaysia will have some relevance to our business.

In 2010, real GDP for Malaysia grew by 7.2%. In addition, GDP of the manufacturing industry based on constant prices grew by 11.4% in 2010.

Looking forward into 2011, the government of Malaysia has forecasted continuing growth as follows:

- (a) Real GDP growth is forecasted at between 5% and 6%
- (b) Real GDP growth for the manufacturing industry is forecasted at 5.7%
- (c) Forecasted continuing growth of the economy in general and the manufacturing industry in particular in 2011 will continue to sustain and provide growth opportunities for operators within the industrial label manufacturing Industry.

*(Source: Independent Assessment of the Industrial Label Manufacturing Industry in China prepared by Vital Factor Consulting Sdn Bhd)*

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

### 5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

#### 5.1.1 Shareholdings of our Promoters and substantial shareholders

As at LPD, the particulars of our Promoters and substantial shareholders and their respective shareholdings before and after the Public Issue are as follows:

Name	Nationality/ Country of incorporation	Before the Public Issue				After the Public Issue and upon Listing			
		Direct		Indirect		Direct		Indirect	
		No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%
IJUS	USA	48,654,600	54.06	0	0	48,654,600	40.55	0	0
Andrew Conrad Jacobs	American	0	0	48,654,600 <sup>(1)</sup>	54.06	0	0	48,654,600 <sup>(1)</sup>	40.55
Meng Bin	Chinese	0	0	32,436,400 <sup>(2)</sup>	36.04	0	0	32,436,400 <sup>(2)</sup>	27.03
Foo Chong Lee	Malaysian	32,436,400	36.04	0	0	32,436,400	27.03	0	0

#### Notes

(1) Deemed interested by virtue of his substantial shareholding in IJUS pursuant to Section 6A of the Act.

(2) Deemed interested by virtue of the shareholding of his wife, Foo Chong Lee pursuant to Section 6A of the Act.

With the exception of our Promoters and substantial shareholders named above, our Directors are not aware of any persons who, directly or indirectly, exercise control over our Company.

#### 5.1.2 Profiles of our Promoters

The profiles of our Promoters are as follows:

- (a) IJUS, a non-listed corporation incorporated in USA on 20 March 1972 is a Promoter and our substantial shareholder. The principal business activities of IJUS are the sales of industrial labels, telecom metal and plastic parts, full product design and engineering services, composite plastics and cable assemblies.

The issued and paid up capital of IJUS as at 31 December 2009 is USD1,300 and its total shareholder's equity is USD4,043,651. Andrew Conrad Jacobs is the sole shareholder of IJUS. IJUS currently employed 29 full time employees.

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

The particulars of the director of IJUS are set out below:

Name	Designation	Nationality	Direct No of Shares	Shareholding		Indirect No of Shares	%
				%			
Andrew Conrad Jacobs	President	American	100	100		0	0

- (b) Andrew Conrad Jacobs, an American aged 55, is a Promoter and the Non-Independent Non-Executive Chairman of Ideal Jacobs and the President of IJUS. His profile is disclosed in **Section 5.2.2**.
- (c) Meng Bin, a Chinese aged 44, is a Promoter and our Chief Executive Officer/Managing Director. His profile is disclosed in **Section 5.2.2**.
- (d) Foo Chong Lee, a Malaysian aged 41, is a Promoter and our substantial shareholder. She graduated from University of Utah in July 1994 with double Bachelor Degrees of Science in chemical engineering and fuel engineering. Her previous work experience was as administration manager in Maxturn Group Sdn Bhd where she worked to strengthen the management system of the company and assisted the managing director in collaborating with various government agencies in promoting its products. She is the wife of our Chief Executive Officer / Managing Director, Meng Bin. Currently she is a housewife and is not involved in the running of the Company.

### 5.1.3 Changes in our Promoters' and substantial shareholders' shareholdings in our Company during the Past 3 Years

There were no changes in the shareholdings of our Promoters and substantial shareholders for the past 3 years prior to the LPD save as follows:

Promoter/ Substantial shareholder	Date	Par value	No of Shares held before acquisition / (disposal)		No. of Shares acquired / allotted / (disposed)	Direct shareholding in our Company after changes	
				%		No. of Shares	%
Meng Bin	18.05.2009	RM1	0	0	97	97	97
	29.01.2010	10 sen	970	97	(970)	0	0
Chia Ching Kang	18.05.2009	RM1	0	0	3	3	3
	29.01.2010	10 sen	30	3	(30)	0	0
IJUS	29.01.2010	10 sen	0	0	600	600	60
	31.05.2010	10 sen	600	60	48,654,000*	48,654,600	54.06
Foo Chong Lee	29.01.2010	10 sen	0	0	400	400	40
	31.05.2010	10 sen	400	40	32,436,000*	32,436,400	36.04



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

Note:

\* IJUS and Foo Chong Lee were respectively entitled to the allotment of 54,000,000 Shares and 36,000,000 Shares as consideration for the IJX Acquisition. Out of this, IJUS and Foo Chong Lee agreed that 4,455,000 Shares be allotted to Chew Siok Mei and 4,455,000 Shares be allotted to Koo Ah Lik @ Ku Yin Fu.

### 5.2 DIRECTORS

#### 5.2.1 Particulars and shareholdings of our Directors

Based on the Register of Directors of the Company as at LPD, none of our Directors have direct or indirect interests in our Shares before and after the Public Issue and during their years in office save and except for those disclosed below:

Name	Designation	Before the Public Issue				After the Public Issue and upon Listing			
		Direct		Indirect		Direct		Indirect	
		No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%
Andrew Conrad Jacobs	Non-Independent Non-Executive Chairman	0	0	<sup>(1)</sup> 48,654,600	54.06	0	0	<sup>(1)</sup> 48,654,600	40.55
Meng Bin	Chief Executive Officer/Managing Director	0	0	<sup>(2)</sup> 32,436,400	36.04	0	0	<sup>(2)</sup> 32,436,400	27.03
Hing Kim Tat	Independent Non-Executive Director	0	0	<sup>(3)</sup> 4,455,000	4.95	0	0	<sup>(3)</sup> 4,455,000	3.71

Notes

- (1) Deemed interested by virtue of his substantial shareholding in IJUS pursuant to Section 6A of the Act.
- (2) Deemed interested by virtue of the shareholdings of his wife, Foo Chong Lee pursuant to Section 6A of the Act.
- (3) Deemed interested by virtue of the shareholdings of his wife, Chew Siok Mei pursuant to Section 6A of the Act.

Andrew Conrad Jacobs and Meng Bin will be seeking re-election at the second annual general meeting. In accordance with Article 83 of the Company's Articles of Association, one-third of the Directors shall retire from office at each annual general meeting after the first annual general meeting and be eligible for re-election provided always that all Directors shall retire from office once at least in each three years but shall be eligible for re-election.

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

### 5.2.2 Profiles of Directors

**Andrew Conrad Jacobs**, an American aged 55, is the Non-Independent Non-Executive Chairman of Ideal Jacobs Group. He graduated from the University of Delaware with a degree in Speech Communication in 1977. He co-founded IJX in 2005. He is also the President of IJUS. Upon graduation, he started his career with his father in the printing industry in 1977 and therefore has more than 30 years of experience in this industry. Under the supervision of his father, he has been trained in the marketing, production, quality control and other related fields in this industry. He is responsible for the rise of IJUS as one of the established suppliers in the printing industries among the multinational companies. In addition, he has been active in the environmental, health and safety movements in the USA. Through his efforts and involvement, IJUS became a member of the US Environmental Protection Agency Performance Track program (which was subsequently discontinued in March 2009) and a participant of the Occupational Safety and Health Administration ("OSHA")'s Safety and Health Recognition Program ("SHARP") which is part of the US Department of Labor. With his refined skills and continuous research of topic area of focus, he is also a public speaker and author of several books. The books that he has written include "My Road to China" and "How to Start and Run Your Own Company -Or- Sex, Money and Power...It's All The Same Thing".

**Meng Bin**, a Chinese aged 44, is the Chief Executive Officer / Managing Director of Ideal Jacobs and its Group of companies. He is also the legal representative and Chairman of the Board of Directors of IJX. He brings with him extensive industry experience having accumulated approximately 17 years of experience in general management, marketing and operations. He has been instrumental in the growth and development of IJX and the commencement of the Group's manufacturing operations in Thailand. His particular focus is on customer excellence and servicing their needs, as well as the establishment of world-class operations processes and driving the growth of established product platforms. He is dedicated in creating a business system that is environmentally and socially responsible, and therefore health and safety of employees remains as top priority. This is reflected in the company's accreditation and adherence to ISO 9001, ISO 14001 and OHSAS 18001 standards. Upon graduating from the University of Utah with a Finance Degree in 1993, he started his career as the General Manager in Sanbor Xiamen Corporation. After 7 years of experience in the manufacturing field, he went to Malaysia and worked with Space Diversity Limited, Co. as a Director for the company's trading operations in PRC and abroad. In 2005, he left the company to move back to Xiamen, PRC to establish IJX with its founder, Andrew Conrad Jacobs. He is responsible for the overall management of the Ideal Jacobs Group.

**Hing Kim Tat**, a Malaysian aged 44, is an Independent Non-Executive Director of Ideal Jacobs, the Chairman of the Board of Supervisors of IJX and a Director of IJT. He is a lawyer by profession. He graduated in 1991 from Nottingham Trent University with an LL.B (Hons). Upon admission to the Law Society of England & Wales as a solicitor, he worked as an assistant solicitor with a firm in London, England. He is also a member of the Malaysian Bar. He has 16 years of experience in corporate and commercial legal matters, and business activities in Malaysia and the PRC. He is also a Malaysian Trade Mark Agent.

**Wee Hock Kee**, a Malaysian aged 50, is an Independent Non-Executive Director of Ideal Jacobs, a member of the Board of Supervisors of IJX and a Director of IJT. He graduated in 1985 with Association of Chartered Certified Accountant ("ACCA") from Emile Woolf College London and was qualified by the Malaysian Institute of Accountant ("MIA") as a chartered accountant in 1989. He became a Chartered Fellow of Institute of Internal Auditors ("IIA") Malaysia in 2006. He is currently a Fellow Member of the ACCA, a Chartered Accountant with MIA and a Chartered Fellow of IIA Malaysia. He began his career as an internal audit trainee in 1985 in Fraser & Neave. Within a span of 20 years he rose to his last position in employment with AstraZeneca Plc ("AZ") as the Regional Audit Director for Asia Pacific, Middle East and Africa before deciding to dedicate his efforts to public practice and passionately promote internal audit by assuming the driver-seat in CG Board Asia Pacific Sdn. Bhd.

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

He was part of the AZ Group Internal Audit global senior management team, responsible for developing and charting the Group's governance strategy. Besides this, he assumed the "project lead" role in subsidiary compliance (encompassing the Japan, Australia and PRC subsidiaries) for AZ's global Section 404 of the Sarbanes- Oxley Act internal control initiative.

He was the Past President of IIA Malaysia, the former President of the Asian Confederation of Internal Auditors ("ACIIA") (2006-2007) and a Board Member of IIA Inc US (2005-2007). He was formerly a member of ACCA Malaysia's Advisory Committee (2002-2006). He was the Chairman of the Internal Audit Working Group of MIA.

He was member of IIA Global Governance Task Force and Nomination Committee. He won the prestigious Malaysian Internal Auditor of the Year Award for 2001. He has extensive experience in performing internal audits for public listed companies across a range of industries. He has also broad experience advising companies on the implementation of corporate governance and risk management programmes. Wee is also a trained and fully qualified Quality Assurance Review Assessor of the Institute of Internal Auditors, USA.

**Koong Lin Loong** a Malaysian aged 47, is our Independent Non-Executive Director. He is qualified as a Chartered Management Accountant in the United Kingdom; a member of the MIA; Certified Practising Accountants Australia; Certified Management Accountants Australia; Chartered Tax Institute of Malaysia; Associate Member of Malaysian Association of Company Secretaries, the IIA Malaysia and Kampuchea Institute of Certified Public Accountants and Auditors. Mr. Koong has extensive cross-border experiences in various industries which include internal audit and control, feasibility study for Malaysian listed corporations and Hong Kong joint venture assignment in China; he represented Malaysian Chinese Youth Leaders delegation to China and Taiwan for a series of dialogues with respective leaders from both countries. Currently, among others, he is the National Council Member of the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) and Deputy Chairman of its Small and Medium Enterprises (SMEs); Audit Committee Member of SME Corp, Ministry of International Trade and Industry of Malaysia and Executive Council Member of the Negeri Sembilan Chinese Chambers of Commerce and Industry (NSCCCCI).

Mr. Koong is the Managing Partner of REANDA LLKG INTERNATIONAL, Chartered Accountants and Executive Director of K-Konsult Taxation Sdn. Bhd. and its group of companies.

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

### 5.2.3 Directors' remuneration and benefits

No remuneration and/or material benefits-in-kind for the FYE 31 December 2009 were paid to our Directors. The aggregate remuneration and/or material benefits-in-kind the past FYE 31 December 2010 and current FYE 31 December 2011 proposed to be paid to our Directors are as follows:

Director	Remuneration Band for	
	FYE 31 December 2010 (RM)	FYE 31 December 2011 (RM)
Andrew Conrad Jacobs	0	150,000 - 200,000
Meng Bin	450,000 – 500,000	650,000 - 700,000
Hing Kim Tat	0	50,000 - 100,000
Wee Hock Kee	Below 50,000	50,000 - 100,000
Koong Lin Loong	0	50,000 - 100,000

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

### 5.2.4 Principal directorships in other corporations for the past 5 years and principal business activities performed outside our Group

Our Directors were not executive directors in other corporations for the past 5 years prior to the LPD and did not carry out any principal business activities performed outside our Group as at LPD except as listed below:

**Andrew Conrad Jacobs**

Company	Country of Incorporation	Position	Resignation	Principal Activities
IJUS	USA	President and sole shareholder	n/a	Sales of industrial labels, telecom metal and plastic parts, full product design and engineering services, composite plastics and cable assemblies.
Ideal Jacobs Mexico, Inc	USA	Director and indirect substantial shareholder. IJUS held 92% interest.	Revoked and relegated to inactive status on 16 March 2010	Holding company.
Ideal Jacobs Medical Group Limited	Hong Kong	Director and indirect substantial shareholder. Ideal Jacobs Xiamen Corporation held 60% interest.	De-registered on 4 September 2009	Sales, distribution, leasing of medical equipment and other products.
Ideal Jacobs Xiamen Corporation	USA	Director and indirect substantial shareholder. IJUS holds 58% interest.	Voluntary dissolution initiated on 7 September 2010	Holding company.
Ideal Jacobs Netherlands, Inc	USA	Director and indirect substantial shareholder. IJUS holds 99% interest.	Voluntary dissolution initiated on 7 September 2010	Holding company.
Ideal Jacobs Mexico, S.de R.L. de C.V. (Sociedad de Responsabilidad Limitada de Capital)	Mexico	Director and direct substantial shareholder. Andrew Conrad Jacobs holds 95% interest.	n/a	Label warehousing and commercialization.
Ideal Jacobs Military and Defense Products, L.L.C,	USA	Indirect substantial shareholder. IJUS holds 66.7% interest.	Cancelled on 5 October 2010	Design, sales and marketing of new composite products.

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

Company	Country of Incorporation	Position	Resignation	Principal Activities
Ideal Jacobs India, Inc	USA	Director and indirect substantial shareholder. IJUS holds 100% interest.	Voluntary dissolution initiated on 7 September 2010	Holding company.
Ideal Jacobs Europe B.V.	Netherlands	Indirect substantial shareholder. IJUS holds 90.2% interest.	n/a	Keeping and exploiting of patents, importing products made of printed plastic, extruded, manufactured and processed material of intermediate for telecommunications, defense and chemical industries.

### Meng Bin

Company	Country of Incorporation	Position	Resignation	Principal Activities
Ideal Jacobs Medical Group Limited	Hong Kong	Director and indirect shareholder. His wife, Foo Chong Lee holds 40% interest	De-registered on 4 September 2009	Sales, distribution, leasing of medical equipment and other products.
Ideal Jacobs Xiamen Corporation	USA	Director and indirect substantial shareholder. His wife, Foo Chong Lee holds 40% interest.	Voluntary dissolution initiated on 7 September 2010	Holding company.
Legend Technology Group Limited	Hong Kong	Past Director and indirect substantial shareholder. His wife, Foo Chong Lee holds 100% interest.	Deregistration initiated on 8 November 2010	Sales, distribution, leasing of medical equipment and other products.

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**5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT**
**Hing Kim Tat**

Company	Country of Incorporation	Position	Resignation	Principal Activities
Messrs Hing & Alvin	Malaysia	Partner	n/a	Legal services.
Favourite Outcome Sdn Bhd	Malaysia	Non-Executive Director and substantial shareholder	n/a	General trading & investment.
Flexitone Corporation Sdn Bhd	Malaysia	Non-Executive Director	1 June 2009	General trading.

**Wee Hock Kee**

Company	Country of Incorporation	Position	Resignation	Principal Activities
CG Board Asia Pacific Sdn Bhd	Malaysia	Managing Director	n/a	Corporate governance.
BackToHealth(M) Sdn Bhd	Malaysia	Chief Executive Officer	n/a	Healthcare rehabilitation.
Support Plus System (M) Sdn Bhd	Malaysia	Director	n/a	Healthcare rehabilitation.
Ergo Rehab (M) Sdn Bhd	Malaysia	Director	n/a	Healthcare rehabilitation.

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

### Koong Lin Loong

Company	Country of Incorporation	Position	Resignation	Principal Activities
REANDA LLKG INTERNATIONAL	Malaysia	Managing Partner	n/a	Assurance services.
REANDA LLKG (CAMBODIA) Co. Ltd	Cambodia	Managing Partner	n/a	Assurance services.
K-Konsult Taxation Sdn Bhd	Malaysia	Executive Director	n/a	Taxation and corporate advisory.
K-Konsult Taxation (JB) Sdn Bhd	Malaysia	Executive Director	n/a	Taxation and corporate advisory.
INS Bioscience Bhd	Malaysia	Independent Non-Executive Director	n/a	Investment holding, R&D and consultancy in biotechnology.
K-Contec Penta Consortium Sdn Bhd	Malaysia	Director	n/a	Business process and re-engineering advisory.
Oversea Enterprise Berhad	Malaysia	Independent Non-Executive Director	n/a	Investment holding.
K-Consulting Technologies (M) Sdn Bhd	Malaysia	Director	29 September 2006	Consultancy in technology.

Our Directors have declared that their involvement in the abovementioned companies/ businesses will not affect their contribution to our Group or negatively impact their ability to act in their respective capacities.

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

### 5.3 AUDIT, REMUNERATION AND NOMINATION COMMITTEES

#### 5.3.1 Audit Committee

The requirements for an Audit Committee and details on their roles and functions are contained in the Listing Requirements. The Audit Committee must consist of at least three individuals and independent directors must form a majority in the audit committee.

The function of our audit committee is to ensure good corporate governance while its detailed terms of reference shall be set out in writing. It shall prepare an audit committee report at the end of each financial year which will be included in our annual report. It comprises the following members:

Name	Designation	Directorship
Hing Kim Tat	Chairman	Independent Non-Executive Director
Wee Hock Kee	Member	Independent Non-Executive Director
Koong Lin Loong	Member	Independent Non-Executive Director

#### 5.3.2 Remuneration Committee

The terms of reference of our Remuneration Committee involves the review and recommendation of our Directors' remuneration package to our Board. It comprises the following members:

Name	Designation	Directorship
Wee Hock Kee	Chairman	Independent Non-Executive Director
Hing Kim Tat	Member	Independent Non-Executive Director
Koong Lin Loong	Member	Independent Non-Executive Director

#### 5.3.3 Nomination Committee

The terms of reference of our Nomination Committee are to recommend the appointment of new Directors and committee members of our Company to our Board. It comprises the following members:

Name	Designation	Directorship
Koong Lin Loong	Chairman	Independent Non Executive Director
Wee Hock Kee	Member	Independent Non-Executive Director
Hing Kim Tat	Member	Independent Non-Executive Director

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

### **5.4 CORPORATE GOVERNANCE AND INTERNAL CONTROL**

#### **5.4.1 Statement on corporate governance**

The Board acknowledges good corporate governance as a matter of high importance and remains a fundamental part of our Group's culture. The Board is responsible for the corporate governance of the Group, undertaken with due regard to all of the Group's stakeholders and its role within the community.

To this end, the Board is pleased to report of the high standard of corporate governance practised throughout the Group in the best interests of the stakeholders. The Board is fully aware of the principles and best practices under the Malaysian Code of Corporate Governance (Revised 2007) ("the Code") and the Listing Requirements and notes with pride that efforts are in place to ensure compliance with the above.

This disclosure statement below sets out the manner in which the Company has applied the principles of the Code and the extent of compliance with Best Practices advocated therein pursuant to the Listing Requirements.

#### **The Board**

The Board is responsible, amongst others, for establishing and communicating the strategic direction and corporate values of the Company, and supervising its affairs to ensure its success within a framework of acceptable risks and effective control and in compliance with the relevant laws, regulations, guidelines and directives in the territories in which it operates. It reviews management performance and ensures that the necessary financial and human resources are available to meet the Company's objectives.

Further to this, the Board has delegated specific responsibilities to Board Committees as well as various sub-committees to assist the Board in the running of the Company. The functions and terms of reference of the Board Committees as well as the authority delegated by the Board have been clearly defined. There are 3 Board Committees namely the Audit Committee, Nomination Committee and Remuneration Committee. These Committees will deliberate and discuss issues within their terms of reference and report to the Board with their recommendations. However, the ultimate responsibility for decision-making still lies with the Board.

#### **Board balance**

The Board currently comprises of 5 members, our Non-Independent Non-Executive Chairman, our Chief Executive Officer/Managing Director and 3 Independent Non-Executive Directors. Together, the Directors bring wide business, regulatory, industry and financial experience to complement and to lead the Company.

All Board members participate fully in decisions on key issues involving the Company. The Chief Executive Officer/Managing Director is responsible for implementing the policies and decisions of the Board and managing the Company's day-to-day operations. Together with the Independent Non-Executive Directors, the Board ensures that strategies are fully discussed and examined taking into account the long term interests of the various stakeholders including shareholders, employees, customers, suppliers and the various communities in which the Company conducts its business.

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

There is a clear division of responsibilities between our Non-Independent Non-Executive Chairman and our Chief Executive Officer/Managing Director to ensure that there is a balance of power and authority. In ensuring this balance, the positions of Non-Independent Non-Executive Chairman and Chief Executive Officer/Managing Director are held by separate members of the Board. The Non-Independent Non-Executive Chairman is responsible for the orderly conduct and working of the Board and for ensuring that members have access to relevant information on a timely manner, whilst our Chief Executive Officer /Managing Director is responsible for overseeing the day to day management of the Company's business operations and implementation of Board decisions.

### Board meetings

The Board is scheduled to meet at least 4 times a year at quarterly intervals, with additional meetings to be convened when urgent and important decisions are to be made between the scheduled meetings. Agenda and Board papers will be circulated to the Board prior to the Board meetings so as to give the Directors time to consider and deliberate on the issues to be raised at Board meetings.

The Board met twice during the financial year ended 31 December 2010 and the attendance is tabulated as follows:

Director	Attendance		Total
	1 October 2010	6 December 2010	
Andrew Conrad Jacobs	✓	✓	2/2
Meng Bin	✓	✓	2/2
Hing Kim Tat	✓	✓	2/2
Wee Hock Kee	✓	✓	2/2
Koong Lin Loong	✓	-	1/2

### Board structures & procedures

The Board delegates certain responsibilities to Board Committees, each with defined terms of reference and responsibilities. The Board receives reports of the Board Committees proceedings and deliberations. Where committees have no authority to make decisions on matters reserved for the Board, the Board Committee's recommendations would be highlighted for the Board of Directors' approval.

### Supply of information

The agenda and Board papers will be circulated in advance of each Board meeting to enable the Directors to obtain information and further explanations so that proper discussion can be held during Board meetings and an informed decision can be made. The Board papers include amongst others, minutes of previous meetings, Company financial performance, proposal papers from management and etc.

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

All Directors, whether as a full Board or in their individual capacity, will have access to the advice and services of the Company Secretary. The Directors may also seek independent professional advice in furtherance of their duties, whenever they deem necessary, at the expense of the Company.

### Appointment to the Board

The Nomination Committee, which comprises independent directors, is responsible for making recommendations for any new appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills and experience which the Directors should bring to the Board. Any new nomination received is put to the full Board for assessment and approval.

### Re-elections

In accordance with the Company's Articles of Association, all Board members who are appointed by the Board shall be subject to election by shareholders at the first opportunity of their appointment. The Company's Articles of Association also provide that at least 1/3 of the Directors shall retire by rotation at each Annual General Meeting and that all Directors shall retire once every 3 years. A retiring Director shall be eligible for re-election.

Directors over 70 years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

### Board Committees

The Board has established the following committees to assist the Board in the discharge of their duties and responsibilities. The committees are provided with written terms of reference. The Chairman of the various committees reports the decision and outcome of the committee meetings to the Board.

### Audit Committee ("AC")

Members of the AC are:

Hing Kim Tat	Chairman
Wee Hock Kee	Member
Koong Lin Loong	Member

The major terms of reference for our AC include reviewing the financial statements of our Group before submission to our Board, recommendations of the external auditors, reviewing the results and scope of the audit and other services provided by our external auditors. In addition, our AC reviews and evaluates our Group's internal control systems. Our AC is also responsible for the assessment of financial risks and matters relating to related party transactions and conflict of interests. Our AC may obtain advice from independent parties and other professionals in the performance of its duties.

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

The committee met twice during the financial year ended 31 December 2010 and the attendance is tabulated as follows:

Director	Attendance		Total
	20 September 2010	6 December 2010	
Hing Kim Tat	✓	✓	2/2
Wee Hock Kee	✓	✓	2/2
Koong Lin Loong	✓	-	1/2

### Nomination Committee ("NC")

Members of the NC are:

Koong Lin Loong	Chairman
Wee Hock Kee	Member
Hing Kim Tat	Member

Our NC is responsible for identifying and recommending new nominees to our Board as well as committees of our Board. Our NC will assess the effectiveness of our Board as a whole, our Board Committees and each individual Director on an annual basis. In developing such recommendations, our NC will consult all Directors and reflect that consultation in any recommendation brought forward to our Board. Our Board makes all decisions on appointments after considering the recommendations of our NC.

### Remuneration Committee ("RC")

Members of the RC are:

Wee Hock Kee	Chairman
Hing Kim Tat	Member
Koong Lin Loong	Member

Our RC reviews and proposes, subject to the approval of our Board, the remuneration policy and terms of conditions of service of each Director for his services as a member of our Board as well as Committees of our Board. Nevertheless, the remuneration of non-executive Directors is a matter for the Board decision as a whole. Relevant directors are required to abstain from deliberation and voting decisions in respect of his individual remuneration. The remuneration of Directors is generally based on market conditions, responsibilities held and the overall financial performance of our Group. Decisions and recommendations of our RC shall be reported back to our Board for approval and where required by rules and regulations governing our Company, for approval of shareholders at the annual general meeting.

As at LPD, the committee met once on 12 January 2011 with full attendance from the members of the RC.

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

### SHAREHOLDERS

#### Dialogue between Company and investors

The Board recognises the importance of accountability to shareholders on all major developments affecting the Company. Information is disseminated to shareholders and investors through various channels which include annual financial results, annual reports as well as, where appropriate, circulars and press releases. The Board will regularly review the information disseminated to ensure that consistent and accurate information is provided to shareholders of the Company.

#### Use of Annual General Meeting (“AGM”)

The Company will hold an AGM which will provide the opportunity for shareholders to raise questions pertaining to issues in the Annual Report, Audited Financial Statements, corporate developments in the Group and the resolutions proposed. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Members of the Board as well as Auditors of the Company would be present to answer questions raised at the meeting.

### ACCOUNTABILITY AND AUDIT

#### Financial reporting

In presenting the audited financial statements, the Directors are responsible for presenting a balanced and understandable assessment of the Company’s position and prospects. The Audit Committee of the Board will assist in scrutinising the information disclosed so as to ensure its reasonableness and adequacy.

#### Internal control

The Board acknowledges its responsibility for maintaining a sound system of internal control in the Group. These controls provide reasonable but no absolute assurance against material misstatement, loss or fraud.

#### Relationship with auditors

The Company maintained a transparent and appropriate relationship with both the external and internal auditors.

### CONCLUSION

The Board subscribes to the belief that observance with relevant legal and regulatory requirements are pivotal to sound corporate governance. Hence, the Board is fully dedicated to continuously evaluate the Group’s corporate governance practices and procedures with a view to ensure that adequate checks and balances exist and the high standard of corporate governance are being maintained.

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

### **5.4.2 Statement on internal control**

Pursuant to our Listing, the Board is pleased to present its Statement on Internal Control as a group, prepared in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies. The statement below outlines the nature and scope of internal controls of the Group during the financial year.

#### **Board responsibility**

The Board recognises its overall responsibility for the Group's systems of internal control and risk management, and for reviewing the adequacy and integrity of the Group's internal control system. The Board's responsibility in relation to the systems of internal control encompasses to all subsidiaries of the Group. However, as there are inherent limitations in any system of internal controls, such system of internal control put into effect by Management can only manage but not eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, the internal control system can only provide reasonable and not absolute assurance against material misstatement, error or loss.

#### **Risk management framework**

The Board has taken necessary measures to ensure an on-going process to manage and mitigate the significant risks faced by the Group and recognizes the importance of establishing good risk management systems and practices within the Group's operations. In monitoring the significant risk of the Group, the Board relies on the direct participation of our Chief Executive Officer/Managing Director and Senior Management in our daily operations. Our Chief Executive Officer/Managing Director and Senior Management attend various scheduled and an ad-hoc management meeting as well as perform reviews of financial, operational and technical reports in order to monitor the performance of the Group. These meetings and reports present the ideal platform for timely identification of the Group's risks of each business units and implementation of systems to manage these risks. The Chief Executive Officer/Managing Director updates the Board of any significant matters which require the latter's attention

#### **Management style & control environment**

Enhancing the Group's ability to achieve its business objectives remains as the Board's primary objective and direction in managing Ideal Jacobs Group. In ensuring that this objective is achieved, the Board will continue to rely on the Senior Management, which consists of the Chief Finance Officer and Managers, to ensure that the performances of their businesses are within the agreed business strategies. The Board will in turn monitor the performances and profitability through the reports it received and its involvement in operational and strategic meetings. Matter arising which are significant in nature are brought to the attention of the Chief Executive Officer/Managing Director, who in turn, will direct these matters, if necessary, to the Board for its attention.

In monitoring the performance of the Group, an elaborate annual budgetary planning and review process is practiced. This is to ensure that the performance of the various business units can be monitored and benchmarked, and the interests of all its stakeholders are addressed.

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

The Group is in the midst of establishing its standard operating procedures for significant facets of the Group's business processes. Recognising that the development of standard operating procedures is a gradual process as internal control systems will continue to evolve, the development is currently focused on major functional aspects of the Group's business operations and geared towards prevention of asset loss and protection of shareholder value.

Well-defined organisational structures and management disciplines further reinforced the internal control framework to ensure its continued relevance and effectiveness. Among the management disciplines were the Group-wide authority chart which provided clear definition of delegated authority to various management levels.

### Assurance mechanism

The Board has delegated the responsibility for reviewing the adequacy and integrity of the internal control system to the Audit Committee. In turn, the Audit Committee assesses the adequacy and integrity of the systems of internal controls through independent reviews conducted on reports it receives from Management, internal audit function and external auditors.

The external auditors provided assurance in the form of their annual statutory audit of the financial statements of the Group. Any areas for improvement identified during the course of the statutory audit are brought to the attention of the Audit Committee through management letters or are articulated at the Audit Committee meetings.

During the financial year, the Group outsourced its internal audit function to a professional internal audit service provider firm whose remit is to the Audit Committee. The outsourced internal audit function has determined the areas of internal audit focus after considering the significant risks of the Group. The internal audit areas identified were incorporated into an internal audit plan, which was subsequently approved by the Audit Committee.

### Conclusion

In accordance with the assessment of the Group's systems of internal control, the Board is of the view that the risks undertaken by the Group were within tolerable level in the context of the business environment the Group operates in and the systems of internal control that existed throughout the year – comprising the internal control framework, management processes, monitoring and review process, provided a level of confidence on which the Board relied for assurance. During the year under review, nothing has come to the attention of the Board which would result in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report. Notwithstanding this, the Board will continue to ensure that the Group's systems of internal control can continuously adapt to prevail in its current changing and challenging business environment.

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

### 5.5 OUR KEY MANAGEMENT AND TECHNICAL PERSONNEL

#### 5.5.1 Shareholdings of our key management and technical personnel

As at LPD, none of our key management and technical personnel have direct or indirect interests in our Shares before and after the Public Issue save and except for those disclosed below:

Name	Designation	Before the Public Issue				After the Public Issue and upon Listing			
		Direct No of Shares	%	Indirect No of Shares	%	Direct No of Shares	%	Indirect No of Shares	%
Meng Bin	Chief Executive Officer/Managing Director	0	0	32,436,400 <sup>(1)</sup>	36.04	0	0	32,436,400 <sup>(1)</sup>	27.03

Notes

(1) Deemed interested by virtue of the shareholdings of his wife, Foo Chong Lee pursuant to Section 6A of the Act.

#### 5.5.2 Profiles of key management and technical personnel

**Meng Bin's** profile is described in **Section 5.2.2**.

**Lim Peng Keat**, a Malaysian aged 56, is the Chief Finance Officer of Ideal Jacobs. He completed his final professional examination of the Chartered Institute of Management Accountants ("CIMA"), United Kingdom in 1984 and was admitted as an Associate and Fellow member of CIMA in 1985 and 1988 respectively. In 1985 he was admitted as a Chartered Accountant by the MIA. He obtained his Master's degree in Business Administration from the University of Portsmouth, United Kingdom in 1999.

He commenced work in 1978 as a cost assistant / accountant in MEM Malaysia Sdn Bhd before leaving to join Nusabina Pulau Pinang Sdn Bhd as an accountant in 1982. In 1986 he joined Koperasi Gabungan Negeri Pulau Pinang Berhad as Finance Manager. He was appointed General Manager / Executive Director of SDKM Fibres, Wires & Cables Berhad in 1997. Subsequently in 2007 he joined Workplace Basics (Asia Pacific) Sdn Bhd as Principal Consultant. He joined Ideal Jacobs in January 2010 as Chief Finance Officer.

**Du Xixi**, a Chinese aged 35, is the General Manager and a member of the Board of Directors of IJX. He obtained his Bachelor of Science degree majoring in Mechanical and Electrical Engineering from JiangSu Technology University in 1999. He brings with him approximately 11 years of experience in general management in the manufacturing industry. In 1999, he joined ITT Industry Company, USA as an Engineer in the NPI Department before he was promoted to PMC Manager in 2000 where he was responsible for material inventory, procurement, and production schedule as well as customer service. In 2002, he was promoted to the position of Production Manager where he was responsible for the entire production department. Subsequently he left in 2006 to join IJX as Production Manager. In 2007, he was appointed as Vice President (Operations and Engineering) and is mainly responsible for new projects and operation. He was appointed as General Manager responsible for the entire operations of IJX in 2009.

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

**Chia Ching Kang**, a Malaysian aged 28, is the Business Development Manager of Ideal Jacobs. He holds a bachelor's degree in Accounting and Finance from the University of Wellington. He has been involved in the establishing of IJT and Ideal Jacobs. He generates new projects by developing and maintaining relationships with existing and new clients and consultants. His contribution for development of domestic and overseas markets has helped the Company grow.

**Zou Jie**, a Chinese aged 27, is the assistant to our Chief Executive Officer / Managing Director and is a member of the Board of Supervisors of IJX. She holds a Bachelor's degree in English from Xiamen University. With wide experience as executive assistant in foreign owned enterprises, she brings sound communication and organization skills and business sense to IJX. She provides professional secretarial and administrative support to the Chief Executive Officer/ Managing Director, moderates the internal or external relationships and supervises the execution of company policies. After graduation, she joined Beijing Hezoo Networks Technology Corporation Limited as project manager in Beijing from 2006 to 2008, in charge of the formulation and development of website project. In 2008, she returned to Xiamen and worked in JACO Solarsi (Xiamen) limited company as assistant to the General Manager. She joined IJX in 2009.

**Zhao Hua**, a Chinese aged 36, is the Finance Manager of IJX and a member of the Board of Directors of IJX. She graduated in 1997 with two years academic study in accounts from Hefei Industrial University, Hefei, PRC. Her career started in 1998 as a clerk in the Government Offices in Sanwan Town, Si County, PRC. She left in 2001 and joined Xiamen Tianqi Artware Limited Co as an accountant, where she was mainly responsible for the accounting aspects of the company and the general ledger. In 2005, she joined IJX as an accountant and was appointed in her current tenure as Finance Manager in 2009. She has approximately nine years of experience in accounting with strong knowledge in finance and also good analytical skills. She is mainly responsible for effective management of budgetary controls, cash management, inventory control, tax and audit and ensuring all the financial records and statements comply with the local PRC and USA accounting policies and regulatory requirements.

**Liu Lihui**, a Chinese aged 29, is the Sales Manager of IJX. She graduated in 2003 with a Bachelor's degree in English from the Foreign Language Institute in Fujian Normal University, PRC. Her career started in 2003 as a Planner, Account Executive & Copy Writer at Fujian New Vogue Culture Communication Company. In 2004, she joined the NetDragon Websoft Inc. ("NetDragon") group of companies at its Chinese operating headquarters as Planner and Assistant Manager of the Product Department. She left in 2005 and joined IJX as the Assistant to the President and Management Representative. She was appointed in her current tenure as Sales Manager in 2009. She is mainly responsible for customer relationship maintenance and management, daily customer support work, and cultivating new recruit and team members.

**Paul Jordan**, a British aged 39, is the General Manager and is the Director of IJT. His qualifications include Six Sigma Green Belt, Institute of Operations and Management Diploma. He graduated in 1996 from Liverpool John Moores University with a Bachelor of Science degree in Technology Management. He obtained the Business Technical Education Council - Ordinary National Certificate and Higher National Certificate in Mechanical Production Engineering whilst qualifying in a 4 year Toolmaker Apprenticeship. After graduating, his career progressed at Jiffy Packaging Cheshire UK where he became the Production Control Manager, where he was responsible for effective production schedules, purchasing and capacity plans. In 2002, he left and joined Honeywell Holt Lloyd International, South Manchester, United Kingdom as Supply Chain Analyst. In 2006, he joined Fabrinet Thailand as Senior Supply Chain Engineering Manager in Bangkok, Thailand. He left in 2009 and joined IJX as Area Sales Manager to oversee the sales in Thailand. He has approximately 15 years experience with a wide range of commercial experience and highly effective interpersonal skills and is able to develop sales of products, concepts and services within the domestic group in the Thailand market.

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

**He Nali**, a Chinese aged 29, is the Costing and Engineering Centre Manager of IJX. She graduated in 2004 with a Bachelor's degree in English from Chongqing Jiaotong University, PRC. Her career started in 2004 as a Secretary at Intex Group, PRC. In 2005, she joined IJX and worked as a Sales Support Representative, but was transferred to the costing and engineering department in 2009. She has extensive experience in commodity and supplier management, strategic planning and purchasing, sourcing and cost reduction. She proposes effective measures to evaluate and select suppliers for potential cost savings to reduce engineering costs for the Group.

**Suwaleerat Kawinsungkom**, a Thai aged 29, is the Sales Manager of IJT. She graduated in 2004 with a Bachelor of Arts (English) degree from Bangkok University. She has 6 years experience in both supply chain and customer service roles, with commercially and effective interpersonal skills. She was initially involved in a customer focused role in the hotel business. She then became a Senior Supply Chain Specialist responsible for pricing, quotations and negotiating with suppliers and customers. She is experienced in the international business environment. She joined IJT in 2009.

### 5.5.3 Involvement of key management and technical personnel in other businesses/corporations

As at LPD none of our key management and technical personnel is involved in any other principal businesses or corporations.

## 5.6 DECLARATION OF PROMOTERS, DIRECTORS AND KEY MANAGEMENT

Our Promoters, Directors, key management and key technical personnel hereby declare that they are not and have never been involved in or been the subject of:

- (a) petitions for bankruptcy or for insolvency which was filed (and not struck out) either personally or against any partnership in which he was a partner or against any corporation of which he was a director or key personnel;
- (b) disqualifications (for any reason) from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) past or pending criminal proceedings, charges or convictions;
- (d) adverse court judgments involving any breach of laws or regulatory requirements relating to the securities or futures industry; or
- (e) orders, judgments or rulings of any court, government, or regulatory authority or legally constituted body forbidding him from engaging in any type of business practice or activity.

## 5.7 FAMILY RELATIONSHIPS

As at LPD there are no family relationships/associations among our Promoters, substantial shareholders, Directors and key management and technical personnel save and except for the relationship between Foo Chong Lee, a Promoter and substantial shareholder of Ideal Jacobs and Meng Bin, our Chief Executive Officer/Managing Director and Promoter who are husband and wife.

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

### 5.8 EXISTING OR PROPOSED SERVICE AGREEMENTS

As at LPD, there is no existing or proposed service agreement or contract for service entered into by our Group or any company within our Group, with our Directors or key management and technical personnel.

### 5.9 EMPLOYEES

As at LPD, we have a total workforce of 119 employees who are all permanent employees. The breakdown of our employees is as follows:

Category of employee	Number of employees			As at LPD
	FYE 31.12.2008	FYE 31.12.2009	FYE 31.12.2010	
Managerial and professional <sup>(1)</sup>	8	13	12	13 <sup>(3)</sup>
Technical professionals	11	13	17	18
- Designers <sup>(2)</sup>	5	4	5	5
- Engineers	4	5	7	8
- Quality Assurance	2	4	5	5
Sales and Marketing	5	8	14	14
Clerical and Administrative	6	9	14	17
Factory floor workers	33	47	58	57
- Skilled workers	18	28	30	36
- Semi-skilled workers	11	15	22	17
- Unskilled workers	4	4	6	4
<b>TOTAL</b>	<b>63</b>	<b>90</b>	<b>115</b>	<b>119</b>

#### Notes

(1) Including Directors

(2) Including graphic and art designers

(3) Includes 2 managers from Thailand and 2 managers from Malaysia who are involved in sales and marketing functions

The gradual increase in the number of employees during the past 3 years up to the FYE 31 December 2010 was mainly a result of our business expansion during these financial years / period.

None of our employees belong to any labour union. The relationship and cooperation between our management and our employees have always been good and this is expected to continue. As at LPD, there has been no major industrial dispute pertaining to our employees.

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

### Training and development programmes

We emphasize on training and development as a key continuous improvement process to keep our employees motivated and to increase their skills and knowledge.

Our staff training and development programmes are conducted in-house as well as utilising external programmes provided by third parties. Some of our training and development programmes include, among others, inventory control management, materials and costing management, industrial safety, management control systems, learning languages, human resource management, leadership development, project management, and sales and marketing.

On 2 March 2010, IJX received a certificate from Xiamen Municipal Bureau of Labour and Social Security to testify that the company has not violated any labour and social security rules and regulations since the incorporation of IJX.

As at LPD, breakdown of our total number of 119 employees by geographical location are as follows:

Kuala Lumpur, Malaysia	4
Xiamen, PRC	98
Samut Prakan Province, Thailand	17

### Management succession plans

We seek to ensure continuity in our management team in order to maintain our competitiveness. It is our policy to groom outstanding junior level employees for more job responsibilities and supervisory roles, and groom exceptional middle-management staff to gradually assume the responsibilities of senior management. Our Chief Executive Officer/ Managing Director and senior management are involved in the process of selection and identifying key competencies and requirements for managerial and more senior positions. Job candidate profiles are developed for management positions in line with our business goals, strategies and culture.

Our Group takes a continuous and proactive approach towards addressing talent management. This is to ensure our Group has talent readily available from a capability perspective to undertake leadership positions throughout our Group. Our middle management are constantly exposed to various aspects of our business activities in order to ensure that they have a full understanding of the responsibilities and the decision making process and are equipped with the knowledge necessary for them to succeed to senior management positions.

### 5.10 PROMOTERS, DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS' BENEFIT

No amounts and benefits or benefits in kind have been paid or given to our Promoters, Directors and/or substantial shareholders within the 2 years preceding the date of this prospectus save and except for the dividend payments made to the IJX Vendors detailed in Section 8.6.

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## 6. APPROVALS AND CONDITIONS

### 6.1 APPROVALS AND CONDITIONS

Bursa Securities had vide its letter dated 30 August 2010, approved our admission to the Official List and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM12,000,100 comprising 120,001,000 Shares on the ACE Market of Bursa Securities.

The conditions imposed by Bursa Securities and the status of our compliance with the conditions are as follows:

No.	Details on conditions imposed	Status of Compliance
(a)	Submission of the following information in respect of the moratorium on the shareholdings of promoters to the Bursa Depository: (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares.	The details of the moratorium will be submitted to Bursa Securities before the date of listing.
(b)	Approvals from other relevant authorities have been obtained for implementation of the listing proposal;	Complied.
(c)	Make the relevant announcements pursuant to rules 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements; and	Announcement pursuant to paragraph 8.1 of Guidance Note 15 of the Listing Requirements had been made on date of this Prospectus. Relevant announcement pursuant to paragraph 8.2 of Guidance Note 15 of the Listing Requirements will be made one day before the listing date.
(d)	Furnish Bursa Securities a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire issued and paid up share capital of Ideal Jacobs on the first day of listing.	A copy of the schedule of distribution will be submitted to Bursa Securities on the first day of listing.

The SC via its letter dated 16 August 2010 has taken note of the notification under the equity requirement of public companies. The SC has also noted that no equity condition is imposed on Ideal Jacobs for its listing as it is a company with a predominantly foreign based operation. However, MIDF Investment/ Ideal Jacobs is required to notify the SC in the event that Ideal Jacobs is no longer considered a company with predominantly foreign based operations at the time of its listing on the ACE Market of Bursa Securities.

### 6.2 MORATORIUM ON OUR SHARES

Based on paragraph 3.19 of the ACE Market Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by the Promoters as follows:

- (i) The moratorium applies to the entire shareholdings held by the promoters for a period of 6 months from the date of our admission to the ACE Market of Bursa Securities ("6-Month Moratorium");

**6. APPROVALS AND CONDITIONS**

- (ii) Upon the expiry of the 6-Month Moratorium, the Promoters shall hold under moratorium at least 45% of the nominal issued and paid up ordinary share capital of the company for another period of 6 months; and
- (iii) Thereafter, the promoters may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight-line basis) of the Shares held under moratorium.

Our Promoters are fully aware and understand the moratorium imposed in complying with paragraph 3.19 of the ACE Market Listing Requirements. The Promoters have agreed that the moratorium will be imposed on their entire shareholdings for a period of 12 months from the date of our admission to the ACE Market of Bursa Securities ("12-Month Moratorium"). Upon expiry of the 12-Month Moratorium, our Promoters shall hold under moratorium at least 45% of the nominal issued and paid up ordinary share capital of our Company and may sell, transfer or assign up to a maximum of 1/3 per annum on a straight-line basis those Shares held under moratorium.

The Promoters and their respective Shares which are subject to moratorium are as follows:

Promoters	After the Public Issue and during the 12-Month Moratorium		After 12-Month Moratorium	
	No of Shares	%	No of Shares	%
IJUS	48,654,600	40.55	32,400,270	27.00
Foo Chong Lee	32,436,400	27.03	21,600,180	18.00

The remaining existing shareholders of Ideal Jacobs have agreed that a moratorium will be imposed on the sale, transfer or assignment on 75% of their Shares for a period of 6 months commencing from the date of our admission to the ACE Market of Bursa Securities as follows:

Existing shareholders	After the Public Issue		Shares under 6-Month Moratorium	
	No of Shares	%	No of Shares	%
Chew Siok Mei	4,455,000	3.71	3,341,250	2.78
Koo Ah Lik @ Ku Yin Fu	4,455,000	3.71	3,341,250	2.78

The Moratorium, which has been fully accepted by the aforesaid shareholders is specifically endorsed on the Share certificates representing the shareholdings of the respective shareholders to ensure that our registrars do not register any transfer not in compliance with the moratorium restrictions. In compliance with the restrictions, Bursa Depository will on our registrar's instructions in the prescribed forms ensure that trading of these Shares are not permitted during the moratorium period.

Our Promoters and existing shareholders of Ideal Jacobs have provided written undertakings that they shall not sell, transfer or assign their respective shareholdings during the Moratorium period.

The Share Registrar and Bursa Depository have been informed in relation to the moratorium restriction on our Promoters and remaining existing shareholders of Ideal Jacobs to ensure that they do not register any transfer of Shares contravening the above moratorium restriction.

## 7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

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

#### 7.1.1 Recurrent related party transactions

All existing or proposed material recurrent related party transactions or other contracts of arrangement entered which involve the direct or indirect interests of our Directors, major shareholders and/or persons connected with them as defined under the Listing Requirements are disclosed below:

Transacting parties	Business activities of the companies	Nature of transactions	Interested party	Transaction value (RMB / RM)			
				FYE 31.12.2007	FYE 31.12.2008	FYE 31.12.2009	FPE 31.10.2010
IJX and IJUS	Manufacture of industrial labels, nameplates and laser/die-cut products and fabrication of plastic parts / Sales of industrial labels, telecom metal and plastic parts, full product design and engineering services, composite plastics and cable assemblies.	Sales of finished products, label (screen print), roll label, gasket, foam, insulator, metal parts, injection parts, assembly, semi-finished printed labels, other semi-finished (components), cable to IJUS from IJX	Andrew Conrad Jacobs is the Non-Independent Non-Executive Chairman of Ideal Jacobs; and President and sole shareholder of IJUS	1,489,653 / 673,025	2,114,542 / 1,018,998	2,546,893 / 1,313,433	2,317,769 / 1,102,331
IJX and IJUS	Manufacture of industrial labels, nameplates and laser/die-cut products and fabrication of plastic parts / Sales of industrial labels, telecom metal and plastic parts, full product design and engineering services, composite plastics and cable assemblies	Purchase of raw materials such as polycarbonate, other plastic sheet, adhesive, ink, plastic pellet, supplementary material, metal, foil, foam, semi-finished plastic parts for assembly, semi-finished printed labels, other semi-finished (components), finished goods breakdown, label (screen print), roll label, gasket, insulator from IJUS by IJX	Andrew Conrad Jacobs is the Non-Independent Non-Executive Chairman of Ideal Jacobs and President and sole shareholder of IJUS	1,311,312 / 592,450	599,465 / 288,882	757,573 / 390,680	352,200 / 167,506



**7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST**

Transacting parties	Business activities of the companies	Nature of transactions	Interested party	Transaction value (RMB / RM)		
				FYE 31.12.2007	FYE 31.12.2008	FPE 31.10.2010
Ideal Jacobs and IJUS	Investment holding/ Sales of industrial labels, telecom metal and plastic parts, full product design and engineering services, composite plastics and cable assemblies.	Territorial, Licensing and Technical Assistance Agreements whereby Ideal Jacobs acquired the license to use the specified trademark from IJUS and IJUS agreed to provide technical assistance to Ideal Jacobs for the consideration stated therein	Andrew Conrad Jacobs is the Non-Independent Non-Executive Chairman of Ideal Jacobs and President and sole shareholder of IJUS	Payments commencing from 2010 *		

**\*Notes**

Payment of the licensing fees shall be as follows:

- 1st payment of USD50,000 to be made before 31.10.2010 (1<sup>st</sup> payment of USD50,000 was waived by IJUS via a letter dated 18 October 2010)
- 2nd payment of USD60,000 to be made before 31.10.2011
- 3rd payment of USD70,000 to be made before 31.10.2012
- 4th payment of USD80,000 to be made before 31.10.2013
- 5th payment of USD90,000 to be made before 31.10.2014
- Subsequent annual payments of USD100,000 per year to be made before 31 October of that year

Clause 2.2 of the agreement specifies that IJUS will automatically grant Ideal Jacobs a grace period of 6 calendar months or such longer period from the due date upon written request from Ideal Jacobs.

Our Directors are of the view that the above material recurrent related party transactions were conducted on an arm's length basis and on terms no more favourable to the related parties than those generally available to the public. **Section 7.6** discusses the shareholders' mandate for recurring related party transactions of revenue or trading nature.

## 7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

### 7.1.2 Non-Recurrent Related Party Transactions

All existing and/or proposed material non-recurrent related party transactions or other contracts of arrangement entered into which involve the direct or indirect interests of our Directors, major shareholders and/or persons connected to them as defined under the Listing Requirements are disclosed below:

Transacting date	Transacting parties	Business activities of the companies	Nature of transaction	Interested party	Transaction value
23.03.2010	Ideal Jacobs and IJUS	Investment holding/ Sales of industrial labels, telecom metal and plastic parts, full product design and engineering services, composite plastics and cable assemblies.	Purchase of IJUS's portion of contributed capital in IJX by Ideal Jacobs pursuant to the IJX Acquisition	Andrew Conrad Jacobs is the Non-Independent Non-Executive Chairman of Ideal Jacobs; and President and sole shareholder of IJUS	<sup>(1)</sup> USD756,000 (approximately RM2,512,755)
23.03.2010	Ideal Jacobs and Foo Chong Lee	Investment holding	Purchase of Foo Chong Lee's portion of contributed capital in IJX by Ideal Jacobs pursuant to the IJX Acquisition	Meng Bin Chief Executive Officer; and Managing Director of Ideal Jacobs  Foo Chong Lee is a Promoter and substantial shareholder of Ideal Jacobs and is the wife of Meng Bin	<sup>(1)</sup> USD504,000 (approximately RM1,675,170)
11.12.2009	Ideal Jacobs and Meng Bin	Investment holding	Transfer of 98,000 shares in IJT from Meng Bin to Ideal Jacobs pursuant to the IJT Acquisition <sup>(2)</sup>	Meng Bin Chief Executive Officer / Managing Director of Ideal Jacobs; and substantial shareholder of IJT	<sup>(2)</sup> 0

## 7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

Transacting date	Transacting parties	Business activities of the companies	Nature of transaction	Interested party	Transaction value
10.2.2010	IJX and Legend Technology Group Limited ("Legend")	Manufacture of industrial labels, nameplates and laser/die-cut products and fabrication of plastic parts/ Sales, distribution, leasing of medical equipment and other products	Pledge of fixed deposit of IJX as security for a loan from the Bank of East Asia (China) Limited Xiamen Branch to Legend ("Legend Loan") <sup>(3)</sup>	Meng Bin who is director of IJX and his wife, Foo Chong Lee who is Promoter and substantial shareholder of Ideal Jacobs.  Foo Chong Lee is director and substantial shareholder of Legend.	USD727,934.74
10.2.2010	Meng Bin and Legend and the Bank of East Asia (China) Limited Xiamen Branch	Sales, distribution, leasing of medical equipment and other products	Personal Guarantee issued by Meng Bin in respect of the Legend Loan	Meng Bin who is Chief Executive Officer/ Managing Director of Ideal Jacobs and his wife, Foo Chong Lee who is a Promoter and substantial shareholder of Ideal Jacobs.  Foo Chong Lee is director and substantial shareholder of Legend.	0

## 7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

Transacting date	Transacting parties	Business activities of the companies	Nature of transaction	Interested party	Transaction value
11.2.2010-13.9.2010	Ideal Jacobs and Legend	Investment holding/ Sales, distribution, leasing of medical equipment and other products	Interest free loan from Legend to Ideal Jacobs for the purpose of working capital and payment of Listing expenses <sup>(4)</sup>	Meng Bin who is Chief Executive Officer/ Managing Director of Ideal Jacobs and his wife, Foo Chong Lee who is a promoter and substantial shareholder of Ideal Jacobs.  Foo Chong Lee is director and substantial shareholder of Legend.	USD687,326
30.9.2010	IJUS and Legend <sup>(5)</sup>	Sales of industrial labels, telecom metal and plastic parts, full product design and engineering services, composite plastics and cable assemblies/ Sales, distribution, leasing of medical equipment and other products	Repayment of the Legend Loan by IJUS	IJUS and Foo Chong Lee who are substantial shareholders and Promoters of Ideal Jacobs.  Foo Chong Lee is also director and substantial shareholder of Legend.	USD697,744

**7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST**

Transacting date	Transacting parties	Business activities of the companies	Nature of transaction	Interested party	Transaction value
1.10.2010	IJUS, Legend and Ideal Jacobs	Sales of industrial labels, telecom metal and plastic parts, full product design and engineering services, composite plastics and cable assemblies/ Sales, distribution, leasing of medical equipment and other products/ Investment holding	Assignment in favour of IJUS of the interest free loan provided to Ideal Jacobs from Legend <sup>(6)</sup>	IJUS and Foo Chong Lee who are substantial shareholders and Promoters of Ideal Jacobs.  Foo Chong Lee is also director and substantial shareholder of Legend.	USD687,326
6.12.2010	Meng Bin and Ideal Jacobs	Investment Holding	Personal advances <sup>(7)</sup>	Meng Bin who is Chief Executive Officer/ Managing Director of Ideal Jacobs and his wife, Foo Chong Lee who is a Promoter and substantial shareholder of Ideal Jacobs	RM150,000
1.1.2011	IJUS and IJT	Sales of industrial labels, telecom metal and plastic parts, full product design and engineering services, composite plastics and cable assemblies/ Manufacture of industrial labels, nameplates and die-cut products.	Interest free advance from IJUS to IJT for the purpose of working capital <sup>(8)</sup>	IJUS is the substantial shareholder and Promoter of Ideal Jacobs. IJT is 99.99% owned subsidiary of Ideal Jacobs	USD60,000

## 7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

Note:

- (1) The transaction value was based on the adjusted NA of IJX as at 31 December 2009 after adjusting for the dividend declared on 22 February 2010 and paid to the IJX Vendors on 11 June 2010, 18 June 2010 and 25 June 2010
- (2) On 15.09.2009 Meng Bin was allotted a total of 98,000 shares of 100 Baht each in IJT. The 98,000 shares were issued but not paid. The shares were transferred to Ideal Jacobs for a total consideration of 4,510,497 Baht in cash and 5,289,503 Baht by way of capitalisation of fixed assets advanced to IJT. The consideration was paid/given directly to IJT and Meng Bin derived no benefit from this transaction.
- (3) The pledge over the fixed deposit of IJX has been released on 30 September 2010 by the Bank of East Asia (China) Limited Xiamen Branch pursuant to the repayment of the Legend Loan by IJUS as per note (5) below.
- (4) This interest free loan given to Ideal Jacobs resulted in a debt owing from Ideal Jacobs to Legend.
- (5) IJUS had on 30 September 2010 fully repaid the Legend Loan to the Bank of East Asia (China) Limited Xiamen Branch.
- (6) The interest free loan provided by Legend to Ideal Jacobs was assigned to IJUS pursuant to the repayment of the Legend Loan by IJUS to the Bank of East Asia (China) Limited Xiamen Branch. Ideal Jacobs intends to repay the advance from its shareholder, IJUS of USD687,326 (approximately RM2.1 million) from the proceeds of the public issue of RM8,100,000.
- (7) The interest free advance of RM150,000 was provided by Meng Bin to Ideal Jacobs with no fixed term of repayment for Ideal Jacobs' working capital requirement. Ideal Jacobs had on 26 January 2011 and 27 January 2011 fully repaid the personal advances of RM150,000 to Meng Bin.
- (8) The interest free advance of USD60,000 was provided by IJUS to IJT with no fixed term of repayment and conditions for IJT's working capital.

Non-recurrent related party transactions will be supervised by the Audit Committee (as described in **Section 5.3.1**) and our Directors will disclose such transactions in our Company's annual report.

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**7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST****7.2 TRANSACTIONS THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS**

Our Directors have confirmed that, to the best of their knowledge and belief, there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, which our Group was involved in for the past 3 years up to the FYE 31 December 2009 and the subsequent financial period up to LPD except for those disclosed in **Section 7.1.2.**

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

There are no outstanding loans, including guarantees of any kind, made by our Group to or for the benefit of related parties during the past 3 years up to the FYE 31 December 2009 and the subsequent financial period up to LPD. Save and except for:

- i) The assignment of the Legend Loan to IJUS amounting to USD687,326 (approximately RM2.1 million) which is disclosed in Section 7.1.2 above whereby Ideal Jacobs is now indebted to IJUS instead of Legend;
- ii) The pledge of fixed deposit of IJX as security for the Legend Loan from the Bank of East Asia (China) Limited Xiamen Branch as disclosed in Section 7.1.2. above; and
- iii) The interest free advance of USD60,000 provided by IJUS to IJT as disclosed in Section 7.1.2 above.

**7.4 INTEREST IN SIMILAR BUSINESS**

As at LPD, none of our Directors or substantial shareholders is interested, directly or indirectly, in any other business carrying on a similar or competing trade as our Group's business save as disclosed below:

Director/Substantial shareholder	Name of company	Nature of business	Position	Current Status
Andrew Conrad Jacobs	IJUS	Sales of industrial labels, telecom metal and plastic parts, full product design and engineering services, composite plastics and cable assemblies.	President and sole shareholder	Active
Andrew Conrad Jacobs	Ideal Jacobs Medical Group Limited	Sales, distribution, leasing of medical equipment and other products.	Director and indirect substantial shareholder. Ideal Jacobs Xiamen Corporation held 60% interest	Deregistered on 4 September 2009.

**7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST**

Director/Substantial shareholder	Name of company	Nature of business	Position	Current Status
Andrew Conrad Jacobs	Ideal Jacobs Europe B.V. <sup>(1)</sup>	Keeping and exploiting of patents, importing products made of printed plastic, extruded, manufactured and processed material of intermediate for telecommunications, defense and chemical industries.	Indirect substantial shareholder	Active
Andrew Conrad Jacobs	Ideal Jacobs Mexico S.de R.L. de C.V. ( <i>Sociedad de Responsabilidad Limitada de Capital</i> ) <sup>(2)</sup>	Label warehousing and commercialization	Director and direct substantial shareholder	Active
Andrew Conrad Jacobs	Ideal Jacobs Xiamen Corporation <sup>(3)</sup>	Holding Company	Director and indirect substantial shareholder	Voluntary dissolution initiated on 7 September 2010
Andrew Conrad Jacobs	Ideal Jacobs Netherlands, Inc. <sup>(4)</sup>	Holding Company	Director and indirect substantial shareholder	Voluntary dissolution initiated on 7 September 2010
Andrew Conrad Jacobs	Ideal Jacobs Military and Defense Products, L.L.C. <sup>(5)</sup>	Design, sales and marketing of new plastic composite products	Indirect substantial shareholder	Cancelled on 5 October 2010
Andrew Conrad Jacobs	Ideal Jacobs India, Inc. <sup>(6)</sup>	Holding Company	Director and indirect substantial shareholder	Voluntary dissolution initiated on 7 September 2010
Andrew Conrad Jacobs	Ideal Jacobs Mexico, Inc. <sup>(7)</sup>	Holding Company	Director and indirect substantial shareholder	Revoked and relegated to inactive status on 16 March 2010



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**7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST**

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*Notes:*

- (1) *Ideal Jacobs Europe B.V., incorporated in Netherlands is a 90.2% subsidiary of IJUS.*
- (2) *Ideal Jacobs Mexico S.de R.L. de C.V. (Sociedad de Responsabilidad Limitada de Capital), incorporated in Mexico is 95% owned by Andrew Conrad Jacobs.*
- (3) *Ideal Jacobs Xiamen Corporation, incorporated in USA is a 58% subsidiary of IJUS.*
- (4) *Ideal Jacobs Netherland, Inc, incorporated in USA is a 99% subsidiary of IJUS.*
- (5) *Ideal Jacobs Military and Defense products, L.L.C, incorporated in New Jersey, USA was a 66.7% subsidiary of IJUS.*
- (6) *Ideal Jacobs India, Inc, incorporated in USA is wholly-owned subsidiary of IJUS.*
- (7) *Ideal Jacobs Mexico, Inc, incorporated in USA, was a 92% subsidiary of IJUS.*

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## 7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

### 7.5 INTEREST IN OTHER BUSINESSES OR CORPORATIONS WHICH ARE CUSTOMERS OR SUPPLIERS OF OUR GROUP

As at LPD, none of our Directors or substantial shareholders is interested directly and/or indirectly with any other business or corporation which is a customer or supplier of our Group save as disclosed below:

Interested director or substantial shareholder	Name of company	Nature of business	Position (Director / Shareholder)	Direct %	Indirect %
Andrew Conrad Jacobs	IJUS	Sales of industrial labels, telecom metal and plastic parts, full product design and engineering services, composite plastics and cable assemblies.	Non-Independent Non-Executive Chairman of Ideal Jacobs and sole shareholder of IJUS	100	0

Our Directors and substantial shareholders are aware that any interests held by them in other businesses and corporations which are customers or suppliers to our Group may result in conflicts of interest which may be detrimental to the interests of our Group or its minority shareholders. To prevent this and in addition to ensuring that all such dealings are effected on an arm's length basis and transacted on normal commercial terms, we have and will take the following measures:

- (a) the Directors and/or shareholders concerned will be required to abstain from deliberations and voting on decisions and resolutions in relation to dealings or transactions with the affected businesses and corporations.
- (b) the Audit Committee and Independent Directors will ensure proper disclosure and corporate governance in all dealings or transactions with the affected businesses and corporations.

### 7.6 RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

Rule 10.09(2) and Guidance Note 8 of the Listing Requirements allows a listed issuer to seek a mandate from its shareholders in respect of recurrent related party transactions involving transactions of a revenue or trading nature which are necessary for its day-to-day operations. Examples of such transactions are contracts for the supply of materials, items or services related to the companies' business. It is likely that such transactions will occur with some degree of frequency and at any time.

Due to the time-sensitive and inherent nature of commercial transactions, the shareholders' mandate will enable us to enter into such recurrent related party transactions, provided that the transactions are made at arm's length and on normal commercial terms.

We will be applying for an extension of time from Bursa Securities prior to the listing date to allow us to obtain shareholders' ratification and/or mandate for recurrent related party transactions entered into commencing from our Listing date up to the date of our annual general meeting or extraordinary general meeting.

Any related party transactions which do not fall within the scope of the shareholders' mandate shall be subject to the relevant provisions of the Listing Requirements.

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## **7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST**

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### **7.7 DECLARATION BY SPONSOR AND ADVISERS**

MIDF Investment confirms that there are no existing and potential interests or conflicts of interest in their capacity as the Adviser, Sponsor, Sole Underwriter and Sole Placement Agent to our Group for the Public Issue.

Messrs. Lee Choon Wan & Co confirms that there are no existing and potential interests or conflicts of interest in their capacity as solicitors advising on the Public Issue and conducting due diligence on Ideal Jacobs.

SBC International Law Associates Company Limited confirms that there are no existing and potential interests or conflicts of interest in their capacity as the due diligence solicitors on IJT and the legal adviser on the laws of Thailand.

Fidelity Law Firm confirms that there are no existing and potential interests or conflicts of interest in their capacity as the due diligence solicitors on IJX and the legal adviser on the laws of the PRC.

Messrs. SJ Grant Thornton confirms that there are no existing and potential interests or conflicts of interest in their capacity as Auditors and Reporting Accountants to our Group for the Public Issue.

Vital Factor Consulting Sdn. Bhd. confirms that there are no existing and potential interests or conflicts of interest in their capacity as Independent Business and Market Research Consultants to our Group for the Public Issue.

Audex Governance Sdn. Bhd. confirms that there are no existing and potential interests or conflicts of interest in their capacity as Risk Management and Internal Control Consultants to our Group for the Public Issue.

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**8. FINANCIAL INFORMATION****8.1 HISTORICAL FINANCIAL INFORMATION**

Our company is an investment holding entity. Detailed information on our Group is provided in **Sections 4.1.1 and 9**.

The Proforma Consolidated Statements of Comprehensive Income of Ideal Jacobs Group for the past three (3) FYE 31 December 2007 to 2009, FPE 31 October 2009 and FPE 31 October 2010 are provided for illustrative purposes, based on the audited and unaudited financial statements of Ideal Jacobs, IJT and IJX by assuming that the Ideal Jacobs Group has been in existence throughout the financial years/ periods under review.

Years/ Periods ended	31 December 2007  (audited)  RM	31 December 2008  (audited)  RM	31 December 2009  (audited)  RM	31 October 2009 <sup>(4)</sup>  (unaudited)  RM	31 October 2010  (audited)  RM
Revenue	4,106,016	7,562,817	14,207,759	11,069,282	13,406,651
Gross profit	2,341,626	4,035,466	8,685,861	6,727,019	7,945,287
Profit before amortisation, depreciation, interest expenses and taxation	1,290,895	2,354,002	5,880,769	5,007,957	4,471,668
Amortisation	-	-	-	-	-
Depreciation	(258,427)	(294,068)	(343,078)	(263,062)	(427,368)
Interest expenses	-	-	(724)	(729)	(10,845)
PBT but after amortisation, depreciation and interest expenses	1,032,468	2,059,934	5,536,967	4,744,166	4,033,455
Taxation	-	(211,881)	(590,876)	(436,756)	(387,636)
PAT	1,032,468	1,848,053	4,946,091	4,307,410	3,645,819
Gross Profit Margin (%)	57.03	53.36	61.13	60.77	59.26
PBT Margin (%)	25.15	27.24	38.97	42.86	30.09
PAT Margin (%)	25.15	24.44	34.81	38.91	27.19
Gross Earnings per Share ("EPS") <sup>(1)</sup> (sen)	1.15	2.29	6.15	6.33 <sup>(3)</sup>	5.38 <sup>(3)</sup>
Net EPS <sup>(1)</sup> (sen)	1.15	2.05	5.50	5.74 <sup>(3)</sup>	4.86 <sup>(3)</sup>
Diluted Net EPS <sup>(2)</sup> (sen)	0.86	1.54	4.12	4.31 <sup>(3)</sup>	3.65 <sup>(3)</sup>

**Note**

- (1) Based on our enlarged share capital of 90,001,000 Shares  
 (2) Based on our entire enlarged issued and paid up share capital of 120,001,000 after the Public Issue and Listing  
 (3) Annualised to 12 months for comparison purposes  
 (4) The consolidated statements of comprehensive income for the FPE 31 October 2009 is unaudited and is included for comparison purpose only

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## 8. FINANCIAL INFORMATION

### 8.2 CAPITALISATION AND INDEBTEDNESS

The following information should be read in conjunction with the Reporting Accountants' Letter on Proforma Consolidated Financial Information and Accountants' Report set out in **Sections 8.7** and **9** respectively.

The following table shows our Group's cash and cash equivalents, capitalisation and indebtedness:

- (a) based on our proforma consolidated statements of financial position as at 31 October 2010; and
- (b) as adjusted for the net proceeds from the Public Issue and intended use of the proceeds from the Public Issue.

	Proforma Group as at FPE 31 October 2010 (RM'000)	After adjusting for the Public Issue and utilisation of proceeds (RM'000)
Cash and cash equivalents	3,888	5,438
Short term indebtedness – Hire purchase	90	90
Long term indebtedness – Hire purchase	108	108
Total indebtedness	198	198
Shareholders' equity	11,868	16,968
<b>Total indebtedness and capitalisation</b>	<b>12,066</b>	<b>17,166</b>

### 8.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS

The following discussion on the results of our operations for the period under review should be read in conjunction with the proforma consolidated financial information and the related notes included in **Section 8.7**. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and the discussion on risk factors included in **Section 3**.

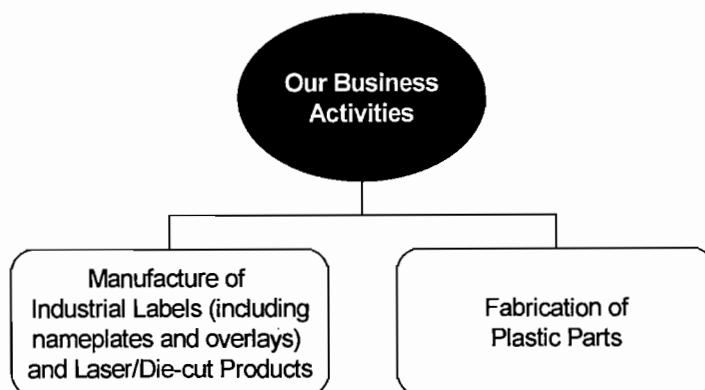
Our proforma consolidated financial statements have been prepared on the basis that our Group has been in existence throughout the financial years/ periods under review.

## 8. FINANCIAL INFORMATION

### 8.3.1 Our Company's financial condition and results of operations

#### BUSINESS OVERVIEW

Our business activities are depicted as follows:



Our business is focused on the manufacture of industrial labels and nameplates, and laser/die-cut products. Our secondary business is in the fabrication of plastic parts. Nameplates are special types of labels, while laser/die-cut products are commonly part of the total label industry.

Fabrication of plastic parts is synergistic to our business as it is mainly servicing the same customers for the same equipment that use our labels, nameplates and laser/die-cut products. This allows us to capitalise on opportunities from our existing customer base and products

In support of our business, we also provide in-house graphic and engineering design as a value-added service to our customers. Our markets are currently focused on information technology ("IT") and telecommunications, electronics and medical devices industries.

Our head-office is in Kuala Lumpur, Malaysia while our main manufacturing facility is in Xiamen, PRC, and we have commenced our manufacturing operations in Samut Prakan Province, Thailand in March 2010.

In January 2011, we started setting-up our die-cutting line in Suzhou, PRC and plan to commence operation by the second quarter of 2011. As part of our future plans, we intend to commence manufacturing of industrial labels in the same facility in Suzhou, PRC by second half of 2011.

As at LPD, we also have sales engineers covering markets such as Shanghai/ Suzhou, Shenzhen, Wuhan, Qingdao, Ningbo, Beijing/Tianjin and the Fujian province in the PRC.

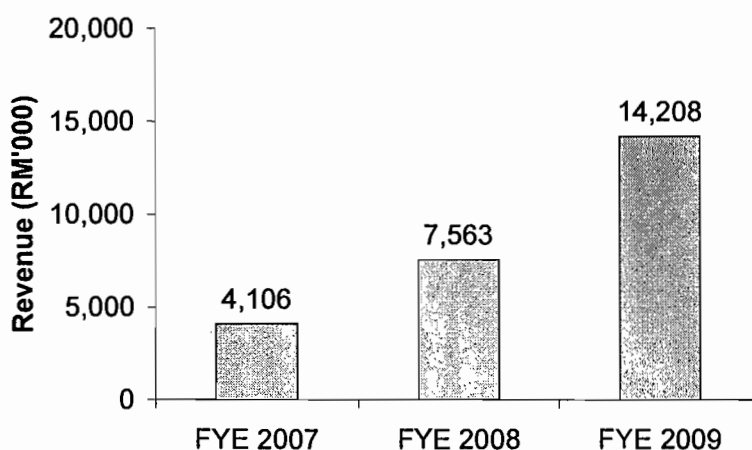
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## 8. FINANCIAL INFORMATION

### (a) Revenue

For the financial years under review, our revenue was mainly derived from our operations through our wholly owned subsidiary, IJX in PRC. Our manufacturing operations in Thailand had commenced in March 2010.

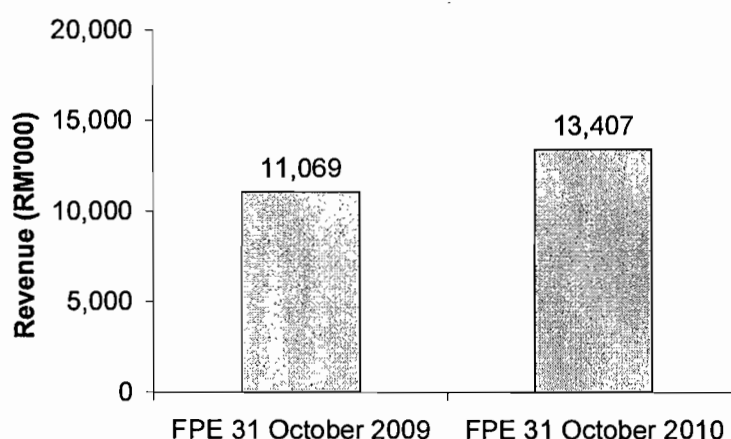
Our revenue grew from RM4.1 million for the FYE 2007 to RM14.2 million for the FYE 2009. This represented an average annual growth rate of 86.0%.



Our growth in revenue over the last 3 financial years was primarily contributed by the following:

- increased in sales for our core products, namely screen printed labels and nameplates for FYE 2007 to FYE 2009;
- commercialisation of new products comprising rolled labels, rubber and plastic foams, and plastic parts (such as faceplates and EMI shielding panels) in FYE 2008, which continued to increase in sales in FYE 2009;
- increase in our number of customers from 47 in FYE 2007 to 116 customers in FYE 2009; and
- increased in revenue contribution from our new customers, which accounted for 9.6%, 20.5% and 10.7% of total revenue for FYE 2007, FYE 2008 and FYE 2009 respectively.

For the FPE 31 October 2010, our revenue increased by 21.1% to reach RM13.4 million compared to the FPE 31 October 2009. For the first 10 months of 2010, our revenue was mainly derived from our wholly owned subsidiary, IJX in PRC.



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**8. FINANCIAL INFORMATION**

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For the FPE 31 October 2010, there was a small amount of external revenue recorded for IJT, which amounted to approximately RM44,000. The delay in generating external sales is mainly due to the following reasons:

- Unstable political conditions in Thailand for the first half of 2010 has dampened our effort to send experienced and skilled personnel from IJX to provide training to the relevant staff in IJT in various areas such as design, sales and marketing, quality control, certification and audit.
- Customers delayed the audit process on our operations due to the unstable political conditions in Thailand. The audit is a quality and procedures audit, which involves reviewing processes, quality assurance and control systems procedures, records, and administrative documentation to ensure proper quality assurance and control as well as proper internal management and documentation. A quality and procedures audit is sometimes requested by new customers or existing customers for new manufacturing plants. The audit process is to ensure that our Thailand operations meet customers' requirements and expectations. As at LPD, three of our customers in Thailand have completed their audit process namely Celestica (Thailand) Ltd, Fabrinet Co Ltd and Sanmina SCL. As at LPD, IJT has already received request for quotations directly from these three customers with expected orders from December 2010 onwards.

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## 8. FINANCIAL INFORMATION

### (i) Revenue by business activities, products and services

#### Overview

Our revenue can be further segmented by business activities, and products and services for the respective financial years and periods as follows:

Revenue	FYE2007		FYE2008		FYE 2009		FPE 31 October 2009		FPE 31 October 2010	
	RM '000	%	RM '000	%	RM '000	%	RM '000	%	RM '000	%
Manufacture of industrial labels (including nameplates and overlays) and laser/die-cut products	3,632	88.4	5,607	74.1	10,155	71.5 <sup>^</sup>	8,153 <sup>^</sup>	73.7	8,834	65.9 <sup>^</sup>
<i>Industrial labels (including nameplates and overlays)</i>										
- Screen printed labels	2,826	68.8	4,169	55.1	6,572	46.3	5,168	46.7	5,554	41.4
- Rolled labels	0	0	489	6.5	1,661	11.7	1,363	12.3	967	7.2
<i>Laser/die-cut products</i>										
- Rubber and plastic foams <sup>(1)</sup>	0	0	238	3.1	1,488	10.5	1,206	10.9	1,720	12.8
- Insulators <sup>(2)</sup>	806	19.6	711	9.4	434	3.1	417	3.8	593	4.4
Fabrication of plastic parts <sup>(3)</sup>	0	0	544	7.2	2,950	20.8	2,059	18.6	3,390	25.3
Others <sup>(4)</sup>	474	11.6	1,411	18.7	1,102	7.8	857	7.7	1,183	8.8
<b>TOTAL</b>	<b>4,106</b>	<b>100.0</b>	<b>7,563<sup>^</sup></b>	<b>100.0</b>	<b>14,208<sup>^</sup></b>	<b>100.0<sup>^</sup></b>	<b>11,069<sup>^</sup></b>	<b>100.0</b>	<b>13,407</b>	<b>100.0</b>

<sup>^</sup> Total does not add-up due to rounding

Notes:

- (1) These are laser/die-cut products which include EMI shielding gaskets, rubber gaskets, plastic foam gaskets and thermal pads.
- (2) These are laser/die-cut products.
- (3) Fabrication of plastic parts also involves minor assembly. Plastic parts include faceplates, EMI shielding plastic panels and latches.
- (4) Others are mainly the supply of labels, insulators, gaskets, elastomer bands and metal parts that are manufactured by third parties. Metal parts include heat sinks, metal faceplates and other machined metal parts.

## 8. FINANCIAL INFORMATION

### Manufacture of industrial labels, nameplates and laser/die-cut products

#### FYE 2007

For the FYE 2007, manufacture of industrial labels, nameplates and laser/die-cut product accounted for 88.4% of our total revenue.

The sales of our industrial labels and nameplates were mainly made to our multinational customers such as Celestica (Thailand) Ltd, Pentair Technical Products China, Lucent Technologies Qindao Telecommunication System Ltd and Solectron Technology Sdn Bhd (currently known as Flextronics Technology (Penang) Sdn Bhd) and Solectron Manufactura de Mexico. (currently known as Flextronics International USA Inc.). In addition, there were increased orders from these companies after our proven ability to deliver quality products in a timely manner.

For the FYE 2007, 19.6% of our total revenue or RM0.8 million was derived from the sales of our laser/die-cut products, namely insulators. Sales value of our insulators recorded a small amount for the FYE 2007 as we only commercialised this product during the FYE 2007. This was mainly for our customer, Pentair Technical Products China.

#### FYE 2008

Sales from manufacturing of industrial labels, nameplates and laser/die-cut products represented 74.1% of our total revenue for the FYE 2008. This include sales of our screen printed labels which amounted to RM4.2 million or 55.1% of our total revenue, and sales of our new products, rolled labels accounted for 6.5% of our total revenue. Rolled labels was only commercialised during the FYE 2008, which was part of our product expansion plans. Sales derived from laser/die-cut products accounted for RM0.9 million or 12.5% of our total revenue for the FYE 2008. Of the laser/die-cuts, we commercialised our rubber and plastic foams during the FYE 2008.

#### FYE 2009

Revenue derived from our manufacturing of industrial labels, nameplates and laser/die-cut products was the main contributor to our Group's revenue, which accounted for RM10.2 million representing 71.5% of our total revenue for the FYE 2009. Of this, screen printed labels accounted for 46.3% of our total revenue while 11.7% of our revenue was derived from rolled labels. The remaining 13.6% was derived from sales of laser/die-cut products, namely rubber and plastic foams, as well as insulators.

Fabrication of plastic parts accounted for 20.8% of our revenue for the FYE 2009. This included faceplates, EMI shielding plastic panels and latches. Others accounted for the remaining 7.8% of our total revenue, which were mainly derived from the supply of labels, insulators, gaskets, elastomer bands and metal parts manufactured by third parties. Metal parts include heat sinks, metal faceplates and other machined metal parts. For the FYE 2009, we purchase external products for the following reasons:

- Some of the industrial labels were sourced from IJUS as part of clearing the leftover stock for certain customers.

## 8. FINANCIAL INFORMATION

- We outsourced a proportion of our industrial labels to external manufacturers to supplement our production during peak periods where our capacity is fully utilised particularly for high volume and low-end rolled labels. Externally sourced labels only accounted for 1.9% of our revenue.
- We also outsourced a small proportion of our insulators and gaskets to external manufacturers particularly for high volume and larger sized insulators and gaskets, which require the hot bending process, a process which we do not have in-house. In addition, we also outsourced insulators and gaskets during peak periods where our capacity is fully utilised. Externally sourced insulators and gaskets only accounted for 4.7% of our revenue.
- We sourced metal parts from external suppliers, as we do not have the in-house facilities to produce these parts.

### FYE 2007 to FYE 2009

Our revenue derived from manufacture of industrial labels, nameplates and laser/die-cut products increased from RM3.6 million for the FYE2007 to RM10.2 million for the FYE 2009. This represented an average annual growth rate of 67.7%. The growth in revenue from this part of our business was largely attributed to the following:

- increase in the sales orders of our screen printed labels and nameplates and laser/die-cut products;
- commercialisation of new products during the FYE 2008 including rolled labels and, rubber and plastic foams, which continued to contribute to the increase in sales in FYE 2009. The commercialisation of these new products was due to the increase in our capabilities to extend our product portfolio to meet the requirements and needs of existing and potential customers; and
- similarly, the increase in our revenue was also attributed to growth in our customer base from 47 for FYE 2007 to 116 customers for FYE 2009. The majority of our growth in number of customers was for industrial labels and nameplates.

### FPE 31 October 2010 and FPE 31 October 2009

For the FPE 31 October 2010, revenue derived from the manufacture of industrial labels, nameplates and laser/die-cut products increased by 8.4% compared to FPE 31 October 2009. The growth in revenue was mainly due to the increase in sales orders from our screen printed labels and nameplates, and also rubber and plastic foams. For FPE 31 October 2010, revenue from screen printed labels and nameplates, and rubber and plastic foams grew by 7.5% and 42.6% respectively compared to the same period in 2009.

### Fabrication of plastic parts

We commercialised our fabrication of plastic parts during the FYE 2008 as a result of extending our product portfolio to meet customer requirements. Fabrication of plastic parts accounted for RM3.0 million or 20.8% of our revenue for the FYE 2009.

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**8. FINANCIAL INFORMATION**

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Revenue derived from our fabrication of plastic parts increased from RM0.5 million for the FYE 2008 to RM3.0 million for the FYE 2009. This represented a growth of 442.3%. The introduction of this category of products was due to our capabilities to design and fabricate as well as deliver quality products to our customers. For instance, we designed the electromagnetic interference (EMI) shielding plastic panel with the aim of saving production costs by replacing the original metal part. We have also mechanically redesigned a latch for telecommunications equipment application, which was originally in two different parts to form one single continuous piece. The redesigned latch, which has been successfully registered as our patent is also aimed at saving production costs. Furthermore, the growth in our revenue for our plastic parts was also due to the increase in sales orders from existing and new customers.

For the FPE 31 October 2010, revenue derived from fabrication of plastic parts increased by 64.6% to RM3.4 million compared to FPE 31 October 2009. The growth is mainly due to the increase in sales orders for this category of products.

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**8. FINANCIAL INFORMATION****(ii) Revenue by geographical market**

The analysis of our revenue by geographical market for the financial years and periods under review are as follows:

By country	FYE2007		FYE2008		FYE 2009		FPE 31 October 2009		FPE 31 October 2010	
	RM '000	%	RM 000	%	RM '000	%	RM '000	%	RM '000	%
PRC*	2,301	56.1	4,276	56.5	7,151	50.3	5,714	51.6	8,827	65.8
Hong Kong	24	0.6	103	1.4	1,940	13.7	1,331	12.0	857	6.4
USA	704	17.1	1,089	14.4	1,894	13.3	1,176	10.6	1,472	10.9
Thailand	706	17.2	1,695	22.4	2,344	16.5	2,108	19.0	1,496	11.2
Malaysia	214	5.2	255	3.4	174	1.2	157	1.4	328	2.4
Netherlands	104	2.5	60	0.8	23	0.2	19	0.2	14	0.1
Taiwan	0	0	57	0.8	102	0.7	91	0.8	109	0.8
Philippines	0	0	25	0.3	265	1.9	242	2.2	145	1.1
Singapore	0	0	1	#	230	1.6	183	1.7	9	#
Mexico	53	1.3	0	0	81	0.6	44	0.4	0	0
Korea	0	0	0	0	4	#	4	#	15	0.1
Finland	0	0	0	0	# <sup>(1)</sup>	#	0	0	0	0
India	0	0	0	0	0	0	0	0	91	0.7
Canada	0	0	0	0	0	0	0	0	44	0.3
<b>Total</b>	<b>4,106</b>	<b>100.0</b>	<b>7,563<sup>^</sup></b>	<b>100.0</b>	<b>14,208</b>	<b>100.0</b>	<b>11,069</b>	<b>100.0<sup>^</sup></b>	<b>13,407</b>	<b>100.0<sup>^</sup></b>

*Notes:*

\*Include sales to companies located in free trade zones in PRC

<sup>^</sup>Total does not add-up due to rounding

#Insignificant proportion

(1) For the FYE 2009, sales to Finland was RM28 (RMB54) only

**FYE 2009**

For the FYE 2009, revenue derived from the PRC contributed 50.3% of our Group's total revenue, which amounted to RM7.2 million. The remaining 49.7% was contributed by other countries, which amounted to RM7.1 million, was spread across 11 countries including Hong Kong, USA, Malaysia, Thailand, the Netherlands, Taiwan, the Philippines, Singapore, Korea, Mexico, and Finland.

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**8. FINANCIAL INFORMATION**

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**FYE 2007 to FYE 2009**

Our revenue derived from the PRC increased from RM2.3 million for the FYE 2007 to RM7.2 million for the FYE 2009. This represented an average annual growth rate of 76.5% between the FYE 2007 and FYE 2009. The increase in sales in the PRC demonstrated our capabilities in successfully penetrating the market. As at LPD, we have sales engineers covering the markets in various parts of the PRC, including Shanghai/ Suzhou, Shenzhen, Wuhan, Qingdao, Ningbo, Beijing/Tianjin and the Fujian province. These sales engineers are mainly responsible for developing new business, maintaining relationships with existing customers and providing after sales service.

Revenue from other countries increased from RM1.8 million for FYE 2007 to RM7.1 million for the FYE 2009. This represented an average annual growth rate of 98.4%. The increase in our revenue from other countries was mainly attributed to the increase in sales from some of our other existing countries as well as sales to new countries including Taiwan, Philippines and Singapore for FYE 2008 and Korea and Finland for FYE 2009.

**FPE 31 October 2010 and FPE 31 October 2009**

Our revenue derived from the PRC increased from RM5.7 million for the FPE 31 October 2009 to RM8.8 million for the FPE 31 October 2010.

Revenue derived from other countries decreased by 14.5% to RM4.6 million for the FPE 31 October 2010. The decrease in our revenue were mainly from Thailand, Hong Kong, Philippines and Singapore.

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**8. FINANCIAL INFORMATION****(b) Gross profit**

The analysis of our gross profit contribution and gross profit margins for the financial years and periods under review are as follows:

**Gross profit contribution by business activities and products**

Business activity / product	FYE2007		FYE2008		FYE 2009		FPE 31 October 2009		FPE 31 October 2010	
	Gross Profit		Gross Profit		Gross Profit		Gross Profit		Gross Profit	
	RM '000	%	RM '000	%	RM '000	%	RM '000	%	RM '000	%
Manufacture of industrial labels (including nameplates and overlays) and laser/die-cut products	1,976	84.4	3,285	81.4	6,701 <sup>^</sup>	77.1 <sup>^</sup>	5,371 <sup>^</sup>	79.8	5,397	67.9 <sup>^</sup>
<i>Industrial labels (including nameplates and overlays)</i>										
- Screen printed labels	1,462	62.5	2,551	63.2	4,559	52.5	3,622	53.8	3,441	43.3
- Rolled labels	0	0	306	7.6	1,486	17.1	1,214	18.0	809	10.2
<i>Laser/die-cut products</i>										
- Rubber and plastic foams <sup>(1)</sup>	0	0	129	3.2	501	5.8	380	5.7	745	9.4
- Insulators <sup>(2)</sup>	514	21.9	299	7.4	154	1.8	156	2.3	402	5.1
Fabrication of plastic parts <sup>(3)</sup>	0	0	(24)	(0.6)	1,332	15.3	863	12.8	1,882	23.7
Others <sup>(4)</sup>	366	15.6	774	19.2	653	7.5	493	7.3	666	8.4
<b>TOTAL</b>	<b>2,342</b>	<b>100.0</b>	<b>4,035</b>	<b>100.0</b>	<b>8,686<sup>^</sup></b>	<b>100.0<sup>^</sup></b>	<b>6,727<sup>^</sup></b>	<b>100.0<sup>^</sup></b>	<b>7,945</b>	<b>100.0<sup>^</sup></b>

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**8. FINANCIAL INFORMATION**

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*^ Total does not add-up due to rounding*

*Notes:*

- (1) These are laser/die-cut products which include EMI shielding gaskets, rubber gaskets, plastic foam gaskets and thermal pads.*
- (2) These are laser/die-cut products.*
- (3) Fabrication of plastic parts also involves minor assembly. Plastic parts include faceplates, EMI shielding plastic panels and latches.*
- (4) Others are mainly the supply of labels, insulators, gaskets, elastomer bands and metal parts that are manufactured by third parties. Metal parts include heat sinks, metal faceplates and other machined metal parts.*

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**8. FINANCIAL INFORMATION****Gross profit margin**

	FYE 2007	FYE 2008	FYE 2009	FPE 2009	FPE 2010
Business Activity / Product	%	%	%	%	%
Manufacture of industrial labels (including nameplates and overlays) and laser/die-cut products	54.4	58.6	66.0	65.9	61.1
<i>Industrial labels (including nameplates and overlays)</i>					
- Screen printed labels	51.8	61.2	69.4	70.1	62.0
- Rolled labels	0	62.6	89.5	89.1	83.6
<i>Laser/die-cut products</i>					
- Rubber and plastic foams <sup>(1)</sup>	0	54.1	33.7	31.5	43.3
- Insulators <sup>(2)</sup>	63.7	42.1	35.5	37.3	67.8
Fabrication of plastic parts <sup>(3)</sup>	0	-4.4	45.1	41.9	55.5
Others <sup>(4)</sup>	77.1	54.9	59.3	57.5	56.3
<b>OVERALL MARGIN</b>	<b>57.0</b>	<b>53.4</b>	<b>61.1</b>	<b>60.8</b>	<b>59.3</b>

<sup>^</sup> Total does not add-up due to rounding

Notes:

- (1) These are laser/die-cut products which includes EMI shielding materials, rubber gaskets, plastic foam gaskets and thermal pads.
- (2) These are laser/die-cut products.
- (3) Fabrication of plastic parts also involves minor assembly. Plastic parts include faceplates, EMI shielding plastic panels and latches.
- (4) Others are mainly the supply of labels, insulators, gaskets, elastomer bands and metal parts that are manufactured by third parties. Metal parts include heat sinks, metal faceplates and other machined metal parts.

**FPE 31 October 2010 and FPE 31 October 2009**

For the FPE 31 October 2010, the manufacture of industrial labels, nameplates and laser/die-cut products contributed 67.9% of our total gross profit, whilst fabrication of plastic parts contributed 23.7% of our total gross profit.

For the FPE 31 October 2010, our gross profit increased by 18.1% to RM7.9 million compared to the same period in 2009. However, our gross profit margin declined slightly from 60.8% for the FPE 31 October 2009 to 59.3% for the FPE 31 October 2010.

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### FYE 2009

For the FYE 2009, manufacture of industrial labels, nameplates and laser/die-cut products contributed 77.1% of our total gross profit. This was followed by fabrication of plastic parts, which contributed 15.3% of our total gross profit.

### FYE 2007 to FYE 2009

Our gross profit increased from RM2.3 million for the FYE 2007 to RM8.7 million for FYE 2009. This represented an average annual growth of 93.8% between the FYE 2007 and FYE 2009. The growth in our gross profit was mainly due to increasing economies of scale as we increased our revenue base.

Overall, our gross profit margin also improved from 57.0% for the FYE 2007 to 61.1% for the FYE 2009. This was largely attributed to the increase in gross profit margin from screen printed labels and nameplates, rolled labels and plastic parts.

Our increase in gross profits were also contributed by our new customers, which accounted for approximately 11.5%, 22.4% and 11.3% of total gross profit for FYE 2007, FYE 2008 and FYE 2009 respectively.

Our gross profit margin for screen printed labels and nameplates improved from 51.8% for the FYE 2007 to 69.4% for the FYE 2009. Our gross profit margin from the manufacture of rolled labels also improved from 62.6% for the FYE 2008 to 89.5% for the FYE 2009. The improvement in our gross profit margins were mainly attributed to increase in economies of scale resulting from increasing sales over the years from these two activities.

Our ability to achieve a gross profit margin ranging from 57.0% to 61.1% for the financial years and financial periods under review was mainly due to the following:

- **Our business model of high product mix, low volume and short lead time is a major competitive advantage that will continue to provide us with high profit margin**

Our business model is unlike most other manufacturers of labels, nameplates and laser/die-cut products, which emphasises on high volume to generate high revenue. However, high volume business generally comes with lower pricing, and thus lower margin.

As such, we have differentiated our business model from most other manufacturers by taking on small volume jobs with a high mix of products. Our low volume means we are able to charge higher pricing for each production run that we do. In addition, we take on many product mixes, and for each product that we manufacture we have factored in the initial set-up cost into the pricing of our first order. As such, subsequent production runs would provide us with higher margins as we have already recovered our initial set-up costs.

In addition, our business model is also based on fast turnaround. In our job specifications, we normally agree to deliver within 12 days of receiving confirmed purchased orders. In many situations, we are also able to deliver within one to three days from receipt of purchase orders.

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Our ability to achieve fast turnaround is primarily a reflection of our efficient production and supports the fact that most of our orders are low volume. In addition, a fast turnaround is our business model to differentiate us from other manufacturers.

As such, our business model of high product mix, low volume orders and fast turnaround has contributed to our high profit margin.

One of the challenges of our business model focusing on high product mix, low volume and fast turnaround is for each of our manufacturing plant to significantly grow in revenue terms and still obtain a relatively high profit margin.

To counter this challenge, we have adopted a geographical expansion strategy whereby we set-up manufacturing plants in multiple locations. This approach will enable us to retain our business model focusing on high product mix, low volume and fast turnaround to obtain relatively high profit margin for each manufacturing plant, but grow in total Group size by having multiple manufacturing plants spread out in PRC and across a number of other countries.

Nevertheless, there is nothing stopping any other label manufacturers from adopting a similar business model of high product mix, low volume and fast turnaround, if they so chose to do so, are able to attract such customers, and have the required in-house processes and facilities to provide the required standards and quality of products and services.

• **We are on the approved vendor lists of brand owners that provide us with potential sales and reduced competition**

We are on the approved vendor lists (AVL) of brand owners including Alcatel-Lucent, USA Ciena International Inc., Sun Micro Systems Inc., and Arris Group Inc. In total, we are on the AVL of 12 brand owners. Being on the AVL list of brand owners means we are normally given the opportunity to bid for any contracts relating to our manufacturing capabilities. Our normal bidding process is to submit written quotations in response to request for quotation from our customers. Under such a scenario, we commonly compete against two and no more than four other competitors. As such, by being on the AVL of brand owners, we do not need to solicit for potential sales as they come to us instead, and the competitive intensity is reduced.

Some of the brand owners use intermediaries such as EMS to do their actual manufacturing or procurement service providers to obtain materials like our labels.

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## 8. FINANCIAL INFORMATION

- **Some of our sales orders are based on global pricing which provide us with high profit margin**

Some of our sales orders are based on global pricing adopted by brand owners. These brand owners adopt a standardised global pricing primarily to facilitate efficiency for their operations, particularly from a costing perspective. Global pricing has to take into consideration manufacturing costs in various countries including high cost production countries like the USA and Europe. As such, global pricing is commonly higher compared to local pricing in a low cost production country. Thus, by having our operations in low cost production countries like the PRC and Thailand, we are able to take advantage of our relatively lower production cost to attain a high profit margin.

Some of the brand owners that we service directly and indirectly through their EMS or procurement service providers include Alcatel-Lucent, USA Ciena International Inc., Sun Micro Systems Inc., and Arris Group Inc.

- **We service major EMS companies and brand owners of IT, telecommunications, electronics and medical devices**

Our customers are some of the major EMS companies and brand owners of IT, telecommunications, electronics and medical devices. Through EMS and procurement centres, we also service some major brand owners. This serves as a testament to the quality of our products and services. Some of our customers who are EMS companies include Celestica (Thailand) Ltd, Celestica (Suzhou) Technology Co Ltd, Flextronics Technology (Penang) Sdn Bhd and Flextronics Global Enclosures (Shanghai) Co. Ltd. Some of our customers who are also brand owners include Rayco (Shanghai) Medical Products Co. Ltd., Alcatel-Lucent Shanghai Bell Co. Ltd., Lucent Technologies Qingdao Telecommunication Systems Ltd., Pentair Technical Products China, and Emerson Network Power Philippines Inc. Our ability to continuously meet the expectations and requirements of our customers and brand owners will provide us with the basis for future growth.

- **Our target markets are some of the largest sectors in manufacturing that will provide us with significant growth opportunities**

We service end-user industries like IT, Telecommunications, electronics and medical devices industries. Indications of the growth and size of potential markets in the PRC are as follows:

Between 2006 and 2009, the gross industrial output value of the manufacture of communication equipment, computers and electronic equipment in PRC increased at an average annual rate of 10.4% while in 2009, it grew by 1.5% to reach RMB4.5 trillion. In 2009, there were approximately 14,000 manufacturers of communication equipment, computers and electronic equipment in PRC.

Between 2005 and 2009, the gross industrial output value of the manufacture of electronic appliances in PRC (a sub-sector of the manufacture of communication equipment, computers and electronic equipment) increased at an average annual growth rate of 20.7% while in 2009, it increased by 1.5% to RMB644.7 billion. In 2009, there were approximately 2,400 manufacturers of electronic appliances in PRC.

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Between 2005 and 2009, the gross industrial output value of the manufacture of medical equipment and appliances in PRC increased at an average annual rate of 28.9% while in 2009, it grew by 17.0% to reach RMB97.3 billion. In 2009, there were approximately 1,300 manufacturers of medical equipment and appliances in PRC.

Between 2005 and 2009, the sales value of wholesale of computer, software and assistant appliances in PRC grew at an average annual rate of 23.8% while in 2009, it increased by 10.0% to reach RMB257.1 billion.

In addition, the market size of the label printing industry in the PRC was estimated at RMB14 billion (equivalent to approximately RM7 billion) based on gross industrial output value in 2009. (Source: *Independent Assessment of the Industrial Label Manufacturing Industry in China*) The large market size in the PRC will provide significant growth opportunities for our main operations in the PRC.

**We have graphic and engineering design capabilities as a competitive advantage to keep existing customers and attract new customers**

We have graphic and engineering design capabilities which enable us to provide value-added services to our customers for industrial labels and nameplates, as well as plastic parts. Our graphic design capabilities for industrial labels and nameplates include layout design, colour management, creation or reproduction of image and graphics, and development of prototypes. Our engineering design capabilities for industrial labels and nameplates take into consideration material selection, adherence properties, hardness, abrasion resistance and environmental resistance properties.

We also undertake engineering design for fabrication of plastic parts. The focus is to assist our customers to reduce costs by improving overall design or replacement of metal parts with more cost effective plastic parts.

Our engineering design capabilities for plastic parts provide us with the opportunity to extend our services to complement our core labels, nameplates and laser/die-cut products on the same IT and telecommunications equipment or electronic devices. As such, our fabrication of plastic parts is highly synergistic as we are primarily servicing the same customers who buy our labels, nameplates and laser/die-cut products. Thus far, we have used our engineering design capabilities to successfully develop complementary parts including among others, faceplate, filler panel, EMI shielding plastic panels, latches and enclosures in telecommunications equipment and devices.

We have patented the design of our EMI shielding plastic panel, which is a cost effective and more environmentally friendly alternative to the original metal part. We have also mechanically redesigned a latch for telecommunications equipment, which forms a continuous piece compared to the original two-piece version. This design which has been successfully registered as our patent helps our customer to save on cost of production.

Our in-house engineering design capabilities provide us with the opportunities to expand our products and services whilst providing added value to our customers.

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### • We benefit from operational efficiency and effectiveness

We also benefit from operational efficiency and effectiveness and this is reflected in the reducing trend of our administration, distribution and other operating expenses over revenue from 32.9% for the FYE 2007 to 22.2% for FYE 2009 with the exception of FPE 31 October 2010, where our administration, distribution and other operating expenses increased by 106.7% compared to FPE 31 October 2009 due to business expansion.

### Manufacture of industrial labels, nameplates and laser/die-cut products

#### FYE 2007 to FYE 2009

Gross profit from our manufacture of industrial labels, nameplates and laser/die-cut products represented the largest contributor to our total gross profit, which accounted for 84.4%, 81.4% and 77.1% for FYE 2007, FYE 2008 and FYE 2009 respectively.

Our gross profit derived from the manufacture of industrial labels, nameplates and laser/die-cut products increased from RM2.0 million for the FYE 2007 to RM6.7 million for the FYE 2009. The growth of our gross profit contribution is in line with the increase in our revenue, which was mainly due to increase in sales orders from our existing customers, as well as sales orders from new customers. Furthermore, the growth was also attributed to the commercialisation of rolled labels, and rubber and plastic foams during the FYE 2008.

Our gross profit margin from our manufacture of industrial labels, nameplates and laser/die-cut products also improved from 54.4% for the FYE 2007 to 66.0% for the FYE 2009. The improvement in our gross profit margin was attributed to the increase in our gross profit margin from our screen printed labels and rolled labels.

Similarly, our gross profit margin from rubber and plastic foams also declined from 54.1% for FYE 2008 to 33.7% for FYE 2009. However, the decline in profit margin had a small impact on our profitability as gross profit from rubber and plastic foams accounted for 3.2% and 5.8% of our total gross profit for FYE 2008 and FYE 2009 respectively. The different product mix and different customers resulted in a decline in the gross profit margin for our rubber and plastic foams.

Gross profit margin from our insulators declined from 63.7% for the FYE 2007 to 35.5% for the FYE 2009. The decline in gross profit margin was due to end of the product life-cycle whereby the customer insisted on lowering of the cost of insulators which impacted on the product pricing and margin of insulators. Each product has its own product life-cycle and eventually most products will be phased out totally or replaced with upgrades or new products.

### Fabrication of plastic parts

#### FYE 2008 to FYE 2009

Fabrication of plastic parts contributed to 15.3% of our total gross profit for the FYE 2009. The increase in our gross profit contribution from plastic parts was mainly due to the increase in sales orders and also sales from new customers for these products, which was in line with our growth in revenue for this category.

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For FYE 2008, our gross profit margin from the fabrication of plastic parts recorded a gross loss margin of 4.4%. This was mainly due to the high initial start-up cost for plastic parts including tooling and moulds, which was commercialised during FYE 2008. Subsequently, our gross profit margin for these products improved significantly to 45.1% in FYE 2009 and this was mainly attributed to increased operational efficiency.

**(c) Administration, distribution and other operating expenses**

	FYE 2007	FYE 2008	FYE 2009	FPE 2009	FPE 2010
	RM '000	RM '000	RM '000	RM '000	RM '000
Administration	941	1,410	2,178	1,364	3,215
Selling and distribution	213	386	649	506	704
Others	199 <sup>(1)</sup>	192 <sup>(2)</sup>	325 <sup>(3)</sup>	114 <sup>(3)</sup>	182 <sup>(4)</sup>
<b>Total</b>	<b>1,353</b>	<b>1,988</b>	<b>3,152</b>	<b>1,984</b>	<b>4,101</b>

Notes:

FPE = FPE 31 October

- (1) Others include allowance for slow moving stock, foreign exchange loss and bad debts written off.
- (2) Others include allowance for slow moving stock, foreign exchange loss, loss from disposal of property, plant and equipment, donation, education fee and bad debts written off.
- (3) Others include allowance for slow moving stock, foreign exchange loss, loss on disposal of property, plant and equipment, loss on disposal of investment, property, plant and equipment written-off and bad debts written off.
- (4) Others include allowance for slow moving stock, foreign exchange loss and property, plant and equipment written-off.

Our administration, distribution and other operating expenses represented 32.9%, 26.3%, and 22.2% of our total revenue for the FYE 2007, FYE 2008 and FYE 2009 respectively. For the FPE 2009 and FPE 2010, our administration, distribution and other operating expenses represented 17.9% and 30.6% of our total revenue respectively.

Our administration, distribution and other operating expenses increased by 46.9% and 58.6% for the FYE 2008 and FYE 2009 respectively.

The increase in our administration, distribution and other operating expenses for the FYE 2008 and FYE 2009 was attributed to the increase in administration expenses including office personnel salaries, car expenses, training and consultation fees, phone charges, social and employment insurance, and travelling expenses, as well as increases in selling and distribution expenses comprising freight charges, office expenses and salaries of sales personnel.

For the FPE 2010, our administration, distribution and other operating expenses increased by 106.7% compared to FPE 2009. The increase was mainly attributed to administration, distribution and other operating expenses incurred for the business expansion including the set-up of a new office in Malaysia and manufacturing operations in Thailand. Increases in administration expenses include new office and plant rental expenses, office personnel

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salaries, staff training, and travelling expenses while increases in other operating expenses include allowance for slow moving stock, and loss in foreign exchange.

**(d) Profit before taxation**

The analysis of profit before taxation ("PBT") and PBT margin for the periods under review are as follows:

	FYE 2007	FYE 2008	FYE 2009	FPE 2009	FPE 2010
PBT (RM'000)	1,032	2,060	5,537	4,744	4,033
PBT Margin	25.15%	27.24%	38.97%	42.86%	30.09%

*Note:*

*FPE = FPE 31 October*

Our PBT increased from RM1.0 million for the FYE 2007 to RM5.5 million for the FYE 2009. Similarly, our PBT margins also improved from 25.15% for the FYE 2007 to 38.97% for the FYE 2009. The improvements in our PBT margin were mainly due to the reduction in our overhead and operational costs as well as our stringent control in overall expenses. This is demonstrated by the fact that our administration, distribution and other operating expenses over revenue were on a reducing trend from 32.9% for FYE 2007 to 22.2% for FYE 2009.

Furthermore, the improvement in our PBT margin was also partly due to the increase in our gross profit margin over the last three financial years under review.

Our PBT margin dropped from 42.86% for the FPE 31 October 2009 to 30.09% for the FPE 31 October 2010. The dropped in our PBT margin was mainly attributed to increases in operational expenses incurred during the business expansion for FPE 31 October 2010, which included the new office in Malaysia and new manufacturing facilities in Thailand.

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**8. FINANCIAL INFORMATION****(e) Effective tax**

Our effective tax rates, being tax expenses as a percentage of our PBT for the financial years/ periods under review in PRC were as follows:

	FYE 2007	FYE 2008	FYE 2009	FPE 2009	FPE 2010
Effective tax rate	-	10.3%	10.7%	9.2%	11.4%
PRC statutory tax rate	15%	18%	20%	20%	22%

*Note:*

*FPE = FPE 31 October*

For the FYE 2007, our operations in PRC were entitled to full exemption from income tax.

According to the Income Tax Law of PRC, companies with foreign investments and foreign companies are entitled to full exemption from income tax for the first 2 years of its operations, and 50% reduction in income tax for the subsequent three years starting from the first profitable year of operation.

For the FYE 2008, FYE 2009, and FPE 31 October 2010, our effective tax rates were lower than the PRC statutory tax rates due to the tax benefits which were enjoyed by our subsidiary in PRC. Ideal Jacobs and IJT are currently loss making companies. Therefore they are not subject to taxes by the authorities.

**(f) Profit after taxation**

The analysis of profit after taxation ("PAT") and PAT margin for the financial years/ periods under review were as follows:

	FYE 2007	FYE 2008	FYE 2009	FPE 2009	FPE 2010
PAT (RM'000)	1,032	1,848	4,946	4,307	3,646
PAT Margin	25.15%	24.44%	34.81%	38.91%	27.19%

*Note:*

*FPE = FPE 31 October*

Our PAT increased from RM1.0 million for the FYE 2007 to RM4.9 million for the FYE 2009. Similarly, our PAT margin also improved from 25.15% for the FYE 2007 to 34.81% for the FYE 2009. The improvements in our PAT margin were in-line with the improvements in our PBT.

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The profit margin will be reduced in the medium to long term due to the following factors:

- IJX had been enjoying exemption of income tax for revenue earned in Xiamen, PRC. Moving forward, IJX will be paying more tax for revenue earned in Xiamen, PRC, where in 2012 onwards it will be paying the full tax rate of 25%.
- Our recent expansion plan in Thailand, as well as future expansion for our thermoplastic composite product manufacturing line in Thailand, and establishment of manufacturing plants in Malaysia and Suzhou, PRC would incur increased operating and depreciating costs, and thus will have an impact on our profit margin in the medium term.

Our business faces competition from other manufacturers of industrial labels in China. However, we believe that our proven track record as an approved vendor of brand owners of IT, telecommunications, electronics and medical devices, some of which include Alcatel-Lucent, USA Ciena International Inc., Sun Micro Systems Inc., and Arris Group Inc., and our team of experienced and skilled personnel will enable our Group to remain competitive and to sustain our profit margin in the future. In addition, we also provide value-added services, such as graphic and engineering design to support our core products and services, which creates an added competitive advantage to our business.

Our PAT margin dropped from 38.9% for the FPE 31 October 2009 to 27.19% for the FPE 31 October 2010, which was mainly attributed to our business expansion in Malaysia and Thailand during the FPE 31 October 2010.

### 8.3.2 Factors and trends affecting future financial condition and results

Factors that may cause future financial condition and operation results to differ significantly are as follows:

- (a) Socio-economic growth such as GDP and population growth will increase demand for our products .
- (b) Growth in user industry sectors will create opportunities for our products.
- (c) Export market demand would continue to drive the growth of consumer and industrial products, which would provide opportunities for label manufacturers in the PRC, including industrial labels and nameplates, and laser/die-cut products. Between 2006 and 2010, the export value of other self-adhesive plates, sheets, film, foil of plastics in the PRC increased at an average annual rate of 21.7%.

*(Source: Independent Assessment of the Industrial Label Manufacturing Industry prepared by Vital Factor Consulting Sdn Bhd)*

- (d) Our competitive advantages will provide a platform for continuing growth, which include:
  - (i) We service major EMS companies and brand owners
  - (ii) We are on the approved vendor lists of brand owners
  - (iii) Our business model is focused on high product mix, low volume and short lead time

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**8. FINANCIAL INFORMATION**

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- (iv) We have sales and research and development support from IJUS
- (v) We have graphic and engineering design capabilities
- (vi) We have the capabilities to produce a diverse range of industrial labels and nameplates
- (vii) We have quality management systems in place

Details of our competitive advantages are set out in **Section 4.2.1(c)**.

- (e) We have in place a sound business plan for moving forward. Details of our future plans are set out in **Section 4.22**.

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## 8. FINANCIAL INFORMATION

### 8.3.3 SIGNIFICANT FACTORS MATERIALLY AFFECTING OUR GROUP'S OPERATIONS AND FINANCIAL RESULTS

In addition to the factors and trends set-out in **Section 8.3.2**, some of the following factors have an impact on our operating conditions and financial results are discussed below:

#### (a) Business growth and expansion

Our financial results are dependent on our business growth and expansion from local market in PRC and other countries.

Our revenue grew from RM4.1 million for the FYE 2007 to RM14.2 million for the FYE 2009. This represented an average annual growth rate of 86.0%.

#### (b) Quality management systems in place

We place significant emphasis on quality and this is reflected in the ISO 9001:2000 quality management systems that we have in place through our subsidiary, IJX. Our industrial labels comply with UL standards as certified by Underwriters Laboratories Inc., United States. As a testament to our quality, we are on the approved vendor lists for a number of IT and telecommunications companies.

#### (c) Capabilities to produce a diverse range of industrial labels and nameplates

We can produce a diverse range of industrial labels and nameplates to meet most, if not all of our customers' product labelling and identification requirements with our own in-house facilities. We have the capabilities to produce customised industrial labels with special properties.

#### (d) Demand for the industrial label manufacturing industry

The end-user-industry applications for labels are diverse, as virtually all products that are manufactured would require some form of labelling or identification. Some of these include:

- telecommunications products;
- computers and peripherals;
- medical equipments;

The diversity in applications and user industries will continue to provide demand and opportunities for our products.

- (i) Between 2006 and 2009, the gross industrial output value of the manufacture of communication equipment, computers and electronic equipment in PRC increased at an average annual rate of 10.4%.
- (ii) Between 2005 and 2009, the gross industrial output value of the manufacture of medical equipment and appliances in PRC increased at an average annual rate of 28.9%

*(Source: Independent Assessment of the Industrial Label Manufacturing Industry prepared by Vital Factor Consulting Sdn Bhd)*

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### (e) Industry outlook

#### PRC

Looking forward into 2011, real GDP performance in PRC is forecasted to continue growing at approximately 8%. Although the GDP forecasted for 2011 is slightly lower compared to 2010 at 10.3%, nevertheless growth continues to be strong.

Entrepreneur confidence in the first quarter of 2011 also continued to improve by 0.3% compared to the previous quarter, and by 1.4% compared to the same period in 2010.

Continuing economic growth combined with stronger entrepreneur confidence will continue to provide opportunities and help sustain operators within the industrial label manufacturing industry.

#### Economic conditions in the PRC relative to selected economies

PRC's real GDP growth at approximately 8% in 2011 is expected to be more robust compared to the projected GDP growth in 2011 for some of the more advanced economies, for example:

United States = 2.8%

United Kingdom = 1.7%

Japan = 1.4%

As such, operators whose main markets are in PRC are expected to be in a better position in terms of growth opportunities compared to companies whose main markets are projected to have slower growth. PRC's prospects in terms of outlook is further boosted by its large population, which registered 1.3 billion persons in 2010.

#### THAILAND

Our Group also undertakes manufacturing of industrial labels in Thailand. As such, the economic performance of Thailand will have some impact on our Group.

- In 2010, the economic conditions in Thailand improved with a real GDP growth of 7.8% based on preliminary figures. Looking forward into 2011, Thailand's real GDP is forecasted to grow by 4.0%.
- The continuing economic growth, albeit at a lower rate compared to 2010, will continue to provide opportunities for manufacturers within the industrial label manufacturing industry.

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## 8. FINANCIAL INFORMATION

### MALAYSIA

As we intend to set up a plant for the manufacturing of industrial labels and nameplates in Malaysia by 2011, the economic performance of Malaysia will have some relevance to our business.

In 2010, real GDP for Malaysia grew by 7.2%. In addition, GDP of the manufacturing industry based on constant prices grew by 11.4% in 2010.

Looking forward into 2011, the government of Malaysia has forecasted continuing growth as follows:

- Real GDP growth is forecasted at between 5% and 6%;
- Real GDP growth for the manufacturing industry is forecasted at 5.7%.

Forecasted continuing growth of the economy in general and the manufacturing industry in particular in 2011 will continue to sustain and provide growth opportunities for operators within the industrial label manufacturing industry.

*(Source: Independent Assessment of the Industrial Label Manufacturing Industry in China prepared by Vital Factor Consulting Sdn Bhd)*

#### (f) Fluctuations in prices of raw materials

Polymer materials are commonly used as face stock for the industrial label manufacturing industry and as raw materials for the fabrication of plastic parts. The increase in oil prices may impact on the price of polymer materials.

#### (g) Global financial crisis

Any prolonged and/or widespread downturn in the global economy, such as that caused by the recent global financial crisis, is likely to have a negative effect on the global and PRC's economy in general.

#### (h) Foreign exchange fluctuations

We are exposed to foreign exchange risks as 51.5% and 48.5% of our revenue for the FYE 2009 were transacted in USD and RMB respectively. Similarly, 29.8% and 70.2% of our purchases for the FYE 2009 were also transacted in USD and RMB respectively.

In addition, there are advances at no interest from our shareholder, IJUS and a third party utilised for the payment of our listing expenses and as working capital amounting to USD687,326 and USD100,000 respectively. In January 2011, IJUS has also advanced USD60,000 (approximately RM183,270) to our subsidiary company, IJT. These advances may have material foreign exchange exposure to Ideal Jacobs until such time the advances are repaid.

The advance from a third party of USD100,000 (approximately RM311,150) had subsequently been repaid on 27 January 2011, 28 January 2011, 18 February 2011 and 23 February 2011.

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Our Group intend to repay the advance from its shareholder, IJUS of USD687,326 (approximately RM2.1 million) from the proceeds of the public issue of RM8,100,000.

### (i) Competition

Within the industrial label manufacturing industry, we face competition from many players in the local market in the PRC, and also Thailand where we have commenced operations in March 2010.

### (j) Impact of inflation

We are of the view that inflation does not have material impact on our business and also no material impact on our historical financial results for the past three financial years, FYE 2007, FYE 2008 and FYE 2009.

### (k) Impact of government, economic, fiscal or monetary policies

Risks relating to the government, economic, fiscal or monetary policies factors, which may materially affect our operations, are as set out in **Section 3**.

Pursuant to the PRC Enterprise Income Tax Law passed by the Tenth National People's congress on 16 March 2007, the new enterprise income tax rates for domestic and foreign enterprise are unified at 25%. However, Xiamen Special Economic Zone's income tax rate is at 15% and a gradual transition to the statutory tax rate of 25% in five years time by 2012 and come into effect on 1 January 2008.

Based on the "Income Tax Law of the PRC for Enterprises with Foreign Investments and Foreign Enterprises", IJX is entitled to full exemption from income tax for the first two years of its operations and a 50% reduction in income tax for the subsequent three years starting from its first profitable year of operations. The first profitable year for IJX is the calendar year ended 31 December 2006 for the purpose of determining the tax holiday period.

IJX was exempted from income tax from FYE 2006 to FYE 2007 by the PRC Government. The tax rate for IJX for the FYE 2008, FYE 2009, FYE 2010 and FYE 2011 is at 9%, 10%, 11% and 24% respectively. For FYE 2012 onward, the tax rate for IJX will be at 25%.

### (l) Exceptional and extraordinary items

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

## 8.4 LIQUIDITY AND CAPITAL RESOURCES

### 8.4.1 Working capital

Our operations are funded by a combination of internal and external source of funds. Internal sources of funds comprise mainly cash generated from our operations, cash and bank balances while external sources of funds comprise capital contributions and advances from shareholder, director and an advance from a third party. The advances from IJUS, Meng Bin and the third party were utilised for the payment of listing expenses and working capital purposes of the Ideal Jacobs Group.

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**8. FINANCIAL INFORMATION**

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The principal use of these funds are for working capital purposes such as purchases of raw materials and consumables, financing of trade receivables and operating expenses, capital expenditure, repayment of loans and advances, and payment of dividend to shareholders.

As at 31 October 2010, our Group has cash and bank balances of RM5.4 million and total borrowings of RM0.2 million. Subsequent to 31 October 2010, our Group has received an advance from Meng Bin, our Chief Executive Officer/ Managing Director of approximately RM150,000 which has subsequently been repaid on 25 January 2011 and 26 January 2011. Our subsidiary company, IJT has also received advance from IJUS amounting to USD60,000 (approximately RM183,270). The advance from a third party has been repaid on 27 January 2011, 28 January 2011, 18 February 2011 and 23 February 2011. The advance of USD 60,000 from IJUS to IJT will be repaid by IJT using its internally generated funds.

Our Group has a net working capital of RM9.5 million as at 31 October 2010. IJX had declared a dividend of approximately RM1,207,250 (RMB2,500,000) on 22 February 2010 payable to the IJX Vendors and which was paid on 11 June 2010, 18 June 2010 and 25 June 2010. On 13 January 2011, IJX has also declared dividend of approximately RM800,500 (RMB1,731,560) which was paid to Ideal Jacobs on 24 January 2011. On 30 March 2011, IJX has further declared dividend of approximately RM798,769 (RMB1,731,560) which was paid to Ideal Jacobs on 11 April 2011.

Our Directors are of the opinion that, after taking into consideration our cashflow position as indicated in **Section 8.4.2**, the expected proceeds from the Public Issue, the expected funds to be generated from our operating activities and amounts available under our existing banking facilities, our Group will have adequate working capital for the period 12 months from the date of this prospectus.

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**8. FINANCIAL INFORMATION****8.4.2 Proforma cash flows**

We set out the proforma consolidated cashflow statements of our Group for FPE 31 October 2010:

	FPE 31 October 2010 (RM '000)
Net cash flow from operating activities	3,955
Net cash flow used in investing activities	(3,712)
Net cash generated from financing activities	3,559
Effect of foreign exchange translation	11
Net increase in cash and cash equivalents	3,813
Cash and cash equivalent at beginning of the financial year	1,836
Effect of exchange rate changes	(211)
Cash and cash equivalents at end of the financial year	5,438

Brief commentaries on our proforma consolidated cashflow statement for the FPE 31 October 2010 are set out below.

**Net cash generated from operating activities**

The net cash from operating activities of approximately RM4.0 million were attributable mainly to PBT of approximately RM4.0 million adjusted for the following:

- (i) Non-cash items of approximately RM0.5 million arising mainly from allowance for slow moving inventories and depreciation of property, plant and equipment
- (ii) Working capital cash generated from operation of approximately RM0.3 million
- (iii) Tax paid of approximately RM0.9 million

**Net cash used in investing activities**

Net cash for investing activities amounted to approximately RM3.7 million was attributable mainly to the purchases of property, plant and equipment of RM3.7 million.

**Net cash generated from financing activities**

Our Group's net cash flow mainly generated from the Public Issue is RM8.1 million. Out of this, approximately RM3.0 million will be used to defray the estimated listing expenses.

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### 8.4.3 Borrowings

#### Interest Bearing Borrowing

As at 31 December 2009 and 31 October 2010, our total outstanding interest bearing borrowing of approximately RM0.3 million and RM0.2 million respectively are as follows:

FYE 31 December 2009	FPE 31 October 2010
RM'000	RM'000
Hire purchase creditor 294	198

The above interest bearing borrowing is to finance the purchase of motor vehicle in our subsidiary company in PRC, IJX. It will be repaid in accordance with the repayment term in the hire purchase agreement within 3 years using internally generated funds from IJX.

As at 31 October 2010, our gearing ratio is 0.01 times which is computed based on our Group's total interest bearing borrowing as at 31 October 2010 divided by our Group's proforma consolidated shareholders' equity as at 31 October 2010.

#### Non-Interest Bearing Advances

As at 31 October 2010, our Group has obtained an interest free advance from our shareholder, IJUX by way of assignment of debt relating to the Legend Loan (as described in **Section 7.1.2**) for the amount of USD687,326 (approximately RM2.1 million) which was utilised for the purpose of payment of listing expenses and working capital of Ideal Jacobs Group. The advance of USD687,326 will be repaid after the completion of listing exercise from part of the proceeds raised from the listing of Ideal Jacobs as disclosed in **Section 2.9 (d)** and **(e)**.

As at 31 October 2010, our Group has also obtained an interest free advance from a third party for an amount of USD100,000 (approximately RM311,510) which was utilized for the purpose of working capital of Ideal Jacobs Group. This advance of USD100,000 has been repaid on 27 January 2011, 28 January 2011, 18 February 2011 and 23 February 2011 using internally generated funds from Ideal Jacobs Group.

Subsequent to 31 October 2010, our Group has obtained an interest free advance from Meng Bin, our Chief Executive Officer/ Managing Director for an amount of RM150,000 which was utilized for the purpose of working capital of Ideal Jacobs. This advance of RM150,000 has been repaid on 25 January 2011 and 26 January 2011 using internally generated funds from Ideal Jacobs Group.

Subsequent to 31 October 2010, our subsidiary in Thailand, IJT has obtained an interest free advance from IJUS for an amount of USD60,000 (approximately RM183,270) which was utilized for the purpose of working capital of IJT. Our Group intends to repay this advance of USD60,000 after 30 June 2012 using internally generated funds of IJT.

The Directors and the key management of the Company confirm that they have not defaulted on any payments of interest and/or principal sums on any borrowings throughout FYE 31 December 2009, FPE 31 October 2010 and up to the date of this prospectus.

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**8. FINANCIAL INFORMATION**

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**8.4.4 Breach of terms and conditions / covenants associated with credit arrangements / bank loans**

To the best of our Directors' knowledge, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loans, which could materially affect our financial position and results of business operations or the investment by holders of securities in our Group.

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**8. FINANCIAL INFORMATION****8.4.5 Capital expenditure**

Our Group's capital expenditure for the financial years and period under review are as follows:

	FYE 2007	FYE 2008	FYE 2009	FPE 31 October 2010
	RM '000	RM '000	RM '000	RM '000
Plant and machinery <sup>(1)</sup>	40	130	141	178
Furniture, fixtures and office equipment	13	18	162	52
Motor vehicles	0	0	457	69
Renovation	0	0	185	-
Tools	0	0	22	28
Machinery in progress	0	0	530	87
<b>TOTAL</b>	<b>53</b>	<b>148</b>	<b>1,497</b>	<b>414</b>

Notes:

(1) The acquisition of plant and machinery were mainly related to the addition of plant and machinery to increase our production capacity.

The acquisition of the abovementioned assets were financed mainly through cash generated from operations and hire purchase financing.

**8.4.6 Treasury policies and objectives**

We have been financing our operations through cash generated from our operations and external sources of funds. Our external sources of funds comprise mainly of credit terms granted by our suppliers, bank borrowing (which was only utilised in FYE2009), advances from shareholder, director and third party. The normal credit terms granted to us by our suppliers range from 30 to 60 days. Details of our bank borrowing and advances from shareholder, director and third party are set out in **Section 8.4.3**.

Currently we do not have nor use any financial instruments for hedging purposes. Our Group does not generally hedge interest rate risks. Hedging of risk through the use of financial instruments may be adopted should its use results in significant cost saving. It is the policy of our Group that the interest rate obtained must be competitive.

Our cash and cash equivalent are mainly maintained in RMB, USD, Baht and RM. Our management constantly monitor the group's foreign currency exposure. Currently, we do not have any hedging policies nor have we entered into any forward contracts with respect to our foreign exchange exposure.

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**8. FINANCIAL INFORMATION**


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**8.4.7 Material commitments**

As at LPD, save for the proposed utilisation of proceeds as disclosed in **Section 2.9** and our future plans in **Section 4.22.1**, our Board is not aware of any material capital commitments contracted or known to be contracted by our Group that has not been provided for, which upon becoming enforceable, may have a material impact on our financial results/ position.

**8.4.8 Material litigation, claims or arbitration**

Neither we nor our subsidiaries are engaged in any litigation, claims or arbitration, either as plaintiff or defendant which will have a material effect on our financial position and our Directors do not know of any proceedings pending or threatened or any fact likely to give rise to any proceedings which might materially and adversely affect our position or business.

**8.4.9 Contingent liabilities**

As at LPD (of such amount can be determined prior to the issuance of the prospectus), our Board is not aware of any contingent liability, which in the opinion of the Board, will or may substantially affect our financial results or position upon becoming enforceable.

**8.4.10 Off-balance sheet arrangements**

Our Group does not have any off-balance sheet arrangements which are reasonably likely to have a current or future material effect on our financial condition, change in financial condition, revenues or expenses, results of operations, capital expenditures or capital resources.

**8.4.11 Foreign exchange exposure**

Our reporting currency is in RM, RMB, BAHT and all our manufacturing operations are carried out in the PRC and Thailand during the reviewed periods. Ideal Jacobs was incorporated as an investment holding company for the purpose of Listing. During the reviewed periods, all of our sales and purchases are denominated in the RMB, BAHT and USD.

In addition, there are advances at no interest from our shareholder, IJUS and a third party mainly utilised for the payment of our listing expenses and as working capital amounting to USD687,326 and USD 100,000 respectively. These advances may have material foreign exchange exposure to Ideal Jacobs until such time they are repaid. Subsequent to 31 October 2010, our subsidiary company, IJT has received an advance from IJUS amounting to USD 60,000 (approximately RM183,270).

The advance from a third party of USD100,000 (approximately RM311,150) had subsequently been repaid on 27 January 2011, 28 January 2011, 18 February 2011 and 23 February 2011.

The advances from Meng Bin, IJUS and third party were utilised for the payment of listing expenses and working capital purposes of the Ideal Jacobs Group. Our Group intend to repay the advance from our shareholder, IJUS of USD687,326 (approximately RM2.1 million) from the proceeds of the public issue of RM8,100,000. The advance of USD60,000 from IJUS to IJT will be repaid by IJT after 30 June 2012 using its internally generated funds.

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**8. FINANCIAL INFORMATION**

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Currently, we do not have any hedging policy with respect to foreign exchange exposure and we did not use any financial instruments for hedging purposes during the reviewed periods and up to the LPD. We adopt prudent foreign currency management by seeking a natural hedge whereby a proportion of our foreign currency revenue will be used for our purchases which are made in foreign currencies. We will monitor our foreign currency exposure closely and will consider hedging any material foreign exposure should the need arise. Our CFO will monitor our Group's foreign exchange exposures and propose the need for hedging transactions where necessary.

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**8. FINANCIAL INFORMATION****8.4.12 Key financial ratios****Trade receivables**

We generally offer credit terms of 30 to 90 days for our customers. The credit terms we extend to every customer may differ as we will take into account, inter alia, the quantity of the customer order, background and creditworthiness of the customer, level of risk involved, payment history of the customer and the business relationship we have with the customer.

For the reviewed periods, we did not experience any significant specific allowances for doubtful trade or bad debts written off.

Our average trade receivables turnover for FYE 2007, FYE 2008, FYE 2009 and FPE 2010 are as follows:

	FYE 2007	FYE 2008	FYE 2009	FPE 2010
Trade receivables turnover in days <sup>(1)</sup>	73	80	75	81 <sup>(2)</sup>

Note:

(1) Trade receivables turnover in days = (average trade receivables / total revenue) multiply by 365 days.

(2) Annualised to 12 months for comparison purposes.

Our trade receivables turnover days in the financial years under review were generally in line with the prevailing credit terms granted to our customers. Our trade receivables turnover days have been in the small range of between 73 to 81 days for the reviewed periods. Notwithstanding this, our Group's customer base is mainly multinational companies and larger corporations. Hence, our Directors are of the opinion that there is low likelihood that the customer would delay in their payment or default in payment of their debts. Following this, no allowance for doubtful debts is required as all outstanding debts are recoverable.

As at 31 October 2010, our trade receivables amounted to RM3.7 million of which approximately RM3.6 million have been collected by 31 March 2011.

As at 31 October 2010	Not Past due	Past due 0 to 1 month not impaired	Past due 1 to 2 months not impaired	Past due more than 2 months not impaired	Total
Trade receivables (RM)	2,889,708	654,237	108,076	47,089	3,699,110
% of total	78	18	3	1	100

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**8. FINANCIAL INFORMATION****Trade payables**

Credit terms granted by our trade creditors may vary from supplier to supplier. In general, credit terms granted to us by our trade creditors range from 30 to 60 days. Our average trade payables turnover for FYE 2007, FYE 2008, FYE 2009 and FPE 2010 are as follows:

	FYE 2007	FYE 2008	FYE 2009	FPE 2010
Trade payables turnover in days <sup>(1)</sup>	19	23	36	57 <sup>(2)</sup>

Note:

(1) Trade payables turnover in days = (average trade payables / cost of sales) multiply by 365 days.

(2) Annualised to 12 months for comparison purposes.

Our trade payables turnover days were within the credit terms granted to us and we have been prompt in making our payments. Our trade payable turnover days had increased from 19 days in FYE 2007 to 23 days in FYE 2008, 36 days in FYE2009 and 57 days in FPE 2010. This initial low number of days in FYE2007 was generally due to our intention of shortening our repayment periods in exchange for better prices and to build stronger long-term relationships with our suppliers. Notwithstanding this, our Group's increasing trend of repayment is in tandem with the significant increase in revenue during the reviewed periods as our Group was utilising the funds for working capital purposes to finance our revenue growth as we have no or minimal bank borrowings being utilised. In addition, our Group's trade payable was 23.54% of our cost of sales for the FPE 2010.

As at 31 October 2010	Not Past due	Past due 0 to 1 month	Past due 1 to 2 month	Past due more than 2 month	Total
Trade payables (RM)	1,190,591	57,443	30,546	18,323	1,296,903
% of total	91.8	4.4	2.4	1.4	100

**8.4.13 Inventory management**

Our inventory comprises raw materials, work-in-progress and finished goods products. During the reviewed period, we did not experience any material sales returns by our customers due to product quality matters.

Our average inventory turnover for FYE 2007, FYE 2008, FYE 2009 and FPE 2010 are as follows:

	FYE 2007	FYE 2008	FYE 2009	FPE 2010
Inventory turnover in days <sup>(1)</sup>	171	128	86	72 <sup>(2)</sup>

Note:

(1) Inventory turnover in days = (Average year-end inventory / cost of sales) multiply by 365 days.

(2) Annualised to 12 months for comparison purposes.



## 8. FINANCIAL INFORMATION

Our inventory turnover in days had generally improved during FYE 2007 to FPE 2010 mainly due to improvement in raw material procurement, production management, logistics co-ordination on delivery of our finished goods products and the allowance for slow moving inventories. Operationally, our suppliers generally improved on their service to us by better scheduling their inventories deliveries to meet our timing needs due to changes in our procurement strategies where we have better estimation of the raw material usage requirement after consulting with our customers.

Allowances for slow moving inventories were based on yearly assessment. As long as there were no movements of the inventories for more than 12 months, allowances for slow moving inventories would be provided.

The allowance for slow moving inventories which include finished goods such as industrial labels, insulators, gaskets, assembly parts and metal parts and raw materials such as polycarbonate, adhesive materials, ink, foams and moulds was RM0.16 million, RM0.31 million, RM0.51 million and RM0.53 million for the FYE2007, FYE2008, FYE2009 and FPE 2010 respectively. Apart from this allowance, the Directors are of the opinion that there is no further allowance required.

### 8.4.14 Effects of inflation

Our Directors are of the view that inflation does not have a material impact on our business, financial condition or results of operation of our Group. However, in the future, any increase in inflation rate may affect our operations and performance if we are not able to fully offset the higher costs of services through higher selling price of our products. Our failure or inability to do so may adversely affect our business, financial performance and results of operations.

### 8.4.15 Government/ Economic/ Fiscal/ Monetary policies

Risks relating to government, economic, fiscal or monetary policies, which may materially affect our operations, are set out in **Section 3**. Save for the risk disclosed in **Section 3.2.1(d)**, there is no government, economic, fiscal or monetary policies or factors that will have a material impact on our profitability and financial position.

## 8.5 TREND INFORMATION

### (a) Business and financial prospects

As at LPD, to the best of our Directors' knowledge and belief, our conditions and operations have not been and are not expected to be affected by any of the following:

- known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in this section and **Section 3** and **Section 4**;
- material commitment for capital expenditures set out in **Section 8.4.7**;
- unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as disclosed in this section and in **Section 3**;
- known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our Group revenue and/or profits save for those that have been disclosed in this section, industry overview as set out in **Section 4.23** and business strategies and future plans as set out in **Section 4.22**;

## 8. FINANCIAL INFORMATION

- known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and in **Section 4**; and
- known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's liquidity and capital resources, other than those discussed in this section and in **Section 3** and **Section 4**.

Our Board is optimistic about our future prospect given the favourable outlook as set out in **Section 4.22.2**, our competitive advantages and key strengths set out in **Section 4.2.1(c)** and our dedication to implement the business strategies and future plans set out in **Section 4.22**.

### (b) Order book

Generally, we work from confirmed purchase orders for our manufacturing operations which are mainly fulfilled under a short period of time. Therefore order book is not relevant to our business.

## 8.6 DIVIDEND POLICY

The declaration and recommendation of interim and final dividends are subject to the discretion of our Board and any final dividend for a particular year is subject to the approval of our shareholders. It is the Board's intention to pay dividends to our shareholders in the future to allow them to participate in our profits. However, our ability to pay dividends or make other distributions to our shareholders will depend upon a number of factors, including our earnings, capital requirements, general financial conditions and our distribution reserves.

For the FYE 31 December 2009, there were no dividends declared and paid by Ideal Jacobs Group except for the dividend paid by IJX, of RMB3,695,955 (approximately RM1,906,004). IJX has also declared a dividend of RMB2,500,000 (approximately RM1,207,250) on 22 February 2010 payable to the IJX Vendors and which was paid on 11 June 2010, 18 June 2010 and 25 June 2010. On 13 January 2011, IJX has declared dividend of approximately RM800,500 (RMB1,731,560) which was paid to Ideal Jacobs on 25 January 2011. On 30 March 2011, IJX has further declared dividend of approximately RM798,769 (RMB1,731,560) which was paid to Ideal Jacobs on 11 April 2011.

Our Board intends to adopt a progressive dividend policy, subject to the factors stated below. We intend to recommend and distribute approximately 10% to 15% of our PAT for the FYE 31 December 2011.

In considering the level of dividend payments, if any, upon recommendation by our Directors, we intend to take into account various factors including:

- expected results of our operations;
- required and expected operating cash flow requirements, financial commitments and distributable reserves return on equity and retained earnings;
- the projected level of our capital expenditure and other investment plans;
- restrictions on payment of dividends imposed on us by our financing arrangements (if any); and
- Any material impact of tax laws and other regulatory requirements

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**8. FINANCIAL INFORMATION**

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It will be the policy of our Directors in recommending dividends to allow shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group. Subject to the factors outlined above, our Directors intend to recommend and distribute dividends of between 10% to 15% of our net profit to our shareholders from the FYE 31 December 2011 onwards. Our Company will declare dividends, if any, in RM.

However, investors should note that the intention to recommend the dividends should not be treated as a legal obligation on us to do so. The level of dividends should also not be treated as an indication of our future dividend policy.

You should note that future dividends proposed and declared, may vary depending on the financial performance and cash flows of our Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of our Group.

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**8. FINANCIAL INFORMATION**

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**8.7 PROFORMA CONSOLIDATED FINANCIAL INFORMATION**



**REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED  
FINANCIAL INFORMATION**  
(Prepared for inclusion in this Prospectus)

Date: 13 April 2011

The Board of Directors  
Ideal Jacobs (Malaysia) Corporation Bhd.  
Level 15-2, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia

**SJ Grant Thornton (AF:0737)**  
Level 11, Faber Imperial Court  
Jalan Sultan Ismail  
P. O. Box 12337  
50774 Kuala Lumpur, Malaysia  
T +603 2692 4022  
F +603 2691 5229  
[www.gt.com.my](http://www.gt.com.my)

Dear Sirs,

**IDEAL JACOBS (MALAYSIA) CORPORATION BHD.  
AND ITS SUBSIDIARY COMPANIES  
PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

We have reviewed the presentation of the Proforma Consolidated Financial Information of Ideal Jacobs (Malaysia) Corporation Bhd. ("Ideal Jacobs") and its subsidiary companies, namely Ideal Jacobs (Xiamen) Corporation ("IJX") and Ideal Jacobs Corporation (Thailand) Limited ("IJT") (collectively known as "Ideal Jacobs Group" or "The Group") for the financial years ended ("FYE") 31 December 2007 to 2009 and financial period ended ("FPE") 31 October 2010, together with the notes and assumptions thereto, as set out in Prospectus, which we have stamped for the purpose of identification, in connection with the listing of and quotation for the entire enlarged issued and fully paid-up share capital of Ideal Jacobs on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Proforma Consolidated Financial Information has been prepared for the purpose of inclusion in this Prospectus in connection with the listing of Ideal Jacobs on the basis of assumptions as set out below and after making certain adjustments to show that:-

- i) the financial results of Ideal Jacobs Group for the FYE 31 December 2007 to 2009 and FPE 31 October 2010 would have been if the group structure as of the date of Prospectus had been in place since the beginning of the financial years/period being reported on;
- ii) the financial position of Ideal Jacobs Group as at 31 October 2010 would have been if the group structure as of the date of Prospectus had been in place on that date, adjusted for the Public Issue and Utilisation of Proceeds; and

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**8. FINANCIAL INFORMATION**


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- iii) the cash flows of Ideal Jacobs Group for the FPE 31 October 2010 would have been if the group structure as of the date of Prospectus had been in place since the beginning of the FPE 31 October 2010, adjusted for the Public Issue and Utilisation of Proceeds.

The financial information of Ideal Jacobs Group for the financial period ended 31 October 2009 was not audited and was included for comparison purpose only.

The Proforma Consolidated Financial Information, because of its nature, may not give a true picture of Ideal Jacobs Group's actual financial results, financial position and cash flows. Further, such information does not predict the Group's future financial position, financial results and cash flows.

It is the sole responsibility of the Directors of Ideal Jacobs Group to prepare the Proforma Consolidated Financial Information in accordance with the requirements of the Prospectus Guidelines in respect of Public Offerings issued by the Securities Commission. Our responsibility is to form an opinion as required by the Prospectus Guidelines on the Proforma Consolidated Financial Information and our report is given to you solely for this, and no other purpose.

In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Proforma Consolidated Financial Information, nor we do accept responsibility for such reports or opinions beyond that is owed to those to whom those reports or opinions were addressed by us at the date of their issue.

Our work, which involved no independent examination of any of the underlying financial information, is primarily to compare the Proforma Consolidated Financial Information with the audited financial statements, considering the evidence supporting the adjustments and discussing the Proforma Consolidated Financial Information with the Directors of Ideal Jacobs Group.

In our opinion, the Proforma Consolidated Financial Information together with the accompanying notes which are provided solely for illustrative purposes only,

- (a) have been properly compiled on a basis of preparation as stated in the notes thereto; such basis is consistent with the accounting policies normally adopted by Ideal Jacobs Group;
- (b) the adjustments are appropriate for the purposes of the Proforma Consolidated Financial Information; and
- (c) the financial statements used in the preparation of the Proforma Consolidated Financial Information were prepared in accordance with the Financial Reporting Standards and in manner consistent with both the format of the financial statements and the accounting policies of the Ideal Jacobs Group.

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8. **FINANCIAL INFORMATION**

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This letter is not to be reproduced, referred to in any other document, or used or relied upon for any other purpose without our prior written consent.

Yours faithfully,



SJ GRANT THORNTON  
NO. AF: 0737  
CHARTERED ACCOUNTANTS



DATO' N. K. JASANI  
NO: 708/03/12 (J/PH)  
PARTNER OF THE FIRM

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**8. FINANCIAL INFORMATION**

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**IDEAL JACOBS (MALAYSIA) CORPORATION BHD.**  
**(Company No: 857363 U)**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARY COMPANIES**

**Basis of preparation of Proforma Consolidated Financial Information**

1. The Proforma Consolidated Financial Information has been prepared to illustrate that:
  - a) the financial results of Ideal Jacobs Group for the FYE 31 December 2007 to 2009 and FPE 31 October 2010 would have been if the group structure as of the date of Prospectus had been in place since the beginning of the financial years/period being reported on;
  - b) the financial position of Ideal Jacobs Group as at 31 October 2010 would have been if the group structure as of the date of Prospectus had been in place on that date, adjusted for the Public Issue and Utilisation of Proceeds; and
  - c) the cash flows of Ideal Jacobs Group for the FPE 31 October 2010 would have been if the group structure as of the date of Prospectus had been in place since the beginning of the FPE 31 October 2010, adjusted for the Public Issue and Utilisation of Proceeds.
2. The Proforma Consolidated Financial Information has been prepared based on the audited financial statements of Ideal Jacobs and its subsidiary companies for the FYE 31 December 2007 to 2009 and FPE 31 October 2010 using the bases and the accounting principles consistent with those adopted in the audited financial statements of Ideal Jacobs Group, after giving effect to the proforma adjustments which are considered appropriate.
3. For illustrative purposes, it was assumed that the acquisition of IJX and IJT had been in place prior to 1 January 2007 in arriving at the proforma consolidated statements of comprehensive income for the FYE 31 December 2007 to 2009 and FPE 31 October 2010.
4. The Proforma Consolidated Financial Information have been prepared for illustrative purposes only and, because of their nature, may not give a true picture of the actual financial position, financial results and cash flows of Ideal Jacobs Group.
5. The audited financial statements of Ideal Jacobs and its subsidiary companies for the FYE 31 December 2007 to 2009 and FPE 31 October 2010 were prepared in accordance with the Financial Reporting Standards.

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**13 APR 2011**  
SJ Grant Thornton

**8. FINANCIAL INFORMATION****IDEAL JACOBS (MALAYSIA) CORPORATION BHD.****(Company No: 857363 U)****(Incorporated in Malaysia)****AND ITS SUBSIDIARY COMPANIES****(i) PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

The Proforma Consolidated Statements of Comprehensive Income of Ideal Jacobs Group for the past three (3) FYE 31 December 2007 to 2009, FPE 31 October 2009 and FPE 31 October 2010 are provided for illustrative purposes, based on the audited financial statements of Ideal Jacobs, IJT and IJX by assuming that Ideal Jacobs Group has been in existence throughout the financial years/periods under review.

Years/Periods ended	31 December 2007 RM	31 December 2008 RM	31 December 2009 RM	31 October 2009 @ RM	31 October 2010 RM
Revenue	4,106,016	7,562,817	14,207,759	11,069,282	13,406,651
Gross profit	2,341,626	4,035,466	8,685,861	6,727,019	7,945,287
Profit before amortisation, depreciation, interest expenses and taxation	1,290,895	2,354,002	5,880,769	5,007,957	4,471,668
Amortisation	-	-	-	-	-
Depreciation	(258,427)	(294,068)	(343,078)	(263,062)	(427,368)
Interest expenses	-	-	(724)	(729)	(10,845)
Profit before taxation but after amortisation, depreciation and interest expenses	1,032,468	2,059,934	5,536,967	4,744,166	4,033,455
Taxation	-	(211,881)	(590,876)	(436,756)	(387,636)
Profit after taxation	1,032,468	1,848,053	4,946,091	4,307,410	3,645,819
Gross profit margin (%)	57.03	53.36	61.13	60.77	59.26
Pre-tax profit margin (%)	25.15	27.24	38.97	42.86	30.09
Profit after tax margin (%)	25.15	24.44	34.81	38.91	27.19
Number of ordinary shares of RM0.10 each assumed to be issued	90,001,000	90,001,000	90,001,000	90,001,000	90,001,000
Gross Earnings Per Share ("EPS")* (sen)	1.15	2.29	6.15	6.33^	5.38^
Net EPS* (sen)	1.15	2.05	5.50	5.74^	4.86^

\* Based on enlarged share capital of 90,001,000 ordinary shares

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**8. FINANCIAL INFORMATION**

**IDEAL JACOBS (MALAYSIA) CORPORATION BHD.**  
**(Company No: 857363 U)**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARY COMPANIES**

**(i) PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(CONTINUATION)**

<sup>^</sup> Annualised to 12 months for comparison purposes.

<sup>@</sup> The statement of comprehensive income for the FPE 31 October 2009 is unaudited and is included for comparison purpose only.

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF  
COMPREHENSIVE INCOME**

1. The Proforma Consolidated Statements of Comprehensive Income have been prepared based on the audited financial statements of Ideal Jacobs, IJT and IJX for the past three (3) FYE 31 December 2007 to 2009 and FPE 31 October 2010.
2. There were no extraordinary or exceptional items in all the financial years/period under review.
3. Ideal Jacobs Group's results have been restated through appropriate consolidation adjustments to eliminate inter-company transactions under the existing group structure.
4. Conversion Rate

The functional currency of Ideal Jacobs, IJX and IJT are Ringgit Malaysia ("RM"), Renminbi ("RMB") and Thai Baht ("BAHT") respectively.

In the preparation of the proforma consolidated statements of comprehensive income, we have converted all figures stated in RMB and BAHT to RM. The applied rates of exchange for the FYEs and FPE under review are as below:-

FYE 2007	RMB1:RM0.4518
FYE 2008	RMB1:RM0.4819
FYE 2009	RMB1:RM0.5157
	BAHT100:RM10.2588
FPE 2009	RMB1:RM0.5189
	BAHT100: RM10.2712
FPE 2010	RMB1:RM0.4756
	BAHT100: RM10.0980

The translation from RMB and BAHT into RM in this report is to comply with the requirements of Prospectus Guidelines – Paragraph 12.01 where all financial statements prepared in currency other than RM must be translated into RM.

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**8. FINANCIAL INFORMATION**

**IDEAL JACOBS (MALAYSIA) CORPORATION BHD.**  
**(Company No: 857363 U)**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARY COMPANIES**

**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

The Proforma Consolidated Statements of Financial Position of Ideal Jacobs Group as at 31 October 2010 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 3 to the Proforma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 31 October 2010.

	Note	As at 31 October 2010 RM	Proforma I RM	Proforma II RM
SHARE CAPITAL	4	9,000,100	12,000,100	12,000,100
SHARE PREMIUM	5	-	5,100,000	4,240,005
TRANSLATION RESERVE	6	(213,198)	(213,198)	(213,198)
STATUTORY RESERVE	7	454,438	454,438	454,438
UNAPPROPRIATED PROFIT	8	2,626,951	2,626,951	486,946
Total shareholders' equity		11,868,291	19,968,291	16,968,291
NON CURRENT LIABILITY				
Finance creditor	9	107,666	107,666	107,666
		11,975,957	20,075,957	17,075,957
Represented by:				
NON-CURRENT ASSETS				
Property, plant and equipment	10	3,898,188	3,898,188	7,198,188
Deferred tax assets	11	199,639	199,639	199,639
Goodwill on consolidation	12	146,779	146,779	146,779
Total non-current assets		4,244,606	4,244,606	7,544,606
CURRENT ASSETS				
Inventories	13	1,560,050	1,560,050	1,560,050
Trade and other receivables	14	6,319,469	6,319,469	4,430,651
Amount due from holding company	18	-	-	211,258
Fixed deposits with a licensed bank	15	2,727,270	2,727,270	2,727,270
Cash and bank balances	16	1,160,662	9,260,662	2,710,852
Total current assets		11,767,451	19,867,451	11,640,081
CURRENT LIABILITIES				
Trade and other payables	17	2,034,915	2,034,915	2,034,915
Amount due to holding company	18	1,927,370	1,927,370	-
Amount due to a Director	19	46,620	46,620	46,620
Tax payable	20	27,195	27,195	27,195
Total current liabilities		4,036,100	4,036,100	2,108,730
NET CURRENT ASSETS		7,731,351	15,831,351	9,531,351
		11,975,957	20,075,957	17,075,957
NUMBER OF ORDINARY SHARES		90,001,000	120,001,000	120,001,000
NET TANGIBLE ASSETS PER ORDINARY SHARE OF				
-RM0.10 EACH(RM)		0.13	0.17	0.14
NET ASSETS PER ORDINARY SHARE OF				
-RM0.10 EACH(RM)		0.13	0.17	0.14

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**8. FINANCIAL INFORMATION****IDEAL JACOBS (MALAYSIA) CORPORATION BHD.****(Company No: 857363 U)****(Incorporated in Malaysia)****AND ITS SUBSIDIARY COMPANIES****(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(CONTINUATION)****NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

1. The Proforma Consolidated Statements of Financial Position have been prepared based on the audited financial statements of Ideal Jacobs Group as at 31 October 2010 using the purchase method of accounting for Ideal Jacobs Group.

2. Conversion Rate

The functional currency of Ideal Jacobs, IJX and IJT are Ringgit Malaysia ("RM"), Renminbi ("RMB") and Thai Baht ("BAHT") respectively.

In the preparation of proforma consolidated statements of financial position, we have converted all figures stated in RMB and BAHT to RM. The applied rates of exchange for the FYEs and FPE under review are as below:-

RMB1:RM0.4662

BAHT100: RM10.3803

The translation from RMB and BAHT into RM in this report is to comply with the requirements of Prospectus Guidelines – Paragraph 12.01 where all financial statements prepared in currency other than RM must be translated into RM.

3. The Proforma Consolidated Statements of Financial Position together with notes thereon, have been prepared based on accounting principles and bases consistent with those adopted in the preparation of audited financial statements of Ideal Jacobs Group to illustrate the Consolidated Statements of Financial Position of Ideal Jacobs Group assuming that all the transactions mentioned below had taken place on 31 October 2010:-

**Proforma I: Public Issue**

Public Issue of 30,000,000 new ordinary shares of RM0.10 each in Ideal Jacobs ("Ideal Jacobs Shares") at an issue price of RM0.27 per Ideal Jacobs Share.

The Public Issue shall be allocated to prospective investors in the following manner:-

- (a) General Public

2,000,000 of Ideal Jacobs Shares representing 1.67% of the enlarged issued and paid-up share capital will be made available for application by the General Public; and

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**8. FINANCIAL INFORMATION**

**IDEAL JACOBS (MALAYSIA) CORPORATION BHD.**  
**(Company No: 857363 U)**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARY COMPANIES**

(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(CONTINUATION)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUATION)**

3. Continuation

**Proforma I: Public Issue (continuation)**

The Public Issue shall be allocated to prospective investors in the following manner (continuation):-

(b) Private Placement

28,000,000 of Ideal Jacobs Shares representing 23.33% of the enlarged issued and paid-up share capital will be made available for application by way of Private Placement to identified investors.

**Proforma II: Utilisation of Proceeds**

The gross proceeds arising from the Public Issue amounting to RM8,100,000 are expected to be fully utilised for the core business of Ideal Jacobs Group in the following manner:-

	RM
Capital expenditures	
- Establish an industrial label manufacturing plant in Suzhou, The People's Republic of China	1,500,000
- Launch a new production line for engineered Thermoplastic Composite products in the existing factory in Thailand	1,000,000
- Establish an industrial label manufacturing plant in northern region of Malaysia	800,000
Working capital	1,800,000
Listing expenses	3,000,000
	8,100,000

The listing expenses are estimated at RM3,000,000 and will be set off against the share premium account and profit and loss account.

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**8. FINANCIAL INFORMATION**

**IDEAL JACOBS (MALAYSIA) CORPORATION BHD.**  
**(Company No: 857363 U)**  
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**AND ITS SUBSIDIARY COMPANIES**

(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(CONTINUATION)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL**  
**POSTION (CONTINUATION)**

3. Continuation

**Proforma II: Utilisation of Proceeds (continuation)**

As at 31 October 2010, there is an amount owing by Company to its holding company, Ideal Jacobs Corporation USA ("IJUS") amounting to USD687,326 (RM2,138,628) of which approximately RM1,338,628 were utilised for payment of listing expenses and approximately RM300,000 and RM500,000 were utilised as operational expenses of Ideal Jacobs and as working capital of the subsidiary company in Thailand respectively.

The Company intends to utilise approximately RM800,000 and RM1,338,628 out of the amount allocated for the working capital and listing expenses respectively to repay its holding company, IJUS.

4. **SHARE CAPITAL**

The movement of the issued and paid-up share capital account is as follows:

	<b>RM</b>
At 31 October 2010	9,000,100
Public Issue	<u>3,000,000</u>
Proforma I to II	<u><u>12,000,100</u></u>

5. **SHARE PREMIUM**

The movement of the share premium account is as follows:

	<b>RM</b>
At 31 October 2010	-
Public Issue	<u>5,100,000</u>
Proforma I	5,100,000
Utilisation of Proceeds from Public Issue – Listing expenses	<u>(859,995)</u>
Proforma II	<u><u>4,240,005</u></u>

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**8. FINANCIAL INFORMATION**

**IDEAL JACOBS (MALAYSIA) CORPORATION BHD.**  
**(Company No: 857363 U)**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARY COMPANIES**

**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(CONTINUATION)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL**  
**POSITION (CONTINUATION)**

**6. TRANSLATION RESERVE**

The movement of the translation reserve account is as follows:-

**RM**

At 31 October 2010/Proforma I to II

(213,198)

**7. STATUTORY RESERVE**

The movement of the statutory reserve account is as follows:-

**RM**

At 31 October 2010/Proforma I to II

454,438

**8. UNAPPROPRIATED PROFIT**

The movement of the unappropriated profit account is as follows:

**RM**

At 31 October 2010/Proforma I

2,626,951

Utilisation of Proceeds from Public Issue

- Listing expenses

(2,140,005)

Proforma II

486,946

**9. FINANCE CREDITOR**

The movement of the finance creditor account is as follows:-

**RM**

At 31 October 2010/Proforma I to II

107,666

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**8. FINANCIAL INFORMATION**

**IDEAL JACOBS (MALAYSIA) CORPORATION BHD.**  
**(Company No: 857363 U)**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARY COMPANIES**

**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUATION)**  
**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUATION)**  
**10. PROPERTY, PLANT AND EQUIPMENT**

The movement of the property, plant and equipment account is as follows:

	Furniture and fitting RM	Office equipment RM	Tools RM	Plant and Machinery RM	Renovations RM	Building RM	Motor vehicle RM	Capital work in progress RM	Computer accessories RM	Total RM
Cost										
At 31 October 2010/Proforma I	81,662	358,872	213,439	1,833,862	336,021	1,970,706	493,530	87,273	10,598	5,385,963
Utilisation of proceeds from Public Issue- Capital expenditures	-	-	-	3,300,000	-	-	-	-	-	3,300,000
Proforma IV	81,662	358,872	213,439	5,133,862	336,021	1,970,706	493,530	87,273	10,598	8,685,963
Accumulated depreciation										
At 31 October 2010/Proforma I to II	14,168	222,166	30,446	605,468	106,809	472,970	34,931	-	817	1,487,775
Net carrying amount										
At 31 October 2010/Proforma I	67,494	136,706	182,993	1,228,394	229,212	1,497,736	458,599	87,273	9,781	3,898,188
Utilisation of proceeds from Public Issue- Capital expenditures	-	-	-	3,300,000	-	-	-	-	-	3,300,000
Proforma II	67,494	136,706	182,993	4,528,394	229,212	1,497,736	458,599	87,273	9,781	7,198,188

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**8. FINANCIAL INFORMATION**

**IDEAL JACOBS (MALAYSIA) CORPORATION BHD.**  
**(Company No: 857363 U)**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARY COMPANIES**

**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(CONTINUATION)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUATION)**

**11. DEFERRED TAX ASSETS**

The movement of deferred tax assets account is as follows:

**RM**

At 31 October 2010/Proforma I to II

199,639

**12. GOODWILL ON CONSOLIDATION**

The movement of the goodwill on consolidation account is as follows:

**RM**

At 31 October 2010/Proforma I to II

146,779

**13. INVENTORIES**

The movement of the inventories account is as follows:

**RM**

At 31 October 2010 /Proforma I to II

1,560,050

The analysis of inventories is as follows:

**At costs:-**

Raw materials	1,138,785
Finished goods	918,283
Work-in-progress	28,489
Material supplies	1,400
Packing materials	<u>366</u>

2,087,323

Less: Allowance for slow moving inventories

(527,273)

1,560,050

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**8. FINANCIAL INFORMATION****IDEAL JACOBS (MALAYSIA) CORPORATION BHD.**

(Company No: 857363 U)

(Incorporated in Malaysia)

**AND ITS SUBSIDIARY COMPANIES****(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(CONTINUATION)****NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL  
POSITION (CONTINUATION)****14. RECEIVABLES**

The movement of the receivables account is as follows:

	RM
At 31 October 2010/Proforma I	6,319,469
Utilisation of Proceeds from Public Issue	
- Listing expenses	<u>(1,888,818)</u>
Proforma II	<u>4,430,651</u>
<u>Details:-</u>	
Trade receivables	3,699,110
Advances to employees	341,378
Advances to suppliers	118,351
Deposits	95,654
Non-trade receivables	2,148
VAT receivable	88,535
Prepaid listing expenses	-
Prepayments	<u>85,475</u>
	<u>4,430,651</u>

**15. FIXED DEPOSITS WITH A LICENSED-BANK**

The movement of the fixed deposits with a licensed bank account is as follows:

	RM
At 31 October 2010/Proforma I to II	<u>2,727,270</u>

**16. CASH AND BANK BALANCES**

The movement of the cash and bank balances account is as follows:

	RM
At 31 October 2010	1,160,662
Public Issue	<u>8,100,000</u>
Proforma I	9,260,662

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**8. FINANCIAL INFORMATION**

**IDEAL JACOBS (MALAYSIA) CORPORATION BHD.**  
**(Company No: 857363 U)**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARY COMPANIES**

(ii) **PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(CONTINUATION)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUATION)**

**16. CASH AND BANK BALANCES (CONTINUATION)**

The movement of the cash and bank balances account is as follows: (continuation)

Utilisation of Proceeds from Public Issue

- Capital expenditures	(3,300,000)
- Listing expenses	(1,111,182)
- Repayment to holding company:	
- Working capital	(800,000)
- Listing expenses	(1,338,628)

Proforma II	<u>2,710,852</u>
-------------	------------------

Cash and bank balances are denominated in the following currencies:

	<b>RM</b>
USD	83,543
RMB	1,009,621
BAHT	44,610
Ringgit Malaysia (assumed remaining listing proceeds after utilisation of listing proceeds)	<u>1,573,078</u>
	<u>2,710,852</u>

**17. PAYABLES**

The movement of the payables account is as follows:

	<b>RM</b>
At 31 October 2010/Proforma I to II	<u>2,034,915</u>
<u>Details:-</u>	
Trade payables	1,296,903
VAT payable	11,730
Other payables	371,195
Accrued liabilities	220,233
Advance from customers	45,012
Hire purchase creditor	89,842
	<u>2,034,915</u>

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**8. FINANCIAL INFORMATION****IDEAL JACOBS (MALAYSIA) CORPORATION BHD.****(Company No: 857363 U)****(Incorporated in Malaysia)****AND ITS SUBSIDIARY COMPANIES****(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(CONTINUATION)****NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL  
POSITION (CONTINUATION)****18. AMOUNT DUE TO/(FROM) HOLDING COMPANY**

The movement of the amount due to/(from) holding company account is as follows:

	RM
Trade receivables	(269,466)
Trade payables	58,208
Non trade payables	2,138,628
	<u>1,927,370</u>
At 31 October 2010/Proforma I	1,927,370
Utilisation of Proceeds from Public Issue	
Repayment to holding company by using allocated	
Public Issue proceeds for:-	
- Working capital	(800,000)
- Listing expenses	(1,338,628)
	<u>(211,258)</u>
Proforma II	

**19. AMOUNT DUE TO A DIRECTOR**

The movement of the amount due to a director account is as follows:-

	RM
At 31 October 2010/Proforma I to II	<u>46,620</u>

**20. TAX PAYABLE**

The movement of the tax payable account is as follows:-

	RM
At 31 October 2010/Proforma I to II	<u>27,195</u>

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**8. FINANCIAL INFORMATION**

**IDEAL JACOBS (MALAYSIA) CORPORATION BHD.**  
**(Company No: 857363 U)**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARY COMPANIES**

**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(CONTINUATION)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUATION)**

**21. SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING DATE**

On 13 January 2011, a subsidiary company, Ideal Jacobs (Xiamen) Corporation has entered into a lease agreement for the lease of a premise located at Gangtian Industrial Square, Suzhou, PRC for use as a factory and office.

The future contractual lease rental commitments are as follows:-

	RM
<u>Tenant period</u>	
1.5.2011 to 30.4.2012	119,281
1.5.2012 to 30.4.2013	125,558
1.5.2013 to 30.4.2014	131,836
	376,675

On 17 February 2011, a subsidiary company, Ideal Jacobs (Xiamen) Corporation has entered into a Sale and Purchase agreement amounted RM935,713 for the purchase of a premise located at Unit 2801, Block C, Xin Jing Center, No. 25 Jia He Road, Xiamen, China.

On 2 April 2011, a subsidiary company, Ideal Jacobs (Xiamen) Corporation has entered into a construction project contract amounted to RM188,346 for the renovation on the premise located at Gangtian Industrial Square, Suzhou, PRC with Suzhou Tri Falcon Decoration Engineering Co., Ltd.

**22. RENTAL COMMITMENT**

The future contractual rental commitments are as follows:-

	RM
Within one year	305,824
Later than one year but not more than 5 years	164,074
	469,898

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**8. FINANCIAL INFORMATION****IDEAL JACOBS (MALAYSIA) CORPORATION BHD.**

(Company No: 857363 U)

(Incorporated in Malaysia)

**AND ITS SUBSIDIARY COMPANIES****(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(CONTINUATION)****NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL  
POSITION (CONTINUATION)****23. NET TANGIBLE ASSETS AND NET ASSETS PER ORDINARY SHARE**

Based on the Proforma Consolidated Statements of Financial Position of Ideal Jacobs Group as at 31 October 2010, the proforma net tangible assets ("NTA") and net assets ("NA") per share is calculated as follows:

	RM
Proforma NTA as per Proforma Consolidated Statements of Financial Position (RM)	<u>16,821,512</u>
Proforma NA as per Proforma Consolidated Statements of Financial Position (RM)	<u>16,968,291</u>
Total number of fully issued and paid-up ordinary share of RM0.10 each	<u>120,001,000</u>
Proforma NTA per ordinary share of RM0.10 each (RM)	<u>0.14</u>
Proforma NA per ordinary share of RM0.10 each (RM)	<u>0.14</u>

**(iii) PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS**

The following is the Proforma Consolidated Statement of Cash Flows of Ideal Jacobs Group prepared for illustrative purpose based on the audited financial statements of Ideal Jacobs Group for the FPE 31 October 2010.

Period ended	31 October 2010 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Profit before taxation	4,033,455
<b>Adjustments for:-</b>	
Allowance for slow moving inventories	67,042
Depreciation	427,368
Interest expense	10,845
Unrealised gain on foreign exchange	(8,648)
Interest income	(6,434)

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**8. FINANCIAL INFORMATION****IDEAL JACOBS (MALAYSIA) CORPORATION BHD.**

(Company No: 857363 U)

(Incorporated in Malaysia)

**AND ITS SUBSIDIARY COMPANIES****(iii) PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUATION)**

The following is the Proforma Consolidated Statement of Cash Flows of Ideal Jacobs Group prepared for illustrative purpose based on the audited financial statements of Ideal Jacobs Group for the FPE 31 October 2010 (continuation)

Period ended	31 October 2010 RM
Operating profit before working capital changes	4,523,628
Changes in working capital:-	
Inventories	(669,088)
Receivables	(2,794,824)
Director	47,560
Holding company	2,238,391
Former holding company	665,516
Shareholder	48,608
Payables	750,207
Cash generated from operations	4,809,998
Interest received	6,434
Interest paid	(10,845)
Tax paid	(850,008)
Net cash generated from operating activities	3,955,579
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of property, plant and equipment	
- by working capital	(412,093)
- by listing proceeds	(3,300,000)
Net cash used in investing activities	(3,712,093)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Listing proceeds through Public Issue	8,100,000
Payment of dividends	(1,207,250)
Listing expenses paid	(1,111,182)
Repayment to holding company by using allocated Public Issue proceeds for:-	
- Working capital	(800,000)
- Listing expenses	(1,338,628)
Repayment of hire purchase creditor	(84,066)
Net cash generated from financing activities	3,558,874
Effect of foreign exchange translation	10,638
<b>CASH AND CASH EQUIVALENTS</b>	
Net increase	3,812,998
Effect of exchange rate changes	(210,831)
Brought forward	1,835,955
Carried forward	5,438,122

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**13 APR 2011**

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**8. FINANCIAL INFORMATION****IDEAL JACOBS (MALAYSIA) CORPORATION BHD.****(Company No: 857363 U)****(Incorporated in Malaysia)****AND ITS SUBSIDIARY COMPANIES****(iii) PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUATION)**

The following is the Proforma Consolidated Statement of Cash Flows of Ideal Jacobs Group prepared for illustrative purpose based on the audited financial statements of Ideal Jacobs Group for the FPE 31 October 2010 (continuation)

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position items:-

	<b>31 October 2010</b>
	<b>RM</b>
Fixed deposits with a licensed bank	2,727,270
Cash and bank balances	2,710,852
	<u>5,438,122</u>

The Proforma Consolidated Statement of Cash Flows has been prepared based on the audited financial statements of Ideal Jacobs Group as at 31 October 2010, with the assumption that Public Issue and Utilisation of Listing Proceeds have been completed.

The Proforma Consolidated Statements of Cash Flows have been prepared based on accounting principles and basis consistent with those normally adopted in the preparation of audited Financial Statements of Ideal Jacobs Group.

←————— End of report —————→

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**9. ACCOUNTANTS' REPORT**

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**Grant Thornton**

*(PREPARED FOR INCLUSION IN THIS PROSPECTUS)*

Date: 13 April 2011

The Board of Directors  
Ideal Jacobs (Malaysia) Corporation Bhd.  
Level 15-2, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Malaysia

**SJ Grant Thornton (AF:0737)**  
Level 11, Faber Imperial Court  
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Dear Sirs,

**IDEAL JACOBS (MALAYSIA) CORPORATION BHD. ("IDEAL JACOBS")  
AND ITS SUBSIDIARY COMPANIES ("IDEAL JACOBS GROUP" OR "THE GROUP")**

**ACCOUNTANTS' REPORT**

**1. INTRODUCTION**

This report has been prepared by us, an approved company auditor, for inclusion in this Prospectus in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of Ideal Jacobs on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") which includes the following:-

**(i) Public Issue**

Public Issue of 30,000,000 new ordinary shares of RM0.10 each in Ideal Jacobs ("Ideal Jacobs Shares") at an issue price of RM0.27 per Ideal Jacobs Share.

The Public Issue shall be allocated to prospective investors in the following manner:-

**(a) General Public**

2,000,000 of Ideal Jacobs Shares representing 1.67% of the enlarged issued and paid-up share capital will be made available for application by the General Public; and

**(b) Private Placement**

28,000,000 of Ideal Jacobs Shares representing 23.33% of the enlarged issued and paid-up share capital will be made available for application by way of Private Placement to identified investors.



**9. ACCOUNTANTS' REPORT****1. INTRODUCTION (CONT'D)****(ii) Listing and Quotation on the ACE Market of Bursa Securities**

In conjunction with the Flotation Exercise (as defined in Section 2.1.1), Ideal Jacobs seeks the admission and the listing of and quotation for the entire enlarged issued and paid-up share capital of Ideal Jacobs comprising 120,001,000 Ideal Jacobs Shares on the Official List of the ACE Market of Bursa Securities.

**2. GENERAL INFORMATION****2.1 Background**

The Company was incorporated and domiciled in Malaysia under the Companies Act, 1965 on 18 May 2009 as a private limited liability company under the name of Ideal Jacobs (Malaysia) Corporation Sdn. Bhd. ("Ideal Jacobs"). The Company was converted to public company on 6 April 2010 under the name of Ideal Jacobs (Malaysia) Corporation Bhd..

**2.1.1 Flotation Exercise**

As an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of Ideal Jacobs, Ideal Jacobs Group undertook the Flotation Exercise that involves the following:-

**(i) Sub-division of Shares**

Ideal Jacobs sub-divided the par value of the ordinary shares of RM1.00 each in Ideal Jacobs into RM0.10 each. Upon completion of the Sub-division of Shares, the issued and paid-up share capital of Ideal Jacobs will be RM100 comprising 1,000 Ideal Jacobs Shares.

The Sub-division of Shares was completed on 27 January 2010.

**(ii) Acquisition of Subsidiary Company**

Acquisition of the entire registered and paid-up capital of Ideal Jacobs (Xiamen) Corporation ("IJX") comprising USD1,260,000 (RMB10,379,980) registered and paid-up capital which represents 100% equity interest in IJX for a total purchase consideration of RM9 million to be wholly satisfied through the issuance of 90,000,000 new Ideal Jacobs Shares.

Prior to acquisition of IJX, IJX has declared dividend to its existing shareholders amounted to RMB2,500,000 on 22 February 2010. The dividend have been paid after the acquisition.

The Acquisition of Subsidiary Company was legally completed on 31 May 2010. However, the effective control was transferred on 23 March 2010 in accordance with FRS 3 Business Combination.

**9. ACCOUNTANTS' REPORT****2. GENERAL INFORMATION (CONT'D)****2.1 Background (cont'd)****2.1.1 Flotation Exercise (cont'd)****(iii) Public Issue**

Public Issue of 30,000,000 new ordinary shares of RM0.10 each in Ideal Jacobs ("Ideal Jacobs Shares") at an issue price of RM0.27 per Ideal Jacobs Share.

The Public Issue shall be allocated to prospective investors in the following manner:-

**(a) General Public**

2,000,000 of Ideal Jacobs Shares representing 1.67% of the enlarged issued and paid-up share capital will be made available for application by the General Public;

**(b) Private Placement**

28,000,000 of Ideal Jacobs Shares representing 23.33% of the enlarged issued and paid-up share capital will be made available for application by way of Private Placement to identified investors.

**(iv) Listing and Quotation on the ACE Market of Bursa Securities**

In conjunction with the Flotation Exercise, Ideal Jacobs seeks the admission and the listing of and quotation for the entire enlarged issued and paid-up share capital of Ideal Jacobs comprising 120,001,000 Ideal Jacobs Shares on the Official List of the ACE Market of Bursa Securities.

The gross proceeds arising from the Public Issue amounting to RM8,100,000 are expected to be fully utilised for the core business of Ideal Jacobs Group in the following manner:-

	<b>RM'000</b>
Capital expenditures	
- Establish an industrial label manufacturing plant in Suzhou, The People's Republic of China	1,500
- Launch a new production line for engineered Thermoplastic Composite products in the existing factory in Thailand	1,000
- Establish an industrial label manufacturing plant in northern region of Malaysia	800
Working capital	1,800
Listing expenses	3,000
	<u>8,100</u>

The listing expenses are estimated at RM3,000,000 and will be set off against the share premium account and profit or loss account.

**9. ACCOUNTANTS' REPORT****2. GENERAL INFORMATION (CONT'D)****2.2 Share capital**

The changes in the Company's authorised share capital since the date of its incorporation and up to the date of this report were as follows:-

<b>Date of Creation</b>	<b>Number of Ordinary Shares</b>	<b>Par Value RM</b>	<b>Cumulative Total RM</b>
18 May 2009	100,000	1.00	100,000
27 January 2010	900,000	0.10	100,000
30 April 2010	249,000,000	0.10	25,000,000

The changes in the Company's issued and fully paid-up share capital since the date of its incorporation and up to the date of this report were as follows:-

<b>Date of Allotment</b>	<b>Number of Ordinary Shares</b>	<b>Par Value RM</b>	<b>Consideration</b>	<b>Cumulative Total RM</b>
18 May 2009	100	1.00	Cash	100
27 January 2010	900	0.10	Sub-division of shares	100
31 May 2010	90,000,000	0.10	Acquisition of a subsidiary company	9,000,100

**2.3 Principal activity**

The Company is principally engaged in investment holding.

The principal activity of its subsidiary companies are as follows:-

<b>Name of company</b>	<b>Effective ownership</b>	<b>Principal activities</b>	<b>Date and place of incorporation</b>
Ideal Jacobs (Xiamen) Corporation ("IJX")	100%	#	3 February 2005 The People's Republic of China
Ideal Jacobs Corporation (Thailand) Limited. ("IJT")	100%	*	17 September 2009 Thailand

Ideal Jacobs, IJX and IJT are collectively referred to as "Ideal Jacobs Group".

# The principal activity of IJX is engaged in manufacture of Industrial Labels, Nameplates and Laser/Die-cut Products and fabrication of plastic parts.

\* The principal activity of IJT is engaged in manufacture of Industrial Labels, Nameplates and Die-cut Products.

**9. ACCOUNTANTS' REPORT****2. GENERAL INFORMATION (CONT'D)****2.4 Share capital history of subsidiary companies****(i) IJX**

- (a) The present registered and paid-up capital of IJX is USD1,260,000.
- (b) The contributions to IJX's paid-up capital since the date of its incorporation and up to the date of this report were as follows:-

Date of Contribution	Value USD	Consideration	Cumulative total USD
20 June 2005	745,978	Cash	745,978
28 September 2006	369,622	Cash	1,115,600
28 September 2006	144,400	Other than cash	1,260,000

**(ii) IJT**

- (a) The changes in IJT's authorised share capital since the date of its incorporation and up to date of this report were as follows:-

Date of creation	Number of ordinary shares	Par Value BAHT	Cumulative total BAHT
15 September 2009	3	100	300
17 September 2009	99,997	100	10,000,000

- (b) The changes in IJT's issued and fully paid-up capital since the date of its incorporation and up to date of this report were as follows:-

Date of allotment	Number of ordinary shares	Par Value BAHT	Consideration	Cumulative total BAHT
15 September 2009	3	100	Cash	300
17 September 2009	99,997	100	Nil paid	300
11 December 2009	-	100	Cash and property, plant and equipment	10,000,000

**3. FINANCIAL STATEMENTS AND AUDITORS****A. Ideal Jacobs and IJX**

The financial statements of Ideal Jacobs and IJX for the financial period/years under review were audited by us. All financial statements were reported without any audit qualification.

**9. ACCOUNTANTS' REPORT****3. FINANCIAL STATEMENTS AND AUDITORS (CONT'D)****B. IJT**

The financial statements for the relevant financial period were audited by McMillan Woods (Thailand) Limited (formerly known as Parker Randall Thailand).

The financial statements were reported without any audit qualification.

The auditors' report of the financial statements of Ideal Jacobs, IJX and IJT for the relevant financial years and period under review are set out in Appendix I to VI respectively. For the purpose of the prospectus, the translated auditors' report in Bahasa Malaysia version will be the unsigned copy.

**4. CONVERSION RATE**

The functional currency of Ideal Jacobs, IJX and IJT are Ringgit Malaysia ("RM"), Renminbi ("RMB") and Thai Baht ("BAHT") respectively.

In the preparation of this report, we have converted all figures stated in RMB and BAHT to RM. The applied rates of exchange for the Financial Years Ended ("FYE") and Financial Periods Ended ("FPE") under review are as below:-

	<u>Statement of financial position at closing rate</u>	<u>Statement of comprehensive income at average rate</u>
FYE 2007	RMB1:RM0.4534	RMB1:RM0.4518
FYE 2008	RMB1:RM0.5084	RMB1:RM0.4819
FYE 2009	RMB1:RM0.5019	RMB1:RM0.5157
	BAHT100: RM10.2774	BAHT100:RM10.2588
FPE 2009	RMB1:RM0.4998	RMB1:RM0.5189
	BAHT100: RM10.2064	BAHT100: RM10.2712
FPE 2010	RMB1:RM0.4662	RMB1:RM0.4756
	BAHT100: RM10.3803	BAHT100:RM10.0980

The translation from RMB and BAHT into RM in this report is to comply with the requirements of Prospectus Guidelines – Paragraph 13.12 where all financial statements prepared in currency other than RM must be translated into RM.

**5. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The financial statements of the Group have been prepared in accordance with the Financial Reporting Standards issued by Malaysian Accounting Standards Board ("MASB").

**9. ACCOUNTANTS' REPORT****6. FINANCIAL RISK MANAGEMENT POLICIES**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The Group operates within policies that are approved by the Board and the Group's policies are not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:-

**(a) Foreign currency risk**

The Group is exposed to foreign currency risk as a result of its normal operating activities, both external and intra-group where the currency denominated in a currency other than the respective functional currencies of the Group's activities. The Group's guidelines are to minimise the exposure of overseas operating activities to transaction risk by matching local currency income against local currency costs.

The Group carries out its business in Malaysia, the People's Republic of China ("PRC") and Thailand and most of the transactions are denominated in Ringgit Malaysia ("RM"), United States Dollars ("USD"), Thai Baht ("BAHT") and Renminbi ("RMB"). The Group monitors its foreign currency exposure closely and where necessary, considers hedging significant foreign currency exposure.

<b>Group</b>	<b><u>RM</u></b> <b>RM</b>	<b><u>USD</u></b> <b>RM</b>	<b><u>RMB</u></b> <b>RM</b>	<b><u>BAHT</u></b> <b>RM</b>	<b><u>Total</u></b> <b>RM</b>
<b>31 October 2010</b>					
<b>Financial Assets</b>					
Cash and bank balances	22,888	83,543	3,736,891	44,610	3,887,932
Trade and other receivables	1,934,926	785,198	3,464,465	134,880	6,319,469
	<u>1,957,814</u>	<u>868,741</u>	<u>7,201,356</u>	<u>179,490</u>	<u>10,207,401</u>
<b>Financial Liabilities</b>					
Amount due to holding company	-	1,927,370	-	-	1,927,370
Amount due to a Director	-	-	46,620	-	46,620
Trade and other payables	82,400	635,117	1,184,639	42,917	1,945,073
Hire purchase creditor	-	-	197,508	-	197,508
	<u>82,400</u>	<u>2,562,487</u>	<u>1,428,767</u>	<u>42,917</u>	<u>4,116,571</u>

**9. ACCOUNTANTS' REPORT****6. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Foreign currency risk (cont'd)**

<b>Group (cont'd)</b>	<b>RM</b>	<b>USD</b>	<b>RMB</b>	<b>BAHT</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>31 October 2010 (cont'd)</b>					
Less: Net financial assets denominated in functional currency	1,875,414	-	-	-	1,875,414
Net currency exposure on financial assets	-	(1,693,746)	5,772,589	136,573	4,215,416

*Foreign currency sensitivity analysis*

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, RMB and BAHT exchange rates against the respective functional currencies of the Group entities, with all other variable held constant.

		<b>Group 1.1.2010 to 31.10.2010 RM Increase/(Decrease) Profit net of tax</b>
RM/RMB	- strengthened 0.2%	(3,191)
	- weakened 0.2%	3,191
RM/USD	- strengthened 4%	(68,502)
	- weakened 4%	68,502
RMB/USD	- strengthened 4%	(27,473)
	- weakened 4%	27,473
BAHT/RMB	- strengthened 3%	704
	- weakened 3%	(704)
BAHT/USD	- strengthened 7%	46,560
	- weakened 7%	(46,560)

The exposure to foreign exchange risk vary during the financial period depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

**(b) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of change in market interest rates.

**9. ACCOUNTANTS' REPORT****6. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Interest rate risk (cont'd)**

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward changes in interest rates while enabling benefits to be enjoyed if interest rates fall.

*Interest rate sensitivity analysis*

The Group does not expose to interest rate risk as the Group maintains fixed rate borrowing.

**(c) Liquidity and cash flow risks**

Liquidity of funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

*Analysis of financial instruments by contractual maturities*

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows:-

<b>Group</b>	<b>Less than <u>1 year</u> RM</b>	<b>Between 2 <u>and 3 years</u> RM</b>	<b><u>Total</u> RM</b>
<b>As at 31 October 2010</b>			
Trade Payable	1,296,903	-	1,296,903
Other payables	648,170	-	648,170
Amount due to holding company	1,927,370	-	1,927,370
Amount due to a Director	46,620	-	46,620
Hire purchases creditor	89,842	107,666	197,508
	<u>4,008,905</u>	<u>107,666</u>	<u>4,116,571</u>

**(d) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers. The allowance for impairment loss is based on a review of the expected collectability of trade and other receivables.



**9. ACCOUNTANTS' REPORT****6. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(d) Credit risk (cont'd)***Exposure to credit risk*

The Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

*Credit risk concentration profile*

The Group has no significant concentration of credit risk with any single counterparty except for the following:-

**31 October 2010**

19% and 11% of trade receivables at the reporting date were due from Pentair Technical Products China and Celestica Thailand Ltd respectively.

*Financial assets that are neither past due nor impaired*

Trade and other receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

The aging analysis of trade receivables is as follows:-

Group	31 October 2010	
	RM	%
Neither past due nor impaired	2,889,707	78
Past due 0 to 1 month not impaired	654,238	18
Past due 1 to 2 months not impaired	108,076	3
Past due more than 2 months not impaired	47,089	1
	<u>3,699,110</u>	<u>100</u>

There is no impairment loss recognised in the relevant period since all receivables are collectable and directors expect all balances to be recoverable.

Deposits with banks that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

*Financial assets that are either past due or impaired*

There are no financial assets of the Group either past due or impaired.

**9. ACCOUNTANTS' REPORT****6. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(e) Market price risk**

Market price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

*Market price sensitivity analysis*

The Group does not hold any quoted or marketable financial instrument, hence is not exposed to any movement in market prices.

**7. CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new share capital. No changes were made in the objective, policies or processes during the financial period ended 31 October 2010 and financial period ended 31 December 2009.

The subsidiary company in PRC is required by the Foreign Enterprise Law of the PRC to contribute and to maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the subsidiary company in PRC for the financial period ended 31 October 2010.

**8. SIGNIFICANT ACCOUNTING POLICIES****(a) Accounting convention**

The financial statements of the Group have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

**9. ACCOUNTANTS' REPORT****8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Adoption of Financial Reporting Standards ("FRSs") (cont'd)**

The following FRSs, Amendments and IC Interpretations ("IC Int") have been adopted by the Group effective for the financial period beginning on or after 1 January 2010:-

1)	Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
2)	Amendments to FRS 2	Share-based Payment – Vesting Conditions and Cancellations
3)	FRS 4	Insurance Contracts
4)	Amendment to FRS 5	Improvements to FRSs
5)	FRS 7	Financial Instruments: Disclosures
6)	Amendments to FRS 7	Financial Instruments: Disclosures
7)	FRS 8	Operating Segments
8)	Amendment to FRS 8	Improvements to FRSs
9)	FRS 101	Presentation of Financial Statements
10)	Amendment to FRS 107	Improvements to FRSs
11)	Amendment to FRS 108	Improvements to FRSs
12)	Amendment to FRS 110	Improvements to FRSs
13)	Amendment to FRS 116	Improvements to FRSs
14)	Amendment to FRS 117	Improvements to FRSs
15)	Amendment to FRS 118	Improvements to FRSs
16)	Amendment to FRS 119	Improvements to FRSs
17)	Amendment to FRS 120	Improvements to FRSs
18)	FRS 123	Borrowing Costs
19)	Amendment to FRS 123	Improvements to FRSs
20)	Amendments to FRS 127	Consolidated and Separate Financial Statements : Cost of an Investment in a subsidiary, Jointly Controlled Entity or Associate
21)	Amendment to FRS 127	Improvements to FRSs
22)	Amendment to FRS 128	Improvements to FRSs
23)	Amendment to FRS 129	Improvements to FRSs
24)	Amendment to FRS 131	Improvements to FRSs
25)	Amendments to FRS 132	Financial Instruments: Presentation
26)	Amendment to FRS 134	Improvements to FRSs
27)	Amendment to FRS 138	Improvements to FRSs
28)	FRS 139	Financial Instruments: Recognition and Measurement
29)	Amendment to FRS 140	Improvements to FRSs
30)	IC Int 9	Reassessment of Embedded Derivatives
31)	IC Int 10	Interim Financial Reporting and Impairment
32)	IC Int 11	FRS 2 - Group and Treasury Share Transactions
33)	IC Int 13	Customer Loyalty Programmes
34)	IC Int 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

**9. ACCOUNTANTS' REPORT****8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Adoption of Financial Reporting Standards ("FRSs") (cont'd)**

The following FRSs, Amendments and IC Interpretations ("IC Int") have been adopted by the Group effective for the financial period beginning on or after 1 January 2010 (cont'd):-

FRS 1, 2, 4, 5, 8, 120, 123, 128, 129, 131, 134, 138, 140, IC Int 10, 11, 13 and 14 are not applicable to the Group's operations.

Adoption of the above relevant FRSs did not have any effect on the financial performance or position of the Company except for those discussed below:-

**FRS 7 Financial Instruments: Disclosures**

FRS 7 and the consequential amendment to FRS 101 Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group's financial position and performance, the nature and extent of risks arising from financial instruments and the objectives, policies and processes for managing capital. By virtue of paragraph 44AA of FRS 7, when this standard is first applied, the Group is encouraged but not required to present any of the comparative disclosures required by this standard and by virtue of paragraph 44AB of FRS 7, the impact on the financial statements upon first adoption of this standard as required by paragraph 30 (b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed, if any.

The Group does not present the comparative disclosures by virtue of paragraph 44AA of FRS7.

**FRS 101 Presentations of Financial Statements**

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

The revised FRS 101 was adopted retrospectively by the Group.

**9. ACCOUNTANTS' REPORT****8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Adoption of Financial Reporting Standards ("FRSs") (cont'd)***FRS 139 Financial Instruments: Recognition and Measurement*

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. By virtue of the exemption in paragraph 103AB of FRS 139, the impact on the financial statements upon first adoption of this standard as require by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed, if any.

The Group has not early adopted the following new/revised Standards and IC Interpretations ("IC Int") that have been issued by Malaysian Accounting Standards Board ("MASB"):-

Effective for accounting period beginning on or after 1 March 2010

Amendments to FRS 132 Financial Instruments: Presentation

Effective for accounting period beginning on or after 1 July 2010

FRS 1 First-time Adoption of Financial Reporting Standards

FRS 3 Business Combinations

FRS 127 Consolidated and Separate Financial Statements

Amendments to FRS 2 Share-based Payment

Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 138 Intangible Assets

Amendments to IC Int 9 Reassessment of Embedded Derivatives

IC Int 12 Service Concession Arrangements

IC Int 16 Hedges of a Net Investment in a Foreign Operation

IC Int 17 Distributions of Non-cash Assets to Owners

Effective for accounting period beginning on or after 30 August 2010

Amendments to IC Int 15 Agreements for the Construction of Real Estate

**9. ACCOUNTANTS' REPORT****8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Adoption of Financial Reporting Standards ("FRSs") (cont'd)**

The Group has not early adopted the following new/revised Standards and IC Interpretations ("IC Int") that have been issued by Malaysian Accounting Standards Board ("MASB") (cont'd):-

**Effective for accounting period beginning on or after 1 January 2011**

Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 1	Improvements to FRSs
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 3	Improvements to FRSs
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 7	Improvements to FRSs
Amendments to FRS 101	Improvements to FRSs
Amendments to FRS 121	Improvements to FRSs
Amendments to FRS 128	Improvements to FRSs
Amendments to FRS 131	Improvements to FRSs
Amendments to FRS 132	Improvements to FRSs
Amendments to FRS 134	Improvements to FRSs
Amendments to FRS 139	Improvements to FRSs
IC Int 4	Determining Whether an Arrangement contains a Lease
IC Int 18	Transfers of Assets from Customers
Amendments to IC Int 13	Improvements to FRSs

**9. ACCOUNTANTS' REPORT****8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Adoption of Financial Reporting Standards ("FRSs") (cont'd)**

The Group has not early adopted the following new/revised Standards and IC Interpretations ("IC Int") that have been issued by Malaysian Accounting Standards Board ("MASB") (cont'd):-

Effective for accounting period beginning on or after 1 July 2011

Amendments to IC Int 14	Prepayments of a Minimum Funding Requirement
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IC Int 19	Extinguishing Financial Liabilities with Equity Instruments
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Effective for accounting period beginning on or after 1 January 2012

FRS 124	Related Party Disclosures
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IC Int 15	Agreements for the Construction of Real Estate
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The existing FRS 1, FRS 3 and FRS 127 will be withdrawn upon the adoption of the new requirements that take effect on 1 July 2010. FRS 2012004 will be withdrawn with the issuance of IC Int 15.

Other than FRS 132 and IC Int 9, all the above IC Interpretations and FRSs are not applicable to the Group's operations and FRS 132 and IC Interpretation 9 do not have impact to the Group.

**(c) Significant Accounting Estimates and Judgements**

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

**Goodwill**

The Group determines whether goodwill is impaired at least once annually. This requires the estimation of the value in use of the cash-generating units to which goodwill are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flow from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of the those cash flows.

## 9. ACCOUNTANTS' REPORT



## 8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Significant Accounting Estimates and Judgements (cont'd)Key sources of estimation uncertainty (cont'd)**Deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unused tax credits to the extent that it is probable that taxable profit will be available against which all deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with future tax planning strategies.

**Income taxes/Deferred tax liabilities**

The Group is exposed to income taxes in numerous jurisdictions. Significant judgement is involved in determining Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised tax liabilities based on estimates of whether additional taxes will be due. Where final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact income tax and deferred tax provisions in the period in which such determination is made.

**Impairment of property, plant and equipment**

The Group carried out impairment tests based on a variety of estimation including value-in-use of cash-generating unit to which the property, plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from cash-generating unit and also to choose a suitable discount rate in order to calculate present value of those cash flows.

**Depreciation of property, plant and equipment**

Property, plant and equipment are depreciated on a straight-line basis over their useful life. The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed on a periodical basis and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets.



**9. ACCOUNTANTS' REPORT****8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Basis of consolidation**

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies.

All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated on consolidation unless cost cannot be recovered.

The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting date.

Acquisition of subsidiary companies is accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 8(g).

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income on the date of acquisition.

Subsidiary companies are consolidated using the acquisition method of accounting from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unimpaired balance of goodwill on acquisition and exchange differences.

**(e) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and less any impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred.

**9. ACCOUNTANTS' REPORT****8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Property, plant and equipment (cont'd)**

Depreciation is calculated using the straight-line method to allocate their cost over their estimate useful lives as follows:-

	Rate	Residual value
Buildings	4.5%	10%
Furniture and fitting	10% - 20%	-
Motor vehicles	9%	10%
Machinery	20%	-
Office equipment and fixture	18% - 20%	10%
Plant and machineries	9%	10%
Renovation	10% -20%	-
Tools	20%	-
Computer accesories	20%	-

Fully depreciated property, plant and equipment are retained in the financial statements at net carrying value of 10% of the cost until they are no longer in use.

Restoration cost relating to an item of property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing property, plant and equipment beyond its previously assessed standard of performance.

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment i.e. the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The residual values, useful life and depreciation method are reviewed at each financial year to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the financial period in which the asset is derecognised.

**(f) Capital work in progress**

Capital work in progress of plant and machinery under construction/installation for intended use as facilities. The amount is stated at cost. Plant and machinery under construction is not depreciated until it is completed and ready for their intended use.

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**9. ACCOUNTANTS' REPORT**


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**8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(g) Goodwill**

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary company at the date of acquisition.

Goodwill arising on the acquisition of subsidiary company is presented separately in the statements of financial position.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

A cash-generating unit to which goodwill has been allocated are tested for impairment annually and, whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

An impairment loss recognised for goodwill should not be reversed in subsequent period. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Where goodwill forms part of a cash-generating unit and part of the operations within that unit is disposed off, the goodwill associated with the operations disposed off is included in the carrying amount of the operations when determining the gain or loss on disposal of the operations. Goodwill disposed off in these circumstances are measured based on the relative values of the operations disposed off and portion of the cash-generating unit retained.

**(h) Subsidiary companies**

A subsidiary company is a company in which the Company or the Group has the power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Investment in subsidiary companies is stated at cost less any impairment losses in the Company's statement of financial position. Where an indication of impairment exists, the carrying amount of the subsidiary companies is assessed and written down immediately to their recoverable amount.

## 9. ACCOUNTANTS' REPORT



## 8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Inventories

Inventories are stated at the lower of cost and net realisable value after adequate specific allowance has been made by Director for deteriorated, obsolete and slow-moving inventories.

Cost of raw materials is determined using the weighted average method.

Cost of finished goods includes direct materials, labour and an appropriate proportion of manufacturing overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

(j) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment.

If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the asset or a cash-generating unit is less than its carrying amount. Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

An impairment loss is recognised as an expense in the profit or loss immediately.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

All reversals of impairment losses are recognised as income immediately in the profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the revised carrying amount of the asset, less any residual value, on a systematic basis over its remaining useful life.

(k) Financial assets

Financial assets which are within the scope of FRS 139, other than hedging instruments, are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. Financial assets which are initially recognised at fair value are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired.

## 9. ACCOUNTANTS' REPORT



## 8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Financial assets

The designation of financial assets is re-evaluated and classification may be changes at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

De-recognition of financial assets occurs when the rights to receive cash flows from the assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each of the reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised.

*Receivables*

Receivables are measured initially at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowance for estimated irrecoverable amounts are recognised in the profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(l) Impairment of financial assets*Receivables*

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in notional or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment lost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

## 9. ACCOUNTANTS' REPORT



## 8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment of financial assets (cont'd)*Receivables (cont'd)*

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, fixed deposits with a licensed bank, demand deposits and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(n) Financial liabilities

The Group's financial liabilities include trade payables, other payables and hire purchase creditors. Financial liabilities are recognised when the Group becomes a party to the contractual of the financial instrument.

*Trade payables and other payables*

Trade payables and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

*Hire purchase creditors*

Hire purchase creditors are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Hire purchase creditors are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognition in the profit or loss over the period of the hire purchase creditors using the effective interest method.

(o) Income tax**Current tax**

Current tax expense is the expected amount of income taxes payable in respect of the taxable profit for the financial period and is measured using the tax rates that have been enacted by the reporting date. Current tax for current and prior periods is recognised as liability (or asset) to the extent that it is unpaid (or refundable).

**Deferred tax**

Deferred tax liabilities and assets are provided for under liability method in respect of all temporary differences at reporting date between carrying amount of an asset or liability in the statements of financial position and its tax base including unused tax losses and capital allowances.

**9. ACCOUNTANTS' REPORT****8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(o) Income tax (cont'd)****Deferred tax (cont'd)**

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Current and deferred tax are recognised as an expense or income in the profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

**Value-added Tax ("VAT")**

The Group's sale of goods in the Thailand and PRC are subjected to VAT at the applicable tax rate of 7% and 17% for Thailand and PRC domestic sales respectively. Input VAT on purchases can be deducted from output VAT. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "other receivables" or "other payables" in the statements of financial position.

Revenues, expenses and assets are recognised net of the amount of VAT except:

- where the VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

**(p) Provision**

Provisions are recognised when there is a present, legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

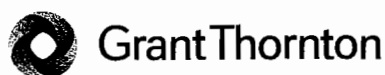
Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

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**9. ACCOUNTANTS' REPORT**


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**8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(q) Revenue recognition**

Revenue from sale of good is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and

Interest income is recognised on time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

**(r) Borrowings costs**

All borrowing costs are recognised as an expense in the profit or loss in the period in which they are incurred.

**(s) Foreign currency transactions and balances**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency")

This report is presented in Ringgit Malaysia, which is also the functional currency of the Group.

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at reporting date.

The assets and liabilities of the foreign entities, including goodwill and fair value adjustments arising on the acquisitions, are translated to Ringgit Malaysia at the closing rates at the reporting date. The operating results are translated to Ringgit Malaysia at the exchange rates at the average rates during the financial year.

Financial statements of foreign consolidated subsidiary company are translated at year-end exchange rates with respect to the assets and liabilities. All resulting translation differences are included in the foreign exchange reserve in equity.

Gains and losses resulting from settlement of such transactions and conversion of monetary assets and liabilities, whether realised or unrealised, are included in the profit or loss as they arise.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are deemed to be assets and liabilities of the Group and translated at the exchange rate ruling at the date of the acquisition.

On disposal of a foreign entity, the cumulative amount of exchange differences deferred in equity relating to that foreign entity is recognised in the profit or loss as a component of the gain or loss on disposal.



## 9. ACCOUNTANTS' REPORT



## 8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Foreign currency transactions and balances (cont'd)

All other foreign exchange differences are taken to the statements of comprehensive income in the financial year in which they arise.

(t) Employee benefits(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

A provision is made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into independent entities of funds and will have no legal or constructive obligations to pay further contribution if any of the funds do not hold sufficient assets to pay all employees benefits relating to employee services in the current and preceding financial year.

The subsidiary company participates in the defined contribution national scheme as provided by the laws of the PRC. Obligation for contributions to defined plans are recognised as an expense in the profit or loss as incurred.

Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

Obligations for contributions to defined contribution plans are recognised as an expense in the profit or loss as incurred.

(iii) Retirement benefits scheme

Pursuant to the relevant regulations of PRC government, the subsidiary company established in the PRC participates in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiary company in the PRC is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiary company. The only obligation of the subsidiary company with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. Contributions under the Scheme are charged to the profit or loss as incurred. There is no provision under the Scheme whereby forfeited contributions may be used to reduce future contributions.

## 9. ACCOUNTANTS' REPORT



## 8. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Statutory reserve

In accordance with the relevant laws and regulations of the PRC, the subsidiary company established in the PRC is required to transfer 10% of its profit after taxation prepared in accordance with the accounting regulation of the PRC to the statutory reserve until the reserve balance reaches 50% of the registered capital. Such reserve may be used to offset unappropriated profit or increase the registered capital of the subsidiary company, subject to the approval from the PRC authorities, and are not available for dividend distribution to the shareholders.

(v) Government grants

Government grants used for financial support, assistance or to reimburse costs incurred by the Group are recognised in the profit or loss of the financial year in which they become receivable.

(w) Finance leases

Lease of property, plant and equipment acquired under hire purchase and finance lease arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised. The depreciation policy on these assets is similar to that of the Group's property, plant and equipment depreciation policy.

Outstanding obligation due under hire purchase and finance lease arrangements after deducting finance expenses are included as liabilities in the financial statements. Finance charges on hire purchase and finance lease arrangements are allocated to profit or loss over the period of the respective agreements.

(x) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

(y) Equity instruments

Ordinary shares are classified as equity which are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and shares premium are classified as equity. Dividends on ordinary shares are recognised as liabilities when declared.

The transaction costs of an equity transaction which comprise only those incremental external costs directly attributable to the equity transaction are accounted for as a deduction from equity, net of tax, from the proceeds.

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION****(a) Summarised statements of comprehensive income****(i) Ideal Jacobs Group**

The following table sets out the summary of the financial results prepared based on the audited financial statements of Ideal Jacobs Group for the FPE 31 October 2010 and FPE 31 December 2009 since the date of its incorporation:-

Period Ended	18/5/2009 to 31/12/2009 RM	1/1/2010 to 31/10/2010 RM
Revenue	-	9,382,626
Gross Profit	-	5,306,832
(Loss)/Profit before amortisation, depreciation, interest expenses and taxation	(81,253)	3,691,651
Amortisation	-	-
Depreciation	(5,123)	(341,965)
Interest expenses	-	(8,021)
(Loss)/Profit before taxation but after amortisation, depreciation and interest expenses	(86,376)	3,341,665
Taxation	-	(173,900)
(Loss)/Profit after taxation	(86,376)	3,167,765
Gross profit margin (%)	-	56.56
Pre-tax profit margin (%)	-	35.62
Effective tax rate (%)	-	5.20
Gross (Loss)/Earning Per Share ("LPS)/EPS")	(863.76)	0.037
Net (LPS)/EPS	(863.76)	0.035

Notes:-

- (i) There were no exceptional or extraordinary items in the financial period under review.
- (ii) There were no accounting policies which are peculiar to Ideal Jacobs Group as a result of the nature of business or industry it is involved in that would affect the determination of Ideal Jacobs Group's financial results or financial position.

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(a) Summarised statements of comprehensive income (cont'd)****(ii) Ideal Jacobs**

The following table sets out the summary of the financial results prepared based on the audited financial statements of Ideal Jacobs for the FPE 31 October 2010 and FPE 31 December 2009 since the date of its incorporation:-

Period ended	18/5/2009 to 31/12/2009 RM	1/1/2010 to 31/10/2010 RM
Revenue	-	-
Gross profit	-	-
Loss before amortisation, depreciation, interest expenses and taxation	(81,253)	(286,771)
Amortisation	-	-
Depreciation	(5,123)	(5,734)
Interest expenses	-	-
Loss before taxation but after amortisation, depreciation and interest expenses	(86,376)	(292,505)
Taxation	-	-
Loss after taxation	(86,376)	(292,505)
Gross profit margin (%)	-	-
Pre-tax profit margin (%)	-	-
Effective tax rate (%)	-	-
Gross Loss Per Share ("LPS")	(863.76)	(0.0033)
Net LPS	(863.76)	(0.0033)

Notes:-

- (j) There were no exceptional or extraordinary items in the financial period under review.
- (ii) There were no accounting policies which are peculiar to Ideal Jacobs as a result of the nature of business or industry it is involved in that would affect the determination of Ideal Jacobs's financial results or financial position.

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(a) Summarised statements of comprehensive income (cont'd)****(iii) IJT**

The following table sets the summary of the financial results prepared based on the audited financial statements of IJT for the FPE 31 October 2010 and FPE 31 December 2009 since the date of its incorporation:-

Period ended	17/9/2009 to 31/12/2009		1/1/2010 to 31/10/2010	
	BAHT	RM	BAHT	RM
Revenue	-	-	873,639	86,516
Gross loss	-	-	(696,116)	(68,936)
Loss before amortisation, depreciation, interest expenses and taxation	(1,449,697)	(141,312)	(4,968,178)	(491,996)
Amortisation	-	-	-	-
Depreciation	(44,805)	(4,367)	(1,361,490)	(134,828)
Interest expenses	-	-	-	-
Loss before taxation but after amortisation, depreciation and interest expenses	(1,494,502)	(145,679)	(6,329,668)	(626,824)
Taxation	263,396	25,675	1,808,921	179,138
Loss after taxation	(1,231,106)	(120,004)	(4,520,747)	(447,686)
Gross loss margin (%)	-	-	(79.68)	(79.68)
Pre-tax loss margin (%)	-	-	(724.52)	(724.52)
Effective tax rate (%)	17.62	17.62	28.58	28.58
Gross Loss Per Share ("LPS")	(14.95)	(1.46)	(63.30)	(6.27)
Net LPS	(12.31)	(1.20)	(45.21)	(4.48)

**Notes:-**

- (i) There were no exceptional or extraordinary items in the financial period under review.
- (ii) There were no accounting policies which are peculiar to IJT as a result of the nature of business or industry it is involved in that would affect the determination of IJT's financial results or financial position.

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(a) Summarised statements of comprehensive income (cont'd)****(iv) IJX**

The following table sets out the summary of the financial results prepared based on the audited financial statements of IJX for the past three (3) FYE 31 December 2007 to 2009 and FPE 31 October 2010:-

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Revenue	9,088,128	4,106,016	15,693,748	7,562,817	27,550,435	14,207,759	28,108,311	13,368,313
Gross profit	5,182,882	2,341,626	8,374,073	4,035,466	16,842,856	8,685,861	16,850,762	8,014,223
Profit before amortisation, depreciation, interest expenses and taxation	2,857,227	1,290,895	4,884,834	2,354,002	11,835,047	6,103,334	11,039,601	5,250,434
Amortisation	-	-	-	-	-	-	-	-
Depreciation	(571,994)	(258,427)	(610,227)	(294,068)	(646,864)	(333,588)	(603,041)	(286,806)
Interest expenses	-	-	-	-	(1,404)	(724)	(22,803)	(10,845)
Profit before taxation but after amortisation, depreciation and interest expenses	2,285,233	1,032,468	4,274,607	2,059,934	11,186,779	5,769,022	10,413,757	4,952,783
Taxation	-	-	(439,679)	(211,881)	(1,195,562)	(616,551)	(1,191,701)	(566,773)
Profit after taxation	2,285,233	1,032,468	3,834,928	1,848,053	9,991,217	5,152,471	9,222,056	4,386,010
Gross profit margin (%)	57.03	57.03	53.36	53.36	61.13	61.13	59.95	59.95
Pre-tax profit margin (%)	25.15	25.15	27.24	27.24	40.60	40.60	37.05	37.05
Effective tax rate (%)	-	-	10.29	10.29	10.69	10.69	11.44	11.44
Gross Earnings Per Share ("EPS") ^	-	-	-	-	-	-	-	-
Net EPS ^	-	-	-	-	-	-	-	-

**Notes:-**

- (i) There were no exceptional or extraordinary items in the financial year under review.
- (ii) There were no accounting policies which are peculiar to IJX as a result of the nature of business or industry it is involved in that would affect the determination of IJX's financial results or financial position.

^ Not applicable as the Company was incorporated in the PRC as a limited liability company and did not have any shares.

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position****(i) Ideal Jacobs Group**

The following table sets out the summary of the statements of financial position prepared based on the audited financial statements of Ideal Jacobs Group for the FPE 31 October 2010 and FPE 31 December 2009:-

Period ended	Note	31/12/2009 RM	31/10/2010 RM
Share capital		100	9,000,100
Statutory reserve		-	454,438
Translation reserve		-	(213,198)
(Accumulated losses)/Unappropriated profit		(86,376)	2,626,951
Total shareholders equity		(86,276)	11,868,291
<b>NON-CURRENT LIABILITY</b>			
Hire purchase creditor	1	-	107,666
		(86,276)	11,975,957
Represented by:-			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipments	2	873,244	3,898,188
Goodwill on consolidation	3	146,779	146,779
Deferred-tax assets	4	25,629	199,639
Total non current assets		1,045,652	4,244,606
<b>CURRENT ASSETS</b>			
Inventories	5	-	1,560,050
Trade receivables	6	-	3,699,110
Other receivables	7	610,204	2,620,359
Fixed deposits with a licensed bank	8	-	2,727,270
Cash and bank balances	9	244,063	1,160,662
Total current assets		854,267	11,767,451
<b>CURRENT LIABILITIES</b>			
Trade payables	10	-	1,296,903
Other payables	11	111,412	738,012
Amount due to a Director	12	-	46,620
Amount due to a company in which a director has interest	13	1,874,783	-
Amount due to holding company	14	-	1,927,370
Tax payable		-	27,195
Total current liabilities		1,986,195	4,036,100
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		(1,131,928)	7,731,351
		(86,276)	11,975,957
Net (Liabilities)/Assets ("(NL)/NA")		(86,276)	11,868,291
(NL)/NA per share		(862.76)	0.13

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(i) Ideal Jacobs Group (cont'd)**

Notes:-

**1. Detail disclosure of hire purchase creditor is as below:-**

Period ended	31/12/2009 RM	31/10/2010 RM
Minimum lease payments		
- Not later than 1 year	-	102,231
- later than 1 year but not later than 5 years	-	119,270
	-	221,501
Less: Interest-in-suspense	-	(23,993)
	-	197,508
Present value of hire purchase creditor		
- Not later than 1 year	-	89,842
- later than 1 year but not later than 5 years	-	107,666
	-	197,508

The effective interest rate during the FPE 31 October 2010 is 7.6%.

The amount payable within 1 year has been included in other payables.

The entire carrying amount of hire purchase creditor is denominated in RMB.

**2. Detail disclosure of property, plant and equipment is as below:-**

Period ended	31/12/2009 RM	31/10/2010 RM
<b>Net carrying amount</b>		
Furniture and fittings	73,186	67,494
Office equipment	14,276	136,706
Tools	21,482	182,993
Plant and machinery	55,036	1,228,394
Renovations	178,946	229,212
Building	-	1,497,736
Motor vehicle	-	458,599
Capital work in progress	530,318	87,273
Computer accessories	-	9,781
	873,244	3,898,188

The building of the Group located in the PRC is pledged to a bank as a security for a banking facility granted to a subsidiary company.

The net carrying amount of motor vehicle of the Group which is under hire purchase arrangement amounted to RM392,261 (31.12.2009: Nil).



**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(i) Ideal Jacobs Group (cont'd)**

Notes (cont'd):-

**3. Detail disclosure of goodwill on consolidation is as below:-**

Period ended	31/12/2009 RM	31/10/2010 RM
At beginning of financial period	-	146,779
Arising from acquisition of a subsidiary company	146,779	-
At end of financial period	146,779	146,779

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount for the above was based on its value in use and was determined by discounting the future cash flows generated from the continuing use of those units and was based on the following key assumptions:-

- Cash flows were projected based on actual operating results and a 5-year business plan.
- A pre-tax discount rate of 11.5% was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the Market's existing rate of borrowing.

The values assigned to the key assumptions represent management's assessment of future trends in the industry. A reasonably possible change in a key assumption does not have any significant difference to the recoverable amount.

**4. Detail disclosure of deferred tax assets is as below:-**

Period ended	31/12/2009 RM	31/10/2010 RM
At beginning of financial period	-	25,629
Acquisition of a subsidiary company	25,629	-
Transfer from statements of comprehensive income	-	179,282
Translation differences	-	(5,272)
At end of financial period	25,629	199,639

The Group's unutilised business losses is amounted to RM579,000 (31.12.2009: RM150,192) and this amount is available for offset against future taxable profits of the subsidiary company in which those items arose.

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(i) Ideal Jacobs Group (cont'd)**

Notes (cont'd):-

**5. Detail disclosure of inventories is as below:-**

Period ended	31/12/2009 RM	31/10/2010 RM
At cost:-		
Raw materials	-	1,138,785
Finished goods	-	918,283
Work-in-progress	-	28,489
Material supplies	-	1,400
Packing materials	-	366
	-	2,087,323
Less: Allowance for slow moving inventories	-	(527,273)
	-	1,560,050

**6. Detail disclosure of trade receivables is as below:-**

The normal trade credit terms granted by the Group to the trade receivables ranging from 30 days to 90 days.

The currency exposure profile of the trade receivables other than denominated in the Group's functional currency, RM, is as follows (foreign currency balances are unhedged): -

Period ended	31/12/2009 RM	31/10/2010 RM
RMB	-	2,957,178
BAHT	-	268
USD	-	741,664

**7. Detail disclosure of other receivables is as below:-**

Period ended	31/12/2009 RM	31/10/2010 RM
Value added tax receivable	80,065	88,535
Prepaid listing expenses	430,967	1,888,818
Deposits	97,594	95,654
Non trade receivables	1,578	2,148
Advances to employees	-	341,378
Advances to suppliers	-	118,351
Prepayment	-	85,475
	610,204	2,620,359

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(i) Ideal Jacobs Group (cont'd)**

Notes (cont'd):-

**7. Detail disclosure of other receivables is as below (cont'd):-**

The currency exposure profile of other receivables other than balances denominated in the Ideal Jacobs Group's functional currency, RM is as follows (foreign currency balance are unhedged):-

Period ended	31/12/2009 RM	31/10/2010 RM
BAHT	126,012	134,612
RMB	-	507,287
USD	-	43,534

**8. Detail disclosure on fixed deposits with a licensed bank is as below:-**

The currency exposure profile of fixed deposits with a licensed bank other than balances denominated in the Ideal Jacobs Group's functional currency, RM is as follows (foreign currency balance are unhedged):-

Period ended	31/12/2009 RM	31/10/2010 RM
RMB	-	2,727,270

**9. Detail disclosure of cash and bank balances is as below:-**

The currency exposure profile of cash and bank balances other than balances denominated in the Ideal Jacobs Group's functional currency, RM is as follows (foreign currency balance are unhedged):-

Period ended	31/12/2009 RM	31/10/2010 RM
USD	109,489	83,543
BAHT	124,665	44,610
RMB	-	1,009,621

**10. Detail disclosure on trade payables is as below:-**

Trade payables comprise amounts outstanding for trade purchases. The normal credit terms granted by the trade payables range from 30 days to 60 days.

The currency exposure profile of trade payables other than balances denominated in the Ideal Jacobs Group's functional currency, RM is as follows (foreign currency balance are unhedged):-

Period ended	31/12/2009 RM	31/10/2010 RM
BAHT	-	3,835
RMB	-	1,012,115
USD	-	280,953

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(i) Ideal Jacobs Group (cont'd)**

Notes (cont'd):-

**11. Detail disclosure of other payables is as below:-**

Period ended	31/12/2009 RM	31/10/2010 RM
Non-trade payables	2,674	371,195
Accrual of expenses	108,738	220,233
Advance from customer	-	45,012
Value added tax payable	-	11,730
Hire purchase creditor	-	89,842
	<u>111,412</u>	<u>738,012</u>

An advance of USD100,000 has been received from a third party and the advance is unsecured, interest free and it has been fully settled on 23 February 2011.

The currency exposure profile of other payables other than balances denominated in the Ideal Jacobs Group's functional currency, RM is as follows (foreign currency balance are unhedged):-

Period ended	31/12/2009 RM	31/10/2010 RM
BAHT	106,412	39,082
USD	-	354,164
RMB	-	172,524

**12. Detail disclosure on amount due to a Director, Meng Bin, is as below:-**

Amount due to a director is non-trade in nature, unsecured, interest free, repayable on demand and denominated in RMB.

**13. Detail disclosure on amount due to a company in which a Director has interest, IJX, is as below:-**

Amount due to a company in which a Director has interest is non-trade in nature, unsecured, interest free, repayable on demand and denominated in RMB.

**14. Detail disclosure on amount due to holding company, IJUS, is as below:-**

Period ended	31/12/2009 RM	31/10/2010 RM
Trade	-	211,258
Non trade	-	(2,138,628)

Amount due to holding company has interest is unsecured, interest free, repayable on demand and denominated in USD.

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(ii) Ideal Jacobs**

The following table sets out the summary of the statements of financial position prepared based on the audited financial statements of Ideal Jacobs for the FPE 31 October 2010 and FPE 31 December 2009:-

Period ended	Note	31/12/2009 RM	31/10/2010 RM
Share capital		100	9,000,100
Accumulated loss		(86,376)	(378,881)
		<u>(86,276)</u>	<u>8,621,219</u>
<u>Non-current assets</u>			
Property, plant and equipment	1	46,103	59,160
Investment in subsidiary companies	2	1,000,000	10,000,000
		<u>1,046,103</u>	<u>10,059,160</u>
<u>Current assets</u>			
Other receivables	3	484,192	1,940,543
Amount due from a subsidiary company	2	143,814	706,636
Cash and bank balances	4	119,398	55,741
		<u>747,404</u>	<u>2,702,920</u>
<u>Current liabilities</u>			
Other payables	5	5,000	397,533
Amount due to a company in which a Director has interest	6	1,874,783	-
Amount due to holding company	7	-	2,138,628
Amount due to a subsidiary company	2	-	1,604,700
		<u>1,879,783</u>	<u>4,140,861</u>
Net current liabilities		<u>(1,132,379)</u>	<u>(1,437,941)</u>
		<u>(86,276)</u>	<u>8,621,219</u>
Net (Liabilities)/Assets ("NL)/NA")		<u>(86,276)</u>	<u>8,621,219</u>
(NL)/NA per share		<u>(862.76)</u>	<u>0.10</u>

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(ii) Ideal Jacobs (cont'd)**

Notes:-

**1. Detail disclosure of property, plant and equipment is as below:-**

Period ended	31/12/2009 RM	31/10/2010 RM
<b>Net carrying amount</b>		
Furniture and fittings	19,145	21,669
Renovations	26,958	24,463
Office equipment	-	3,247
Computer and accessories	-	9,781
	<u>46,103</u>	<u>59,160</u>

**2. Detail disclosure of investment in subsidiary companies/amount due from/(to) subsidiary companies is as below:-**

Period ended	31/12/2009 RM	31/10/2010 RM
Unquoted equity, at cost	<u>1,000,000</u>	<u>10,000,000</u>

Detail of the subsidiary companies of Ideal Jacobs are disclosed in Note 2.3 of this report.

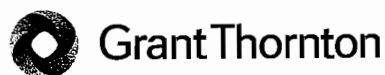
Amount due from/(to) subsidiary companies is unsecured, bears no interest and repayable on demand.

The currency exposure profile of amount due from/(to) subsidiary companies, other than balances denominated in the Ideal Jacobs' functional currency, RM is as follows (foreign currency balance is unhedged):-

Period ended	31/12/2009 RM	31/10/2010 RM
US Dollar	140,092	703,165
RMB	(3,722)	(1,601,229)

**3. Detail disclosure of other receivables is as below:-**

Period ended	31/12/2009 RM	31/10/2010 RM
Prepaid listing expenses	430,967	1,888,818
Deposits	53,225	51,725
	<u>484,192</u>	<u>1,940,543</u>

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(ii) Ideal Jacobs (cont'd)**

Notes (cont'd):-

**3. Detail disclosure of other receivables is as below (cont'd):-**

The currency exposure profile of other receivables, other than balances denominated in the Ideal Jacobs' functional currency, RM is as follows (foreign currency balance is unhedged):-

Period ended	31/12/2009 RM	31/10/2010 RM
RMB	-	5,616

**4. Detail disclosure of cash and bank balances is as below:-**

The currency exposure profile of cash and bank balances other than balances denominated in the Ideal Jacobs's functional currency, RM is as follows (foreign currency balance are unhedged):-

Period ended	31/12/2009 RM	31/10/2010 RM
US Dollar	109,489	32,853

**5. Detail disclosure of other payables is as below:-**

Period ended	31/12/2009 RM	31/10/2010 RM
Non-trade payables	-	309,938
Accrual of expenses	5,000	87,595
	5,000	397,533

An advance of USD100,000 has been received from a third party and the advance is unsecured, interest free and it has been fully settled on 23 February 2011.

The currency exposure profile of other payables other than balances denominated in the Ideal Jacobs's functional currency, RM is as follows (foreign currency balance are unhedged):-

Period ended	31/12/2009 RM	31/10/2010 RM
US Dollar	-	309,938

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(ii) Ideal Jacobs (cont'd)**

Notes (cont'd):-

6. Detail disclosure of amount due to a company in which a Director has interest, IJX, is as below:-

Amount due to a company in which a Director has interest is non-trade in nature, unsecured, interest free, repayable on demand and denominated in RMB.

7. Detail disclosure of amount due to holding company, IJUS, is as below:-

Amount due to holding company is non-trade in nature, unsecured, interest free, repayable on demand and denominated in USD.

**(iii) IJT**

The following table sets out the summary of the statements of financial position prepared based on the audited financial statements of IJT for the FPE 31 October 2010 and FPE 31 December 2009:-

Period ended	Note	31/12/2009		31/10/2010	
		BAHT	RM	BAHT	RM
Share capital		10,000,000	1,000,000	10,000,000	1,000,000
Translation reserve		-	(26,775)	-	(23,058)
Accumulated loss		(1,231,106)	(120,004)	(5,751,853)	(567,690)
Shareholders' equity		8,768,894	853,221	4,248,147	409,252
<u>Non-current assets</u>					
Property, plant and equipment	1	8,500,854	827,141	7,492,868	721,835
Deferred tax assets	2	263,396	25,629	2,072,317	199,639
		8,764,250	852,770	9,565,185	921,474
<u>Current assets</u>					
Inventories	3	-	-	413,348	39,821
Trade receivables	4	-	-	431,515	41,571
Other receivables	5	1,295,076	126,012	1,397,309	134,612
Cash and bank balances	6	1,281,231	124,665	463,066	44,610
		2,576,307	250,677	2,705,238	260,614
<u>Current liabilities</u>					
Trade payables	7	-	-	71,807	6,918
Other payables	8	1,093,634	106,412	405,693	39,082
Amount due to immediate holding company	9	1,478,029	143,814	7,335,089	706,636
Amount due to a related company	10	-	-	209,687	20,200
		2,571,663	250,226	8,022,276	772,836
Net current assets		4,644	451	(5,317,038)	(512,222)
		8,768,894	853,221	4,248,147	409,252
Net assets ("NA")		8,768,894	853,221	4,248,147	409,252
NA per share		87.69	8.53	42.48	4.09



**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(iii) IJT (cont'd)**

Notes :-

**1. Detail disclosure of property, plant and equipment is as below:-**

Period ended	31/12/2009		31/10/2010	
	BAHT	RM	BAHT	RM
<b>Net carrying amount</b>				
Furniture, fittings and equipments	555,404	54,041	475,677	45,825
Renovations	1,562,034	151,988	1,297,036	124,951
Machinery	565,627	55,036	3,656,700	352,273
Machinery installation	5,450,288	530,318	-	-
Office equipment	146,717	14,276	163,933	15,793
Tools	220,784	21,482	1,899,522	182,993
	<u>8,500,854</u>	<u>827,141</u>	<u>7,492,868</u>	<u>721,835</u>

All property, plant and equipment held by the Company are located in the Thailand.

**2. Detail disclosure of deferred tax assets is as below:-**

Period ended	31/12/2009		31/10/2010	
	BAHT	RM	BAHT	RM
Tax benefit from net taxable loss for the period	263,396	25,629	2,072,317	199,639

**3. Detail disclosure of inventories is as below:-**

Period ended	31/12/2009		31/10/2010	
	BAHT	RM	BAHT	RM
Finished goods	-	-	225,105	21,686
Raw materials	-	-	169,913	16,369
Materials supplies	-	-	14,530	1,400
Packing materials	-	-	3,800	366
	<u>-</u>	<u>-</u>	<u>413,348</u>	<u>39,821</u>

**4. Detail disclosure of trade receivables is as below:-**

The normal trade credit terms granted by the Company to the trade receivables ranging is 30 to 60 days.

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(iii) IJT (cont'd)**

Notes (cont'd):-

**4. Detail disclosure of trade receivables is as below (cont'd):-**

The currency exposure profile of the trade receivables other than denominated in the Company's functional currency, BAHT, is as follows (foreign currency balances are unhedged): -

Period ended	31/12/2009		31/10/2010	
	BAHT	RM	BAHT	RM
USD	-	-	428,733	41,303

**5. Detail disclosure of other receivables is as below:-**

Period ended	31/12/2009		31/10/2010	
	BAHT	RM	BAHT	RM
Non-trade receivables	16,216	1,578	22,292	2,148
Deposits	456,000	44,369	456,000	43,929
VAT receivables	822,860	80,065	919,017	88,535
	1,295,076	126,012	1,397,309	134,612

All other receivables are denominated in the Company's function currency, BAHT.

**6. Detail disclosure of cash and bank balances is as below:-**

Period ended	31/12/2009		31/10/2010	
	BAHT	RM	BAHT	RM
BAHT	1,281,231	124,665	463,066	44,610

All cash and bank balances are denominated in the Company's functional currency, BAHT.

**7. Detail disclosure on trade payables is as below:-**

Trade payables comprise amounts outstanding for trade purchases. The normal credit terms granted by the trade payables range is 30 to 60 days.

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(iii) IJT (cont'd)**

Notes (cont'd):-

**7. Detail disclosure on trade payables is as below (cont'd):-**

The currency exposure profile of the trade payables other than denominated in the Company's functional currency, BAHT, is as follows (foreign currency balances are unhedged): -

Period ended	31/12/2009		31/10/2010	
	BAHT	RM	BAHT	RM
USD	-	-	32,007	3,084

**8. Detail disclosure of other payables is as below:-**

Period ended	31/12/2009		31/10/2010	
	BAHT	RM	BAHT	RM
Non-trade payables	27,479	2,674	30,703	2,957
Accruals of expenses	1,066,155	103,738	374,990	36,125
	1,093,634	106,412	405,693	39,082

All other payables are denominated in the Company's functional currency, BAHT.

**9. Detail disclosure of amount due to immediate holding company, Ideal Jacobs, is as below:-**

Amount due to immediate holding company is non-trade in nature, unsecured, interest free, repayable on demand and denominated in USD.

**10. Detail disclosure of amount due to a related company, IJX, is as below:-**

Years/Period ended	31/12/2009		31/10/2010	
	BAHT	RM	BAHT	RM
Trade	-	-	8,507	820
Non trade	-	-	(218,194)	(21,020)

The currency exposure profile of the amount due to a related company other than denominated in the Company's functional currency, BAHT, is as follows (foreign currency balances are unhedged): -

Years/Period ended	31/12/2009		31/10/2010	
	BAHT	RM	BAHT	RM
USD	-	-	8,507	820
RMB	-	-	(218,194)	(21,020)

## 9. ACCOUNTANTS' REPORT



## 9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

## (b) Summarised statements of financial position (cont'd)

## (iv) IJX

The following table sets out the summary of the statements of financial position prepared based on the audited financial statements of IJX for the past three (3) FYE 31 December 2007 to 2009 and FPE 31 October 2010:-

Years/Period ended	Note	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
		RMB	RM	RMB	RM	RMB	RM	RMB	RM
Share capital		10,379,980	4,682,409	10,379,980	4,682,409	10,379,980	4,682,409	10,379,980	4,682,409
Statutory reserve		408,812	184,604	819,474	382,502	1,848,400	913,119	2,803,905	1,367,557
Translation reserve		-	28,721	-	770,054	-	590,850	-	(185,945)
Unappropriated profit		2,014,836	909,431	3,005,530	1,386,848	8,271,866	4,102,698	14,038,417	6,827,020
Shareholders' equity		12,803,628	5,805,165	14,204,984	7,221,813	20,500,246	10,289,076	27,222,302	12,691,041
<u>Non-current liability</u>									
Hire purchase creditor	1	-	-	-	-	405,679	203,610	230,944	107,666
		12,803,628	5,805,165	14,204,984	7,221,813	20,905,925	10,492,686	27,453,246	12,798,707
<u>Non-current assets</u>									
Property, plant and equipment	2	6,695,797	3,035,875	6,334,486	3,220,452	6,536,070	3,280,454	6,686,382	3,117,193
<u>Current assets</u>									
Inventories	3	1,980,493	897,955	3,082,200	1,566,991	2,081,097	1,044,503	3,260,894	1,520,229
Investment in a subsidiary company	4	-	-	100,000	50,840	-	-	-	-
Trade receivables	5	2,060,213	934,101	4,662,808	2,370,572	6,859,904	3,442,986	7,845,424	3,657,539
Other receivables	6	299,370	135,735	145,882	74,166	211,494	106,149	1,169,464	545,204
Amount due from former holding company	7	-	-	383,753	195,100	1,408,274	706,813	-	-
Amount due from immediate holding company	8	-	-	-	-	-	-	3,442,086	1,604,700
Amount due from a shareholder	9	34,604	15,689	102,203	51,960	102,203	51,296	-	-
Amount due from a related company	10	-	-	-	-	-	-	54,473	25,395
Amount due from ultimate holding company	11	-	-	-	-	-	-	453,148	211,258
Amount due from a company in which a Director has interest	12	-	-	-	-	3,735,374	1,874,783	-	-
Fixed deposits with a licensed bank		-	-	-	-	-	-	5,850,000	2,727,270
Cash and bank balances	13	2,402,247	1,089,178	797,239	405,316	3,171,732	1,591,892	2,274,370	1,060,311
		6,776,927	3,072,658	9,274,085	4,714,945	17,570,078	8,818,422	24,349,859	11,351,906
<u>Current liabilities</u>									
Trade payables	14	272,808	123,691	636,084	323,385	1,525,314	765,555	2,767,021	1,289,985
Other payables	15	340,655	154,453	468,545	238,209	1,021,041	512,459	657,641	306,592
Amount due to a director	16	-	-	-	-	-	-	100,000	46,620
Amount due to former holding company	7	55,633	25,224	-	-	-	-	-	-
Amount due to a subsidiary company	4	-	-	96,410	49,015	-	-	-	-
Tax payable		-	-	202,548	102,975	653,868	328,176	58,333	27,195
		669,096	303,368	1,403,587	713,584	3,200,223	1,606,190	3,582,995	1,670,392
Net current assets		6,107,831	2,769,290	7,870,498	4,001,361	14,369,855	7,212,232	20,766,864	9,681,514
		12,803,628	5,805,165	14,204,984	7,221,813	20,905,925	10,492,686	27,453,246	12,798,707
Net asset ("NA")		12,803,628	5,805,165	14,204,984	7,221,813	20,500,246	10,289,076	27,222,302	12,691,041
NA per share^		-	-	-	-	-	-	-	-

^ Not applicable as the Company was incorporated in the PRC as a limited liability company and did not have any shares.

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(iv) IJX (cont'd)**

Notes :-

**1. Detail disclosure of finance creditor is as below:-**

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Minimum lease payment								
- not later than 1 year	-	-	-	-	219,286	110,060	219,286	102,231
- later than 1 year but not later than 5 years	-	-	-	-	438,572	220,119	255,834	119,270
					657,858	330,179	475,120	221,501
Less: Interest-in-suspense	-	-	-	-	(71,258)	(35,764)	(51,464)	(23,993)
	-	-	-	-	586,600	294,415	423,656	197,508
Present value of hire purchase creditor								
- not later than 1 year	-	-	-	-	180,921	90,805	192,712	89,842
- later than 1 year but not later than 5 years	-	-	-	-	405,679	203,610	230,944	107,666
	-	-	-	-	586,600	294,415	423,656	197,508

The effective interest rate during the FYE 31 December 2009 and FPE 31 October 2010 is 7.6%.

The amount payable within 1 year has been included in other payables.

The entire carrying amount of finance creditor is denominated in the Company's functional currency, RMB.

**2. Detail disclosure of property, plant and equipment is as below:-**

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Net carrying amount								
Buildings	3,751,612	1,700,981	3,561,389	1,810,610	3,371,166	1,691,988	3,212,647	1,497,736
Plant and machinery	1,846,565	837,233	1,818,848	924,702	1,729,513	868,043	1,879,278	876,119
Furniture, fittings and equipments	383,954	174,085	315,638	160,470	327,285	164,264	252,393	117,666
Motor vehicles	455,091	206,338	410,082	208,486	909,623	456,540	983,696	458,599
Renovations	258,575	117,238	228,529	116,184	198,483	99,619	171,168	79,800
Under construction	-	-	-	-	-	-	187,200	87,273
	6,695,797	3,035,875	6,334,486	3,220,452	6,536,070	3,280,454	6,686,382	3,117,193

All property, plant and equipment held by the Company are located in the PRC.

The building of the Company is pledged to a bank as a security for a banking facility granted.

The net carrying amount of motor vehicle of the Company which is under hire purchase arrangement amounted to RM392,261 (31.12.2009: 456,540).

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(iv) IJX (cont'd)**

Notes (cont'd) :-

**3. Detail disclosure of inventories is as below:-**

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Raw materials	1,452,978	658,780	2,187,920	1,112,339	1,716,061	861,291	2,407,585	1,122,416
Finished goods	823,039	373,166	1,297,637	659,719	1,335,740	670,408	1,923,203	896,597
Work-in-progress	63,035	28,580	187,847	95,501	44,299	22,234	61,108	28,489
Good in transit	-	-	21,144	10,750	-	-	-	-
	2,339,052	1,060,526	3,694,548	1,878,309	3,096,100	1,553,933	4,391,896	2,047,502
Less: Allowance for slow moving inventories	(358,559)	(162,571)	(612,348)	(311,318)	(1,015,003)	(509,430)	(1,131,002)	(527,273)
	1,980,493	897,955	3,082,200	1,566,991	2,081,097	1,044,503	3,260,894	1,520,229

**4. Detail disclosure of investment in a subsidiary company is as below:-**

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Unquoted investment-at cost	-	-	100,000	50,840	-	-	-	-

Details of the subsidiary company is as follow:-

<u>Name</u>	<u>Country of incorporation</u>	<u>Effective interest</u>	<u>Principal activities</u>
Ideal Jacobs (Xiamen) Industry Design Corporation	PRC	100%	*

\* The principal activities of the Company is label and identification product design, EMI material, die-cutting materials, gasket material, design, research and development and promotion of plastic and metal materials.

The financial statements were excluded from the consolidation as the control is intended to be temporary.

Amount due to a subsidiary company is non-trade in nature, unsecured, interest free and repayable on demand.

The entire amount due to a subsidiary company is denominated in the Company's functional currency, RMB.

The investment in a subsidiary company was voluntarily liquidated in financial year 2009.

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(iv) IJX (cont'd)**

Notes (cont'd):-

**5. Detail disclosure on trade receivables are as below:-**

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Trade receivables	2,060,213	934,101	4,662,808	2,370,572	6,859,904	3,442,986	7,845,424	3,657,539

The normal trade credit terms granted by the Company to the trade receivables ranging from 30 days to 90 days.

The currency exposure profile of the trade receivables, other than denominated in the Company's functional currency, RMB, is as follows (foreign currency balances are unhedged): -

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
USD	1,691,647	766,993	2,725,724	1,385,758	4,828,285	2,423,316	1,502,276	700,361

**6. Detail disclosure of other receivables is as below:-**

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Advance to suppliers	251,658	114,102	129,876	66,029	166,930	83,782	253,864	118,352
Advance to employees	34,265	15,536	7,121	3,620	33,127	16,626	732,255	341,377
Amount owing by a director	6,800	3,083	-	-	-	-	-	-
Prepayment of expenses	6,647	3,014	8,885	4,517	11,437	5,741	183,345	85,475
	299,370	135,735	145,882	74,166	211,494	106,149	1,169,464	545,204

The amount owing by a director, Meng Bin is non-trade in nature, unsecured, interest free and repayable on demand.

The currency exposure profile of the other receivables, other than denominated in the Company's functional currency, RMB, is as follows (foreign currency balances are unhedged): -

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
USD	-	-	-	-	-	-	93,381	43,534

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(iv) IJX (cont'd)**

Notes (cont'd):-

**7. Detail disclosure of amount due from/(to) former holding company is as below:-**

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Trade	(159,444)	(72,292)	77,144	39,220	1,101,665	552,926	-	-
Non trade	103,811	47,068	306,609	155,880	306,609	153,887	-	-

The former holding company is IJUS, a company incorporated in United States of America.

Amount due from/(to) former holding company is unsecured, interest free and repayable on demand.

The currency exposure profile of the amount due from/(to) former holding company other than balances dominated in the Company's functional currency, RMB, is as follows (foreign currency balance are unhedged):-

Years/Period ended-	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
USD	(55,633)	(25,224)	77,144	39,220	1,408,274	706,813	-	-

**8. Detail disclosure of amount due from immediate holding company is as below:-**

The immediate holding company is Ideal Jacobs, a company incorporated in Malaysia.

Amount due from immediate holding company is non-trade in nature, unsecured, interest free, repayable on demand and denominated in RMB.

**9. Detail disclosure of amount due from a shareholder, Foo Chong Lee, is as below:-**

Amount due from a shareholder is non-trade in nature, unsecured, interest free and repayable on demand.

The entire amount due from a shareholder is denominated in the Company's functional currency, RMB.

**10. Detail disclosure of amount due from a related company, IJT, is as below:-**

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Trade	-	-	-	-	-	-	6,610	3,082
Non trade	-	-	-	-	-	-	47,863	22,313



**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(iv) IJX (cont'd)**

Notes (cont'd):-

**10. Detail disclosure of amount due from a related company, IJT, is as below (cont'd):-**

Amount due from a related company is unsecured, interest free and repayable on demand.

The currency exposure profile of the amount due from a related company other than balances dominated in the Company's functional currency, RMB, is as follows (foreign currency balance are unhedged):-

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
USD	-	-	-	-	-	-	6,610	3,082

**11. Detail disclosure of amount due from ultimate holding company, IJUS, is as below:-**

Amount due from ultimate holding company is trade in nature, unsecured, interest free and repayable on demand.

The entire amount due from ultimate holding company is denominated in USD.

**12. Detail disclosure of amount due from a company in which a Director has interest, Ideal Jacobs, is as below:-**

Amount due from a company in which a Director has interest is non-trade in nature, unsecured, interest free and repayable on demand.

The entire amount due from a company in which a Director has interest is denominated in the Company's functional currency, RMB.

**13. Detail disclosure of cash and bank balances is as below:-**

The currency exposure profile of the cash and bank balances other than balances denominated in the Company's functional currency, RMB, is as follows (foreign currency balances are unhedged):

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
USD	6,883	3,121	116,445	59,201	678,217	340,397	108,731	50,690

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(b) Summarised statements of financial position (cont'd)****(iv) IJX (cont'd)**

Notes (cont'd):-

**14. Detail disclosure of the trade payables is as below:-**

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Trade payables	272,808	123,691	636,084	323,385	1,525,314	765,555	2,767,021	1,289,985

Trade payables comprise amounts outstanding for trade purchases. The normal credit terms granted by the trade payables range from 30 days to 60 days.

The currency exposure profile of the trade payables, other than denominated in the Company's functional currency, RMB, is as follows (foreign currency balances are unhedged): -

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
USD	6,762	3,066	567,619	288,578	270,315	135,671	596,032	277,870

**15. Detail disclosure of other payables is as below:-**

Year/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Non-trade payables	14,063	6,376	19,844	10,089	5,261	2,639	125,051	58,299
Accrual of expenses	211,895	96,073	325,566	165,518	553,270	277,686	218,166	101,709
Advance from customers	-	-	-	-	73,970	37,125	96,551	45,012
Hire purchase creditor	-	-	-	-	180,921	90,805	192,712	89,842
Value added tax payable	114,697	52,004	123,135	62,602	207,619	104,204	25,161	11,730
	340,655	154,453	468,545	238,209	1,021,041	512,459	657,641	306,592

The currency exposure profile of the other payables, other than denominated in the Company's functional currency, RMB, is as follows (foreign currency balances are unhedged): -

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
USD	-	-	-	-	-	-	94,864	44,226

**16. Detail disclosure on amount due to a director, Meng Bin, is as below:-**

Years/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Amount due to a director	-	-	-	-	-	-	100,000	46,620

The entire amount due to a director is non-trade in nature and denominated in the Company's functional currency, RMB.

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(c) Summarised statements of cash flows****(i) Ideal Jacobs Group**

The following sets out the summary statements of cash flows prepared based on the audited financial statements of Ideal Jacobs Group for the FPE 31 October 2010 and FPE 31 December 2009 since the date of its incorporation:-

Period ended	Note	18/5/2009 to 31/12/2009 RM	1/1/2010 to 31/10/2010 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/Profit before taxation		(86,376)	3,341,665
<b>Adjustments for:-</b>			
Allowance for slow moving inventories		-	55,169
Depreciation		5,123	341,965
Interest expenses		-	8,021
Interest income		-	(5,759)
Excess of fair value of a subsidiary company acquired over the cost of investment		-	(1,258,386)
Property, plant and equipment written off		-	9,351
Unrealised loss/(gain) on foreign exchange		1,727	(105,024)
Operating (loss)/profit before working capital changes		(79,526)	2,387,002
<b>Changes in working capital:-</b>			
Company in which a Director has interest		1,873,056	(98,073)
Holding company		-	2,057,885
Director		-	47,560
Inventories		-	(563,429)
Payables		(138,814)	620,983
Receivables		(484,192)	(525,599)
Cash generated from operations		1,170,524	3,926,329
Tax paid		-	(533,590)
Interest received		-	5,759
Interest paid		-	(8,021)
Net cash generated from operating activities		1,170,524	3,390,477
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(51,226)	(315,034)
Acquisition of subsidiary company	A	(875,335)	1,734,832
Net cash (used in)/generated from investing activities		(926,561)	1,419,798
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		-	(990,720)
Repayment of hire purchase creditor		-	(55,214)
Proceeds from issuance of shares		100	-
Net cash generated from/(used in) financing activities		100	(1,045,934)

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(c) Summarised statements of cash flows (cont'd)****(i) Ideal Jacobs Group (cont'd)**

The following sets out the summary statements of cash flows prepared based on the audited financial statements of Ideal Jacobs Group for the FPE 31 October 2010 and FPE 31 December 2009 since the date of its incorporation:- (cont'd)

Period ended	Note	18/5/2009 to 31/12/2009 RM	1/1/2010 to 31/10/2010 RM
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**CASH AND CASH EQUIVALENTS**

Net change	244,063	3,764,341
Brought forward	-	244,063
Effects of exchange rate changes	-	(120,472)
Carried forward	244,063	3,887,932

**NOTES TO THE STATEMENTS OF CASH FLOWS****A. ACQUISITION OF SUBSIDIARY COMPANIES**

The fair value of assets acquired and liabilities assumed of the subsidiary company ("IJT") acquired during the financial period 2009 were as follows:-

	Group 2009 RM
Deferred tax assets	25,629
Property, plant and equipment	827,141
Receivables	126,012
Cash and bank balances	124,665
Payables	(250,226)
Group's share of net assets	853,221
Goodwill on acquisition	146,779
Purchase consideration satisfied by:-	
Cash	508,392
Property, plant and equipment	491,608
Less: Cash and cash equivalents of subsidiary company acquired	(124,665)
Net cash outflow of the Group	875,335

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(c) Summarised statements of cash flows (cont'd)****(i) Ideal Jacobs Group (cont'd)****NOTES TO THE SUMMARY STATEMENTS OF CASH FLOWS (CONT'D)****A. ACQUISITION OF SUBSIDIARY COMPANIES (CONT'D)**

The fair value of assets acquired and liabilities assumed of the subsidiary company ("IJX") acquired during the financial period 2010 were as follows:-

	<b>Group 2010 RM</b>
Property, plant and equipment	3,112,247
Receivables	5,234,789
Cash and bank balances	1,734,832
Inventories	1,079,456
Amount due from a company in which a director has interest	1,776,710
Payables	(1,226,650)
Hire purchase creditor	(254,770)
Tax payable	(207,508)
Dividend payable	(990,720)
	<hr/>
Group's share of net assets	10,258,386
Excess of fair value of a subsidiary company acquired over the cost of investment	(1,258,386)
Goodwill on acquisition	<hr/>
Purchase consideration satisfied by:-	
Issuance of shares	9,000,000
Less: Cash and cash equivalents of subsidiary company acquired	<hr/>
	(1,734,832)
Net cash (inflow) of the Group	<hr/>
	(1,734,832)

**B. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position items:-

	<b>Group</b>	
	18.5.2009	1.1.2010
	to	to
	31.12.2009	30.6.2010
	RM	RM
Fixed deposits with a licensed bank	-	2,727,270
Cash and bank balances	244,063	1,160,662
	<hr/>	<hr/>
	244,063	3,887,932

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(c) Summarised statements of cash flows (cont'd)****(ii) Ideal Jacobs**

The following sets out the summary statements of cash flows prepared based on the audited financial statements of Ideal Jacobs for the FPE 31 October 2010 and FPE 31 December 2009 since the date of its incorporation:-

Period ended	18/5/2009 to 31/12/2009 RM	1/1/2010 to 31/10/2010 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(86,376)	(292,505)
<b>Adjustments for:-</b>		
Depreciation	5,123	5,734
Unrealised foreign exchange loss/(gain)	53,731	(144,249)
Operating loss before working capital changes	(27,522)	(431,020)
<b>Changes in working capital:-</b>		
Company in which a Director has interest	1,873,056	(1,874,783)
Holding company	-	2,238,391
Payables	5,000	392,533
Receivables	(484,192)	(1,456,351)
Subsidiary company	(195,818)	1,090,344
Net cash generated from/(used in) operating activities	1,170,524	(40,886)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(51,226)	(18,791)
Acquisition of subsidiary company	(1,000,000)	-
Net cash used in investing activities	(1,051,226)	(18,791)
<b>CASH FLOW FROM FINANCING ACTIVITY</b>		
Proceeds from issuance of shares	100	-
Net cash generated from financing activity	100	-
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	119,398	(59,677)
Brought forward	-	119,398
Effect of exchange rate changes	-	(3,980)
Carried forward	119,398	55,741

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(c) Summarised statements of cash flows (cont'd)****(iii) IJT**

The following sets out the summary statements of cash flows prepared based on the audited financial statements of IJT for the FPE 31 October 2010 and FPE 31 December 2009 since the date of its incorporation:-

Period ended	17/9/2009 to 31/12/2009 BATH	17/9/2009 to 31/12/2009 RM	1/1/2010 to 31/10/2010 BAHT	1/1/2010 to 31/10/2010 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before taxation	(1,494,502)	(145,679)	(6,329,668)	(626,824)
<b>Adjustments for:-</b>				
Depreciation	44,805	4,367	1,361,490	134,828
Unrealised foreign exchange gain	-	-	486,599	48,188
Interest income	(437)	(43)	-	-
Operating loss before working capital changes	(1,450,134)	(141,355)	(4,481,579)	(443,808)
<b>Changes in working capital:-</b>				
Payables	1,093,634	106,604	(616,134)	(61,014)
Immediate holding company	1,478,029	118,847	5,370,461	531,834
Related company	-	-	209,687	20,765
Inventories	-	-	(413,348)	(40,935)
Receivables	(1,295,076)	(126,240)	(533,748)	(52,857)
Cash used in operations	(173,547)	(42,144)	(464,661)	(46,015)
Interest received	437	43	-	-
Net cash used in operating activities	(173,110)	(42,101)	(464,661)	(46,015)
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>				
Purchase of property, plant and equipment	(8,545,659)	(833,008)	(353,504)	(35,007)
Net cash used in investing activity	(8,545,659)	(833,008)	(353,504)	(35,007)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>				
Proceeds from issuance of shares	10,000,000	1,000,000	-	-
Net cash generated from financing activity	10,000,000	1,000,000	-	-
Effect of foreign exchange translation	-	(226)	-	2,203

## 9. ACCOUNTANTS' REPORT



## 9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

## (c) Summarised statements of cash flows (cont'd)

## (iii) IJT(CONT'D)

The following sets out the summary statements of cash flows prepared based on the audited financial statements of IJT for the FPE 31 October 2010 and FPE 31 December 2009 since the date of its incorporation:- (cont'd)

Period ended	17/9/2009 to 31/12/2009 BATH	17/9/2009 to 31/12/2009 RM	1/1/2010 to 31/10/2010 BAHT	1/1/2010 to 31/10/2010 RM
<b>CASH AND CASH EQUIVALENTS</b>				
Net changes	1,281,231	124,665	(818,165)	(78,819)
Brought forward	-	-	1,281,231	124,665
Effects of exchange rate changes	-	-	-	(1,236)
Carried forward	1,281,231	124,665	463,066	44,610

## (iv) IJX

The following sets out the summary statements of cash flows prepared based on the audited financial statements of IJX for the past three (3) FYE 31 December 2007 to 2009 and FPE 31 October 2010:-

Years/period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Profit before taxation	2,285,233	1,032,468	4,274,607	2,059,934	11,186,779	5,769,022	10,413,757	4,952,783
Adjustments for:-								
Allowance for slow moving inventories	358,559	161,997	253,789	122,301	402,655	207,649	115,999	67,042
Bad debts written off	8,144	3,679	16,776	8,084	16,171	8,339	-	-
Depreciation	571,994	258,427	610,227	294,068	646,864	333,588	603,041	286,806
Inventories written off	144,729	65,389	98,404	47,421	97,149	50,100	-	-
Loss on liquidation of investment	-	-	-	-	6,632	3,420	-	-
Loss on disposal of property, plant and equipment	-	-	21,775	10,493	168,974	87,140	-	-
Property, plant and equipment written off	-	-	-	-	8,493	4,380	21,232	-
Unrealised foreign exchanged loss	-	-	-	-	-	-	183,796	87,413
Interest expenses	-	-	-	-	1,404	724	22,803	10,845
Interest income	(15,805)	(7,141)	(7,835)	(3,776)	(5,873)	(3,029)	(13,529)	(6,434)
Operating profit before working capital changes	3,352,854	1,514,819	5,267,743	2,538,525	12,529,248	6,461,333	11,347,099	5,398,455
Changed in working capital:-								
Company in which a Director has interest	-	-	-	-	(3,735,374)	(1,926,331)	3,735,374	1,874,783
Director	-	-	-	-	-	-	100,000	47,560
Ultimate holding company	-	-	-	-	-	-	(453,148)	(211,258)
Inventories	(801,885)	(362,291)	(1,453,900)	(700,637)	501,299	258,521	(1,295,796)	(628,153)
Receivables	(735,610)	(332,349)	(2,465,883)	(1,188,308)	(2,278,879)	(1,175,217)	(2,010,294)	(956,097)
Payables	433,783	195,983	491,166	236,695	1,260,805	652,691	866,516	418,688
Immediate holding company	-	-	-	-	-	-	(3,442,086)	(1,735,296)
Former holding company	(399,282)	(180,396)	(439,386)	(211,740)	(1,024,521)	(528,345)	1,408,274	665,516
Related company	-	-	-	-	-	-	(54,473)	(25,907)
Subsidiary company	-	-	96,410	46,460	(96,410)	(49,719)	-	-
Shareholder	(34,604)	(15,634)	(67,599)	(32,576)	-	-	102,203	48,608



**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(c) Summarised statements of cash flows (cont'd)****(iv) IJX (CONT'D)**

The following sets out the summary statements of cash flows prepared based on the audited financial statements of IJX for the past three (3) FYE 31 December 2007 to 2009 and FPE 31 October 2010 :- (cont'd)

Years/period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Cash generated from operations	1,815,256	820,132	1,428,551	688,419	7,156,168	3,692,933	10,303,669	4,896,899
Tax paid	-	-	(237,131)	(114,273)	(744,242)	(383,806)	(1,787,236)	(850,008)
Interest received	15,805	7,141	7,835	3,776	5,873	3,029	13,529	6,434
Interest paid	-	-	-	-	(1,404)	(724)	(22,803)	(10,845)
Net cash generated from operating activities	1,831,061	827,273	1,199,255	577,922	6,416,395	3,311,432	8,507,159	4,042,480
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Acquisition of subsidiary company	-	-	(100,000)	(48,190)	(900,000)	(464,130)	-	-
Disposal of subsidiary company	-	-	-	-	993,368	512,280	-	-
Purchase of property, plant and equipment	(114,956)	(51,937)	(291,691)	(140,566)	(638,305)	(331,671)	(774,585)	(358,295)
Proceeds from disposal of property, plant and equipment	-	-	21,000	10,120	198,990	102,619	-	-
Net cash used in investing activities	(114,956)	(51,937)	(370,691)	(178,636)	(345,947)	(180,902)	(774,585)	(358,295)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Dividend paid	(1,245,738)	(562,824)	(2,433,572)	(1,172,738)	(3,695,955)	(1,906,004)	(2,500,000)	(1,207,250)
Repayment of hire purchase creditor	-	-	-	-	-	-	(162,944)	(84,066)
Net cash used in financing activities	(1,245,738)	(562,824)	(2,433,572)	(1,172,738)	(3,695,955)	(1,906,004)	(2,662,944)	(1,291,316)
Effect of foreign exchange translation	-	752	-	(42,533)	-	(32,767)	-	8,435
<b>CASH AND CASH EQUIVALENTS</b>								
Net increase/(decrease)	470,367	213,264	(1,605,008)	(815,985)	2,374,493	1,191,759	5,069,630	2,401,304
Effect of exchange rate changes	-	4,443	-	132,123	-	(5,183)	(116,992)	(205,615)
Brought forward	1,931,880	871,471	2,402,247	1,089,178	797,239	405,316	3,171,732	1,591,892
Carried forward	2,402,247	1,089,178	797,239	405,316	3,171,732	1,591,892	8,124,370	3,787,581

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(d) Summarised statements of changes in equity****(i) Ideal Jacobs Group**

The following table sets out the summary statements of changes in equity prepared based on the audited financial statements of Ideal Jacobs Group for the FPE 31 October 2010 and FPE 31 December 2009 since the date of its incorporation.

	Non-distributable			Distributable (Accumulated loss)/ Unappropriated profit	Total equity
	Share capital RM	Translation reserve RM	Statutory reserve RM	RM	RM
At date of incorporation	100	-	-	-	100
Loss for the financial period	-	-	-	(86,376)	(86,376)
<b>Total comprehensive loss for the financial period</b>	-	-	-	(86,376)	(86,376)
Balance at 31 December 2009	100	-	-	(86,376)	(86,276)
Issuance of shares	9,000,000	-	-	-	9,000,000
<b>Transaction with owners</b>	9,000,000	-	-	-	9,000,000
Profit for the financial period	-	-	-	3,167,765	3,167,765
Other comprehensive income:					
- Exchange differences on translating foreign operations	-	(213,198)	-	-	(213,198)
- Transfer to statutory reserve	-	-	454,438	(454,438)	-
<b>Total comprehensive income for the financial period</b>	-	(213,198)	454,438	2,713,327	2,954,567
<b>Balance at 31 October 2010</b>	<u>9,000,100</u>	<u>(213,198)</u>	<u>454,438</u>	<u>2,626,951</u>	<u>11,868,291</u>

**(ii) Ideal Jacobs**

The following table sets out the summary statements of changes in equity prepared based on the audited financial statements of Ideal Jacobs for the FPE 31 October 2010 and FPE 31 December 2009 since the date of its incorporation.

	Non-distributable			Distributable Accumulated loss	Total equity
	Share capital RM	Translation reserve RM	Statutory reserve RM	RM	RM
At date of incorporation	100	-	-	-	100
Loss for the financial period	-	-	-	(86,376)	(86,376)
<b>Total comprehensive loss for the financial period</b>	-	-	-	(86,376)	(86,376)
Balance at 31 December 2009	100	-	-	(86,376)	(86,276)
Issuance of shares	9,000,000	-	-	-	9,000,000
<b>Transaction with owners</b>	9,000,000	-	-	-	9,000,000
Loss for the financial period	-	-	-	(292,505)	(292,505)
<b>Total comprehensive loss for the financial period</b>	-	-	-	(292,505)	(292,505)
<b>Balance at 31 October 2010</b>	<u>9,000,100</u>	<u>-</u>	<u>-</u>	<u>(378,881)</u>	<u>8,621,219</u>

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(d) Summarised statements of changes in equity (cont'd)****(iii) IJT**

The following table sets out the summary statements of changes in equity prepared based on the audited financial statements of IJT for the FPE 31 October 2010 and FPE 31 December 2009 and since the date of its incorporation.

	← Non-distributable → Share capital BAHT	Distributable Accumulated loss BAHT	Total equity BAHT
<b>At date of incorporation</b>	10,000,000	-	10,000,000
Loss for the financial period	-	(1,231,106)	(1,231,106)
<b>Total comprehensive loss for the financial period</b>	-	(1,231,106)	(1,231,106)
<b>Balance at 31 December 2009</b>	10,000,000	(1,231,106)	8,768,894
Loss for the financial period	-	(4,520,747)	(4,520,747)
<b>Total comprehensive loss for the financial period</b>	-	(4,520,747)	(4,520,747)
<b>Balance at 31 October 2010</b>	10,000,000	(5,751,853)	4,248,147

	Share capital RM	Non-distributable Translation reserve RM	Statutory reserve RM	Distributable Accumulated loss RM	Total equity RM
<b>At date of incorporation</b>	1,000,000	-	-	-	1,000,000
Loss for the financial period	-	-	-	(120,004)	(120,004)
Other comprehensive income: - Exchange difference on translation	-	(26,775)	-	-	(26,775)
<b>Total comprehensive loss for the financial period</b>	-	(26,775)	-	(120,004)	(146,779)
<b>Balance at 31 December 2009</b>	1,000,000	(26,775)	-	(120,004)	853,221
Loss for the financial period	-	-	-	(447,686)	(447,686)
Other comprehensive income: - Exchange difference on translation	-	3,717	-	-	3,717
<b>Total comprehensive loss for the financial period</b>	-	3,717	-	(447,686)	(443,969)
<b>Balance at 31 October 2010</b>	1,000,000	(23,058)	-	(567,690)	409,252

## 9. ACCOUNTANTS' REPORT



## 9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

## (d) Summarised statements of changes in equity (cont'd)

## (iv) IJX

The following table sets out the summary statements of changes in equity prepared based on the audited financial statements of IJX for the past three (3) FYE 31 December 2007 to 2009 and FPE 31 October 2010:-

	Non-distributable		Distributable	Total
	Share capital RMB	Statutory reserve RMB	Unappropriated profit RMB	equity RMB
<b>Balance at 1 January 2007</b>	10,379,980	138,415	1,245,738	11,764,133
Dividend	-	-	(1,245,738)	(1,245,738)
<b>Transaction with owners</b>	-	-	(1,245,738)	(1,245,738)
Profit for the financial year	-	-	2,285,233	2,285,233
Other comprehensive income: - Transfer to statutory reserve	-	270,397	(270,397)	-
<b>Total comprehensive income for the financial year</b>	-	270,397	2,014,836	2,285,233
<b>Balance at 31 December 2007</b>	10,379,980	408,812	2,014,836	12,803,628
Dividends	-	-	(2,433,572)	(2,433,572)
<b>Transaction with owners</b>	-	-	(2,433,572)	(2,433,572)
Profit for the financial year	-	-	3,834,928	3,834,928
Other comprehensive income: - Transfer to statutory reserve	-	410,662	(410,662)	-
<b>Total comprehensive income for the financial year</b>	-	410,662	3,424,266	3,834,928
<b>Balance at 31 December 2008</b>	10,379,980	819,474	3,005,530	14,204,984
Dividend	-	-	(3,695,955)	(3,695,955)
<b>Transaction with owners</b>	-	-	(3,695,955)	(3,695,955)
Profit for the financial year	-	-	9,991,217	9,991,217
Other comprehensive income: - Transfer to statutory reserve	-	1,028,926	(1,028,926)	-
<b>Total comprehensive income for the financial year</b>	-	1,028,926	8,962,291	9,991,217
<b>Balance at 31 December 2009</b>	10,379,980	1,848,400	8,271,866	20,500,246
Dividends	-	-	(2,500,000)	(2,500,000)
<b>Transaction with owners</b>	-	-	(2,500,000)	(2,500,000)
Profit for the financial period	-	-	9,222,056	9,222,056
Other comprehensive income: - Transfer to statutory reserve	-	955,505	(955,505)	-
<b>Total comprehensive income for the financial period</b>	-	955,505	8,266,551	9,222,056
<b>Balance at 31 October 2010</b>	10,379,980	2,803,905	14,038,417	27,222,302

**9. ACCOUNTANTS' REPORT****9. HISTORICAL FINANCIAL INFORMATION (CONT'D)****(d) Summarised statements of changes in equity (cont'd)****(iv) IJX (CONT'D)**

The following table sets out the summary statements of changes in equity prepared based on the audited financial statements of IJX for the past three (3) FYE 31 December 2007 to 2009 and FPE 31 October 2010 (cont'd) :-

	Share capital RM	Non-distributable Translation reserve RM	Statutory reserve RM	Distributable Unappropriated profit RM	Total equity RM
<b>Balance at 1 January 2007</b>	4,682,409	-	62,439	561,952	5,306,800
Dividend	-	-	-	(562,824)	(562,824)
<b>Transaction with owners</b>	-	-	-	(562,824)	(562,824)
Profit for the financial year	-	-	-	1,032,468	1,032,468
Other comprehensive income:					
- Translation difference	-	28,721	-	-	28,721
- Transfer to statutory reserve	-	-	122,165	(122,165)	-
<b>Total comprehensive income for the financial year</b>	-	28,721	122,165	910,303	1,061,189
<b>Balance at 31 December 2007</b>	4,682,409	28,721	184,604	909,431	5,805,165
Dividends	-	-	-	(1,172,738)	(1,172,738)
<b>Transaction with owners</b>	-	-	-	(1,172,738)	(1,172,738)
Profit for the financial year	-	-	-	1,848,053	1,848,053
Other comprehensive income:					
- Translation difference	-	741,333	-	-	741,333
- Transfer to statutory reserve	-	-	197,898	(197,898)	-
<b>Total comprehensive income for the financial year</b>	-	741,333	197,898	1,650,155	2,589,386
<b>Balance at 31 December 2008</b>	4,682,409	770,054	382,502	1,386,848	7,221,813

## 9. ACCOUNTANTS' REPORT



## 9. HISTORICAL FINANCIAL INFORMATION (CONT'D)

## (d) Summarised statements of changes in equity (cont'd)

## (iv) IJX (CONT'D)

The following table sets out the summary statements of changes in equity prepared based on the audited financial statements of IJX for the past three (3) FYE 31 December 2007 to 2009 and FPE 31 October 2010. (cont'd)

	Share capital RM	Non-distributable Translation reserve RM	Statutory reserve RM	Distributable Unappropriated profit RM	Total equity RM
Dividends	-	-	-	(1,906,004)	(1,906,004)
<b>Transaction with owners</b>	-	-	-	(1,906,004)	(1,906,004)
Profit for the financial year	-	-	-	5,152,471	5,152,471
Other comprehensive income:					
- Translation difference	-	(179,204)	-	-	(179,204)
- Transfer to statutory reserve	-	-	530,617	(530,617)	-
<b>Total comprehensive income for the financial year</b>	-	(179,204)	530,617	4,621,854	4,973,267
<b>Balance at 31 December 2009</b>	<u>4,682,409</u>	<u>590,850</u>	<u>913,119</u>	<u>4,102,698</u>	<u>10,289,076</u>
Dividends	-	-	-	(1,207,250)	(1,207,250)
<b>Transaction with owners</b>	-	-	-	(1,207,250)	(1,207,250)
Profit for the financial period	-	-	-	4,386,010	4,386,010
Other comprehensive income:					
- Translation difference	-	(776,795)	-	-	(776,795)
- Transfer to statutory reserve	-	-	454,438	(454,438)	-
<b>Total comprehensive income for the financial period</b>	-	(776,795)	454,438	3,931,572	3,609,215
<b>Balance at 31 October 2010</b>	<u>4,682,409</u>	<u>(185,945)</u>	<u>1,367,557</u>	<u>6,827,020</u>	<u>12,691,041</u>

**9. ACCOUNTANTS' REPORT****10. OPERATING SEGMENT****(i) Business Segment**

For management purposes, the Group is organised into business units based on their products, and has four reportable products segments as follows:-

- |     |   |  |
|-----|---|--|
| (a) | Industrial labels (including nameplates and overlays) | Labels are referred to a function portion of a pressure sensitive construction consisting of the face material and adhesive, and die-cut into various shapes   |
| (b) | Laser/die-cut products                                | Laser/die-cut are referred to perform die-cut and laser cut process on various materials   |
| (c) | Fabrication of plastic parts                          | Fabrication of plastic parts are referred to complement the core business of the Company in manufacture of industrial labels and nameplates and die-cut products.  |
| (d) | Others  | Others are mainly the supply of labels, insulators gaskets, elastomer bands and metal part that are manufactured by third parties. Metal parts include hear sinks, metal faceplates and other machined metal parts |

Management monitors the operating results to its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

<b>31 October 2010</b>	<b>Industrial labels</b>	<b>Laser/die-cut product</b>	<b>Fabrication of plastic parts</b>	<b>Other</b>	<b>Elimination</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Revenue:</b>						
External customers	4,105,237	1,716,906	2,455,914	1,104,569	-	9,382,626
Inter-segment	48,178	-	-	-	(48,178)	-
	<b>4,153,415</b>	<b>1,716,906</b>	<b>2,455,914</b>	<b>1,104,569</b>	<b>(48,178)</b>	<b>9,382,626</b>
<b>Results:</b>						
Interest income						5,759
Excess of fair value of a subsidiary company acquired over the cost of investment						1,258,386
Finance cost						(8,021)
Depreciation						(341,965)
Other non-cash expenses (a)						40,504
Taxation						(173,900)
Segment profit						<b>3,167,765</b>

**9. ACCOUNTANTS' REPORT****10. OPERATING SEGMENT (CONT'D)****(i) Business Segment (cont'd)**

<b>31 October 2010 (cont'd)</b>	<b>Industrial Labels RM</b>	<b>Laser/ die-cut Product RM</b>	<b>Fabrication of plastic parts RM</b>	<b>Other RM</b>	<b>Elimination RM</b>	<b>Total RM</b>
<b>Assets:</b>						
Additions to non-current assets (b)						315,034
Unallocated corporate assets						<u>15,697,023</u>
<b>Liabilities:</b>						
Unallocated corporate liabilities						<u>4,143,766</u>
<b>31 December 2009</b>	<b>Industrial Labels RM</b>	<b>Laser/ die-cut Product RM</b>	<b>Fabrication of plastic parts RM</b>	<b>Other RM</b>	<b>Elimination RM</b>	<b>Total RM</b>
<b>Revenue:</b>						
External customers	-	-	-	-	-	-
Inter-segment	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Results:</b>						
Depreciation						(5,123)
Other non-cash expenses (a)						(1,727)
Segment loss						<u>(86,376)</u>
<b>Assets:</b>						
Additions to non-current assets (b)						51,226
Unallocated corporate assets						<u>1,848,693</u>
<b>Liabilities:</b>						
Unallocated corporate liabilities						<u>1,986,195</u>

Notes:

(a) Notes to other non-cash expenses consist of the following items:-

	<b>31.10.2010 RM</b>	<b>31.12.2009 RM</b>
Allowance for slow moving inventories	(55,169)	-
Unrealised foreign exchange gain/(loss)	105,024	(1,727)
Property, plant and equipment written off	(9,351)	-
	<u>40,504</u>	<u>(1,727)</u>



**9. ACCOUNTANTS' REPORT****10. OPERATING SEGMENT (CONT'D)****(i) Business Segment (cont'd)**

Notes: (cont'd)

	<u>31.10.2010</u> RM	<u>31.12.2009</u> RM
(b) Additions to non-current assets consist of:-		
Property, plant and equipment	315,034	51,226
(c) It was not practicable to separate out the segment results for its business segments to conform with current year's presentation as the Director of the Company are of the opinion that excessive costs would be incurred.		
(d) Unallocated assets and liabilities were jointly used by four products segments.		
(e) Inter-segment revenues are eliminated on consolidation.		
(ii) Geographical information		

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:-

	<u>31.10.2010</u>		<u>31.10.2009</u>	
	<u>Revenue</u> RM	Non- current <u>assets</u> RM-	<u>Revenue</u> RM	Non- current <u>assets</u> RM
People's Republic of China	6,834,494	3,117,193	-	-
Hong Kong	56,894	-	-	-
United States America	949,907	-	-	-
Thailand	1,040,951	921,474	-	852,770
Malaysia	243,661	205,939	-	192,882
Netherlands	9,199	-	-	-
Taiwan	30,461	-	-	-
Philippines	94,270	-	-	-
Singapore	7,485	-	-	-
Korea	6,779	-	-	-
India	64,770	-	-	-
Canada	43,755	-	-	-
	<u>9,382,626</u>	<u>4,244,606</u>	<u>-</u>	<u>1,045,652</u>

**(iii) Information about a major customer**

Revenue from one major customer amount to RM1,333,092 (2009: RMNil) arising from Industrial labels segment.

**9. ACCOUNTANTS' REPORT****11. SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING DATE**

On 13 January 2011, a subsidiary company, Ideal Jacobs (Xiamen) Corporation has entered into a lease agreement for the lease of a premise located at Gangtian Industrial Square, Suzhou, PRC for use as a factory and office.

The future contractual lease rental commitments are as follows:-

	<u>RM</u>
<u>Tenant period</u>	
1.5.2011 to 30.4.2012	119,281
1.5.2012 to 30.4.2013	125,558
1.5.2013 to 30.4.2014	<u>131,836</u>
	<u><u>376,675</u></u>

On 17 February 2011, a subsidiary company, Ideal Jacobs (Xiamen) Corporation has entered into a Sale and Purchase agreement amounted RM927,885 for the purchase of a premise located at Unit C2801, Building3, Plot 3, Xin Jing Center, No. 25 Jia He Road, Xiamen, China.

On 2 April 2011, a subsidiary company, Ideal Jacobs (Xiamen) Corporation has entered into a construction project contract amounted to RM188,346 for the renovation on the premise located at Gangtian Industrial Square, Suzhou, PRC with Suzhou Tri Falcon Decoration Engineering Co., Ltd.

There were no any other significant event subsequent to the reporting date other than the abovementioned and the Flotation Exercise as mentioned in Note 2.1.1.

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9. ACCOUNTANTS' REPORT

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12. AUDITED FINANCIAL STATEMENTS

No audited financial statements have been prepared in respect of any period subsequent to 31 October 2010.

Yours faithfully,

A handwritten signature in black ink, appearing to be "SJ Grant Thornton", written over a horizontal line.

**SJ GRANT THORNTON**

Firm Number: AF 0737

Chartered Accountants

A handwritten signature in black ink, appearing to be "Dato' N. K. Jasani", written over a horizontal line.

**DATO' N. K. JASANI**

Approval Number: 708/03/12 (J/PH)

Partner of the Firm



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### IDEAL JACOBS (MALAYSIA) CORPORATION BHD.

(Incorporated in Malaysia)

Company No: 857363 U

**SJ Grant Thornton** (AF:0737)

Level 11, Faber Imperial Court

Jalan Sultan Ismail,

P. O. Box 12337

50774 Kuala Lumpur, Malaysia

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#### Report on the Financial Statements

We have audited the financial statements of Ideal Jacobs (Malaysia) Corporation Bhd., which comprise the balance sheet as at 31 December 2009 of the Group and of the Company and the income statement, statement of changes in equity and cash flow statement of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 40.

#### *Directors' Responsibilities for the Financial Statements*

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibilities*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**9. ACCOUNTANTS' REPORT**

Appendix I (2/2)

**Company No: 857363 U****Report on the Financial Statements (cont'd)***Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of the financial performance and cash flows for the financial period then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.
- b) We have considered the financial statements and the auditors' reports of the subsidiary company of which we have not acted as auditors, as disclosed in Note 9 to the Financial Statements.
- c) We are satisfied that the financial statements of the subsidiary company that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The auditors' reports on the financial statements of the subsidiary company did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON  
(NO. AF: 0737)  
CHARTERED ACCOUNTANTS

Kuala Lumpur  
7 June 2010

HOOI KOK MUN  
CHARTERED ACCOUNTANT  
(NO: 2207/01/12(J))

9. ACCOUNTANTS' REPORT

Appendix II (1/2)



**INDEPENDENT AUDITORS' REPORT TO THE DIRECTOR OF**

**IDEAL JACOBS (XIAMEN) CORPORATION**

(Incorporated in The People's Republic of China)

Company No: 350200400008183

**SJ Grant Thornton** (AF:073)

Level 11, Faber Imperial Court

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**Report on the Financial Statements**

We have audited the financial statements of Ideal Jacobs (Xiamen) Corporation which comprise the balance sheets as at 31 December 2007, 31 December 2008 and 31 December 2009, and the income statements, statements of changes in equity and cash flow statements for the financial years then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 35.

*Director's Responsibilities for the Financial Statements*

The director of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibilities*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**9. ACCOUNTANTS' REPORT**

Appendix II (2/2)



**Company No: 350200400008183**

**Report on the Financial Statements (cont'd)**

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2007, 31 December 2008 and 31 December 2009 and of its financial performances and cash flows for the financial years then ended.

**Other Matters**

This report is made solely to the Director of the Company, as a body. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read "SJ GRANT THORNTON", written over a horizontal line.

SJ GRANT THORNTON  
(NO. AF: 0737)  
CHARTERED ACCOUNTANTS

Kuala Lumpur  
18 June 2010

9. ACCOUNTANTS' REPORT



Appendix III

*"The Business Mind"*

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To The Shareholders and Board of Directors of  
Ideal Jacobs Corporation (Thailand) Limited

I have audited the accompanying balance sheets of Ideal Jacobs Corporation (Thailand) Limited as at 31st December, 2009 the related statements of earnings and change in shareholders' equity for the period as from 17th September, 2009 (incorporated date) to 31st December, 2009. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ideal Jacobs Corporation (Thailand) Limited as at 31st December, 2009 the results of its operation and the change in shareholders' equity for the period as from 17th September, 2009 to 31st December, 2009 in conformity with generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'Natthapol Musikaparn'.

Mr. Natthapol Musikaparn

Certified Public Accountant (Thailand) No. 7984

BANGKOK: 5th February, 2010





## INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF

## IDEAL JACOBS (MALAYSIA) CORPORATION BHD.

(Incorporated in Malaysia)

Company No: 857363 U

SJ Grant Thornton (AF:0737)

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## Report on the Financial Statements

We have audited the financial statements of Ideal Jacobs (Malaysia) Corporation Bhd., which comprise the statements of financial position as at 31 October 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 54.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**9. ACCOUNTANTS' REPORT**

APPENDIX IV (2/2)



**Company No: 857363 U**


**Report on the Financial Statements (cont'd)**

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 October 2010 and of their financial performance and cash flows for the financial period then ended.

**Other Matters**

This report is made solely to the directors of the Company, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

  
SJ GRANT THORNTON  
(NO. AF: 0737)  
CHARTERED ACCOUNTANTS

Kuala Lumpur  
24 February 2011



## INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF IDEAL JACOBS (XIAMEN) CORPORATION

(Incorporated in The People's Republic of China)  
Company No: 350200400008183

**SJ Grant Thornton** (AF:0737)  
Level 11, Faber Imperial Court  
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[www.gt.com.my](http://www.gt.com.my)

### Report on the Financial Statements

We have audited the financial statements of Ideal Jacobs (Xiamen) Corporation, which comprise the statement of financial position as at 31 October 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 42.

#### *Director's Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**9. ACCOUNTANTS' REPORT**

APPENDIX V (2/2)



Company No: 350200400008183

**Report on the Financial Statements (cont'd)**

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 October 2010 and of its financial performance and cash flows for the financial period then ended.

**Other Matters**

This report is made solely to the Directors of the Company, as a body and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read "SJ Grant Thornton", written over the printed name.

SJ GRANT THORNTON  
(NO. AF: 0737)  
CHARTERED ACCOUNTANTS

Kuala Lumpur  
24 February 2011

**9. ACCOUNTANTS' REPORT**

APPENDIX VI

*"Professionalism at the Forefront"***REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To The Shareholders and Board of Directors of  
Ideal Jacobs Corporation (Thailand) Limited

I have audited the accompanying balance sheets of Ideal Jacobs Corporation (Thailand) Limited as at 31st October, 2010 and as at 31st December, 2009 the related statements of earnings and change in shareholders' equity for the period as from 1st January, 2010 to 31st October 2010 and for the period as from 17th September, 2009 to 31st December, 2009. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ideal Jacobs Corporation (Thailand) Limited as at 31st October, 2010 and 31st December, 2009 the results of its operation and the change in shareholders' equity for the period as from 1st January, 2010 to 31st October 2010 and for the period as from 17th September, 2009 to 31st December, 2009 in conformity with generally accepted accounting principles.

Mr. Natthapol Musikaparn

Certified Public Accountant (Thailand) No. 7984

BANGKOK: 28th December, 2010

Mc Millan Woods (Thailand) Limited 317 Kamol Sukosol Building Level 10 Suite 10B Silom Road, Bangrak, Bangkok 10500 Thailand

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## 10. REPORTS

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### 10.1 INDEPENDENT MARKET RESEARCH REPORT

*(Prepared for inclusion in this prospectus)*



#### VITAL FACTOR CONSULTING

Creating Winning Business Solutions

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12 April 2011

The Board of Directors  
Ideal Jacobs (Malaysia) Corporation Bhd  
Level 15-2, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur

Dear Sirs and Madam

#### **Independent Assessment of the Industrial Label Manufacturing Industry in People's Republic of China (PRC)**

The following is an independent assessment of the Industrial Label Manufacturing Industry in PRC prepared by Vital Factor Consulting Sdn Bhd for inclusion in the prospectus of Ideal Jacobs (Malaysia) Corporation Bhd (herein together with all or any one or more of its subsidiaries will be referred as **Ideal Jacobs Group** or **the Group**) in relation to its listing on the ACE Market of Bursa Malaysia Securities Berhad.

### 1. BACKGROUND

- Ideal Jacobs Group's core business is focused on the manufacturing of industrial labels and nameplates, and laser/die cut products. This is complemented by its secondary business, which is in the fabrication of plastic parts. Its main manufacturing operation is in PRC. As such, this report will focus on the Industrial Label Manufacturing Industry in PRC.
- All figures converted from USD to RMB is based on an exchange rate of USD1 = RMB6.5855 as at 28 January 2011.

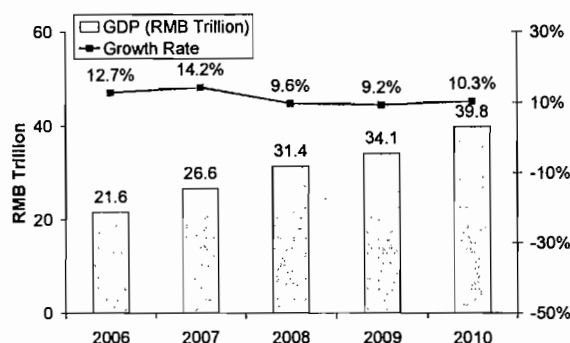
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**2. SOCIO-ECONOMIC PERFORMANCE OF PRC**

- In 2006, PRC's real GDP registered a growth of 12.7%. This was contributed by the fact that many of the sectors continued to experience growth, including investments in fixed assets, domestic spending, increased in foreign trading, expansion in the private sector and growth in household income.



Source: National Bureau of Statistics of China

**Figure 1. Real GDP Growth in PRC**

- In 2007, PRC's real GDP continued to expand by 14.2%. The Chinese economy maintained a good momentum characterised by rapid growth, improved economic structure, maintained efficiency and improved living standards despite the increasing uncertainties in the international economic and financial performance and rising inflationary pressure in PRC.
- Despite the global slowdown in 2008, PRC's real GDP grew by 9.6%, surpassing many more advanced economies like the United States, the United Kingdom and Japan which recorded real GDP of 0.0%, -0.1% and -1.2% respectively.
- In 2009, in spite of the severe impact brought about by the global financial crisis, PRC continued to register real GDP growth of 9.2% while the real GDP growth for more advanced economies like the United States, the United Kingdom and Japan in 2009 were -2.6%, -4.9% and -6.3% respectively. The Chinese Government's implementation of proactive fiscal policy and moderation of monetary policy helped to counter the sliding of the economy and moved it towards a favourable direction.
- In 2010, PRC's real GDP growth was 10.3%, while that the real GDP growth for more advanced economies like the United States, the United Kingdom and Japan in 2010 were 2.9%, 1.3% and 3.9% respectively, which were lower compared to China's real GDP.
- The relatively stronger growth of the PRC's economy compared to other advanced economies augurs well for companies like Ideal Jacobs Group who is mainly serving the PRC market.

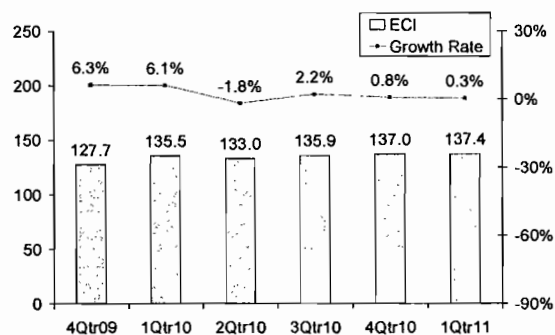
(Sources: National Bureau of Statistics of China and Secondary Market Research undertaken by Vital Factor Consulting Sdn Bhd)

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- During the fourth quarter of 2009, the ECI increased by 6.3% to reach 127.7 points. Almost all sectors registered growth except for the social services sector.
- In the first quarter of 2010, the ECI increased by 6.1% to reach 135.5 points. This indicates that confidence of entrepreneurs from most of the sectors continued to increase during this period.
- During the second quarter of 2010, the ECI decreased slightly by 1.8% to 133.0 points. Confidence levels of entrepreneurs were varied across the various sectors where the individual sectors either recorded a slight increase or decrease compared to the previous quarter, with the exception of the real estate sector, which recorded a drop of 23 points.
- In the third quarter of 2010, the ECI increased by 2.2% to reach 135.9 points. The growth is mainly due to the increase in confidence levels of entrepreneurs among majority of the sectors.
- During the fourth quarter of 2010, the ECI increased by 0.8% to reach 137.0 points. The growth can be attributed to the significant increase in confidence among entrepreneurs in the information transmission, computer services and software sector as well as those in the industry and construction sectors.
- In the first quarter of 2011, the ECI increased marginally by 0.3% to reach 137.4 points. The growth was contributed by the slight increases in the wholesales and retail trades sector as well as social services sector.
- A continuing growth of ECI will augur well for overall manufacturing industry in PRC.



Source: National Bureau of Statistics of China

**Figure 2. Entrepreneur Confidence Index in PRC**

(Source: National Bureau of Statistics of China)



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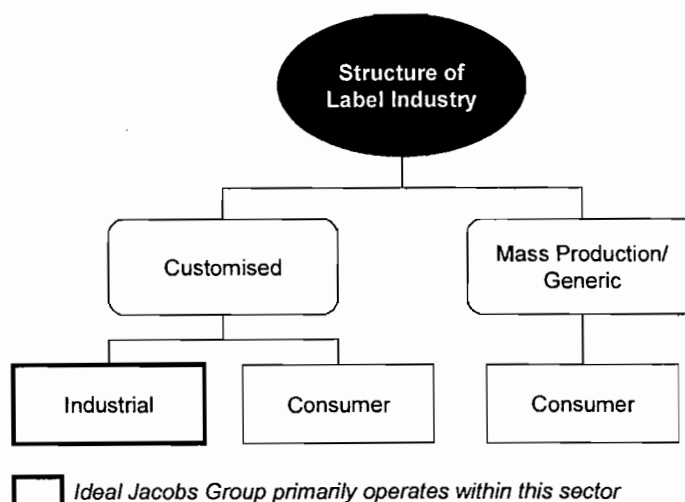


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## 3. INDUSTRY STRUCTURE

## 3.1 Overall Structure

- The Label Manufacturing Industry can be segmented as follows:



**Figure 3. Structure of the Label Manufacturing Industry**

- Customised labels are specially designed and customised to meet individual customers' specifications depending on the type of application and usage.
- Customised labels are further segmented into industrial and consumer labels:
  - **Consumer Labels:** These labels are used on consumer products. The most common application is for branding, and product identification and information, particularly for fast moving consumer goods. The food and beverage industry for the retail sector is a main user of consumer labels. As such, this type of labels are more marketing oriented whereby colours and aesthetics play an important role in appealing to various target customer groups.
  - **Industrial Labels:** These labels are for use in industrial applications. Often they are placed inside products or serve specific functions other than informational. As such, they are less focused on aesthetics and colour but have specific applications, some of which include the following:
    - tamper-evident purposes as a security measure to detect tampering;
    - scribe face materials, where markings can be made on the surface of the labels;
    - informative purposes such as instruction, warning or product identification;
    - certification of originality for example use of holograms.

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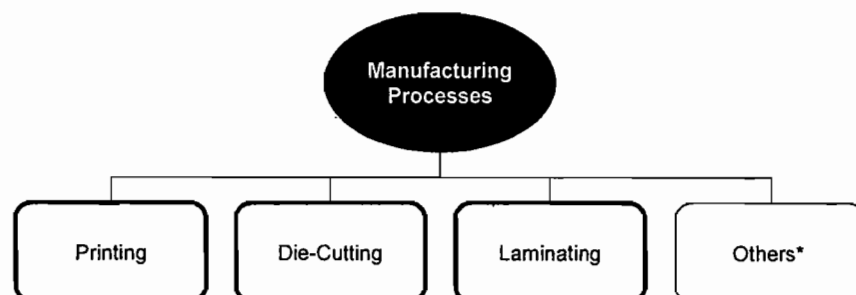
Industrial labels also include nameplates and overlays. Nameplates, usually attached to equipment, are designed to withstand exposure to adverse conditions. Nameplates usually contain information or data such as serial numbers of components, electrical requirements, type and model numbers, date of manufacture and other instructions and ratings. Overlays are large labels printed with decorative and informative letters and images. They are commonly used in membrane switches or electronic control panels displaying printed text and pictograms and diagrams. An overlay is a type of nameplate.

Printed industrial labels commonly go through a laser/die-cutting process to obtain the desired shape and size based on specifications. In most cases, manufacturers of industrial labels commonly extend their capabilities into the manufacturing of laser/die-cut products using the same equipment as for industrial labels. Generally, these laser/die-cut products are made from polymer materials such as plastic strips and foams, as well as rubber strips and foams, with or without adhesive.

- Mass produced or generic labels are manufactured to meet the needs of the general public and are mainly consumer labels. They are commonly available at retail outlets for example blank stationery labels for office use and decorative stickers in the form of cartoon characters.
- The focus of this report is on industrial labels.

**3.2 Manufacturing Processes**

- The manufacturing of industrial labels can also be segmented into various processes as depicted in the diagram below:



☐ Processes undertaken by Ideal Jacobs Group

\* Others include embossing, foil stamping and varnishing

**Figure 4. Manufacturing Processes for Labels**

- Industrial label manufacturing involves the production of plain or printed labels in roll or sheet form made of polymer film, foil or paper. Industrial labels are most commonly used as a form of product identification, information and instruction.

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- Industrial label manufacturing involves the one or a combination of the following processes including:
  - Printing;
  - Die-cutting;
  - Laminating;
  - Others include embossing, foil stamping and varnishing.
- Printing involves transferring an image from an original master to a printing material such as paper, polymer film or foil. Some of the printing technologies used include letterpress, screen printing, tampo printing, flexography, offset lithography, digital imaging (such as plate-less, ink-jet and digital) and foil blocking.
- In addition, printing also sometimes involves artwork whereby the original design includes diagrams, drawings and text.
- Die-cutting primarily involves imparting or cutting out products into any shape or geometric pattern and design including square, rectangle, circle and others. Die-cutting uses sharp steel rule dies, rotary or circular dies, thermal and clicker dies, as well as machined compound and progressive dies.
- Laminating refers to a web material formed by bonding two or more materials together by heat, adhesive, and/or pressure to a printed web for appearance and protection. The web material normally comprises face paper or film, adhesive, release coated liner, or sometimes a protective or decorative transparent overlay.
- Others include embossing, foil stamping and varnishing:
  - Embossing is a process to create a relief design on the surface of a material. It may be printed or left plain, and may be achieved by passing the web between rotary or flat engraved dies in a male and female formation.
  - Foil stamping is a method of printing on a letterpress using thin metallic or pigmented film and a die.
  - Varnishing refers to a thin, clear coating made up of a mixture of natural and synthetic resins and drying oils. It may be applied to the printed surface for added protection or appearance. Sometimes it is mixed with inks or pigments in the printing process.
- The manufacturing of industrial labels referred to in this report does not include the manufacture of the raw materials or feedstock used in the above processes.

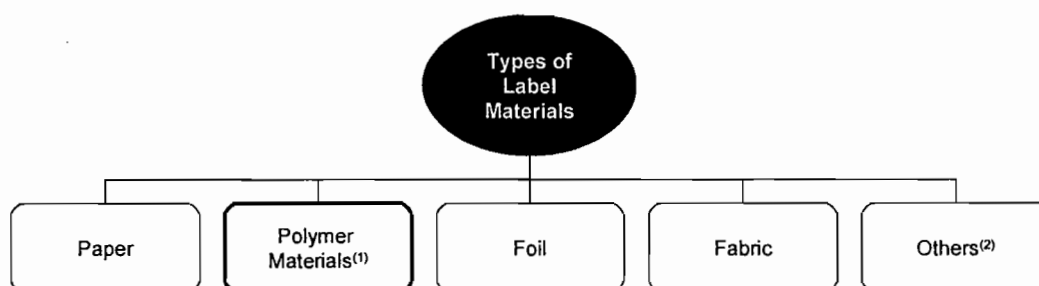
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**3.3 Types of Label Materials**

- Generally, labels can be segmented into different types of materials as follows:



☐ Ideal Jacobs Group primarily manufactures industrial labels using these types of materials

(1) Polymer materials include various types of plastic film and foam

(2) Others include metal-coated materials, rubber materials and composite materials

**Figure 5. Labels by Type of Materials**

- Paper is one of the main materials used for consumer labels, and also commonly used in industrial labels. It can be used as face stock or backing materials. Paper has different characteristics and finishes, such as glossy clay coated papers designed to be smooth with good print results using printing ink. Uncoated paper generally has a matt finish and can either be bulky or smooth for simple solid colour and line designs, or where overprinting machine add variable information such as text and bar codes.
- Polymer materials are commonly used as face stock materials and they can be in the form of thin film or foam. Some of these materials include polyamide/nylon, polyester, polycarbonate, polyethylene, polyvinyl chloride, polypropylene, acetate and other polymeric materials. Polymer materials are mainly used for industrial labels.
- Foils in the form of thin metal sheets and fabrics such as woven material and textiles are also used as face stock materials. Foils are mainly used for industrial labels.
- Other materials include metal-coated materials, rubber materials, and composite materials. These materials are mainly used for industrial labels.

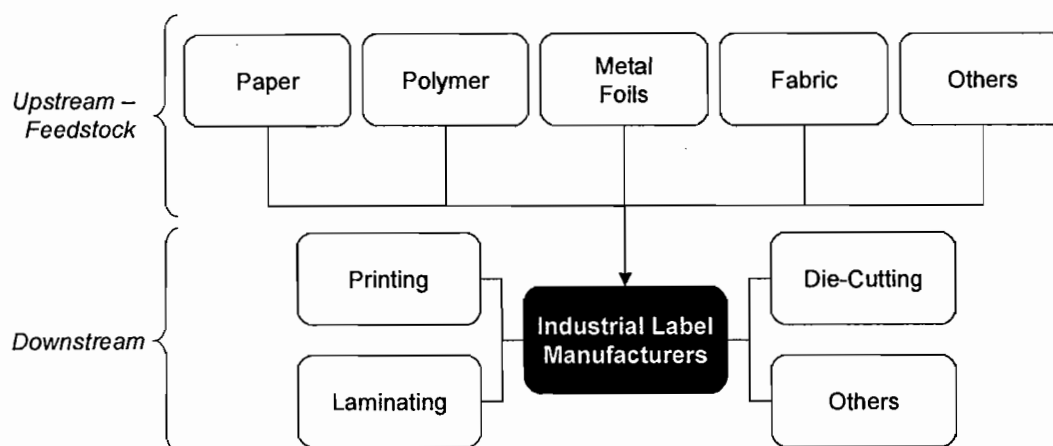
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**3.4 Vertical Structure of Industrial Label Manufacturing Industry**

- The Industrial Label Manufacturing Industry can also be vertically extended to include upstream and downstream activities as follows:



**Figure 6. Vertical Structure of the Industrial Label Manufacturing Industry**

**Upstream**

- Upstream activities primarily involve manufacturers and suppliers of feedstock used for manufacturing printed labels. Feedstock is made of various materials including paper, polymer films and sheets, metal foils, fabrics and others such as metal-coated materials, rubber materials, and composite materials.
- In 2009, there were approximately 2,000 plastic film manufacturers in PRC. Some of the types of plastic films produced in PRC include cast polypropylene (CPP) film, cast polyethylene (CPE) film, biaxially oriented polypropylene (BOPP) film, biaxially oriented polyethylene terephthalate (BOPET) film and polyvinyl butyral (PVB) film.

*(Source: Secondary Market Research undertaken by Vital Factor Consulting Sdn Bhd)*

- One of the main materials used by Ideal Jacobs Group is polymer, commonly made of plastic materials.

**Downstream**

- Downstream activities include the manufacturing of industrial labels incorporating one or more of the following processes as follows:
  - Printing;
  - Die-cutting;
  - Laminating;
  - Others include embossing, foil stamping and varnishing.

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- In 2010, there were approximately 3,000 companies manufacturing plastic and paper based labels in PRC. (*Source: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd*).
- Ideal Jacobs Group's business activities are mainly in the downstream manufacturing of industrial labels. The Group is currently involved mainly in printing, die-cutting and laminating processes.

**4. SUBSTITUTE PRODUCTS AND SERVICES**

- All industries use labels in one form or another. However there are substitutes for labels whereby other processes negates the need to use labels and some of the common examples of these include:
  - injection moulding of brand name and other information onto plastics;
  - direct laser and engraving;
  - direct tamper printing;
  - direct bubble jet printing.
- Although these processes are already in use, they cannot totally replace the use of labels. Labels are still regarded as the most practical and cost effective application for product identification and tracking, security against counterfeit, product description or instruction, tamper protection and others.
- In addition, these substitute processes will not be practical for security purposes and this is where security labels has an advantage by having certain properties such as hologram features to protect against counterfeiting.

**5. GOVERNMENT REGULATIONS, POLICIES AND INCENTIVES**

- Some of the relevant regulations, which may be applicable to label manufacturers are listed below:

**5.1 Business Licence**

- According to the Company Law of the PRC, any party who wishes to establish a company shall register and obtain a business licence with the company registration authority.

**5.2 Printing Licence**

- According to the Regulations on the Administration of Printing Industry, no party can engage in a business involving printing activities without obtaining a printing licence.

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**5.3 Patents**

- In PRC, all patents are governed by the Patent Law. After the grant of the patent right for an invention or utility model, except where otherwise provided for in the Patent Law, no entity or individual may, without the authorisation of the patentee, exploit the patent, that is, make, use, offer to sell, sell or import the patented product, or use the patented process, and use, offer to sell, sell or import the product directly obtained by the patented process, for production or business purposes.
- After the grant of the patent right for a design, no entity or individual may, without the authorisation of the patentee, exploit the patent, that is, make, sell or import the product incorporating its or his patented design, for production or business purposes.
- The duration of patent right for inventions shall be twenty years, the duration of patent right for utility models and patent right for designs shall be ten years, counted from the date of filing.

**5.4 Trademarks**

- In PRC, all trademarks are governed by the Trademark Law. Registered trademarks refer to trademarks that have been approved and registered by the Trademark Office, and the trademark registrants shall enjoy the exclusive right to use the trademarks, and be protected by law.
- The period of validity of a registered trademark shall be ten years from the date of approval of the registration.

**5.5 Environmental Regulations**

- According to the Environmental Protection Law of PRC and the Environmental Protection Regulations of Xiamen City, all parties must obtain a pollutant or temporary pollutant discharge permit for discharge of pollutant.
- According to the Solid Waste Pollution Prevention Law of PRC and Environmental Protection Regulations of Xiamen City, any party engaged in the activities of collection, storage and disposal of hazardous waste, must apply for a hazardous waste management permit.

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#### 6. SUPPLY

##### Production of Labels

- In 2009, the gross industrial value of label printing industry in PRC amounted to RMB14.0 billion while the production output of label printing industry amounted to 1.8 billion square metres.

*Note: The labels mentioned here are for all types of printed labels, including consumer and industrial labels.*

*(Source: Secondary Market Research undertaken by Vital Factor Consulting Sdn Bhd)*

#### 7. SUPPLY DEPENDENCIES

##### 7.1 Supply Dependencies - PRC

##### Imports of Self-Adhesive Materials

- Between 2006 and 2010, the import value of other self-adhesive plates, sheets, film, foil and others of plastics in PRC grew at an average annual rate of 17.7% while in 2010, it increased by 59.5% to USD1.7 billion (equivalent to RMB11.5 billion).
- In 2010, Japan was the largest source of import for other self-adhesive plates, sheets, film, foil and others of plastics in PRC, accounted for 32.9% of the total import value. This was followed by Taiwan, Korea and the United States, accounting for 17.8%, 16.4% and 13.7% of the total import value respectively. Some of the other sources of imports in 2010 include PRC (re-import), Singapore, Germany and others.

*Note: The above category is used for printed and unprinted consumer and industrial labels, as well as for other applications and usages. Ideal Jacobs Group imports the above materials for their feedstock under this category.*

*(Source: China Customs)*

##### 7.2 Raw Materials and Feedstock

- The major raw materials used by the Group for its industrial label manufacturing operations include:
  - Plastic materials:
    - Polycarbonate
    - Polypropylene
    - Polyester
  - Adhesive
  - Plastic foam
  - Ink



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- As such, the supply of these main materials would be crucial to ensure continuous operation of its manufacturing activities. The following statistics on local production and imports in PRC are used to assess the supply of these types of materials.

#### Local Production

- Between 2006 and 2009, the production quantity of plastic films in PRC increased at an average annual rate of 9.3% while in 2009, it increased by 17.0% to 6.9 million tonnes.
- Between 2006 and 2009, the production quantity of adhesives and sealants in PRC increased at an average annual rate of 11.3% while in 2009, it grew by 13.4% to reach 4.1 million tonnes.
- Between 2006 and 2009, the sales value of adhesives and sealants in PRC increased at an average annual rate of 14.8% while in 2009, it grew by 8.5% to reach RMB52.6 billion.
- Between 2006 and 2009, the production quantity of plastic foams increased at an average annual rate of 18.3% while in 2009, it grew by 9.5% to reach 1.9 million tonnes.
- In 2008, the production quantity of ink by members of the Ink Association in PRC grew by 5.6% to reach 227,651 tonnes while the sales value of ink products grew by 12.0% to reach RMB5.0 billion. In 2008, the production quantity of ink in PRC amounted to approximately 434,000 tonnes.

*Note: The above materials are used in the consumer and industrial label industries as well as many other industries.*

*(Source: Secondary Market Research undertaken by Vital Factor Consulting Sdn Bhd)*

#### Imports

- Between 2006 and 2010, the import value of non-foaming plastic plates, sheets, film, foil and strip of **polycarbonates** in PRC increased at an average annual rate of 21.8% while in 2010, it grew by 61.0% to reach USD342.7 million (equivalent to RMB2.3 billion).
- In 2010, Japan was the largest source of import of non-foaming plastic plates, sheets, film, foil and strip of **polycarbonates** in PRC, accounting for 48.3% of the total import value. This was followed by Korea and Taiwan, accounting for 14.4% and 10.1% of the total import value respectively. Some of the other sources of imports in 2010 include PRC (re-import), United States, Germany and others.

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- Between 2006 and 2010, the import value of non-foaming plastic plates, sheets, film and foil and others of **polypropylene** in PRC increased at an average annual rate of 18.7% while in 2010, it increased by 22.8% to reach USD553.9 million (equivalent to RMB3.6 billion).
- In 2010, Japan was the largest source of import for non-foaming plastic plates, sheets, film and foil and others of **polypropylene** in PRC, accounting for 26.7% of the total import value. This was followed by United States and Korea, accounting for 18.4% and 18.1% of the total import value respectively. Some of the other sources of imports in 2010 include Taiwan, Germany, PRC (re-import), Australia and others.
- Between 2006 and 2010, the import value of adhesives based on polymers in primary forms or on rubber in PRC increased at an average annual rate of 25.8% while in 2010, it grew by 46.7% to reach USD1.2 billion (equivalent to RMB7.6 billion).
- In 2010, Japan was the largest source of import for adhesives based on polymers in primary forms or on rubber in PRC, which accounted for 34.3% of the total import value. This was followed by United States, Taiwan and Korea, accounting for 16.2%, 16.0% and 12.6% of the total import value respectively. Some of the other sources of imports in 2010 include Germany, PRC (re-import) and others.
- Between 2006 and 2010, the import value of other printing ink in PRC decreased at an average annual rate of 0.3% while in 2010, it grew by 16.8% to USD339.3 million (equivalent to RMB2.2 billion).
- In 2010, Japan was the largest source of import for other printing ink in PRC, accounting for 37.2% of the total import value. This was followed by Taiwan, which accounted for 19.2% of the total import value. Some of the other sources of imports in 2010 include Korea, PRC (re-import), United States, Germany, Singapore and others.  
(Source: China Customs)

*Note: The above materials are used in the consumer and industrial label industries as well as many other industries.*

### 7.3 Supply Dependencies – Malaysia

- As Ideal Jacobs Group intends to set-up a manufacturing plant in Malaysia, following are some relevant statistics on Malaysia.

#### Raw Materials and Feedstock

- Between 2006 and 2010, sales value of the manufacture of plastic bags and films increased at an average annual rate of 2.3% while in 2010, it grew by 10.8% to RM5.6 billion.

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- Between 2006 and 2010, sales of the manufacture of plastic foam products increased at an average annual rate of 5.2% while in 2010, it grew by 18.4% to RM514.4 million.
- Between 2006 and 2010, sales value of the manufacture of printing ink decreased at an average annual rate of 1.6% while in 2010, it declined by 23.1% to RM306.7 million.
- Between 2006 and 2010, import value of plates, sheets, film, coil and strips of plastics increased at an average annual rate of 4.4% while in 2010, it grew by 12.0% to reach RM2.6 billion.

*(Source: Department of Statistics, Malaysia)*

#### 7.4 Supply Dependencies - Thailand

- As Ideal Jacobs Group has recently set-up a manufacturing plant in Thailand, following are some relevant statistics on Thailand.

##### Raw Materials and Feedstocks

- In 2006 (latest available data), gross output value of the manufacture of paints, varnishes and similar coatings, printing ink and mastics totalled 44.7 billion Baht.
- In 2006 (latest available data), gross output value of the manufacture of plastic products totalled 239.9 billion Baht.
- Between 2006 and 2010, import value of plastic films and foils increased at an average annual rate of 4.9% while in 2010, it grew by 26.0% to 35.9 billion Baht.

*(Source: National Statistical Office, Thailand and Ministry of Commerce, Thailand)*

## 8. DEMAND

### 8.1 PRC

#### Export

- Between 2006 and 2010, the export value of other self-adhesive plates, sheets, film, foil and others of plastics in PRC increased at an average annual rate of 21.7% while in 2010, it increased by 48.3% to USD875.9 million (equivalent to RMB5.8 billion).

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- In 2010, Hong Kong was the largest export market for self-adhesive plates, sheets, film, foil and others of plastics in PRC, which accounted for 15.6% of the total export value. This was followed by United States, India, Russia, Japan, Brazil and other countries.  
(Source: China Customs)

#### Demand Dependencies

- The end-user-industry applications of labels are diverse, as virtually all products that are manufactured would require some form of labelling or identification.
- Some of the industrial applications of labels are used in the following products:
  - telecommunications products such as mobile phones and accessories (batteries), and fixed line telephones;
  - computers and peripherals such as notebooks, laptops, keyboards;
  - electrical appliances such as refrigerators, toasters, microwave ovens and washing machines;
  - medical equipment such as diagnostic equipment, medical monitors, laboratory equipment.
- Some examples of industrial applications of labels include bar coding, certification of originality, tamper evident, warnings and many others.
- The diversity in applications and user industries will continue to provide diversity in customer base ensuring continuing demand and opportunities for label manufacturers.
- As Ideal Jacobs Group primarily manufactures industrial labels for the electronics and medical equipment sectors, this section will focus on performance of these two sectors.
- In addition, end-consumer demand for products requiring labels would also affect the demand for labels, as such this section would also include analysis on the consumption of electronic products and medical appliances, and some of the factors that will affect consumption of electronic products.
- Between 2006 and 2009, the gross industrial output value of the manufacture of communication equipment, computers and electronic equipment in PRC increased at an average annual rate of 10.4% while in 2009, it grew by 1.5% to reach RMB4.5 trillion. In 2009, there were approximately 14,000 manufacturers of communication equipment, computers and electronic equipment in PRC.
- Between 2005 and 2009, the gross industrial output value of the manufacture of electronic appliances in PRC (a sub-sector of the manufacture of communication equipment, computers and electronic equipment) increased at an average annual growth rate of 20.7% while in 2009, it increased by 1.5% to RMB644.7 billion. In 2009, there were approximately 2,400 manufacturers of electronic appliances in PRC.

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- Between 2005 and 2009, the gross industrial output value of the manufacture of medical equipment and appliances in PRC increased at an average annual rate of 28.9% while in 2009, it grew by 17.0% to reach RMB97.3 billion. In 2009, there were approximately 1,300 manufacturers of medical equipment and appliances in PRC.
- Between 2005 and 2009, the sales value of wholesale of computer, software and assistant appliances in PRC grew at an average annual rate of 23.8% while in 2009, it increased by 10.0% to reach RMB257.1 billion.
- Between 2005 and 2009, the sales value of specialty retail trade of household electric appliances and electronic products in PRC grew at an average annual rate of 19.3% while in 2009, it increased by 3.1% to reach RMB367.1 billion.
- Between 2005 and 2009, the sales value of retail trade of computer, software and assistant appliances in PRC (a sub-sector of sales value of specialty retail trade of household electric appliances and electronic products) grew at an average annual rate of 22.3% while in 2009, it decreased by 2.7% to RMB69.5 billion.
- Between 2005 and 2009, the sales value of retail trade of communication equipments in PRC (a sub-sector of sales value of specialty retail trade of household electric appliances and electronic products) grew at an average annual rate of 10.2% while in 2009, it decreased by 6.5% to RMB34.6 billion.
- Between 2004 and 2008, the retail value of communication appliances in PRC grew at an average annual rate of 11.6% while in 2008, it increased by 1.4% to reach RMB62.0 billion.

*(Source: National Bureau of Statistics of China and Secondary Market Research undertaken by Vital Factor Consulting Sdn Bhd)*

**8.2 Malaysia**

- As Ideal Jacobs Group intends to set-up a manufacturing plant in Malaysia, following are some relevant statistics on Malaysia.

**8.2.1 Demand****Local Production**

- Between 2006 and 2010, sales value of the manufacture of gummed or adhesive paper in strips or rolls and labels, and wallpaper increased at an average annual rate of 20.0% while in 2010, it grew by 42.8% to RM644.9 million.

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#### Export

- Between 2006 and 2010, export value of printed matters decreased at an average annual rate of 1.9% while in 2010, it declined by 1.3% to RM876.6 million.

*(Source: Department of Statistics, Malaysia)*

#### 8.2.2 Performance of the User Industries

##### Electrical and Electronics

- Electrical and electronics industry in Malaysia comprises electronic components, consumer electronics, industrial electronics and electrical products. From January to November of 2009, output of electrical and electronics industry accounted for 33.9% of the total output of the manufacturing sector in Malaysia.
- Between 2006 and 2010, sales value of the manufacture of computer and computer peripherals decreased at an average annual rate of 15.4% while in 2010, it declined by 13.2% to RM33.3 billion.
- Between 2006 and 2010, sales value of the manufacture of domestic appliances, not elsewhere classified grew at an average annual rate of 7.0% while in 2010, it grew by 12.0% to reach RM2.8 billion.
- Between 2006 and 2010, sales value of the manufacture of semi-conductor devices decreased at an average annual rate of 3.2% while in 2010, it declined by 5.5% to RM42.7 billion.
- Between 2006 and 2010, sales value of the manufacture of electronic valves and tubes, and printed circuit boards decreased at an average annual rate of 8.1% while in 2010, it grew by 8.4% to RM25.4 billion.
- Between 2005 and 2009, total exports of electrical and electronics declined at an average annual rate of 3.3% while in 2009, it declined by 10.8% to RM246.9 billion. From January to November 2010, total exports of electrical and electronics grew by 11.7% to reach RM248.2 billion compared to the corresponding period in 2009.

##### Medical Devices

- Between 2006 and 2010, sales value of manufacture of medical and surgical equipment, and orthopaedic appliances increased at an average annual rate of 8.5% while in 2010, it grew by 10.7% to RM1.4 billion.
- In 2009, expenditure on medical devices in Malaysia was USD826 million (equivalent to RM2.5 billion).

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- Between 2006 and 2010, export value of medical instruments and appliances, not elsewhere specified increased at an average annual rate of 9.4% while in 2010, it increased by 8.2% to reach RM1.9 billion.

*(Source: Malaysian Industrial Development Authority and Department of Statistics, Malaysia)*

### 8.3 Thailand

- As Ideal Jacobs Group has recently set-up a manufacturing plant in Thailand, following are some relevant statistics on Thailand.

#### 8.3.1 Demand

- There are no statistics available specifically for the local production of industrial labels in Thailand. As such, the export statistics on printed matters will be used as an indication for demand in Thailand.
- Between 2006 and 2010, export value of printed matters increased significantly at an average annual rate of 102.4% while in 2010, it grew by 23.4% to reach 65.8 billion Baht. *(Source: Ministry of Commerce, Thailand)*

#### 8.3.2 Performance of the User Industries

##### Electrical and Electronics

- Between 2005 and 2009, the manufacturing production index (MPI) for electronic products increased at an average annual rate of 16.1% while in 2009, it grew by 2.2% to reach 467.2 points.
- Between 2005 and 2009, the MPI for electrical appliances decreased at an average annual rate of 3.4% while in 2009, it declined by 14.6% to 108.1 points.
- In 2006 (latest available data), gross output value of the manufacture of electronic valves and tubes, and other electronic components totalled 499.2 billion Baht.
- Between 2005 and 2009, production of integrated circuits increased at an average annual rate of 3.9% while in 2009, preliminary figures indicated that it declined by 3.5% to 13.3 billion pieces. In the first seven months of 2010, preliminary figures indicated that the production of integrated circuits grew by 63.9% compared to the corresponding period in 2009 to reach 10.9 billion pieces.

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- Between 2005 and 2009, production of computer monitors decreased at an average annual rate of 26.1% while in 2009, preliminary figures indicated that it declined by 6.3% to 660,089 sets. In the first seven months of 2010, preliminary figures indicated that the production of computer monitors totalled 385,000 sets.
- Between 2005 and 2009, production of selected electrical and electronic products, including computer keyboards, hard disk drive, printers and household appliances increased at an average annual rate of 14.3% while in 2009, preliminary figures indicated that it grew by 0.4% to 286.3 million units. In the first seven months of 2010, preliminary figures indicated that the production of selected electrical and electronic products grew by 28.6% compared to the corresponding period in 2009 to reach 189.5 million units.
- Between 2006 and 2010, export value of electrical equipment increased at an average annual rate of 3.8% while in 2010, it grew by 22.9% to 650.7 billion Baht.
- Between 2006 and 2010, export value of printed circuits decreased at an average annual rate of 6.2% while in 2010, it grew by 4.1% to 30.2 billion Baht.

**Medical Devices**

- In 2006 (latest available data), gross output value of medical and surgical equipment, and orthopaedic appliances totalled 6.1 billion Baht.
- Between 2000 and 2005, total supply of scientific equipments, including medical equipment grew at an average annual rate of 14.2% while in 2005 (latest available data), it reached 121.2 billion Baht, representing an increase of 94.0% compared to 2000.
- Between 2006 and 2010, export value of medical instruments and appliances increased at an average annual rate of 4.0% while in 2010, it declined by 2.6% to 13.8 billion Baht.

**Telecommunication Products**

- Between 2005 and 2009, total number of fixed telephone lines decreased at an average annual rate of 2.5% while in 2009, it declined by 5.0% to 2.8 billion lines.
- Between 2005 and 2009, total number of mobile phone lines increased at an average annual rate of 17.1% while in 2009, it grew by 11.4% to reach 30.4 billion lines.
- Between 2006 and 2010, export value of telephone sets increased at an average annual rate of 18.4% while in 2010, it grew by 37.6% to 29.9 billion Baht.



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- Between 2006 and 2010, export value of transmission apparatus increased at an average annual rate of 4.4% while in 2010, it grew by 16.3% to 4.8 billion Baht.
- Between 2000 and 2005, total supply of radio, television and communication equipment and apparatus grew at an average annual rate of 4.4% while in 2005 (latest available data), it reached 1.2 trillion Baht, representing an increase of 24.0% compared to 2000.

*(Source: National Statistical Office, Thailand, Ministry of Commerce, Thailand and Secondary Market Research undertaken by Vital Factor Consulting Sdn Bhd)*

**9. COMPETITION****9.1 Nature of Competition in the Industrial Label Manufacturing Industry**

- In general, operators in the Industrial Label Manufacturing Industry face normal competitive conditions, which is similar to a free enterprise environment characterised by the following:
  - There are no undue government regulations or licensing requirements;
  - The industry is not dominated by a single or small number of operators;
  - Operators may enter and leave the industry freely;
  - No single or small group of operators is large enough to dictate pricing.
- In such an environment, the industry is subjected to normal supply and demand conditions moderated by the price mechanism. Operators compete on product and service differentiations, and other factors of competition.

**9.2 Factors of Competition**

- As with most free enterprise environment, competition within the Industrial Label Manufacturing Industry is based on a number of factors, including
  - Quality products and services;
  - Manufacturing capabilities and capacities;
  - Price competitiveness;
  - Track record.

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**9.3 Impact of Factors of Competition on Ideal Jacobs Group**

- **Quality Products and Services:** Quality products and services are important as labels are used for purposes such as product identification, bar coding for product tracking, security against counterfeit, brand identification, instruction labelling and others. Quality labelling on a product becomes even more important when the product is meant for a longer length of usage and/or could come into contact with heat and/or liquid. Thus, manufacturers that have stringent quality assurance programmes and certifications in place together with in-house quality tests and inspections will be in a better position to compete and win new customers.
- **Manufacturing Capabilities and Capacities:** Certain level of technical expertise and experience are required in the manufacturing process of labels to meet the specifications of final products. In addition, experienced and trained workers are also required in the operation of machinery and equipment in the manufacturing processes.

In some situations, customers may require a high volume of output delivered in a relatively short period or time. This is because customers in the manufacturing industries generally produce their goods in large quantities and require labels promptly as and when they require them. As such, industrial label manufacturers with large capacity would have some competitive advantage.

- **Price Competitiveness:** Manufacturers that are able to provide price competitive solutions would have a significant competitive advantage. The need for price competitive manufacturers is partly driven by the competition from other manufacturers and cost consciousness of user industries such as manufacturers of electronic and electrical products.
- **Track Record:** Customers would normally select manufacturers with a strong track record. This is important, as customers expect a high level of product and service quality. As such, a potential supplier with a strong track record would be in a better position to win new customers.

**9.4 Competitive Intensity**

- Competition for Ideal Jacobs Group primarily comes from other manufacturers of industrial labels in PRC. This is because Ideal Jacobs Group's main manufacturing operations are based in PRC. Nevertheless, industrial label manufacturers in PRC also compete against manufacturers in other countries.
  - In 2010, there were approximately 3,000 enterprises in PRC engaged in the manufacture of labels. (Source: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd)

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- Between 2006 and 2010, the import value of other self-adhesive plates, sheets, film, foil and others of plastics in PRC grew at an average annual rate of 17.7% while in 2010, it increased by 59.5% to USD1.7 billion (equivalent to RMB11.5 billion). *(Source: China Customs)*
- The large market size of the label printing industry in PRC of RMB15 billion in 2010 *(Source: Vital Factor Consulting Sdn Bhd)* would be able to accommodate a relatively larger number of operators within the industry. This may mitigate somewhat the competitive intensity.
- Companies that focus on providing value-added or customised labels that incorporate various properties such as metal-coated materials, desired opacity and other specific properties such as security would face less competition compared to the generic or standard labels.
- Companies that generally provide a one-stop solution in label manufacturing by offering a wider range of services including among others, letterpress and silk screen printing, die-cutting, thermal transfer process, laser printing process, and direct thermal printing process are in a stronger position to meet the total requirements of customers.
- Larger operators that can produce large volume of output can also compete more effectively due to the benefits of economies of scale compared to smaller operators.

**9.5 Players in the Industry**

- In 2010, there were approximately 3,000 enterprises in PRC engaged in the manufacture of labels. *(Source: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd)*
- Some of the manufacturers of industrial labels that have manufacturing operations in PRC are listed in alphabetical order as follows:
  - Beijing Deji Adhesive Labels & Prints Co Ltd
  - Beijing Light Industry Printing Factory
  - Brady Corporation
  - Chang Zhou Shi Zhong Tian Print Co Ltd
  - Chung Tai Printing (BVI) Co Limited *(Subsidiary of Neway Group Holdings Ltd)*
  - CymMetrik Group
  - Ideal Jacobs Group
  - Jian Sheng Printing Co Ltd
  - Kaida (HK) International Company
  - Kunshan Chengya Printing Co Ltd
  - Lutong Printing Co Ltd
  - Industry Co Ltd of Shenzhen City Lingyu
  - Shanghai Pramers Chemi-tech Co Ltd
  - Shenzhen TJX Print Industrial Co Ltd
  - Shenzhen Xiushun Label-Printing Co Ltd
  - Suzhou Advance Printing Co Ltd

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- Top Print Labels (Suzhou) Co Ltd
- Worldmark International Ltd

*(Note: The above is not an exhaustive list.)*

*(Source: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd)*

## 10. BARRIERS TO ENTRY

### 10.1 Capital and Set-up Costs

- The capital set-up cost for the Industrial Label Manufacturing Industry is **moderate**.
- The capital investment required to start up a label manufacturing plant in PRC would cost approximately RMB10 million (excluding land and building). This includes:
  - 1 unit of screen printing machine;
  - 1 unit of UV curing equipment;
  - 1 unit of die-cut machine;
  - RMB1 million working capital;
  - Other factory set-up costs;
  - A printing licence.

This type of investment is for a relatively small industrial label manufacturing operation.

- However, smaller sized operators will face difficulties in competing with larger operators that have the advantage of economies of scale. It is critical for operators to maximise on the volume of production to ensure profitability.
- Therefore capital set-up cost may pose a barrier to entry for new entrants into the Industrial Label Manufacturing Industry.

### 10.2 Technical Skills

- There is also a certain level of technical expertise and experience required in the Industrial Label Manufacturing Industry. This is in relation to the expertise and experience required in the design, printing, die-cutting and laminating processes to meet the required specifications of final products.
- Experienced and trained workers are also required in the operation of machinery and equipment to optimise the level of productivity and to minimise on the wastage of raw materials used in the manufacturing processes.
- The other areas that require a certain degree of technical skills and experience is the ability to research and develop new types of labels that meet with customer specifications, for example certain level of peel and sheer strength, water resistance, temperature resistance and others.

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- The ability to develop innovative products would enable manufacturers to maintain their competitive edge by keeping abreast with changing consumer preferences and trends, and needs of industrial users.

#### 10.3 Established Track Record

- Established track record is an important factor for operators in this industry. A new entrant will take time to establish a credible track record in the industry.
- It is common that an established customer base also serves as an important reference site of new or potential customers.
- As such, this would pose some barriers to entry for new entrants.

#### 10.4 Product Quality

- Product quality is an important factor in the manufacture of industrial labels.
- As such, operators that have stringent quality assurance programmes and certifications in place such as ISO are important factors in securing sales orders.
- New entrants into the industry would take some time to develop the product quality required to meet certain industry standards, and meet the requirements and expectations of customers.

## 11. RELIANCE ON AND VULNERABILITY TO IMPORTS

- Some of the major raw materials such as plastic foams and ink used by Ideal Jacobs Group for the FYE 31 December 2009 were largely imported. Other major raw materials used by the Group for the FYE 31 December 2009 include polycarbonate materials, polyester materials and adhesive materials which were largely sourced in PRC with a small proportion of imports
- Ideal Jacobs Group is reliant on imports for the supply of some of our major raw materials including plastic foams and ink used in our manufacturing operations. However, all of these materials are available in a number of countries, coupled with the fact that PRC has a past record of importing these materials from various overseas countries, therefore any disruption in supply would be minimised

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## 12. INDUSTRY OUTLOOK

### 12.1 PRC

- Looking forward into 2011, real GDP performance in PRC is forecasted to continue growing at approximately 8%. Although the GDP forecasted for 2011 is slightly lower compared to 2010 at 10.3%, nevertheless growth continues to be strong.
- Entrepreneur confidence in the first quarter of 2011 also continued to improve by 0.3% compared to the previous quarter, and by 1.4% compared to the same period in 2010.

*(Source: National Bureau of Statistics of China and Secondary Market Research undertaken by Vital Factor Consulting Sdn Bhd)*

- Continuing economic growth combined with stronger entrepreneur confidence will continue to provide opportunities and help sustain operators within the Industrial Label Manufacturing Industry.

#### Economic Conditions in PRC relative to Selected Economies

- PRC's real GDP growth at approximately 8% in 2011 is expected to be more robust compared to the projected GDP growth in 2011 for some of the more advanced economies, for example:
  - United States = 2.8%
  - United Kingdom = 1.7%
  - Japan = 1.4%

*(Source: National Bureau of Statistics of China and Secondary Market Research undertaken by Vital Factor Consulting Sdn Bhd)*

- As such, operators whose main markets are in PRC are expected to be in a better position in terms of growth opportunities compared to companies whose main markets are projected to have slower growth. PRC's prospects in terms of outlook is further boosted by its large population, which registered 1.3 billion persons in 2010. *(Source: National Bureau of Statistics of China)*

### 12.2 Thailand

- Ideal Jacobs Group also undertakes manufacturing of industrial labels in Thailand. As such, the economic performance of Thailand will have some impact on the Group.
- In 2010, the economic conditions in Thailand improved with a real GDP growth of 7.8% based on preliminary figures. Looking forward into 2011, Thailand's real GDP is forecasted to grow by 4.0%. *(Source: Bank of Thailand and Secondary Market Research undertaken by Vital Factor Consulting Sdn Bhd)*

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- The continuing economic growth, albeit at a lower rate compared to 2010, will continue to provide opportunities for manufacturers within the Industrial Label Manufacturing Industry.

#### 12.3 Malaysia

- As Ideal Jacobs Group intends to set-up a plant for the manufacturing of industrial labels and nameplates in Malaysia by 2011, the economic performance of Malaysia will have some relevance to its business.
- In 2010, real GDP for Malaysia grew by 7.2%. In addition, GDP of the manufacturing industry based on constant prices grew by 11.4% in 2010. *(Source: Bank Negara Malaysia)*
- Looking forward into 2011, the government of Malaysia has forecasted continuing growth as follows:
  - Real GDP growth is forecasted at between 5% and 6%
  - Real GDP growth for the manufacturing industry is forecasted at 5.7%

*(Source: Ministry of Finance, Malaysia)*

- Forecasted continuing growth of the economy in general and the manufacturing industry in particular in 2011 will continue to sustain and provide growth opportunities for operators within the Industrial Label Manufacturing Industry.

## 13. THREATS AND RISKS ANALYSIS

### 13.1 Global Financial Crisis

- Any prolonged and/or widespread downturn such as those of the recent global financial turmoil has affected PRC and the global economies. Industrial labels are largely dependent on the demand for electronic and electrical products and various machinery and equipments, and any downturn in the economy is likely to impact on consumer and business spending and confidence.
- A slowdown in PRC and global economies is likely to reduce demand for a wide range of products, including labels, which would have an impact on operators within the Industrial Label Manufacturing Industry.

#### Mitigating Factors

- As industrial labels are regarded as important or mandatory parts of many electronic, electrical and medical products, it is likely that demand for these products will still continue, albeit at a lower expenditure level during an economic slowdown.

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- In 2009, PRC experienced a real GDP growth of 9.2% and it grew by 10.3% in 2010 (*Sources: National Bureau of Statistics of China*). In contrast, many advanced economies experienced negative GDP growth in 2009. As such, PRC's economy has shown to be more robust compared to many of the more advanced economies.
- Looking forward into 2011, real GDP of PRC is forecasted at approximately 8%, which is higher compared to other advanced economies.
- Operators with strong product quality, financial stability, and various manufacturing capabilities and large capacity would be in a better position to withstand the impact of a slowdown in PRC and global economies.

**13.2 Fluctuation in Raw Material Prices**

- Polymer materials are commonly used as facestock for the Industrial Label Manufacturing Industry. The increase in oil prices may impact on the price of polymer materials.

**Mitigating Factors**

- In most situations, increases in the price of raw materials are usually passed onto the customers resulting in minimal impact on operators.
- Some examples of polymer-based raw materials used in the manufacturing of labels include double-sided and single-sided tapes, polyester tapes and films. However most of these are regarded as downstream polymer materials, which have undergone some form of value-adding, for example the incorporation of special adhesive, to form the raw materials used by label manufacturers.
- In addition, industrial labels are usually necessity items and considering the relatively low cost of labels, any increase in prices would not normally deter users from using polymer-based labels.

**13.3 Competition from Local Manufacturers**

- In 2010, there were approximately 3,000 manufacturers of labels in PRC. (*Source: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd*)
- The large number of manufacturers could generate intense competition within the industry, which may impact on the business or erode margins.



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**Mitigating Factor**

- As the Label Manufacturing Industry in PRC services the global market and a large base of user industries, there are sufficient business opportunities to sustain manufacturers. However label manufacturers that have an established customer base with in-house research and development capabilities and large manufacturing capacity are in stronger position to compete effectively.

**13.4 Foreign Exchange Risk**

- Some of the raw materials used by the Industrial Label Manufacturing Industry in PRC are derived from imported sources. In addition, some of the products produced by PRC's industrial label manufacturers are exported. Most of these transactions are denominated in foreign currencies.
- As such, fluctuations in foreign exchange rates will have an impact on the Renminbi value of imported raw materials and exported products.
- This may have an impact on the profitability of operators within the Industrial Label Manufacturing Industry. An unfavourable foreign exchange movement against the Renminbi would either reduce demand as prices would need to be increased or manufacturer's profitability would suffer if they decide to absorb the price increases.

**Mitigating Factors**

- The exchange rate of the Renminbi now operates on a managed float following the removal of the exchange rate peg to the US Dollar on 21 July 2005. The People's Bank of China will now monitor the value of the Renminbi relative to a basket of currencies. Promoting stability of the currency remains a primary policy objective.
- The People's Bank of China primary policy objective of promoting the stability of the currency will provide some mitigation against foreign currency risk.
- A manufacturer that earns revenue denominated in a foreign currency may mitigate against foreign exchange risk by using its foreign currency earnings to pay for purchases denominated in the same foreign currency. This could provide some natural hedging against foreign exchange fluctuations.

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**14. AREAS OF GROWTH AND OPPORTUNITIES****14.1 New Export Markets**

- The Industrial Label Manufacturing Industry is also a generator of foreign exchange earnings for PRC. This is reflected by the fact that in 2010, export value of other self-adhesive plates, sheets, film, foil and others of plastics in PRC amounted USD875.9 million (equivalent to RMB5.8 billion). (*Source: China Customs*)
- In 2010, Hong Kong was the largest export market for self-adhesive plates, sheets, film, foil and others of plastics in PRC, accounting for 15.6% of the total export value. This was followed by the United States, India, Russia, Japan, Brazil and many other countries. (*Source: China Customs*)
- Thus, there are opportunities for operators in PRC to further explore the potential of export markets for labels. Operators that can serve various markets will have increased areas of opportunities for growth as well as diversify risks of dependency on any one single market.

**14.2 Specialised Applications**

- Within the Industrial Label Manufacturing Industry, there are opportunities for specialised applications that are driven by user-industry requirements. One such example is the pharmaceutical industry whereby special labels are used to attach to electrical circuits, which will indicate the timing for the patient to take his/her medication. This will enable the doctors to monitor the effectiveness of the dosage in patients.
- Other examples of specialised applications also include labels with 'water presence indicators'. This enables manufacturers of mobile phones to detect the presence of water in mobile phones for warranty purposes.
- Thus, operators that are able to customise specialised applications will be able to add value and justify a premium for these types of labels.

**14.3 Product Diversification**

- Product diversification presents opportunities for manufacturers to enlarge its customer base and more importantly enable manufacturers to minimise the risk of over dependency on certain products.
- Manufacturers who produce a diverse portfolio of industrial labels that could be applied to a large variety of industrial products are in a stronger position to sustain the business during an economic downturn.

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## 15. CRITICAL SUCCESS FACTORS

- **Quality of Finished Products:** To ensure business sustainability, manufacturers must be able to continually meet and deliver quality products to customers. Those who adopt stringent controls in their manufacturing processes and have attained internationally recognised accreditations, such as ISO 9000 series are in a better position to compete effectively in this area.
- **Established Track Record:** As industrial labels are used in diverse end-user industry sectors, customers must have some assurance of the quality of the products. As such, other than possessing manufacturing capabilities, a reputable track record is required to continuously secure new sales order.
- **Financial Stability:** Manufacturers in a healthy financial position are more likely to retain and attract new customers. Potential customers would emphasise financial stability as a key criterion in the evaluation of a prospective supplier as they would not want any disruption in the supply of products. In addition, a financially strong manufacturer would be in a better position to upgrade its facilities, if necessary, to keep abreast of technology or to meet future demand for increased capacity.
- **Diverse Customer Base:** Manufacturers with a diverse customer base covering different industry sectors and products are in a stronger position to minimise any dependency on any one particular industry sector or type of customers. In addition, serving diverse industry sectors and types of customers would provide growth opportunities.

## 16. MARKET SIZE AND SHARE

**Market Size**

- In 2010, the market size of the Label Printing Industry in PRC was estimated at **RMB15 billion** (equivalent to approximately **RM7 billion**) based on gross industrial output value. (Source: Vital Factor Consulting Sdn Bhd)

*Note: The market size is for both consumer and industrial labels.*

**Market Share**

- In 2010, Ideal Jacobs Group had a market share of less than **1%** of the label printing industry in PRC based on the Group's annualised revenue for the financial period ended 31 October 2010. (Source: Vital Factor Consulting Sdn Bhd)

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Vital Factor Consulting Sdn Bhd had prepared this report in an independent and objective manner and had taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibilities for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Yours sincerely

Wooi Tan  
Managing Director

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**10.2 LEGAL OPINION ON RELEVANT LAWS AND REGULATIONS OF PRC**

*(Prepared for inclusion in this prospectus)*



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**To : Ideal Jacobs (Malaysia) Corporation BHD**

**Dear Sirs ,**

Based on your statement that Ideal Jacobs (Xiamen) Corporation (hereinafter referred to as IJX) is a valid existed Wholly Foreign Owned Enterprise (hereinafter referred to as WFOE) in PRC, and you are the exclusive investor of IJX, holding 100% shares of IJX and having neither Chinese individual nor legal entities as your shareholders; recently, you intend to be listed in Malaysia Equity Market.

FIDELITY Lawyers reply you with the regulations in PRC on following issues required under industrial standard of legal service, ethics and spirit of due diligence.

**Repatriation of capital**

Article 21 of Rules for the Implementation of the Law of the People's Republic of China on Foreign-funded Enterprises says: A wholly foreign-owned enterprise shall not reduce its registered capital during the duration of its operations. However, if there is a genuine need to reduce its registered capital as a result of changes in the total investment or in production and business scale, etc, such reduction must be approved by examining and approving authorities.

Repatriation of capital involving a WFOE (which will decrease its capital) requires the approval of the Ministry of Commerce of the PRC or its local counterpart, the issuance of a public announcement and notice to the creditors of the capital reduction and registration of the capital reduction with the State Administration of Industry and Commerce in the PRC. The repatriation of capital so reduced also requires the approval of the State Administration of Foreign

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Exchange.

**Remittance of profits**

Article 19 of Law of the People's Republic of China on Foreign-funded Enterprises says: The foreign investor may remit abroad lawful profits earned from a wholly foreign-owned enterprise, other lawful income and funds obtained after liquidation of the enterprise.

Wages and other lawful income of foreign staff and workers of a wholly foreign-owned enterprise may be remitted abroad after payment of individual income tax in accordance with the law.

Article 58 of Rules for the Implementation of the Law of the People's Republic of China on Foreign-funded Enterprises says: From the profit remaining after payment of income tax accordance with Chinese tax law provisions, a wholly foreign-owned enterprise shall allocate money for a reserve fund and employee bonus and welfare funds. That allocated as the reserve fund shall be no less their 10% of the after-tax profit amount. If the accumulative total of allocated funds reaches 50% of an enterprise registered capital the enterprise shall not be required to make any further allocation. The allocation ratio for the employee bonus and welfare funds may be determined by a wholly foreign-owned enterprise itself.

A wholly foreign-owned enterprise shall be prohibited from distributing dividends unless the losses of previous years have been made up. Dividends not distributed in previous years may be distributed together with those of the current year.

The profits from WFOE may be remitted abroad after payment of tax, loss of previous years (if any), reserve fund in according with Chinese laws and regulations and employee bonus and welfare funds in according with the decision of WFOE As we know from the introduction of IJX,

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IJX do not allocate money for employee bonus and welfare funds. Moreover, remittance of profits by a WFOE needs to be verified by a bank licensed to conduct foreign exchange business.

**Increase of Capitals, Assign and Mortgage**

Article 22 of Rules for the Implementation of the Law of the People's Republic of China on Foreign-funded Enterprises says: To increase or assign the registered capital of a wholly foreign-owned enterprise, the approval of examining and approving authorities must be obtained and procedures for registration of the change must be undertaken with an administrative authority for industry and commerce.

Article 23 says To mortgage or assign its assets or rights and interests, a wholly foreign-owned enterprise must obtain the approval of examining and approving authorities and report the details to the administrative authority for industry and commerce.

To increase or assign capitals requires the approval of the Ministry of Commerce of the PRC or its local counterpart, and registration in State Administration of Industry and Commerce. To mortgage or assign its assets or rights and interests requires the approval of the Ministry of Commerce of the PRC or its local counterpart, and filing in State Administration of Industry and Commerce.

**Foreign Investment**

**1. Investment within China:**

In accordance with Provisional Regulations on investment within China by foreign investment enterprises, the un-investee enterprise like IJX should conform to followings to invest within

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China: 1) its registered capital has been fully paid in; 2) it has become profitable; and 3) it is operating legally and has no record of illegal operations. Investment within China by foreign investment enterprises shall, mutatis mutandis, be handled in accordance with the Directing of Foreign Investment Tentative Provisions and Foreign Investment Industrial Guidance Catalogue. Foreign investment enterprises may not invest in fields in which foreign investment is prohibited. Investee Companies shall take the form of limited liability companies or companies limited by shares. Moreover, the aggregate amount invested domestically by a foreign investment enterprise may not exceed 50% of its net assets; increases in the form of capitalized profits received from the Investee Companies shall not count towards the net assets. To invest in and establish a company in the encouraged or permitted category, a foreign investment enterprise shall submit an application and register in authority of the place where the Investee Company is to be located:

**2. Overseas Investment:**

Overseas investment of WFOE requires approval of Commerce Department and its provincial counterpart. WFOE obtains certificate with procedures of foreign exchange, bank, customers and foreign affairs. The legal or other procedures in host country (local) shall be finished within two years after obtaining certificate.

**Purchasing Real Estate**

WFOE is legal entity in China, on which no specific restriction is made by Chinese Laws.

Refer to the issue of whether you could purchase real estate within China, Opinions on Regulating the Entry of Foreign Investment into the Real Property Market and the Administration (NO.171( 2006 )) regulates: Branches, sub-branches and representative offices set up in China by foreign organizations (excluding enterprises that have been approved to



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engage in real property business) and foreign individuals who are to work or study in China for more than one year may, in line with their actual needs, purchase commodity premises for their own use or their own residence, but may not purchase commodity premises that they will not themselves use or reside in. Foreign organizations that do not have a branch, sub-branch or representative office in China and foreign individuals who are to work or study in China for less than one year may not purchase commodity premises. Residents of Hong Kong, Macao and Taiwan and overseas Chinese may, in line with their personal needs, purchase commodity premises in the mainland of a certain area for their own residential purposes.

**Foreign Exchange Control**

Regulation of the People's Republic of China on Foreign Exchange Administration (2008) is the major regulations of foreign exchange administration in China. We make brief statement on current accounts and capital accounts of foreign exchange administration.

**1. Foreign Exchange Control over Current Accounts**

There is no restriction on current international payment and transfer in China, the foreign exchange incomes under current accounts may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions. The foreign exchange disbursements under current accounts shall be, against valid documents, paid with self-owned foreign exchange or foreign exchange brought from financial institutions engaged in the settlement and sale of foreign exchange in accordance with provisions on the administration of the sale and purchase of foreign exchange by the administration of foreign exchange under the State Council.

**2. Foreign Exchange Control over Capital Accounts**

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Overseas organs and individuals that directly invest in China shall go through registration formalities at foreign exchange control agencies after have been approved by relevant competent departments. Overseas organs and individuals that conduct the issuance and transaction of securities or derivatives shall observe provisions concerning market access of the state, and go through registration formalities according to provisions of the administration of foreign exchange under the State Council. Domestic organs and individuals that engaged in overseas direct investment or the issuance and transaction of securities and derivatives abroad shall go through registration formalities in accordance with provisions of the administration of foreign exchange under the State Council. With respect to those that the approval or filing of relevant competent departments are required by the state, approval or filing formalities shall be gone through prior to the foreign exchange registration. The state carries out the scale administration of foreign loans. Entities or individuals that borrow foreign loans shall observe relevant provisions of the state and go through registration formalities at foreign exchange control agencies. Where the foreign exchange incomes under capital accounts are to be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange, approvals of foreign exchange control agencies are required, except as otherwise by the state. The foreign exchange disbursements under capital accounts shall be, against valid documents, paid with self-owned foreign exchange or foreign exchange brought from financial institutions engaged in the settlement and sale of foreign exchange in accordance with provisions on the administration of the sale and purchase of foreign exchange by the administration of foreign exchange under the State Council. With respect to those that are required to be approved by foreign exchange control agencies by the state, approval formalities shall be gone through before foreign exchange disbursements. The currency denominated in RMB that belongs to foreign parties in a foreign-invested enterprise that

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terminated according to law may, after the liquidation and taxation of the enterprise in accordance with relevant provisions of the state, be used to buy foreign exchange from financial institutions engaged in the settlement and sale of foreign exchange and remitted abroad. The foreign exchange under capital accounts and the foreign exchange settlement funds shall be used according to the purposes approved by relevant competent departments and foreign exchange control agencies. Foreign exchange control agencies are entitled to monitor and inspect the use of the foreign exchange under capital accounts and foreign exchange settlements funds as well as the changes of accounts.

**Taxation Laws or Requirements for Income Derived or for Dividends Remitted from Overseas**

According to The Law of the People's Republic of China on Enterprise Income Tax, Implementation of Enterprise Income Tax, Provisional Tax Regulations for Non-Resident Enterprises (No.3(2009)), Implementation Measures of Special Tax Adjustment, Notice of the Ministry of Finance and State Administration of Taxation on Issues Relevant to the Tax Policies Regarding the Criteria for Enterprises' Pre-tax Deduction of Interest Disbursements to Affiliated Parties (No. 121[2008] of the Ministry of Finance), Agreement on Avoidance of Double Taxation and Prevention of Tax Evasion, we make brief introduction on tax from financial transaction between you and IJX:

1. The enterprise income tax of such equity earnings as dividend and bonus that you obtained from IJX, as well as interest, rents and earnings from royalties and property transfer and other earnings shall be imposed on 10% withholding tax. The source withholding of enterprise income tax shall be implemented, and IJX is the withholding agent.

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2. In case IJX obtains debt investment from you, when calculating the tax of interests paid to you by IJX, based on the ratio of debt investment to equity investment, the part less than ratio of 2 could be deducted, the part exceed could not be deducted.

**Non-deductible interests payment of IJX** = annual actual interest paid to related parties  
 $\times (1 - 2 \div \text{related party debt to equity ratio})$

**Related party debt to equity ratio** = sum of monthly average related party debt investment in a year/sum of monthly average equity investment in a year

**Monthly average related party debt investment** = (book opening balance of related party debt investment at the beginning of the month+ book opening balance of related party debt investment at the end of the month)/2.

Hope the above response could be helpful for your listing, if any other legal questions, please not hesitate to let us know.

Best Regards!

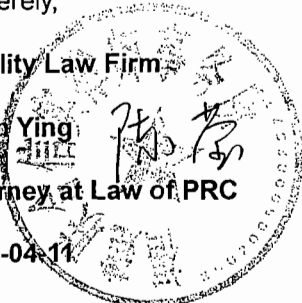
Sincerely,

Fidelity Law Firm

Chen Ying

Attorney at Law of PRC

2011-04-11



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**10. REPORTS**

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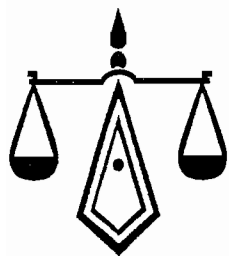
**Notice**

1. The Letter is relied on statement from the enquirer.
2. The legal opinion from Fidelity Lawyers is relied on existed fact and current valid laws in mainland China.
3. The lawyers only make brief introduction on above issues based on understanding of current laws in mainland China. Since lacking of concrete cases, this Letter could not cover all the related regulations in China.
4. The Letter is only for the purpose of brief introduction on regulations of the Repatriation and Remittance of the Capitals, Profits, Foreign Investment, Tax and Foreign Exchange Control matters related with you and IJX in China. Without prior written consent, no other purpose could be adopted. Except for the usage of Fidelity or DDWG for your listing, no content in Letter could be referenced, or used as legal or arbitral evidence, or be adopted for other purposes. No use right of the Letter could affect the copy right of FIDELITY.

## 10. REPORTS

### 10.3 LEGAL OPINION ON RELEVANT LAWS AND REGULATIONS OF THAILAND

*(Prepared for inclusion in this prospectus)*



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Tel : 0-2631-2066 Fax : 0-2631-2990  
www.sbcinterlaw.com • info@sbcenterlaw.com

11<sup>th</sup> April 2011

The Board of Directors  
Ideal Jacobs (Malaysia) Corporation Bhd.  
Level 15-2, Sheraton Imperial Court,  
Jalan Sultan Ismail,  
50250 Kuala Lumpur, Malaysia

Dear Sir

Per your request, we are pleased to provide to you our legal opinion (the "Opinion") concerning the following:

#### 1. Repatriation of capital and remittance of profits of Ideal Jacobs Corporation (Thailand) Limited ("IJT")

##### 1.1 Background

As IJT is 99.99% owned by Ideal Jacobs (Malaysia) Corporation Bhd, there may be capital, revenue or profits transferred between the two companies. We have therefore been requested to provide some information on Thai laws and regulations relating to any such transfers either to or from IJT by or to IJ as well as to provide an opinion taxation laws relating to income or dividends received by IJT from IJM or paid out by IJT to Ideal Jacobs (Malaysia) Corporation Bhd

##### 1.2 Legal Opinion

Thailand does not place any restriction on repatriation of capital investments, loan funds, profits, interest, and dividends out of Thailand. However, tax is generally withheld on remittances of profits, interest, and dividends and thus the only governing provision in law relating to the remittance of capital investments, loan funds, profits, interest, and dividends out of Thailand is the Thai Revenue Code ("TRC")

The withholding of taxes on remittances of profits, interests and dividends fall under Section 70 of the TRC which states that *"A juristic company or partnership organized under a foreign law and not carrying on business in Thailand which as derived assessable income....which is paid either from or in Thailand shall pay tax"*

##### **Tax on repatriation of income**

Repatriation of profits to the head office, or keeping of profits abroad where the head office has directly received a payment for goods sold or services rendered in Thailand, is subject to further income tax at the rate of 10 per cent of the after tax profit actually or deemed to be remitted. Repatriation of assessable income such as profits, interest, and dividends from Thailand to foreign companies not doing business in Thailand (non-resident companies) is subject to withholding tax as shown below:

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<i>Types of Income</i>	<i>Tax Rate</i>
<i>Dividends</i>	10%
<i>Royalty, interest, rent, service fees, capital gains</i>	10%

## **2. Regulations on ownership and transfer of the shares of IDEAL JACOBS (MALAYSIA) CORPORATION BHD or any shareholder of IJT**

### **2.1 Legal Opinion**

Ownership and transfer of shares in a limited liability company is guided by the Civil and Commercial Code of Thailand ("CCC") under Section 1129 which states that "*Shares are transferable without the assent of the company unless, in case of shares entered in a name certificate, it is otherwise provided in the regulations of the company*"

It is further stated in this Clause that the transfer of shares in a name certificate is void unless made in writing and signed by the transferor and the transferee whose signatures shall be certified by at least one witness.

In the case of IJT, all the shareholders are issued with a name share certificate and thus the transfer of shares by any one of the shareholders falls under the Articles of Association of IJT which defines how the shares may be transferred.

## **3. Restrictions on ownership of real estate properties by a majority foreign owned juristic entity in Thailand**

### **3.1 Legal Opinion**

Except with approval from the Minister of Interior under Section 96 bis of Land Code Amendment Act (1999) and some very specific exceptions under the Petroleum Act, Investment Promotion Act and Industrial Estate Authority of Thailand Act, foreign individuals and foreign companies are prohibited from owning land in Thailand under the Land Code Act.

In the case of a BOI promoted company (since IJT is in the process of being awarded the BOI promotional status), the company should obtain the approval of the Board of Investment. In the event that IJT ceases its business or transfers its business, it has to sell the acquired land within one year. There are, however, no restrictions for a foreign company or individual to acquire units in a condominium under certain conditions.

## **4. Statutory Procedures for the reduction of capital in Limited Liability Company**

### **4.1 Legal Opinion**

The reduction of capital in a limited liability company is governed under Section 1224 to 1228 of the CCC which states the following:

- a. A limited liability company may, by special resolution of its shareholders, reduce its capital either by reducing the par value of each share or by reducing the number of

## 10. REPORTS



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shares. This special resolution must be registered by the company within 14 days after the date that the resolution has been adopted

b. The capital of the company may not be reduced to less than one-fourth of its registered capital

c. The approved special resolution of the shareholders to reduce the capital of the company must be published at least once for not less than 14 days in a local paper and a notice of the proposed reduction must be sent to all the known creditors of the Company. All creditors who have been notified must raise any objection to the capital reduction within three months from the date of the notice.

If no objection is raised within 3 months, none is deemed to exist. If an objection has been raised, the company cannot proceed with the capital reduction unless the opposing creditor's claim (s) has been satisfied or an acceptable form of security or surety has been given

d. If a creditor fails to give notice of its objection to the capital reduction and is able to prove with sufficient evidence that such ignorance was not due to any fault of his, those shareholders in the Company who have received any portion of the their equity back shall be personally liable for the creditor to the extent of the return of equity that the shareholders have received. This liability of the shareholders shall be for a period of 2 years from the date that the special resolution was passed

Sincerely Yours

Adrian Wong  
Managing Partner





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11. DIRECTORS' REPORTS

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*(Prepared for inclusion in this prospectus)*

Ideal Jacobs (Malaysia) Corporation Bhd. (857363 – U)  
Suite 12.1, 12th Floor, East Wing, Rohas Perkasa. No. 8,  
Jalan Perak 50450, Kuala Lumpur, Malaysia.  
Tel: +6 03 2166 1079 Fax: +6 03 2166 2079

**IDEAL JACOBS**  
M A L A Y S I A

Date: 15 APRIL 2011

The Shareholders of  
**Ideal Jacobs (Malaysia) Corporation Bhd.**  
Level 15-2, Sheraton Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur

Dear Sir/Madam,

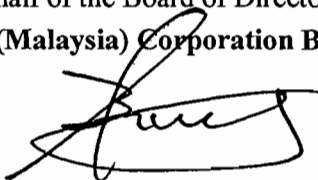
On behalf of the Board of Directors of Ideal Jacobs (Malaysia) Corporation Bhd. ("**Ideal Jacobs**"), I wish to report after due inquiry by the Board of Directors of Ideal Jacobs, that between the period from 31 October 2010 (being the date to which the latest audited financial statements of Ideal Jacobs and its subsidiaries ("**Group**") have been made up) to 15 APRIL 2011, (being a date not earlier than 14 days before the issuance of this prospectus), that:-

- (a) the business of the Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no contingent liabilities by reason of any guarantees or indemnities given by the Group;
- (e) since the last audited financial statements of the Group, there has been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings by the Company or any of its subsidiaries; and
- (f) save as disclosed in the Proforma Consolidated Financial Information set out in **Section 8.7** of this prospectus and since the last audited financial statements of the Group, there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group.

Yours faithfully

For and on behalf of the Board of Directors of  
**Ideal Jacobs (Malaysia) Corporation Bhd.**

Meng Bin  
Chief Executive Officer/ Managing Director



## 12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

### 12.1 SHARE CAPITAL

- (a) No Shares will be allocated or issued on the basis of this prospectus later than 12 months after the date of issue of this prospectus.
- (b) Neither our Company nor our subsidiaries have any capital that is under option, or agreed conditionally or unconditionally to be put under option.
- (c) As at the date of this prospectus there is 1 class of shares in our Company, being ordinary shares of 10 sen each, the details of which are outlined in **Section 2.6**.
- (d) Save as disclosed in **Sections 2.4, 2.8 and 4.1.1**, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Company and our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the 2 years preceding from the date thereof.
- (e) Neither our Company nor our subsidiaries have any outstanding convertible debt securities, options, warrants or uncalled capital as at the date of this prospectus.
- (f) There is currently no scheme for or involving our Directors or employees in the capital of our Company or our subsidiaries.

### 12.2 ARTICLES OF ASSOCIATION

The following provisions are extracted from our Company's Articles of Association. The words and expressions appearing in the following provisions shall bear the same meanings used in our Company's Articles of Association.

#### Transfer of securities

The provisions in our Company's Articles of Association in respect of the arrangement for the transfer of securities are as follows:

Article 25 (1) The transfer of any listed security or class of listed security of the Company which have been deposited with the Depository, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

Article 27 The Depository may refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and the Rules.

[The rest of this page is intentionally left blank]

**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION****Remuneration of Directors**

The provisions in our Company's Articles of Association in respect of the remuneration of our Directors are as follows:

- Article 92
- (1) The Directors shall be paid by way of fees for their services, such fixed sums (if any) as shall from time to time be determined by an ordinary resolution of the Company in general meeting and shall (unless such resolution otherwise provide) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office PROVIDED ALWAYS that:
    - (a) fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover; and
    - (b) The remuneration of a Director holding an executive office pursuant to these Articles shall be fixed by the Directors and may be payable by way of salary or by any or all of those modes, or otherwise as may be thought expedient but shall not include (where such remuneration is paid by way of salary) a commission on or percentage of turnover, and it may be made a term of such appointment or appointments that the appointee or appointees shall receive a pension, gratuity or other benefits on their retirement.
  - (2) The Directors shall be entitled to be reimbursed all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meeting or otherwise howsoever incurred in the course of the performance of their duties as Directors.
  - (3) Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which in the opinion of the Directors are outside his ordinary duties as a Director, may be paid such extra remuneration as the Directors may determine, subject however as is hereinafter provided in this Article.
  - (4) Any fee paid to an alternate Director shall be such as agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.
- Article 93
- Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where the notice of the proposed increase has been given in the notice convening the meeting.

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**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION**


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**Voting and borrowing powers of Directors**

The provisions in our Company's Articles of Association in respect of voting and borrowing powers of our Directors are as follows:

- Article 98
- (1) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any related company as may be thought fit.
  - (2) The Directors may borrow or raise any such money as aforesaid, upon such terms and conditions in all respects as the Directors may think fit, upon or by the issue or sale of any bonds, debentures, debenture stocks or securities. The Company may in general meeting grant a right for the holders of bonds, debentures, debenture stocks or securities to exchange the same for shares in the Company or any class authorized to be issued. The Directors may secure or provide for the payment of any moneys to be borrowed or raised by a mortgage or a charge upon all or any part of the undertaking or property of the Company, both present and future and upon any capital remaining unpaid upon the shares of the Company, whether called up or not or by any other security and the Directors may confer upon any mortgages or persons in whom any debentures, debenture stock or security is vested, such rights and powers as they think necessary or expedient; and they may vest any property of the Company in trustees for the purpose of securing any moneys so borrowed or so raised and confer upon the trustees or any receiver to be appointed by them or by any debenture holder, such rights and powers as the Directors may think necessary or expedient in relation to the undertaking or property of the Company, or the management or the realization thereof, or the making, receiving or enforcing of calls upon the members in respect of unpaid capital and otherwise, and may make and issue debentures to trustees for the purpose of further security, and any such trustees may be remunerated.
  - (3) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security, for any debt, liability or obligation of an unrelated third party.
- Article 115
- Subject to these Articles, the Act and the requirements of the Exchange, a Director may contract with and be interested in any contract or proposed contract with the Company and shall not be liable to account for any profit made by him by reason of any such contract; PROVIDED ALWAYS THAT the nature of the interest of the Director in any such contract be declared at a meeting of the Directors as required by Section 131 of the Act. A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly a personal interest (and if he shall do so his vote shall not be counted).

**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION**

Article 117 A Director may vote in respect of: -

- (a) any arrangement for giving the Director himself or any other Directors any security or indemnity or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; and
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of a security.

**Changes in capital or variation of class rights**

The provisions in our Company's Articles of Association in respect of the changes in capital or variation of class rights, which are as stringent as those provided in the Act, are as follows:

Article 3 Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of these Articles and the Act and to the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions, whether in regard to dividend, voting, return of capital or otherwise, and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:

- (a) no shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act;
- (b) in the case of shares offered to the public for subscription, the amount payable on application for each share shall not be less than hundred per cent (100%) of the nominal amount of the share;
- (c) in the case of shares of any class, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles;
- (d) No director shall participate in a share scheme for employees unless shareholders in general meeting have approved the allotment to be made to such director.

Article 7 If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy, one-third of the issued shares of

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**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION**


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the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, the provisions of Section 152 of the Act shall with such adaptations as are necessary, apply.

- Article 8      The rights conferred upon the holders of the shares of any class other than ordinary shares shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.
- Article 49      The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.
- Article 52      The Company may by ordinary resolution:
- (a) increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;
  - (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (c) divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such shares may, by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares; and
  - (d) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.
- Article 53      Subject to and in accordance with the provisions of the Act and the requirements of the Exchange and such other relevant law, regulation or guideline, the Company is allowed and shall have power, to the fullest extent permitted, to purchase its own shares or give financial assistance to any person for the purpose of acquiring shares in the Company. Any shares in the Company so purchased by the Company shall be dealt with as provided by the Act, the requirements of the Exchange and any other relevant authority.
- Article 54      The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorization, and consent required by law.

**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION****12.3 LIMITATION OF RIGHTS**

There are no limitations on the right to own securities including limitations on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

**12.4 MATERIAL CONTRACTS**

Save as disclosed below, we have not entered into any material contract which is not in the ordinary course of business of our Group within 2 years preceding the date of this prospectus:-

**(a) Service Contract of Industrial Waste Disposal dated 1 December 2009 entered into between IJX and Xiamen Oasis Sources Co., Ltd.**

IJX has entered into a service contract of industrial waste disposal dated 1 December 2009 with Xiamen Oasis Sources Co., Ltd. ("Xiamen Oasis"), and authorized Xiamen Oasis to dispose the industrial waste, for a term of 1 year commencing on 1 December 2009 and expiring on 1 December 2010. The consideration for this contract is as follows:

Item to be disposed	Charges (per kg)
Industrial waste	2.2 yuan
Plastic	2.2 yuan
Bottles	2.2 yuan
Office equipment waste	8.0 yuan

The minimum monthly charges are 800 yuan and the cost of transporting the waste is calculated based on 150 yuan per truckload.

The contract has expired on 1 December 2010. IJX has renewed this contract by entering into a new service contract of industrial waste disposal with Xiamen Oasis dated 12 November 2010, as disclosed in **Section 12.4 (g)**.

**(b) Equity Transfer Agreement dated 20 March 2010 entered into between Ideal Jacobs and the IJX Vendors**

We had on 20 March 2010 entered into an Equity Transfer Agreement with the IJX Vendors for the purpose of acquiring the entire contributed registered capital of IJX for a total consideration of USD1,260,000. Ownership of IJX passed to Ideal Jacobs on 23 March 2010. This agreement is governed by PRC laws. The IJX Acquisition has been completed on 31 May 2010 by the issuance of 90,000,000 Shares to the IJX Vendors and the persons nominated by them, Chew Siok Mei and Koo Ah Lik@Ku Yin Fu.

The IJX Acquisition is a related party transaction as the IJX Vendors are IJUS which is owned by Andrew Conrad Jacobs who is our Non-Independent Non-Executive Chairman and Foo Chong Lee who is a Promoter and substantial shareholder of Ideal Jacobs and is reflected as such in **Section 7.1.2**.

**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION****(c) Territorial, Licensing and Technical Assistance Agreement dated 8 June 2010 and Supplemental Territorial, Licensing and Technical Assistance Agreement dated 12 November 2010 entered into between the Company and IJUS**

Ideal Jacobs has on 8 June 2010 entered into a Territorial, Licensing and Technical Assistance Agreement with IJUS. The salient terms of this agreement are as follows:

- (i) Ideal Jacobs is exclusively entitled to and has the exclusive right to set up its business activities including but not limited to manufacturing, promoting and marketing its products, setting up plants and distribution centres in the Licensed Countries;
- (ii) IJUS undertakes and covenants to refer all sale enquiries made from any third parties in the Licensed Countries to Ideal Jacobs;
- (iii) IJUS has licensed the use of their Trademark (as defined in therein) to Ideal Jacobs in consideration of the relevant fees being paid to IJUS; and
- (iv) IJUS has agreed and undertaken to provide to Ideal Jacobs training and technical assistance in relation to all future products developed by IJUS at no cost to Ideal Jacobs.

The consideration for this agreement which is to be paid by Ideal Jacobs to IJUS annually is as follows:

- 1<sup>st</sup> Year USD50,000.00 payable on or before 31.10.2010
- 2<sup>nd</sup> Year USD60,000.00 payable on or before 31.10.2011
- 3<sup>rd</sup> Year USD70,000.00 payable on or before 31.10.2012
- 4<sup>th</sup> Year USD80,000.00 payable on or before 31.10.2013
- 5<sup>th</sup> Year USD90,000.00 payable on or before 31.10.2014

For year six and subsequent years, the annual license fees payable by Ideal Jacobs to IJUS is USD100,000.

1<sup>st</sup> payment of USD50,000 payable on or before 31.10.2010 was waived by IJUS via a letter dated 18 October 2010.

Clause 2.2 of this agreement provides that IJUS will automatically grant Ideal Jacobs a grace period of 6 calendar months or such longer period from the due date upon written request from Ideal Jacobs.

This agreement and the amounts payable under it are recurrent related party transactions (due to the position of Andrew Conrad Jacobs who is the substantial shareholder of IJUS and our Non-Independent Non-Executive Chairman) and is reflected as such in **Section 7.1.1**.

In this Agreement, no distinction is made between the territories in relation to IJX and IJT as they are part of the Group and the fulfillment of each order will be determined on a case by case basis.

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**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION**

Ideal Jacobs has on 12 November 2010 entered into a Supplemental Territorial Licensing and Technical Assistance Agreement ("Supplemental Agreement") with IJUS. This Supplemental Agreement was entered into for the purpose of inserting a new clause 4A on "No Competition" into the Territorial Licensing and Technical Assistance Agreement:

**"4A. NO COMPETITION**

In addition to the warranties contained in Clause 4 above, IJUS hereby warrants and undertakes with Ideal Jacobs (Malaysia) Corporation Berhad ("IJM") that it shall not enter into competition with IJM for as long as this Agreement remains in force and for a period of twelve (12) months after its termination and specifically IJUS warrants and undertakes as follows:

- (a) IJUS shall not set-up, incorporate, enter into partnership or joint venture with or acquire any interest either directly or indirectly in any company or business enterprise which is or may be involved in a similar business or in competition with IJM;
- (b) IJUS shall not use the Trade Mark and/or set-up, incorporate, enter into a partnership or have interest either directly or indirectly in any company using or having the name of "Ideal Jacobs" in any of the Territories or in the Existing European countries; and
- (c) IJUS shall not solicit any current or former customers of IJM with the intent of obtaining their custom."

**(d) Lease Agreement dated 1 October 2009 entered into between IJT and Tip Holdings Co. Ltd.**

IJT has on 1 October 2009 entered into a lease agreement with Tip Holdings Co. Ltd. for the lease of the premises located at Unit N3, 888/113 Moo. 19, Soi Yingcharoen Project 2, Bangplee-Tamru Road, Bangpleeyai, Bangplee, Samutprakarn 10450 for use as the manufacturing facility and office for IJT. The salient terms of the lease agreement are as follows:

Duration:	36 months commencing from 1 November 2009 and expiring on 31 October 2012.
Rental	120,000 Baht per month payable within the 1 <sup>st</sup> day of each month with a grace period of 7 days for late payment without interest.
Security Deposit	360,000 Baht which shall be returned to IJT within 30 days after termination of the lease agreement.
Renewal:	IJT must give the landlord 30 days notice of its intention to renew the lease agreement prior to expiry of the rental period.

There are no special conditions or restrictions contained in the lease agreement.

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**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION****(e) Contract of Mortgage of Maximum Amount dated 10 February 2010 entered into between IJX, Legend Technology Group Limited and The Bank of East Asia China Limited Xiamen Branch**

IJX ("the Pledgor") had on 10 February 2010 entered into a contract ("Pledge Contract") with the Bank of East Asia (China) Limited Xiamen Branch ("the Pledgee") to pledge their fixed deposit ("Pledge") held with the Pledgee as security for the Foreign Currency Loan Contract ("Master Contract") entered into between Legend Technology Group Limited ("Debtor") and the Pledgee. The salient terms contained in the Pledge Contract are as follows:

- 1) The maximum amount of the claims secured by the Pledge is USD730,000 and shall mean the maximum sum of principal under the Master Contract.
- 2) Period of the Pledge is from 10 February 2010 to 10 February 2015.
- 3) The scope of the Pledge includes the principal and any interest due thereof chargeable under the Master Contract.
- 4) The Pledge is independent of the Master Contract and the invalidity of the Master Contract shall not invalidate the Pledge.
- 5) If the Pledge is required to be registered, the Pledgor shall go through the pledge registration formalities as required by the Pledgee and the Pledgee shall take possession of the original documents of the pledge registration.
- 6) Where the Pledge is a time deposit, in the event the term of the pledged time deposit certificate expires prior to the maturity of the debt, the Pledgor authorizes the Pledgee to transfer the proceeds from the encashment of the financing product into the Pledgor's account and the Pledgor shall further pledge this account to the Pledgee as security for the debt.
- 7) Pledgee is entitled to enforce and realize the Pledge in the following circumstances:
  - (i) the Debtor fails to satisfy the principal, interest and costs of the debt under the master contract;
  - (ii) the Pledgor defaults in its warranties and commitments or fails to perform its obligations under the Pledge Contract;
  - (iii) the Debtor or Pledgor is declared to be dissolved, bankrupt or cancelled according to law;
  - (iv) there is a possibility that the value of the pledged property will significantly reduce and the Pledgor fails to provide any acceptable security to the Pledgee.
  - (v) the Debtor is in breach of the Master Contract; or
  - (vi) any other circumstances allowed by law for exercising the right to realise the Pledge.
- 8) Upon default the Pledgor shall pay liquidated damages equivalent to 5% of the principal debt.
- 9) Pledge Contract is to be governed by and construed in accordance with the laws of the PRC.

**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION**

- 10) The Pledgee may transfer the rights under the Pledge Contract to any third party.
- 11) The Pledge contract shall come into force upon its execution by signatures or common seals of both parties being affixed.

The fixed deposit of IJX has been released from the Pledge as the Legend Loan has been fully repaid by IJUS on 30 September 2010.

**(f) Deed of Assignment of Debt dated 1 October 2010 entered into between Ideal Jacobs, Legend Technology Group Limited and IJUS.**

Ideal Jacobs had on 1 October 2010 entered into a Deed of Assignment of Debt (Deed of Assignment") in respect of a debt of USD687,326 ("the Debt") which was owed by Ideal Jacobs to Legend Technology Group Limited ("Legend") whereupon the Debt was assigned by Legend to IJUS. The salient terms of the Deed of Assignment are as follows:-

- 1) Legend as the assignor assigned the Debt and all interest due and owing payable to IJUS;
- 2) Assignee is forthwith entitled to all the benefits, rights, title and interest imposed under or in the Debt as fully and effectively as if the Assignee had been the party to the Debt owed by Ideal Jacobs in place of Legend;
- 3) Legend agrees and confirms that it shall have no rights, title, interests or anything whatsoever in and to the Debt and any part of it and shall make no claim whatsoever in respect thereof and expressly acknowledges that from the date of the Deed of Assignment the Assignee entitled to the legal and equitable title and interest in and to the Debt.
- 4) Ideal Jacobs acknowledges and agrees to the assignment of the Debt from Legend to the Assignee and shall make all necessary arrangements for the settlement of the Debt to the Assignee as and when demanded by the Assignee.
- 5) The Deed of Assignment shall be binding on the personal representatives, successors-in-title and assigns of the parties.
- 6) The Assignee shall bear all costs of and incidental to the preparation and completion of the Deed of Assignment including legal fees and stamp duty.

**(g) Service Contract of Industrial Waste Disposal dated 12 November 2010 entered into between IJX and Xiamen Oasis**

IJX has entered into a service contract of industrial waste disposal dated 12 November 2010 with Xiamen Oasis and authorized Xiamen Oasis to dispose the industrial waste, for a term of 2 years commencing on 1 December 2010 and expiring on 31 December 2012.

The minimum monthly charges for the disposal of industrial waste is 800 yuan for 300 kg and the cost of transporting the industrial waste is calculated based on 150 yuan per truckload. In the event the quantity of industrial waste exceeds 300kg collectively, the disposal cost for the additional industrial waste will be charged at 2.5 yuan per kg.

**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION**

- (h) **Lease Contract entered into between IJX and SIP Factory Building Industrial Co., Ltd. dated 13 January 2011 in respect of a factory and premises located in Suzhou, PRC.**

IJX has on 13 January 2011 entered into a lease contract with SIP Factory Building Industrial Co Ltd for the lease of the premises known as North Side of Unit 18 (office area) located at Gangtian Industrial Square, No. 99 Gangtian Road, Suzhou for use as a factory and office for IJX. The salient terms of the lease agreement are as follows:

Duration: 2 years and 2 months commencing on 15 February 2011 and expiring on 14 April 2013.

Security Deposit RMB66,000 comprising 3 months' Rent and Property Management Services.

The rental and service fee payable for the lease is as follows:-

Lease Period	Rental Rate (RMB per square meter per month)	Services Fee (RMB per square meter per month)	Total (RMB per square meter per month)
15 February to 14 April 2011	0	5.7	5.7
15 April 2011 to 14 April 2012	13.3	5.7	19
15 April 2012 to 14 April 2013	14	6	20

There are no special conditions or restrictions contained in the lease agreement.

- (i) **Sale and Purchase Agreement dated 17 February 2011 entered into between IJX and Xiamen XinJingDi Group Co., Ltd.**

IJX has entered into a sale and purchase agreement dated 17 February 2011 with Xiamen XinJingDi Group Co., Ltd. for the purchase of Unit C2801, 24<sup>th</sup> Floor, Building 3, Plot 3, XinJing Center from Xiamen XinJingDi Group Co., Ltd., measuring 100.13 square meters, for a purchase consideration of RMB 2,007,106.00 yuan. The purchase consideration has been fully paid by IJX on 17 February 2011. The property shall be transferred from Xiamen XinJingDi Group Co., Ltd to IJX by 30 June 2011. The completion of the agreement is currently pending the transfer of property from Xiamen XinJingDi Group Co., Ltd to IJX and the realty registration of the said property.

- (j) **Underwriting Agreement dated 3 March 2011 entered into between the Company and MIDF Investment**

The Company has entered into an underwriting agreement dated 3 March 2011 with MIDF Investment for MIDF Investment to underwrite up to 2,000,000 Public Issue Shares under the Public Issue.

Please refer to **Section 2.12** for the salient terms of the underwriting agreement.

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**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION**


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**(k) Construction Project Contract dated 2 April 2011 entered into between IJX and Suzhou Tri Falcon Decoration Engineering Co., Ltd.**

IJX has entered into a construction project contract dated 2 April 2011 with Suzhou Tri Falcon Decoration Engineering Co., Ltd., for the commencement of a construction project at No.99 Gangtian Road, Suzhou Industrial Park, for an amount of RMB 407,588.00. The construction project shall commence on 2 April 2011 and it shall be completed by 2 May 2011. The completion of the agreement is currently pending the completion of the construction project.

**12.5 MATERIAL LITIGATION OR ARBITRATION**

As at LPD, we are not presently involved in any material litigation and arbitration, whether as plaintiff or defendant or as a third party, which has a material effect on our position or business, and we are not aware of any proceedings, pending or threatened, or of any fact likely to give rise to any proceedings which might materially affect our position or business.

**12.6 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFITS**

The laws of the PRC and of Thailand relating to the repatriation of capital and remittance of profits to and from Malaysia are detailed in the reports set out in **Sections 10.2 and 10.3**. The following is a summary of the respective reports.

**To or from the PRC**

Repatriation of capital involving IJX, a WFOE, (which will decrease its capital) requires the approval of the Ministry of Commerce of the PRC or its local counterpart, the issuance of a public announcement and notice to the creditors of the capital reduction and registration of the capital reduction with the State Administration of Industry and Commerce in the PRC. The repatriation of capital so reduced also requires the approval of the State Administration of Foreign Exchange.

Article 19 of Law of the PRC on Foreign-funded Enterprises states that the foreign investor may remit abroad lawful profits earned from a WFOE, other lawful income and funds obtained after liquidation of the enterprise. Wages and other lawful income of foreign staff and workers of a WFOE may be remitted abroad after payment of individual income tax in accordance with the law.

Article 58 of Rules for the Implementation of the Law of the PRC on Foreign-funded Enterprises states that from the profit remaining after payment of income tax in accordance with PRC tax law provisions, a WFOE shall allocate money for a reserve fund and employee bonus and welfare funds. The monies as the reserve fund shall be no less than 10% of the amount of the profit after-tax. If the accumulated total of allocated funds reaches 50% of a WFOE's registered capital the WFOE shall not be required to make any further allocation. The allocation ratio for the employee bonus and welfare funds may be determined by the WFOE itself.

A WFOE shall be prohibited from distributing dividends unless the losses of previous years have been made up. Dividends not distributed in previous years may be distributed together with those of the current year. The profits from a WFOE may be remitted abroad after payment of tax, loss of previous years (if any) and the reserve fund in accordance with PRC laws and regulations. Moreover, remittance of profits by a WFOE needs to be verified by a bank licensed to conduct foreign exchange business.

**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION****To or from Thailand**

Thailand does not place any restriction on repatriation of capital investments, loan funds, profits, interest, and dividends out of Thailand. However, tax is generally withheld on remittances of profits, interest, and dividends.

The withholding of taxes on remittances of profits, interests and dividends fall under Section 70 of the Thai Revenue Code ("TRC") which states that *"A juristic company or partnership organized under a foreign law and not carrying on business in Thailand which as derived assessable income....which is paid either from or in Thailand shall pay tax"*

Repatriation of profits to the head office, or keeping of profits abroad where the head office has directly received a payment for goods sold or services rendered in Thailand, is subject to further income tax at the rate of 10 per cent of the after tax profit actually or deemed to be remitted. Repatriation of assessable income such as profits, interests, and dividends from Thailand to foreign companies not doing business in Thailand (non-resident companies) is subject to withholding tax as shown below:

Dividends	Tax rate 10%
Royalty, interest, rent, service fees, capital gains	Tax rate 10%

**12.7 GENERAL INFORMATION**

During the last financial year and the current financial year to date, there were no:

- (a) public take-over offers by third parties in respect of our Company's shares; and
- (b) public take-over offers by our Company in respect of other companies' shares.

**12.8 CONSENTS**

The written consent of the Adviser, Sponsor, Sole Underwriter and Sole Placement Agent, Company Secretaries, Due Diligence Solicitors on Ideal Jacobs and adviser for the Public Issue, Principal Bankers, Registrars and Issuing House to the inclusion in this prospectus of their names in the form and context in which such names appear have been given before the issue of this prospectus and have not been subsequently withdrawn.

The written consent of the Auditors and Reporting Accountants to the inclusion in this prospectus of their name, the Accountants' Report and the letter relating to the Proforma Consolidated Financial Information in the form and context in which they appear in this prospectus has been given before the issue of this prospectus and has not been subsequently withdrawn.

The written consent of the Independent Business and Market Research Consultants to the inclusion in this prospectus of their name and the Independent Market Research Report in the form and context in which they appear in this prospectus, has been given before the issuance of this prospectus and has not been subsequently withdrawn.

The written consent of Due Diligence Solicitors on IJX and the legal adviser on the laws of the PRC to the inclusion in this prospectus of their name and their respective legal opinion in the form and context in which they appear in this prospectus, has been given before the issuance of this prospectus and has not been subsequently withdrawn.

## 12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

The written consent of Due Diligence Solicitors on IJT and the legal adviser on the laws of Thailand to the inclusion in this prospectus of their name and their respective legal opinion in the form and context in which they appear in this prospectus, has been given before the issuance of this prospectus and has not been subsequently withdrawn.

The written consent of the Risk Management and Internal Control Consultants to the inclusion in this prospectus of their name in the form and context in which they appear in this prospectus has been given before the issuance of this prospectus and has not been subsequently withdrawn.

### 12.9 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of our Company during normal business hours for a period of 12 months from the date of this prospectus:

- (a) the Memorandum and Articles of Association of our Company;
- (b) the Directors' Report referred to in **Section 11**;
- (c) the Accountants' Report as included in **Section 9**;
- (d) the Reporting Accountants' letters relating to the Proforma Consolidated Financial Information as set out in **Section 8.7**;
- (e) the audited financial statements of IJX for the past 3 years for FYE 31 December 2007 to 2009 and FPE 31 October 2010;
- (f) the audited financial statements of Ideal Jacobs and IJT for the FPE 31 December 2009 and FPE 31 October 2010;
- (g) the Independent Market Research report prepared by Vital Factor Consulting Sdn. Bhd. as set out in **Section 10.1**;
- (h) the legal opinion provided by Fidelity Law Firm attached in **Section 10.2**;
- (i) the legal opinion provided by SBC International Law Associates Company Limited. attached in **Section 10.3**;
- (j) the material contracts referred to in **Section 12.4**; and
- (k) the letters of consent referred to in **Section 12.8**.

### 12.10 RESPONSIBILITY STATEMENTS

This prospectus has been seen and approved by our Directors and Promoters and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

MIDF Investment acknowledges that, based on all available information and to the best of its knowledge and belief, this prospectus constitutes a full and true disclosure of all material facts concerning the Public Issue.

## 13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

### 13.1 OPENING AND CLOSING OF APPLICATIONS

Applications will be accepted from 10.00 a.m. on 29 April 2011 to 5.00 p.m. on 6 May 2011 or for such further period or periods as the Directors and Promoters of our Company in their absolute discretion may mutually decide. In the event that the closing date of the Public Issue is extended, the dates for the balloting, allotment of the Public Issue Shares and the Listing will be extended accordingly. Any extension of the abovementioned dates will be announced by way of advertisements in both widely circulated daily Bahasa Malaysia and English newspapers. Late applications will not be accepted.

### 13.2 METHODS OF APPLICATION

Application Forms, Electronic Share Application and Internet Share Application will be accepted as methods of Application.

### 13.3 PROCEDURES FOR APPLICATIONS

THE FOLLOWING RELEVANT APPLICATION FORMS ISSUED WITH THE NOTES AND INSTRUCTIONS PRINTED THEREIN ARE ENCLOSED WITH THIS PROSPECTUS AND ARE DEEMED TO FORM PART THEREOF:-

**White** Application Forms for the application of Malaysian public.

You can obtain **White** Application Forms together with copies of this prospectus, subject to availability, from MIDF Investment, participating organizations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or MIDFCCS.

### 13.4 GENERAL CONDITIONS FOR APPLICATIONS

Applications shall be made in connection with and subject to the terms of this prospectus and the Memorandum and Articles of Association of our Company.

#### (a) Application by Malaysian Public for Allocations via Balloting

Applications for the 2,000,000 Shares made available for applications by the Malaysian public must be made on the White Application Forms provided or by way of Electronic Share Application through a Participating Financial Institution's ATM or Internet Share Application through the Internet financial services website of the Internet Participating Financial Institutions. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application.

#### (b) Application by Placees under Private Placement

Selected investors being allocated the 28,000,000 Shares under this method will be contacted directly by the Placement Agent and are to follow the instructions as communicated by the Placement Agent.

The submission of an Application Form does not necessarily mean that the application will be successful.

Directors and employees of MIDFCCS and their immediate families are strictly prohibited from applying for the Public Issue Shares.

Only 1 Application Form from each applicant will be considered and applications must be for 100 ordinary shares or multiples thereof. Multiple applications will not be



**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

accepted. A person who submit multiple applications in his own name (in the same category) or by using the name of others, with or without their consent, commits an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and to a jail term of up to 10 years under Section 182 of the CMSA.

Persons submitting applications by way of Application Forms or Electronic Share Applications or Internet Share Applications must have a CDS account.

The amount payable in full upon application is 27 sen per Share. Persons submitting applications by way of Applications Forms may not submit applications by way of Electronic Share Applications or Internet Share Applications and vice versa. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application.

IN THE CASE OF AN INDIVIDUAL APPLICANT OTHER THAN A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME AND NATIONAL REGISTRATION IDENTITY CARD (NRIC) NUMBER OF THE APPLICANT MUST BE EXACTLY THE SAME AS STATED IN:-

- (a) (i) THE APPLICANT'S NRIC;
- (ii) ANY VALID TEMPORARY IDENTITY DOCUMENT AS ISSUED BY THE NATIONAL REGISTRATION DEPARTMENT FROM TIME TO TIME; OR
- (iii) THE APPLICANT'S RESIT PENGENALAN SEMENTARA (KPPK 09) ISSUED PURSUANT TO PERATURAN 5(5), PERATURAN-PERATURAN PENDAFTARAN NEGARA 1990; AND
- (b) THE RECORDS OF BURSA DEPOSITORY.

WHERE THE APPLICANT IS A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME AND THE ARMED FORCES OR POLICE PERSONNEL NUMBER, AS THE CASE MAY BE, OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN HIS/HER AUTHORITY CARD.

IN THE CASE OF A CORPORATE/INSTITUTIONAL APPLICANT, THE NAME AND THE CERTIFICATE OF INCORPORATION NUMBER OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN THE APPLICANT'S CERTIFICATE OF INCORPORATION.

No acknowledgement of the receipt of the Application Form or Application monies will be made by our Company and/or MIDFCCS.

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### 13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

#### 13.5 APPLICATIONS USING APPLICATION FORMS

##### 13.5.1 Terms and conditions for Applications using the White Application Forms

Applications by way of White Application Forms shall be made on, and subject to, the terms and conditions set out below:-

- (a) Applicant who is an individual must be a Malaysian citizen residing in Malaysia, with a CDS account and a Malaysian address (White Application Forms only).
- (b) Applicants which are corporations/institutions incorporated in Malaysia must have a CDS account and be subject to the following:-
  - (i) If the corporation/institution has a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
  - (ii) There is majority of Malaysian citizens on the board of directors/trustee.
- (c) Applicant which is a superannuation, provident or pension fund must be established or operating in Malaysia and has a CDS account.
- (d) Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations/institutions referred to in **Section 13.5.1 (b) and (c)** above or the trustees thereof.
- (e) Application for the Shares must be made on the respective Application Forms issued together with this prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and this prospectus. In accordance with Section 232 of the CMSA, the Application Form together with the notes and instructions printed therein is accompanied by this prospectus. Applications which **do not STRICTLY** conform to the terms of this prospectus or Application Form or notes and instructions printed therein or which are illegible will not be accepted.
- (f) EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCE IN RINGGIT MALAYSIA FOR THE FULL AMOUNT PAYABLE BY EITHER:
  - BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
  - MONEY ORDER OR POSTAL ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR
  - GUARANTEED GIRO ORDER (GGO) FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
  - ATM STATEMENT OBTAINED ONLY FROM:
    - AFFIN BANK BERHAD
    - ALLIANCE BANK MALAYSIA BERHAD;
    - AMBANK (M) BERHAD;
    - CIMB BANK BERHAD;
    - EON BANK BERHAD;
    - HONG LEONG BANK BERHAD;
    - MALAYAN BANKING BERHAD;
    - PUBLIC BANK BERHAD; OR

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**


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- RHB BANK BERHAD;

AND MUST BE MADE OUT IN FAVOUR OF "**MIDF SHARE ISSUE ACCOUNT NO. 640**" AND CROSSED "A/C PAYEE ONLY" (EXCLUDING ATM STATEMENTS) AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT.

APPLICATIONS ACCOMPANIED BY MODE OF PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES OR INAPPROPRIATE BANKER'S DRAFTS/CASHIER'S ORDERS/ MONEY ORDERS OR POSTAL ORDER/ATM STATEMENT/GGO WILL NOT BE ACCEPTED. DETAILS OF REMITTANCES MUST BE COMPLETED IN THE APPROPRIATE BOXES PROVIDED ON THE APPLICATION FORMS.

- (g) AN APPLICANT **MUST** STATE HIS CDS ACCOUNT NUMBER IN THE SPACE PROVIDED IN THE APPLICATION FORM AND HE SHALL BE DEEMED TO HAVE AUTHORISED BURSA DEPOSITORY TO DISCLOSE INFORMATION PERTAINING TO THE CDS ACCOUNT TO MIDFCCS/COMPANY.
- (h) THE NAME AND ADDRESS OF THE APPLICANT MUST BE WRITTEN ON THE REVERSE SIDE OF THE BANKER'S DRAFT, CASHIER'S ORDER, ATM STATEMENT, MONEY ORDER OR POSTAL ORDER OR GGO FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD.
- (i) The Board reserves the right to require any successful applicant to appear in person at the registered office of MIDFCCS within 14 days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. The Board shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (j) MIDFCCS on the authority of the Board reserves the right to reject Applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (k) MIDFCCS on the authority of the Board reserves the right not to accept any Application or accept any Application in part only without assigning any reason therefore. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establishing an adequate market for the shares.
- (l) Where an Application is not accepted or accepted in part only, the full amount or the balance of the Application monies, as the case may be, without interest, will be returned and dispatched to the applicant within 10 Market Days from the date of the final ballot of the Applications lists by ordinary post at the applicant's address last maintained with Bursa Depository or where the application is not accepted due to the applicant not having provided a CDS account, to the address per the National Registration Identity Card or "Resit Pengenalan Sementara (KPPK 09)" or any valid temporary identity document as issued by the National Registration Department from time to time.
- (m) The applicant shall ensure that his/her personal particulars stated in the Application Form are identical with the records maintained by Bursa Depository. The applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to his/her registered or correspondence address last maintained with Bursa Depository.

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

- (n) MIDFCCS on the authority of the Board reserves the right to bank in all Application monies from unsuccessful applicants and partially successful applicants, which would subsequently be refunded without interest by registered post.
- (o) Each completed Application Form accompanied by the appropriate remittance and legible photocopy of the relevant documents must be dispatched by **ORDINARY POST** in the official envelopes provided, to the following address:-

MIDF Consultancy and Corporate Services Sendirian Berhad (11324-H)  
 Level 8, Menara MIDF  
 82, Jalan Raja Chulan  
 50200 Kuala Lumpur  
 Telephone No. : (03) 2173 8888  
 Facsimile No. : (03) 2173 8677

or **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the Ground Floor of Menara MIDF, 82 Jalan Raja Chulan, 50200 Kuala Lumpur, so as to arrive not later than 5.00 p.m. on 6 May 2011 or for such further period or periods as the Board, Promoters of our Company in their absolute discretion may mutually decide.

- (p) Directors and employees of MIDFCCS and their immediate families are strictly prohibited from applying for the Shares.
- (q) PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE WHITE APPLICATION FORM TO MIDFCCS.

**13.6 APPLICATIONS USING ELECTRONIC SHARE APPLICATION****(a) Steps for Electronic Share Application through a Participating Financial Institution's ATM**

- (i) Applicant must have an account with a Participating Financial Institution (as detailed in Section 13.6(b)(xvi) below) and an ATM card issued by that Participating Financial Institution to access the account.
- (ii) Applicant must have a CDS account.
- (iii) Applicant is to apply for the Shares, via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in Section 13.6(b) below under the Terms and Conditions for Electronic Share Application. Applicant is to enter at least the following information through the ATM where the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so:
  - Personal Identification Number (PIN);
  - MIDF Share Issue Account No. 640;
  - CDS Account Number;
  - Number of Shares, applied for and/or the Ringgit Malaysia amount to be debited from the account; and
  - Confirmation of several mandatory statements.

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**


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**(b) Terms and conditions for Electronic Share Application**

The procedures for Electronic Share Application at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions (the "Steps"). For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in "Steps for Electronic Share Application through a Participating Financial Institution's ATM" in Section 13.6(i) above. The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this prospectus, the Steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

**Only an applicant who is an individual with a CDS Account is eligible to utilise the facility.**

The applicant must have an existing bank account with, and be an ATM cardholder of, one of the Participating Financial Institutions before he can make an Electronic Share Application at an ATM of that Participating Financial Institutions. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for shares at an ATM belonging to other Participating Financial Institutions. Upon completion of his Electronic Share Application transaction, the applicant will receive a computer-generated transaction slip (Transaction Record), confirming the details of his Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or MIDFCCS. The Transaction Record is for retention by the applicant and should not be submitted with any Application Form.

Upon the closing of the offer for the Application for the Shares, on 6 May 2011, at 5.00 p.m. ("**Closing Date and Time**"), the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the Shares to MIDFCCS as soon as practicable but not later than 12.00 p.m. of the 2nd business day after the Closing Date and Time.

An applicant will be allowed to make an Electronic Share Application for shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which he has an account and its branches, subject to the applicant making only one Application. An applicant who has a bank account with a Participating Financial Institution and has been issued an ATM card will be allowed to apply for shares via an ATM of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to the applicant making only one Application.

**AN APPLICANT MUST ENSURE THAT HE USES HIS OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. AN APPLICANT OPERATING A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION MUST ENSURE THAT HE ENTERS HIS OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO HIM IN HIS OWN NAME. HIS APPLICATION WILL BE REJECTED IF HE FAILS TO COMPLY WITH THE FOREGOING.**

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained herein as well as the terms and conditions set out below:

- (i) The Electronic Share Application shall be made in connection with and subject to the terms of this prospectus and the Memorandum and Articles of Association of our Company.

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**


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- (ii) The applicant is required to confirm the following statement (by depressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given is true and correct:
- The applicant has attained 18 years of age as at the Closing Date of the application for the Public Issue Shares;
  - The applicant is a Malaysian citizen residing in Malaysia;
  - The applicant has read the relevant prospectus and understood and agreed with the terms and conditions of this Application;
  - This is the only Application that the applicant is submitting; and
  - The applicant hereby give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to himself and his account with the Participating Financial Institution and Bursa Depository to MIDFCCS and other relevant authorities.

The Application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless the applicant completes all the steps required by the Participating Financial Institution. By doing so, the applicant shall be treated as signifying his confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991 to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of the applicant's particulars to MIDFCCS, or any relevant regulatory bodies.

- (iii) THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR SHARES AS NOMINEE OF ANY OTHER PERSONS AND THAT ANY ELECTRONIC SHARE APPLICATION THAT HE MAKES IS MADE BY HIM AS BENEFICIAL OWNER. THE APPLICANT SHALL ONLY MAKE ONE ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR THE SHARES WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS OR VIA INTERNET SHARE APPLICATION.
- (iv) The applicant must have sufficient funds in his account with the relevant Participating Financial Institution at the time he makes his Electronic Share Application, failing which his Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (v) The applicant agrees and undertakes to subscribe for or purchase and to accept the number of Shares applied for as stated on the Transaction Record or any lesser number of Shares that may be allotted or allocated to him in respect of his Electronic Share Application. In the event that our Company decides to allot or allocate any lesser number of Shares or not to allot or allocate any Shares to the applicant, the applicant agrees to accept any such decision as final. If the applicant's Electronic Share Application is successful, his confirmation (by his action of pressing the designated key or button on the ATM) of the number of Shares applied for shall signify, and shall be treated as, his acceptance of the number of Shares that may be allotted or allocated to him and to be bound by the Memorandum and Articles of Association of our Company.
- (vi) MIDFCCS on the authority of our Directors reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefore. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establishing an adequate market for the shares.

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**


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- (vii) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful Applications. Where the Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the Application monies without interest into the applicant's account with that Participating Financial Institution within 2 Market Days after the receipt of confirmation from MIDFCCS. MIDFCCS shall inform the Participating Financial Institutions of the non-successful or partially successful Applications within 2 Market Days after the balloting date. The applicants may check their accounts on the fifth Market Day from the balloting day.

Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into the applicant's account with the Participating Financial Institution within 2 Market Days after the receipt of confirmation from MIDFCCS. A number of Applications will, however, be held in reserve to replace any successfully balloted Applications which are subsequently rejected. For such Applications which are subsequently rejected, the Application monies without interest will be refunded to applicants by MIDFCCS by way of cheques issued by MIDFCCS. The cheques will be issued to the applicants not later than 10 Market Days from the day of the final ballot of the Application list. Should applicants encounter any problems in their Applications, they may refer to the Participating Financial Institutions.

- (viii) The applicant requests and authorises our Company:-
- (aa) to credit the Shares allotted or allocated to the applicant into the CDS account of the applicant; and
  - (bb) to issue share certificate(s) representing such Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn. Bhd. and send the same to Bursa Depository.
- (ix) The applicant, acknowledging that his Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of our Company, MIDFCCS or the Participating Financial Institution, irrevocably agrees that if:-
- (aa) our Company or MIDFCCS does not receive the applicant's Electronic Share Application; or
  - (bb) data relating to the applicant's Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or MIDFCCS,

The applicant shall be deemed not to have made an Electronic Share Application and the applicant shall not claim whatsoever against our Company, MIDFCCS or the Participating Financial Institutions for the shares applied for or for any compensation, loss or damage.

- (x) All particulars of the applicant in the records of the relevant Participating Financial Institution at the time he makes his Electronic Share Application shall be deemed to be true and correct and our Company, MIDFCCS and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**


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- (xi) The applicant shall ensure that his personal particulars as recorded by both Bursa Depository and relevant Participating Financial Institution are correct and identical. Otherwise, his Electronic Share Application is liable to be rejected. The applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allotment or allocation will be sent to his registered or correspondence address last maintained with Bursa Depository.
- (xii) By making and completing an Electronic Share Application, the applicant agrees that:
  - (aa) in consideration of our Company agreeing to allow and accept the making of any Application for shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, his Electronic Share Application is irrevocable;
  - (bb) our Company, the Participating Financial Institutions, Bursa Depository and MIDFCCS shall not be liable for any delays, failures or inaccuracies in the processing of data relating to his Electronic Share Application to our Company due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
  - (cc) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of the offer made by the applicant to subscribe for and purchase Shares for which the applicant's Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allotment for prescribed securities, in respect of the said shares;
  - (dd) the applicant irrevocably authorises Bursa Depository to complete and sign on his behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the Shares allotted or allocated to the applicant; and
- (xiii) Our Company agrees that, in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the Electronic Share Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (xiv) The Board reserves the right to require any successful applicant to appear in person at the registered office of MIDFCCS within 14 days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. The Board shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (xv) MIDFCCS on the authority of the Board reserves the right to reject applications which do not conform to these instructions.



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(xvi) Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:-

- AFFIN BANK BERHAD; OR
- AMBANK (M) BERHAD; OR
- BANK MUAMALAT MALAYSIA BERHAD; OR
- CIMB BANK BERHAD; OR
- EON BANK BERHAD; OR
- HSBC BANK MALAYSIA BERHAD; OR
- MALAYAN BANKING BERHAD; OR
- OCBC BANK (MALAYSIA) BERHAD; OR
- RHB BANK BERHAD; OR
- STANDARD CHARTERED BANK MALAYSIA BERHAD (at selected branches only)

(xvii) Except for Affin Bank Berhad, a surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

#### 13.7 APPLICATIONS USING INTERNET SHARE APPLICATION

##### (a) Steps for Internet Share Application

The exact steps for Internet Share Application in respect of the Public Issue Shares are as set out on the Internet financial services website of the Internet Participating Financial Institutions.

For illustration purposes only, the steps for an application for the Public Issue Shares via Internet Share Application may be as set out below. The steps set out the actions that the applicant must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

THE APPLICANT MUST HAVE A CDS ACCOUNT BEFORE HE CAN MAKE ANY APPLICATION FOR THE PUBLIC ISSUE SHARES. PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.

- (i) Connect to the Internet financial services website of the Internet Participating Financial Institution with which the applicant has an account.
- (ii) Login to the Internet financial services facility by entering the applicant's user identification and PIN/password.
- (iii) Navigate to the section of the website on applications in respect of initial public offerings.
- (iv) Select the counter in respect of the Public Issue Shares to launch the Electronic prospectus and the terms and conditions of the Internet Share Application.
- (v) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (vi) At the next screen, complete the online application form.
- (vii) Check that the information contained in the online application form such as the share counter, NRIC number, CDS account number, number of Public Issue Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- (viii) By confirming such information, the applicant also undertakes that the following information given are true and correct:-
  - (aa) The applicant has attained 18 years of age as at the Closing Date of the application for the Public Issue Shares;

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**


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- (bb) The applicant is a Malaysian citizen residing in Malaysia;
- (cc) The applicant has, prior to making the Internet Share Application, received and/or has had access to a printed/electronic copy of this prospectus, the contents of which the applicant has read and understood;
- (dd) The applicant agrees to all the terms and conditions of the Internet Share Application as set out in this prospectus and has carefully considered the risk factors set out in this prospectus, in addition to all other information contained in this prospectus before making the Internet Share Application for the Public Issue shares;
- (ee) The Internet Share Application is the only application that the applicant is submitting for the Public Issue Shares;
- (ff) The applicant authorises the Authorised Financial Institution to deduct the full amount payable for the Public Issue Shares from the applicant's account with the Authorised Financial Institution;
- (gg) The applicant gives express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to the applicant, the Internet Share Application made by the applicant or the applicant's account with the Internet Participating Financial Institution, to MIDFCCS and the Authorised Financial Institution, the SC and any other relevant authority;
- (hh) The applicant is not applying for the Public Issue Shares as a nominee of any other person and the application is made in the applicant's own name, as beneficial owner and subject to the risks referred to in this prospectus;
- (ii) The applicant authorises the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the Public Issue, all information relating to the applicant if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Applications services or if such disclosure is requested or required in connection with the Public Issue. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the applicant furnished by the applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Applications services;
- (jj) Upon submission of the online application form, the applicant will be linked to the website of the Authorised Financial Institution to effect the online payment of the application money for the Public Issue.
- (kk) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment of the application money is being made.

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

(ll) Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.

(mm) The applicant is advised to print out the Confirmation Screen for reference and retention.

**(b) Terms and conditions for Internet Share Application**

Applications for the Public Issue Shares may be made through the Internet financial services website of the Internet Participating Financial Institutions.

APPLICANTS ARE ADVISED NOT TO APPLY FOR THE PUBLIC ISSUE SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

*Internet Participating Financial Institution*

Internet Share Applications may be made through the Internet financial services websites of the following Internet Participating Financial Institutions:

- CIMB Investment Bank Berhad at [www.eipocimb.com](http://www.eipocimb.com); or
- CIMB Bank Berhad at [www.cimbclicks.com.my](http://www.cimbclicks.com.my); or
- Malayan Banking Berhad at [www.maybank2u.com.my](http://www.maybank2u.com.my); or
- RHB Bank Berhad at [www.rhbbank.com.my](http://www.rhbbank.com.my); or
- Affin Bank Berhad at [www.affinOnline.com](http://www.affinOnline.com); or
- Public Bank Berhad at [www.pbebank.com](http://www.pbebank.com).

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN AND THE STEPS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND ITS SEQUENCE FOR INTERNET SHARE APPLICATIONS IN RESPECT OF THE PUBLIC ISSUE SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING INSTITUTIONS.

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and shall be subject to the terms and conditions set out herein:

(a) An applicant making an Internet Share Application shall:-

- (i) be an individual with a CDS Account;
- (ii) have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. Applicant must have ready their user identification (User ID) and Personal Identification Numbers (PIN)/password for the relevant Internet financial services facilities; and
- (iii) be a Malaysian citizen and have a mailing address in Malaysia.

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Applicants are advised to note that a User ID and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for the Public Issue Shares at Internet financial service websites of other Internet Participating Financial Institutions.

- (b) An Internet Share Application shall be made on and shall be subject to the terms of this prospectus and our Company's Memorandum and Articles of Association.
- (c) The applicant is required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given are true and correct:-
  - (i) The applicant has attained 18 years of age as at the date of the application for the Public Issue Shares;
  - (ii) The applicant is a Malaysian citizen residing in Malaysia;
  - (iii) The applicant has, prior to making the Internet Share Application, received and/or has had access to a printed/electronic copy of this prospectus, the contents of which the applicant has read and understood;
  - (iv) The applicant agrees to all the terms and conditions of the Internet Share Application as set out in this prospectus and has carefully considered the risk factors set out in this prospectus, in addition to all other information contained in this prospectus before making the Internet Share Application for the Public Issue;
  - (v) The Internet Share Application is the only application that the applicant is submitting for the Public Issue Shares;
  - (vi) The applicant authorises the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the Public Issue Shares from the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution;
  - (vii) The applicant gives express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to the applicant, the Internet Share applicant made by the applicant or the applicant's account with the Internet Participating Financial Institution, to MIDFCCS and the Authorised Financial Institution, the SC and any other relevant authority;
  - (viii) The applicant is not applying for the Public Issue Shares as a nominee of any other person and the application is made in the applicant's own name, as beneficial owner and subject to the risks referred to in this prospectus; and

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**


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- (ix) The applicant authorises the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the Public Issue, all information relating to the applicant if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the Public Issue. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the applicant furnished by the applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (d) The application will not be successfully completed and cannot be recorded as a completed application unless the applicant has completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Share Application has been completed and states the details of the applicant's Internet Share Application, including the number of Public Issue Shares applied for which can be printed out by the applicant for his records.

Upon the display of the Confirmation Screen, the applicant shall be deemed to have confirmed the truth of the statements set out in Section 13.7(b)(c) herein.

- (e) The applicant must have sufficient funds in the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to cover and pay for the Public Issue Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.
- (f) The applicant irrevocably agrees and undertakes to subscribe for and to accept the number of Public Issue Shares applied for as stated on the Confirmation Screen or any lesser number of Public Issue Shares that may be allotted to the applicant in respect of the Internet Share Application. In the event that our Company decides to allot any lesser number of such Public Issue Shares or not to allot any Public Issue Shares to the applicant, the applicant agrees to accept any such decision of our Company as final.

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### 13. PROCEDURES FOR APPLICATION AND ACCEPTANCE

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, the confirmation by the applicant of the number of Public Issue Shares applied for (by way of the applicant's action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:-

- (i) acceptance by the applicant of the number of Public Issue Shares that may be allotted or allocated to the applicant in the event that the applicant's Internet Share Application is successful or successful in part, as the case may be; and
  - (ii) The applicant's agreement to be bound by the Memorandum and Articles of Association of our Company.
- (g) The applicant is fully aware that multiple or suspected multiple Internet Share Applications for the Public Issue Shares of our Company will be rejected. Our Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Public Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for the shares.
- (h) Where an Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. Where an Internet Share Application is unsuccessful, the Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution within 2 Market Days after receipt of written confirmation from MIDFCCS.

MIDFCCS shall inform the Internet Participating Financial Institution of unsuccessful or partially successful applications within 2 Market Days from the balloting date.

Where the Internet Share Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of the application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the applicant's account with the Internet Participating Financial Institution within 2 Market Days after receipt of written confirmation from MIDFCCS. A number of applications will however be held in reserve to replace any successfully balloted applications that are subsequently rejected. In respect of such applications that are subsequently rejected, the application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded to applicants by MIDFCCS by way of cheques issued by MIDFCCS. The cheques will be issued to the applicants within 10 Market Days from the day of the final ballot of the Applications list.

For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will arrange for a refund of the application money (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) within 10 Market Days from the day of the final ballot of the Applications list.

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Except where MIDFCCS is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, applicants are strongly advised to consult the Internet Participating Financial Institution through which the application was made in respect of the mode or procedure of enquiring on the status of an applicant's Internet Share Application in order to determine the status or exact number of Public Issue Shares allotted, if any, before trading the Public Issue Shares on Bursa Securities.

- (i) Internet Share Applications will be closed at 5.00 p.m. on 6 May 2011 or for such further period or periods as the Directors and Promoters in their absolute discretion may mutually decide. An Internet Share Application is deemed to be received only upon its completion, that is when the Confirmation Screen is displayed on the Internet financial services website. The applicants are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- (j) The applicant irrevocably agrees and acknowledges that the Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution and our Company. If, in any such event, our Company, MIDFCCS and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive the applicant's Internet Share Application and/or the payment therefore, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, the applicant shall be deemed not to have made an Internet Share Application and the applicant shall have no claim whatsoever against our Company, MIDFCCS or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the Public Issue Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.
- (k) All particulars of the applicant in the records of the relevant Internet Participating Financial Institution at the time of the Internet Share Application shall be deemed to be true and correct, and our Company, the Internet Participating Financial Institutions, MIDFCCS and all other persons who, are entitled or allowed under the law to such information or where the applicant expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

The applicant shall ensure that the personal particulars of the applicant as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical, otherwise the applicant's Internet Share Application is liable to be rejected. The notification letter on successful allotment will be sent to the applicant's address last registered with Bursa Depository. It is the responsibility of the applicant to notify the Internet Participating Financial Institution and Bursa Depository of any changes in the applicant's personal particulars that may occur from time to time.

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**


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- (l) By making and completing an Internet Share Application, the applicant is deemed to have agreed that:-
  - (i) In consideration of our Company making available the Internet Share Application facility to the applicant, through the Internet Participating Financial Institution acting as agents of our Company, the Internet Share Application is irrevocable;
  - (ii) The applicant has irrevocably requested and authorised our Company to register the Public Issue Shares allotted to the applicant for deposit into the applicant's CDS Account;
  - (iii) Neither our Company nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to MIDFCCS or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 3 herein or to any cause beyond their control;
  - (iv) The applicant shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of the applicant's Internet Share Application by MIDFCCS, our Company and/or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/or incomplete details provided by the applicant, or any other cause beyond the control of the Internet Participating Financial Institution;
  - (v) The acceptance of the offer made by the applicant to subscribe for the Public Issue Shares for which the applicant's Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by or on behalf of our Company and not otherwise, notwithstanding the receipt of any payment by or on behalf of our Company;
  - (vi) The applicant is not entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of the applicant's Internet Share Application by our Company;
  - (vii) In making the Internet Share Application, the applicant has relied solely on the information contained in this prospectus. Our Company, our Sponsor, our Adviser and any other person involved in the Public Issue shall not be liable for any information not contained in this prospectus which may have been relied on by the applicant in making the Internet Share Application;
  - (viii) The acceptance of an applicant's Internet Share Application by our Company and the contract resulting therefrom under the Public Issue shall be governed by and construed in accordance with the laws of Malaysia, and the applicant irrevocably submits to the jurisdiction of the courts of Malaysia.
- (m) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-
  - (i) CIMB Investment Bank Berhad - RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;



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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

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- (ii) CIMB Bank Berhad - RM2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;
- (iii) Malayan Banking Berhad - RM1.00;
- (iv) RHB Bank Berhad - RM2.50; and
- (v) Public Bank Berhad - RM2.00.

No fee will be charged by Affin Bank Berhad for applications by their account holders.

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**


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**13.8 APPLICATIONS AND ACCEPTANCES**

MIDFCCS on the authority of the Board reserves the right not to accept any Application which does not strictly comply with the instructions or to accept any Application in part only without assigning any reason therefore.

The submission of an Application Form, or the completion of the applicant's Electronic Share Application or Internet Share Application, does not necessarily mean that the Application will be successful.

**ALL APPLICATIONS MUST BE FOR 100 ORDINARY SHARES OR MULTIPLES THEREOF.**

In the event of an over-subscription, acceptance of Applications by Malaysian public shall be subject to ballot to be conducted in the manner approved by the Directors of our Company and on a fair and equitable basis. Due consideration will be given to the desirability of distributing the Shares, to a reasonable number of applicants with a view to broadening the shareholding base and establishing an adequate market in the shares of our Company. Pursuant to the listing requirements of Bursa Securities, at least 25% of the enlarged issued and paid-up share capital of our Company must be held by a minimum number of 200 public shareholders holding not less than 100 shares each upon completion of the Public Issue and at the point of Listing. In the event that the above requirement is not met pursuant to the Public Issue, our Company may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all Applications will be returned without interest if the said permission for listing and quotation is not granted. Applicants will be selected in a manner to be determined by the Directors of our Company.

Directors and employees of MIDFCCS and their immediate families are strictly prohibited from applying for the Shares.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED BY ORDINARY POST OR REGISTERED POST RESPECTIVELY TO THE APPLICANT WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS AT THE ADDRESS REGISTERED WITH THE BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK.

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCES HAVING BEEN PRESENTED FOR PAYMENT.

MIDFCCS RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTERA APPLICANTS AND FROM PARTIALLY SUCCESSFUL APPLICANTS. REFUND MONIES IN RESPECT OF UNSUCCESSFUL BUMIPUTERA APPLICANTS WHOSE MONIES HAVE BEEN BANKED-IN AND PARTIALLY SUCCESSFUL APPLICANTS WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION BY REGISTERED POST AT THE ADDRESS REGISTERED WITH THE BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK.

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**


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**13.9 CDS ACCOUNTS**

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the securities of our Company as Prescribed Securities. In consequence thereof, the Share issued through this prospectus will be deposited directly with Bursa Depository and any dealings in these shares will be carried out in accordance with aforesaid Act and Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in Shares will be by book entries through CDS accounts. No share certificates will be issued to successful applicants.

Only an applicant who has a CDS account can make an Application by way of an Application Form. An applicant should state his CDS account number in the space provided on the Application Form and he/she shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS account to MIDFCCS/our Company. Where an applicant does not presently have a CDS account, he/she should open a CDS account at an ADA prior to making an Application for the Shares.

In the case of an Application by way of Electronic Share Application, only an applicant who has a CDS Account can make an Electronic Share Application. The applicant shall furnish his CDS account number to the Participating Financial Institution by way of keying in his CDS account number if the instructions on the ATM screen at which he enters his Electronic Share Application require him to do so.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS Account can make an Internet Share Application. In certain cases, only an applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, the applicant's CDS account number would automatically appear in the e-Public Issue online application form.

Failure to comply with these specific instructions or inaccuracy in the CDS account number, arising from use of invalid, third party or nominee accounts, may result in the Application being rejected. If a successful applicant fails to state his/her CDS account number, MIDFCCS on the authority of our Company will reject the Application. MIDFCCS on the authority of the Directors of our Company also reserves the right to reject any incomplete and inaccurate Application. Applications may also be rejected if the applicants' particulars provided in the Application Forms, or in the case of Electronic Share Application or Internet Share Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application or Internet Share Application differ from those in Bursa Depository's records, such as the identity card number, name and nationality.

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

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**13.10 NOTICE OF ALLOTMENT**

The Shares allotted to all successful or partially successful applicants will be credited to their respective CDS accounts. A notice of allotment will be dispatched to the successful or partially successful applicant at his address last maintained with Bursa Depository at the applicant's own risk prior to the Listing of our Company. For Electronic Share Application or Internet Share Application, the notice of allotment will be dispatched to the successful or partially successful applicant at his address last maintained with Bursa Depository at the applicant's own risk prior to the Listing of our Company. This is the only acknowledgement of acceptance of the Application.

All applicants must inform Bursa Depository of his/her updated address promptly by adhering to certain rules and regulation of Bursa Depository, failing which, the notification letter on successful allotment shall be sent to the applicant's address last maintained with Bursa Depository.

Applicants may also check the status of their application by logging on to the MIDFCCS website at **midf.com.my** or by calling their respective ADAs at the telephone number as stated in **Section 13.11** or MIDFCCS Enquiry Services Telephone at **03-21738657, 03-21738658 or 03-21738659** between 5 to 10 Market Days (during office hours only) after the balloting date.

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**


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**13.11 LIST OF AUTHORISED DEPOSITORY AGENTS**

The list of the ADAs and their respective Broker codes are as follows:

Name	Address and Telephone Number	Broker Code
<b>KUALA LUMPUR</b>		
A.A. ANTHONY SECURITIES SDN BHD	N-1-3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No: 03-62011155	078-004
AFFIN INVESTMENT BANK BERHAD	3rd Floor, Chulan Tower No. 3 Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-21438668	028-001
ALLIANCE INVESTMENT BANK BERHAD	17th Floor, Menara Multi-Purpose Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.:03-26976333	076-001
AMINVESTMENT BANK BERHAD	15th Floor, Bangunan AmBank Group No. 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2078 2788	086-001
BIMB SECURITIES SDN BHD	32 <sup>nd</sup> Floor, Mernara Multi-Purpose Capital Square No.8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2591 8887	024-001
CIMB INVESTMENT BANK BERHAD	9th Floor, Commerce Square Jalan Semantan, Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2084 9999	065-001
ECM LIBRA INVESTMENT BANK BERHAD	1 <sup>st</sup> Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2178 1888	052-009
ECM LIBRA INVESTMENT BANK BERHAD	Level 1, Bangunan ECM Libra 8 Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.:03-2089 1800	052-001
HONG LEONG INVESTMENT BANK BERHAD (FORMERLY KNOWN AS HLG SECURITIES SDN BHD)	Level 8, Menara HLA No.3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-2168 1168	066-001

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
HWANGDBS INVESTMENT BANK BERHAD	2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No.: 03-7710 6688	068-009
HWANGDBS INVESTMENT BANK BERHAD	Nos. 34-5, 36-5, 38-5, 40-5, 42-5 & 44-5 5th Floor, Cheras Commercial Centre Jalan 5/101C Off Jalan Kaskas, 5th Mile Cheras 56100 Kuala Lumpur Tel No.: 03-91303399	068-012
HWANGDBS INVESTMENT BANK BERHAD	Suite 7-03, 7th Floor Suite 12-02 & Part of Suite 12-01 12th Floor, Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-27116888	068-014
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square, No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No.: 03-21171888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No.: 03-79847796	054-003
INTER-PACIFIC SECURITIES SDN BHD	Stesyen Minyak Shell Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entrepreneur Park 58200 Kuala Lumpur Tel No.: 03-79818811	054-005
JUPITER SECURITIES SDN BHD	Level 8 & 9r, Menara Olympia No. 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-20341888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11th - 14th Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel. No: 03-21688800	053-001
KENANGA INVESTMENT BANK BERHAD	8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-21649080	073-001
M & A SECURITIES SDN BHD	Level G-2, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No.: 03-22821820	057-002

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
MAYBANK INVESTMENT BANK BERHAD (FORMERLY KNOWN AS ASEAMBANKERS MALAYSIA BERHAD)	Level 8, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No.: 03-22978888	098-001
MERCURY SECURITIES SDN BHD	L-7-2, No.2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel No.: 03-62037227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	11 <sup>th</sup> & 12 <sup>th</sup> Floor, Menara MIDF 82 Jalan Raja Chulan 50400 Kuala Lumpur Tel No.: 03-21738888	026-001
MIMB INVESTMENT BANK BERHAD	Level 18, Menara EON Bank 288 Jalan Raja Laut 50350 Kuala Lumpur Tel No.: 03-26928899	061-001
OSK INVESTMENT BANK BERHAD	20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-2333 8333	056-001
OSK INVESTMENT BANK BERHAD	62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No.: 03-62575869	056-028
OSK INVESTMENT BANK BERHAD	Ground Floor M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No. 03-42804798	056-054
OSK INVESTMENT BANK BERHAD	Ground, 1st, 2nd & 3rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No. 03-90587222	056-058
PM SECURITIES SDN BHD	Ground Floor Menara PMI No.2 Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No.: 03-21463000	064-001
PUBLIC INVESTMENT BANK BERHAD	27 <sup>th</sup> Floor, Public Bank Building No.6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-20313011	051-001
RHB INVESTMENT BANK BERHAD	Level 10, Tower Three RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-92873888	087-001

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
TA SECURITIES HOLDINGS BERHAD	Floor 13, 15-18, 20, 23, 28-30, 34 & 35 Menara TA One, No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-20721277	058-003
<b>SELANGOR DARUL EHSAN</b>		
AFFIN INVESTMENT BANK BERHAD	2nd, 3rd & 4th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9999	028-002
AFFIN INVESTMENT BANK BERHAD	Lot 229, 2 <sup>nd</sup> Floor, The Curve No. 6, Jalan PJU 7/3 Mutiaras Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 7729 8016	028-003
AmINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 7710 6613	086-003
CIMB INVESTMENT BANK BERHAD	Level G & Level 1 Tropicana City Office Tower No.3, Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 7717 3388	065-009
ECM LIBRA INVESTMENT BANK BERHAD	35 (Ground & 1 <sup>st</sup> Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.:03-3348 8080	052-015
HONG LEONG INVESTMENT BANK BERHAD (formerly known as HLG Securities Sdn Bhd)	Tingkat 1, 2 & 3 Plaza Damansara Utama 2, Jalan SS 21/60 Damarisara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-77246888	066-002
HWANGDBS INVESTMENT BANK BERHAD	16 <sup>th</sup> , 18 <sup>th</sup> -20 <sup>th</sup> Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No.: 03-5513 3288	068-002



**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
HWANGDBS INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5635 6688	068-010
JF APEX SECURITIES BERHAD	6 <sup>th</sup> Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 1118	079-001
JF APEX SECURITIES BERHAD	15 <sup>th</sup> & 16 <sup>th</sup> Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7620 1118	079-002
KENANGA INVESTMENT BANK BERHAD	13 <sup>th</sup> Floor, Menara Yayasan Selangor No. 18A, Jalan Persiaran Barat Off Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7956 2169	073-005
KENANGA INVESTMENT BANK BERHAD	1 <sup>st</sup> Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel No.: 03-8024 1682	073-006
KENANGA INVESTMENT BANK BERHAD	Room 7.02, Level 7, Menara ING Intan Millenium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No.: 03-3005 7550	073-007
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2 <sup>nd</sup> Floor, The Curve No. 6, Jalan PJU 7/3 Mutiar Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7725 9095	073-016
OSK INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7873 6366	056-011
OSK INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 3378	056-045

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No.: 03-6092 8916	056-047
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9180	056-048
PM SECURITIES SDN BHD	No. 157 & 159, Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-8070 0773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3341 5300	064-007
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy, Lot 72 Persiaran Jubli Perak Seksyen 22 40000 Shah Alam Selangor Darul Ehsan Tel No.: 03-51920202	096-001
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8025 1880	058-005

**MELAKA**

CIMB INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 191 Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No.: 06-28988800	065-006
ECM LIBRA INVESTMENT BANK BERHAD	71A & 73A, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-288 1720	052-008

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, P. O. Box 248 75250 Melaka Tel No.: 06-337 1533	012-001
MERCURY SECURITIES SDN BHD	No. 81B & 83B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-292 1898	093-003
OSK INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No.: 06-282 5211	056-003
PM SECURITIES SDN BHD	No. 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No.: 06-286 6008	064-006
RHB INVESTMENT BANK BERHAD	Lot 9 & 10, 1st Floor Tabung Haji Building Jalan Bandar Kaba 75000 Melaka Tel No.: 06-283 3622	087-002
<b>PERAK DARUL RIDZUAN</b>		
A.A. ANTHONY SECURITIES SDN. BHD.	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05 - 623 2328	078-009
CIMB INVESTMENT BANK BHD	Ground, 1st, 2nd and 3rd Floor No 8, 8A-8C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05 – 208 8688	065-010
ECM LIBRA INVESTMENT BANK BERHAD	No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-242 2828	052-002
ECM LIBRA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-622 2828	052-006
HWANGDBS INVESTMENT BANK BERHAD	Ground, Level 1,2 & 3 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No.: 05-806 0888	068-003

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1st Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-255 9988	068-015
HONG LEONG INVESTMENT BANK BERHAD [(FORMERLY KNOWN AS HLG SECURITIES SDN BHD)]	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-253 0888	066-003
M & A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No.: 05-241 9800	057-001
MAYBANK INVESTMENT BANK BERHAD (FORMERLY KNOWN AS ASEAMBANKERS MALAYSIA BERHAD)	B-G-04 (Ground Floor) Level 1 & 2 42 Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-245 3400	098-002
OSK INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-241 5100	056-002
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-623 6498	056-014
OSK INVESTMENT BANK BERHAD	1st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-692 1228	056-016
OSK INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No.: 05-808 8229	056-034
OSK INVESTMENT BANK BERHAD	Ground Floor 72, Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No.: 05-467 1801	056-044
OSK INVESTMENT BANK BERHAD	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No.: 05-717 0888	056-052

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
TA SECURITIES HOLDINGS BERHAD	Bahagian Kanan Tingkat Bawah, Tingkat 1 & 2, Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun	058-001
<b>PULAU PINANG</b>		
A.A. ANTHONY SECURITIES SDN BHD	1st Floor, Heng Guan Building 171, Jalan Burmah 10050 Pulau Pinang Tel No.: 04-229 9318	078-002
A.A. ANTHONY SECURITIES SDN BHD	No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-554 1388	078-003
ALLIANCE INVESTMENT BANK BHD	Suite 2.1 & 2.4, Level 2 Wisma Great Eastern No. 25, Lebuh Light 10200 Penang Tel No.: 04 - 261 1688	076-015
AMINVESTMENT BANK BERHAD	Mezzanine Floor & Level 3 No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04 – 226 1818	086-004
CIMB INVESTMENT BANK BERHAD	Ground Floor, Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-238 5900	065-003
ECM LIBRA INVESTMENT BANK BERHAD	No. 111, Jalan Macalister 10400 Pulau Pinang Tel No.: 04-228 1868	052-003
ECM LIBRA INVESTMENT BANK BERHAD	7 <sup>th</sup> & 8 <sup>th</sup> Floor, Menara PSCI 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-228 3355	052-010
HWANGDBS INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No.: 04-263 6996	068-001
HWANGDBS INVESTMENT BANK BERHAD	No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-537 2882	068-006

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
INTER-PACIFIC SECURITIES SDN BHD	Ground, Mezzanine & 8 <sup>th</sup> Floor Bangunan Mayban Trust 3, Penang Street 10200 Pulau Pinang Tel No.: 04-269 0888	054-002
KENANGA INVESTMENT BANK BERHAD	Lot 1.02, Level 1, Menara KWSP 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-210 6666	073-013
MERCURY SECURITIES SDN BHD	2 <sup>nd</sup> Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel No.: 04-263 9118	093-004
OSK INVESTMENT BANK BERHAD	64, Bishop Street 20E, 20F & 20G, Penang Street 10200 Pulau Pinang Tel No.: 04-263 4222	056-004
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel No.: 04-390 0022	056-005
OSK INVESTMENT BANK BERHAD	Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-540 2888	056-015
OSK INVESTMENT BANK BERHAD	834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No.: 04-583 1888	056-032
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No.: 04-640 4888	056-042
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-227 3000	064-004

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
<b>PERLIS INDRA KAYANGAN</b>		
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Podium Block KWSP Building 01000 Kangar Perlis Indra Kayangan Tel No.: 04-976 5200	076-003
OSK INVESTMENT BANK BERHAD	Tingkat Bawah dan Tingkat Satu No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel No.: 04 - 979 3888	056-061
<b>KEDAH DARUL AMAN</b>		
A.A. ANTHONY SECURITIES SDN. BHD.	Lot 4, 5 & 5A 1st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04 - 732 2111	078-007
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-731 7088	076-004
HWANGDBS INVESTMENT BANK BERHAD	No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-425 6666	068-011
OSK INVESTMENT BANK BERHAD	No.112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-420 4888	056-017
OSK INVESTMENT BANK BERHAD	No. 35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim, Kedah Darul Aman Tel No.: 04-496 4888	056-019
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-720 9888	056-021

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
<b>NEGERI SEMBILAN DARUL KHUSUS</b>		
ECM LIBRA INVESTMENT BANK BERHAD	1 C-G & 1 D-G Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-765 5998	052-013
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-761 2288	068-007
HWANGDBS INVESTMENT BANK BERHAD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-455 3188	068-013
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-764 1641	056-024
OSK INVESTMENT BANK BERHAD	1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No.: 06-442 1000	056-037
OSK INVESTMENT BANK BERHAD	1st & 2nd Floor No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-455 3011	056-040
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No.: 06-646 1234	056-046
PM SECURITIES SDN BHD	1st, 2nd & 3rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-762 3131	064-002
<b>JOHOR DARUL TAKZIM</b>		
A.A. ANTHONY SECURITIES SDN BHD	Level 6 & 7 Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-333 2000	078-001



**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
A. A. ANTHONY SECURITIES SDN BHD	42-8, Main Road, Kulai Besar 81000 Kulai Johor Darul Takzim Tel No.: 07-663 6658	078-005
A.A. ANTHONY SECURITIES SDN BHD	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Tel No.: 07-351 3218	078-006
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No.: 07-771 7922	076-006
AMINVESTMENT BANK BERHAD	2nd & 3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-434 2282	086-002
AMINVESTMENT BANK BERHAD	18th & 31st Floor Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-334 3855	086-006
ECM LIBRA INVESTMENT BANK BERHAD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-953 2222	052-004
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor, No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No.: 06-467 8885	052-005
HWANGDBS INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-222 2692	068-004
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-223 1211	054-004
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-333 3600	073-004

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
KENANGA INVESTMENT BANK BERHAD	No. 31 Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No.: 06-954 2711	073-008
KENANGA INVESTMENT BANK BERHAD	No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-933 3515	073-009
KENANGA INVESTMENT BANK BERHAD	No. 33 & 35 (Ground & 1st Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No.: 07-777 1161	073-010
KENANGA INVESTMENT BANK BERHAD	No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-978 2292	073-011
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17, Menara Pelangi No. 1, Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-331 6992	093-005
MIMB INVESTMENT BANK BERHAD	Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07 - 222 7388	061-002
MIMB INVESTMENT BANK BERHAD	1st Floor, No. 9, Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim Tel No.: 07 – 3413 688	061-003
OSK INVESTMENT BANK BERHAD	6 <sup>th</sup> Floor, Wisma Tiong-Hua 8, Jalan Keris Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No.: 07-278 8821	056-006
OSK INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-438 0288	056-009
OSK INVESTMENT BANK BERHAD	No. 33-1, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9538 8262	056-025

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Tingkat Bawah dan Tingkat Satu No. 119 dan 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No.: 07-557 7628	056-029
OSK INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 3 Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No.: 07-932 1543	056-030
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 17 Jalan Manggis 86000 Kluang Johor Darul Takzim Tel No.: 07-776 9655	056-031
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No.: 07-662 6288	056-035
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No.: 06-978 7180	056-038
OSK INVESTMENT BANK BERHAD	1st Floor, No. 2 Jalan Makmur, Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No.: 07-925 6881	056-039
OSK INVESTMENT BANK BERHAD	Tingkat Bawah, Tingkat 1 dan Tingkat 2 Nos. 21 dan 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-352 2293	056-043
PM SECURITIES SDN BHD	No.41 Jalan Molek 2/4 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-351 3232	064-005
PM SECURITIES SDN BHD	Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park Business Centre Johor Darul Takzim Tel No.: 07-433 3608	064-008

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
<b>PAHANG DARUL MAKMUR</b>		
ALLIANCE INVESTMENT BANK BERHAD	A-397, A-399 & A-401 Taman Sri Kuantan III, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No.: 09-566 0800	076-002
CIMB INVESTMENT BANK BERHAD	No. A-27 Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No.: 09-205 7800	065-007
ECM LIBRA INVESTMENT BANK BERHAD	A15, A17 & A19 Lorong Tun Ismail 8, Sri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-513 3289	052-007
OSK INVESTMENT BANK BERHAD	B32 & B34, Lorong Tun Ismail 9 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-516 3811	056-007
OSK INVESTMENT BANK BERHAD	Ground Floor, 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No.: 09-223 4943	056-022
OSK INVESTMENT BANK BERHAD	Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No.: 05-491 4913	056-041
<b>KELANTAN DARUL NAIM</b>		
OSK INVESTMENT BANK BERHAD	No. 3953-H, Ground & 1st Floor Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No.: 09-743 0077	056-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-743 2288	058-004
<b>TERENGGANU DARUL IMAN</b>		
ALLIANCE INVESTMENT BANK BERHAD	No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine 1st & 2nd Floor, Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-631 7922	076-009

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-623 8128	021-001
OSK INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor, 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No.: 09-850 2730	056-027
OSK INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1 <sup>st</sup> Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-626 1816	056-055

**SARAWAK**

AMINVESTMENT BANK BERHAD	No. 164, 166 & 168 1st, 2nd & 3rd Floor Jalan Abell 93100 Kuching Sarawak Tel No.: 082 – 244 791	086-005
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No.: 082-358 688	065-004
CIMB INVESTMENT BANK BERHAD	No.6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel No.: 084-367 700	065-008
HWANGDBS INVESTMENT BANK BERHAD	Lot 328, Jalan Abell 93100 Kuching Sarawak Tel No.: 082-236 999	068-005
HWANGDBS INVESTMENT BANK BERHAD	282, 1 <sup>st</sup> Floor Park City Commercial Centre Phase 4 Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-330 008	068-016
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No.: 085-435 577	073-002

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
KENANGA INVESTMENT BANK BERHAD	Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No.: 082-338 000	073-003
KENANGA INVESTMENT BANK BERHAD	No. 11-12 (Ground & 1st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No.: 084-313 855	073-012
OSK INVESTMENT BANK BERHAD	Ground, 1st & 6th Floor Wisma Chinese Chambers Lot 357, Section 47, K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel No.: 082-422 252	056-008
OSK INVESTMENT BANK BERHAD	Lot 1268, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor Lot 1269, 2 <sup>nd</sup> Floor Centre Point Commercial Centre Jalan Melayu 98008 Miri Sarawak Tel No.: 085-422788	056-012
OSK INVESTMENT BANK BERHAD	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No.: 084-329 100	056-013
OSK INVESTMENT BANK BERHAD	Ground Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No.: 084-654 100	056-050
OSK INVESTMENT BANK BERHAD	Tingkat Bawah dan Tingkat 1 No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-311 770	056-053
TA SECURITIES HOLDINGS BERHAD	12G, H & I, Jalan Kampung Datu 96000 Sibu Sarawak Tel No.: 084-319 998	058-002
TA SECURITIES HOLDINGS BERHAD	2 <sup>nd</sup> Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No.: 082-236 333	058-006

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

Name	Address and Telephone Number	Broker Code
<b>SABAH</b>		
CIMB INVESTMENT BANK BERHAD	1st & 2nd Floor Central Building Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No.: 088 - 328 878	065-005
ECM LIBRA INVESTMENT BANK BERHAD	Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-236188	052-012
HWANGDBS INVESTMENT BANK BERHAD	Suite 1-9-E1, 9 <sup>th</sup> Floor CPS Tower Centre Point Sabah No.1 Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No.: 088-311 688	068-008
INNOSABAH SECURITIES BERHAD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No.: 088-234 090	020-001
OSK INVESTMENT BANK BERHAD	5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel No.: 088-269 788	056-010
OSK INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No.: 089-222 275	056-057

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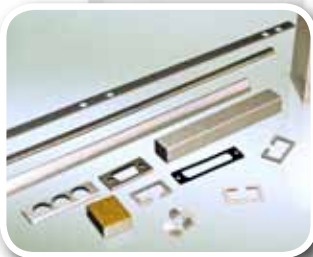
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888/113 Moo 19 SoiYingcharoen Project 2,  
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EMI shielding gaskets



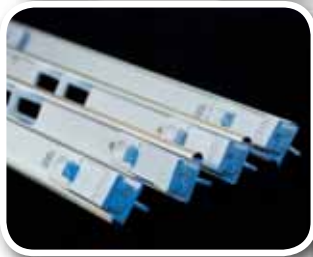
Gaskets



Panels with EMI shielding gaskets



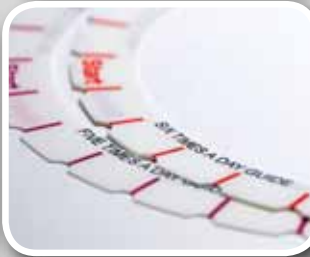
Labels



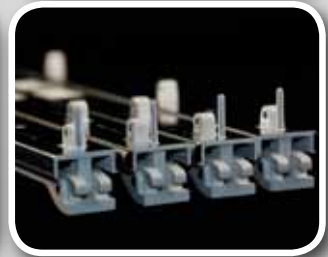
Panels with gaskets and latches



Gaskets



Silk screen printed labels



Panels with latches