

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF FRONTKEN CORPORATION BERHAD (“FCB” OR “THE COMPANY”) AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF ALL INFORMATION CONTAINED HEREIN AND CONFIRM, AFTER HAVING MADE ALL ENQUIRIES THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING. THE DIRECTORS OF FCB HEREBY ACCEPT FULL RESPONSIBILITY FOR THE PROFIT FORECAST INCLUDED IN THIS PROSPECTUS AND CONFIRM THAT THE PROFIT FORECAST HAS BEEN PREPARED BASED ON ASSUMPTIONS MADE.

HWANG-DBS SECURITIES BERHAD, BEING THE ADVISER, UNDERWRITER, PLACEMENT AGENT AND SPONSOR 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, AND IS SATISFIED THAT THE PROFIT FORECAST (FOR WHICH THE DIRECTORS OF THE COMPANY ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THIS PROSPECTUS HAS BEEN STATED BY THE DIRECTORS AFTER DUE AND CAREFUL ENQUIRY AND HAS BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

THE SECURITIES COMMISSION (“SC”) HAS APPROVED THE ISSUE IN RESPECT OF THE PUBLIC OFFERING. THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC ISSUE. THE SC SHALL NOT BE 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 AND COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER 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. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

ADMISSION TO THE OFFICIAL LIST OF THE MESDAQ MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INVITATION, COMPANY OR OF ITS SECURITIES.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. A COPY OF THIS PROSPECTUS, TOGETHER WITH THE FORM OF APPLICATION, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

THE CONTENTS OF THE ELECTRONIC PROSPECTUS (AS DEFINED HEREIN) AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME. YOU MAY OBTAIN A COPY OF THE ELECTRONIC PROSPECTUS FROM THE WEBSITES OF BURSA SECURITIES AT www.bursamalaysia.com AND CIMB SECURITIES SDN BHD AT www.eipocimb.com. YOU MAY ALSO OBTAIN A COPY OF THE ELECTRONIC PROSPECTUS FROM THE WEBSITES OF MALAYAN BANKING BERHAD AT www.maybank2u.com.my OR RHB BANK BERHAD AT www.rhbbank.com.my VIA HYPERLINK TO THE WEBSITE OF BURSA SECURITIES.

THE INTERNET IS NOT A FULLY SECURE MEDIUM. YOUR INTERNET SHARE APPLICATION MAY BE SUBJECT TO RISKS IN 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. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. IF YOU DOUBT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM THE COMPANY, THE ADVISER OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THE PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER/PRINTED COPY OF THIS PROSPECTUS, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC SHALL PREVAIL.

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, THE APPLICANT ACKNOWLEDGES AND AGREES THAT:

- (i) THE COMPANY AND THE ADVISER DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES. ACCORDINGLY, THE COMPANY AND THE ADVISER ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENT OR ANY DATA, FILE OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. THE APPLICANT BEARS ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- (ii) THE COMPANY AND THE 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 ANY OF THE APPLICANT’S AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. THE COMPANY AND THE ADVISER ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT THE APPLICANT MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OR RELIANCE ON ANY DATA, FILE OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (iii) ANY DATA, FILE OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT THE APPLICANT’S OWN DISCRETION AND RISK. THE COMPANY AND THE ADVISER ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO THE APPLICANT’S COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, APPLICANTS ARE ADVISED THAT:

- (i) THE LIABILITY OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, IS ONLY TO THE EXTENT OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION WHICH MAY BE VIEWED VIA THE APPLICANT’S WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION AND SUBSEQUENTLY COMMUNICATED OR DISSEMINATED IN ANY MANNER TO APPLICANTS 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 BECAUSE THE INTERNET IS NOT A FULLY SECURE MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT LIABLE (WHETHER IN TORT OF CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS SUFFERED OR INCURRED BY THE APPLICANT OR ANY OTHER PERSON DUE TO, AS A CONSEQUENCE OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH THE WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON THE APPLICANT’S OR ANY THIRD PARTY’S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO 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 THE APPLICANT’S PERSONAL COMPUTER.

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 LEGISLATION OR WITH OR BY ANY REGULATORY AUTHORITY OR OTHER RELEVANT BODY OF ANY JURISDICTION OTHER THAN MALAYSIA.

THIS PROSPECTUS IS NOT INTENDED TO BE AND WILL NOT BE ISSUED, CIRCULATED OR DISTRIBUTED AND OUR INITIAL PUBLIC OFFERINGS WILL NOT BE MADE OR DEEMED TO BE MADE IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA OR TO PERSONS WHO ARE OR MAYBE SUBJECT TO THE LAWS OF ANY COUNTRIES OR JURISDICTION OTHER THAN THE LAWS OF MALAYSIA. THE PUBLIC ISSUE TO WHICH THIS PROSPECTUS RELATES IS ONLY AVAILABLE TO PERSONS RECEIVING THIS PROSPECTUS ELECTRONICALLY OR OTHERWISE WITHIN MALAYSIA.

THE SECURITIES OF THIS COMPANY IS CLASSIFIED AS SYARIAH-COMPLIANT BY THE SYARIAH ADVISORY COUNCIL OF THE SC BASED ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004 AND THIS CLASSIFICATION REMAINS VALID FROM THE DATE OF ISSUE OF THE PROSPECTUS UNTIL THE NEXT SYARIAH COMPLIANCE REVIEW IS UNDERTAKEN BY THE SYARIAH ADVISORY COUNCIL OF THE SC, AND THE NEW STATUS IS RELEASED IN THE UPDATED LIST OF SYARIAH-COMPLIANT SECURITIES, EITHER ON THE LAST FRIDAY OF THE MONTH OF APRIL OR OCTOBER.

THE SYARIAH STATUS FOR THE SECURITIES OF THIS COMPANY CANNOT BE USED FOR OTHER FUND-RAISING ACTIVITIES.

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 57, 58 AND 153 OF THE SECURITIES COMMISSION ACT 1993.

CHARACTERISTICS OF THE MESDAQ MARKET OF BURSA SECURITIES

INVESTORS SHOULD BE AWARE THAT THE MESDAQ MARKET IS A DISTINCT MARKET FROM THE MAIN AND SECOND BOARDS IN MANY RESPECTS. IN PARTICULAR, COMPANIES LISTED ON THE MESDAQ MARKET ARE SUBJECT TO DIFFERENT QUANTITATIVE AND QUALITATIVE REQUIREMENTS, WHICH HAVE BEEN PRIMARILY DESIGNED TO ACCOMMODATE HIGH-GROWTH AND/OR TECHNOLOGY COMPANIES. COMPANIES THAT ARE LISTED ON THE MESDAQ MARKET MAY HAVE A LIMITED OPERATING HISTORY OR MAY NOT HAVE ANY PROFIT TRACK RECORD PRIOR TO LISTING. AS SUCH, THESE COMPANIES MAY BE OF HIGH INVESTMENT RISK. THE REGULATORY PHILOSOPHY UNDERLYING THE MESDAQ MARKET IS THAT THE MARKET SHOULD BE ALLOWED TO DETERMINE THE MERITS OF THE SECURITIES/INSTRUMENTS IN A PARTICULAR COMPANY. HENCE, 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 DUE AND CAREFUL CONSIDERATION BY REFERRING TO, AMONG OTHERS, THE PROSPECTUS, LATEST FINANCIAL STATEMENTS AND CORPORATE ANNOUNCEMENTS. IN THIS RESPECT, ADVICE FROM A SECURITIES PROFESSIONAL / ADVISER IS STRONGLY RECOMMENDED.

INDICATIVE TIMETABLE

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

Event	Tentative Date
Opening of Applications	22 June 2006
Closing of Applications	29 June 2006
Balloting of Applications	3 July 2006
Allotment of Public Issue Shares	5 July 2006
Despatch of notices of allotment to successful applicants	10 July 2006
Listing of the Company's entire enlarged issued and paid-up share capital on the MESDAQ Market of Bursa Securities	11 July 2006

This timetable is tentative and is subject to changes which may be necessary to facilitate implementation procedures. The Directors and the Underwriter may in their discretion mutually decide to extend the closing date of the application to a later date or dates. Should the closing date of the application be extended, the dates for the allotment of the Public Issue Shares and the listing of and quotation for the entire enlarged issued and paid-up share capital of FCB on the MESDAQ Market of Bursa Securities would be extended accordingly. FCB will notify the public via an advertisement in widely circulated English and Bahasa Malaysia newspapers in the event there is an extension of time on the closing date of the application.

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following definitions shall have the following meanings:

Acquisition	: Acquisition by FCB of 9,093,984 ordinary shares of SGD1.00 each representing the entire equity interest in FS for a purchase consideration of RM29,123,278 which was fully satisfied by the issuance of 291,232,780 new FCB Shares at par
Act	: Companies Act, 1965
ADA	: Authorised Depository Agent
ADA Code	: ADA (Broker) Code
Ares Green	: Ares Green Technology Corporation, Taiwan
ASEAN	: Association of South East Asian Nations
ATM	: Automated Teller Machine
Board	: Board of Directors
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
CDS	: Central Depository System
Chinyee	: Chinyee Engineering & Machinery Pte Ltd (197902415-D)
CNC	: Computer Numerical Control
EBITDA	: Earnings before interest, taxation, depreciation and amortisation
Electronic Prospectus	: A copy of this Prospectus that is issued, circulated or disseminated via the Internet and/or an electronic storage medium, including but not limited to CD-ROMs or floppy disks
Electronic Share Application	: Application for the Public Issue Shares through a Participating Financial Institution's ATM
EPS	: Earnings per share
FAE	: Frontken-AMT Engineering Sdn Bhd (615195-H)
FCB or Company	: Frontken Corporation Berhad (651020-T)
FCB Group or Group	: FCB, its subsidiaries and associated company, collectively
FCB Share(s) or Share(s)	: Ordinary share(s) of 10 sen each in FCB
FH	: Frontken Holdings Pte Ltd (199902793W)
FM	: Frontken Malaysia Sdn Bhd (484763-V)
FP	: Frontken Philippines, Inc (CS200341620)

DEFINITIONS (*Cont'd*)

FS	:	Frontken (Singapore) Pte Ltd (199606464C)
FT	:	Frontken (Thailand) Co., Ltd (17254600132)
GDP	:	Gross domestic products
HVOF	:	High Velocity Oxy-Fuel
Hwang-DBS	:	Hwang-DBS Securities Berhad (14389-U)
Internet Participating Financial Institution(s)	:	Participating financial institution(s) for Internet Share Application, namely CIMB Securities Sdn Bhd, Malayan Banking Berhad and RHB Bank Berhad
Internet Share Application	:	Application for the Public Issue Shares through an online share application service provided by Internet Participating Financial Institution
Issue Price	:	Issue price of 21 sen per Public Issue Share
Issuing House or MIH	:	Malaysian Issuing House Sdn Bhd (258345-X)
Lam Research	:	Lam Research Corporation, USA
Listing	:	The listing of and quotation for the entire issued and paid-up share capital of FCB comprising 475,000,000 Shares on the MESDAQ Market
Listing Requirements	:	Listing Requirements of Bursa Securities for the MESDAQ Market
Lynck	:	Lynck Capital Associates Sdn Bhd (625153-V)
MESDAQ Market	:	The MESDAQ Market of Bursa Securities
MI	:	Minority interest
MITI	:	Ministry of International Trade and Industry
MRO	:	Maintenance, Repair and Overhaul
NBV	:	Net book value
NTA	:	Net tangible assets
OEM	:	Original Equipment Manufacturer
OTS	:	OT Oberflächentechnik GmbH & Co. KG, Germany
Participating Financial Institution(s)	:	Participating financial institution(s) for Electronic Share Application as listed in Section 18.3.3 of this Prospectus
PAT	:	Profit after taxation
PBSB	:	Privilege Bargain Sdn Bhd (627498-V)
PBT	:	Profit before taxation

DEFINITIONS (Cont'd)

PE Multiple	:	Price earnings multiple
Promoters	:	Wong Hua Choon, Yeo Lay Poh, Liew Lep Onn, FH and QSSB collectively
Public Issue	:	The public issue of 118,750,000 new Shares by the Company at the Issue Price subject to the terms and conditions of this Prospectus
Public Issue Shares	:	118,750,000 new Shares in the capital of the Company to be issued pursuant to the Public Issue and subject to the terms and conditions of this Prospectus
QSSB	:	Quantum Spire Sdn Bhd (625752-V)
R&D	:	Research and development
Rights Issue	:	Renounceable rights issue of 65,017,200 new Shares on the basis of approximately 2.23 new Shares for every 10 existing Shares held after the Acquisition at par
SC	:	Securities Commission
Share Split	:	Sub-division of the par value of the ordinary shares in FCB from RM1.00 to 10 sen per ordinary share
Sq. m.	:	Square metre(s)
Surface metamorphosis	:	Surface metamorphosis is a process that modifies the surface properties of materials, such as thermal conductivity, roughness, hardness, corrosion resistance, wear resistance and other chemical and physical properties
Tocalo	:	Tocalo Co., Ltd, Japan
USA or US	:	United States of America

Currencies

PHP	:	Philippines Peso
RM	:	Ringgit Malaysia
SGD	:	Singapore Dollar
THB	:	Thai Baht
USD	:	US Dollar

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Occupation	Nationality
Wong Hua Choon <i>(Executive Chairman / Managing Director)</i>	37 Pavilion Circle Singapore 658506 Singapore	Company Director	Malaysian
Dr Tay Kiang Meng <i>(Executive Director / Chief Scientist)</i>	821C Upper East Coast Road Singapore 466613 Singapore	Company Director	Singaporean
See Chuan Swee <i>(Executive Director / Chief Financial Officer)</i>	70B St. Patrick's Garden St. Patrick's Road Singapore 424175 Singapore	Company Director	Malaysian
Dato' Ibrahim Bin Mahmud <i>(Non-Independent Non- Executive Director)</i>	No. 9, Bong Chin Garden (Terrace) Off Rock Road 93200 Kuching Sarawak	Company Director	Malaysian
Dato' Haji Johar Bin Murat @ Murad <i>(Independent Non-Executive Director)</i>	No. 6 Jalan AU5C / 7A Lembah Keramat Ulu Klang 54200 Kuala Lumpur	Company Director	Malaysian
Ng Wai Pin <i>(Independent Non-Executive Director)</i>	3-1-1, Sri Kia Peng Condominium Jalan Changkat Kia Peng 50450 Kuala Lumpur	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Ng Wai Pin	Chairman	Independent Non-Executive Director
Dato' Haji Johar Bin Murat @ Murad	Member	Independent Non-Executive Director
See Chuan Swee	Member	Executive Director

1. CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARIES** : Tai Keat Chai (MIA 1688)
17 Jalan SS20/22
47400 Petaling Jaya
Selangor Darul Ehsan
- Lim Hooi Chin (MAICSA 7025949)
C3-14, Block C
Jalan Maju 2/1
Taman Lembah Maju
56100 Kuala Lumpur
- REGISTERED OFFICE** : Suite 1603, 16th Floor
Wisma Lim Foo Yong
86 Jalan Raja Chulan
50200 Kuala Lumpur
Tel: (03) 2732 1377
- HEAD OFFICE** : Suite 516, Block E
Pusat Dagangan Phileo Damansara 1
No. 9, Jalan 16/11
Off Jalan Damansara
46350 Petaling Jaya
Selangor Darul Ehsan
Tel: (03) 7968 3312
Fax: (03) 7968 3316
E-mail: fcb@frontken.com
Website: www.frontken.com
- SINGAPORE OFFICE** : 156A Gul Circle
Singapore 629614
Singapore
Tel: (65) 6863 4500
- AUDITORS AND REPORTING ACCOUNTANTS** : Deloitte & Touche (AF 0834)
Level 19, Uptown 1
1 Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: (03) 7723 6500
- SOLICITORS FOR THE LISTING** : Leong Liew & Chen
Suite 505, Block F
Phileo Damansara 1
No. 9, Jalan 16/11
46350 Petaling Jaya
Selangor Darul Ehsan
Tel: (03) 7955 4030

1. CORPORATE DIRECTORY (Cont'd)

- DUE DILIGENCE SOLICITORS** :
- Leong Liew & Chen
Suite 505, Block F
Phileo Damansara 1
No. 9, Jalan 16/11
46350 Petaling Jaya
Selangor Darul Ehsan
Tel: (03) 7955 4030

 - Wong Partnership
One George Street, #20-01
Singapore 049145
Singapore
Tel: (65) 6416 8000

 - Sio & Ting Advocates
No. 5 (2nd Floor)
Jalan Song Thian Cheok
93100 Kuching
Sarawak
Tel: (082) 257 616

 - Consunji Bonifacio & Dela Rosa
2nd Floor, Dacon Building
2281 Pasong Tamo Extension
1231 Makati City
Metro Manila, Philippines
Tel: (632) 867 4501
- REGISTRAR** :
- Epsilon Registration Services Sdn Bhd
312, 3rd Floor, Block C, Kelana Square
No. 17 Jalan SS 7/26
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: (03) 7806 2116 / 7803 1126
- ISSUING HOUSE** :
- Malaysian Issuing House Sdn Bhd
27th Floor, Menara Multi Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03 – 2693 2075
- INDEPENDENT MARKET RESEARCH CONSULTANT** :
- Lynck Capital Associates Sdn Bhd
Suite 1603, 16th Floor
Wisma Lim Foo Yong
86 Jalan Raja Chulan
50200 Kuala Lumpur
Tel: (03) 2144 1033

1. CORPORATE DIRECTORY (Cont'd)

- SOLICITORS FOR THE REPORT
PERTAINING TO POLICIES ON
FOREIGN INVESTMENTS / LEGAL
OPINION** : Wee Woon Hong & Associates
30 Raffles Place
#19-04 Caltex House
Singapore 048622
Singapore
Tel: (65) 6236 0670
- PRINCIPAL BANKERS** : DBS Bank Ltd
Blk 531 Upper Cross Street #01-51
(2nd Storey) Hong Lim Complex
Singapore 050531
Singapore
Tel: (65) 6878 8966
- Public Bank Berhad
Lot G3 & 1A.2, Bangunan KWSP
5 Jalan Raja Laut
50350 Kuala Lumpur
Tel: (03) 2693 0722
- ADVISER, UNDERWRITER,
PLACEMENT AGENT AND
SPONSOR** : Hwang-DBS Securities Berhad
Suite 23A-01, 23A Floor
Menara Keck Seng
203, Jalan Bukit Bintang
55100 Kuala Lumpur
Tel: (03) 2143 7888
- LISTING SOUGHT** : MESDAQ Market of Bursa Securities
- SYARIAH STATUS** : Approved by the Syariah Advisory Council of SC

2. INFORMATION SUMMARY

The following information is only a summary of the salient information about the FCB Group. Investors should read and understand the Prospectus in its entirety prior to deciding whether to invest.

2.1 HISTORY AND BUSINESS

FCB was incorporated in Malaysia under the Act as a public limited company on 29 April 2004. The principal activities of FCB are investment holding and provision of management services to its subsidiaries. FCB's subsidiaries and associated company are principally involved in the provision of surface metamorphosis technology with thermal spray coating processes and a series of complementary processes.

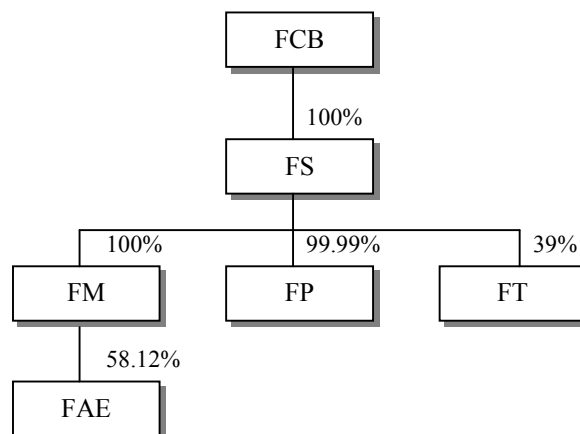
Surface metamorphosis is a process that modifies the surface properties of materials, such as thermal conductivity, roughness, hardness, corrosion resistance, wear resistance and other chemical and physical properties. The Group's surface metamorphosis technology, together with its core thermal spray and complementary processes, are important technologies that modify the surfaces of materials so as to create materials with improved performance and unique properties, which have great potential to increase the efficiency of many processes and reduce the costs of operating and maintaining equipment.

Since the inception of FS in 1996, the Group has continuously developed and refined its capabilities and techniques towards innovative surface metamorphosis engineering and has since developed significant expertise in a broad spectrum of surface metamorphosis technology areas essential to the success of the Group's business.

Today, the FCB Group is a leading service provider of mission critical surface metamorphosis engineering for various industries which include semiconductor (including optoelectronics, flat panel display and data storage industries), power generation, petrochemical, and oil and gas industries. The FCB Group's expertise is based on a long history of developing cost effective solutions to tough engineering challenges, as it possesses the engineering knowledge and expertise with proven work processes in surface metamorphosis technology. The Group also has proven track record in providing mission critical surface metamorphosis engineering projects that are rapidly architected, engineered and delivered with speed and reliability, as well as demonstrated the engineering capabilities, financial resources and human capital in completing projects of any size given by the customers.

Further details on the history and business of the FCB Group are set out in Section 5 of this Prospectus.

The corporate structure of the Group is as follows:



2. INFORMATION SUMMARY (Cont'd)

Details of the Company's subsidiaries and associated company are as follows:

Subsidiaries/ Associated company	Date / Country of incorporation	% effective equity interest	Issued & paid- up share capital	Principal activities
FS	05.09.1996 Singapore	100	SGD9,093,984	Provision of surface metamorphosis technology with thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works
FM	31.05.1999 Malaysia	100	RM5,550,000	Provision of surface metamorphosis technology with thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works
FAE	13.05.2003 Malaysia	58.12	RM2,168,000	Provision of surface metamorphosis technology with thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works
FP	25.11.2003 Philippines	99.99	PHP27,963,000	Provision of surface metamorphosis technology with thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works
FT	19.05.2003 Thailand	39	THB20,000,000	Provision of surface metamorphosis technology with thermal spray coating processes and a series of complementary processes including mechanical and chemical engineering works

2. INFORMATION SUMMARY (Cont'd)

2.2 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT / KEY TECHNICAL PERSONNEL

2.2.1 Promoters

The promoters of FCB and their respective shareholdings in the Company before and after the Public Issue are as follows:

Designation	<u>Before the Public Issue</u>				<u>After the Public Issue</u>			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Wong Hua Choon Executive Chairman / Managing Director	102,574,352	28.8	9,235,328	@2.6	102,574,352	21.6	9,235,328	@1.9
Yeo Lay Poh Senior Vice-President of Operations	26,938,093	7.5	9,235,328	@2.6	26,938,093	5.7	9,235,328	@1.9
Liew Lep Onn Plant Manager	1,377,210	0.4	-	-	1,377,210	0.3	-	-
FH	9,235,328	2.6	-	-	9,235,328	1.9	-	-
QSSB	121,125,000	34.0	-	-	121,125,000	25.5	-	-

Note:

@ Deemed interest pursuant to Section 6A(4) of the Act by virtue of his shareholding in FH

2.2.2 Substantial Shareholders

The substantial shareholders of FCB and their respective shareholdings in the Company before and after the Public Issue are as follows:

Designation	<u>Before the Public Issue</u>				<u>After the Public Issue</u>			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Wong Hua Choon Executive Chairman / Managing Director	102,574,352	28.8	9,235,328	@2.6	102,574,352	21.6	9,235,328	@1.9
Yeo Lay Poh Senior Vice-President of Operations	26,938,093	7.5	9,235,328	@2.6	26,938,093	5.7	9,235,328	@1.9
QSSB	121,125,000	34.0	-	-	121,125,000	25.5	-	-
PBSB	95,000,017	26.7	-	-	95,000,017	20.0	-	-
Dato' Ibrahim Bin Mahmud Non-Independent Non-Executive Director	-	-	121,125,000	#34.0	-	-	121,125,000	#25.5
Zulkifli Bin Ali	-	-	121,125,000	#34.0	-	-	121,125,000	#25.5
Nagendran a/l C. Nadarajah	-	-	95,000,017	*26.7	-	-	95,000,017	*20.0

Notes:

@ Deemed interest pursuant to Section 6A(4) of the Act by virtue of his shareholding in FH

Deemed interest pursuant to Section 6A(4) of the Act by virtue of his shareholding in QSSB

* Deemed interest pursuant to Section 6A(4) of the Act by virtue of his shareholding in PBSB

2. INFORMATION SUMMARY (Cont'd)

2.2.3 Directors

The Directors of FCB and their respective shareholdings in the Company before and after the Public Issue are as follows:

Designation	<u>Before the Public Issue</u>				<u>After the Public Issue</u>				
	Direct		Indirect		Direct		Indirect		
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	
Wong Hua Choon	Executive Chairman / Managing Director	102,574,352	28.8	9,235,328	@2.6	102,574,352	21.6	9,235,328	@1.9
Dr Tay Kiang Meng	Executive Director / Chief Scientist	-	-	9,235,328	@2.6	-	-	9,235,328	@1.9
See Chuan Swee	Executive Director / Chief Financial Officer	-	-	-	-	-	-	-	-
Dato' Ibrahim Bin Mahmud	Non Independent Non-Executive Director	-	-	121,125,000	#34.0	-	-	121,125,000	#25.5
Dato' Haji Johar Bin Murat @ Murad	Independent Non-Executive Director	-	-	-	-	-	-	-	-
Ng Wai Pin	Independent Non-Executive Director	-	-	-	-	-	-	-	-

Notes:

@ Deemed interest pursuant to Section 6A(4) of the Act by virtue of his shareholding in FH

Deemed interest pursuant to Section 6A(4) of the Act by virtue of his shareholding in QSSB

2.2.4 Key Management and Key Technical Personnel

The key management and key technical personnel of FCB and their respective shareholdings in the Company before and after the Public Issue, on the assumption that the Public Issue Shares allocated to them are fully taken up by the respective individuals, are as follows:

	<u>Before the Public Issue</u>				<u>After the Public Issue</u>			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Yeo Lay Poh	26,938,093	7.5	9,235,328	@2.6	26,938,093	5.7	9,235,328	@1.9
Png Eng Wah	-	-	-	-	-	-	-	-
Mok Siew Wai	-	-	-	-	-	-	-	-
Chan Yoke Chor	-	-	-	-	-	-	-	-
Liew Lep Onn	1,377,210	0.4	-	-	1,377,210	0.3	-	-
Sia Chiok Meng	-	-	-	-	-	-	-	-
Chong Shi Chai	-	-	-	-	1,500,100	0.3	-	-
Low Hock Seng	-	-	-	-	1,472,100	0.3	-	-
George I. Lagos	-	-	-	-	-	-	-	-

Note:

@ Deemed interest pursuant to Section 6A(4) of the Act by virtue of his shareholding in FH

Further details on the promoters, substantial shareholders, directors and key management / key technical personnel are provided in Section 6 of this Prospectus.

2. INFORMATION SUMMARY *(Cont'd)*

2.3 FINANCIAL HIGHLIGHTS

2.3.1 Historical Financial Information

The table below, which sets out a summary of the proforma consolidated results of FCB for the past three (3) financial years ended 31 December 2003 to 31 December 2005 ("Relevant Periods"), should be read in conjunction with Sections 10.1 and 10.2 of this Prospectus. It is provided for illustration purposes only to reflect what the financial results of the FCB Group for the Relevant Periods would have been if the FCB Group had been in existence at the beginning of the Relevant Periods:

	<-----Years ended 31 December----->		
	2003	2004	2005
	RM'000	RM'000	RM'000
Revenue	28,506	48,892	63,863
Cost of sales	(17,274)	(29,135)	(41,623)
Gross profit	<u>11,232</u>	<u>19,757</u>	<u>22,240</u>
EBITDA	7,897	12,360	16,584
Depreciation	(2,646)	(3,823)	(5,400)
Amortisation	(38)	(160)	(159)
Profit from operations	5,213	8,377	11,025
Finance costs	(355)	(519)	(993)
Share of results of associated company	6	(91)	6
PBT	4,864	7,767	10,038
Income tax expense	(920)	(1,702)	(2,028)
PAT	3,944	6,065	8,010
MI	(7)	(62)	(101)
PAT after MI	<u>3,937</u>	<u>6,003</u>	<u>7,909</u>
Gross profit margin (%)	39.4	40.4	34.8
Net profit margin (%)	13.8	12.3	12.4
No. of ordinary shares assumed in issue ¹ ('000)	291,233	291,233	291,233
Basic EPS ² (sen)	1.4	2.1	2.7

Notes:

1. Based on the number of ordinary shares assumed in issue after the Acquisition.
2. Fully-diluted EPS has not been presented as the Company has no earning dilutive potential instrument. The basic EPS is calculated based on PAT after MI and the number of ordinary shares assumed in issue.
3. There were no exceptional or extraordinary items during the financial years under review.

2. INFORMATION SUMMARY (Cont'd)

2.3.2 Proforma Consolidated Balance Sheets

The Proforma Consolidated Balance Sheets of the Company as at 31 December 2005 have been prepared for illustrative purposes only to show the effects of the restructuring scheme on the financial statements of the FCB Group as at 31 December 2005 had the transactions been completed on that date, and should be read with Section 10.8 of this Prospectus.

	Audited as of 31 December 2005 RM	Proforma 1 After Acquisition RM	Proforma 2 After Proforma 1 and Rights Issue RM	Proforma 3 After Proforma 2 and Public Issue RM	Proforma 4 After Proforma 3 and utilisation of proceeds RM
Property, plant and equipment	-	49,969,567	49,969,567	49,969,567	71,626,567
Investment in associated company	-	745,709	745,709	745,709	745,709
Other intangible assets	-	430,065	430,065	430,065	430,065
Current Assets					
Inventories	-	3,373,098	3,373,098	3,373,098	3,373,098
Trade receivables	-	20,358,134	20,358,134	20,358,134	20,358,134
Other receivables and prepaid expenses	181,757	2,387,720	2,387,720	2,387,720	2,387,720
Cash and bank balances	-	4,693,605	11,195,325	36,132,825	8,775,825
	181,757	30,812,557	37,314,277	62,251,777	34,894,777
Current Liabilities					
Trade payables	-	7,827,194	7,827,194	7,827,194	7,827,194
Other payables and accrued expenses	190,973	3,991,959	3,991,959	3,991,959	3,991,959
Bank borrowings	-	5,491,261	5,491,261	5,491,261	2,491,261
Deferred income	-	63,192	63,192	63,192	63,192
Hire-purchase payables - current portion	-	1,934,563	1,934,563	1,934,563	1,934,563
Tax liabilities	-	2,433,565	2,433,565	2,433,565	2,433,565
	190,973	21,741,734	21,741,734	21,741,734	18,741,734
Net Current Assets/ (Liabilities)	(9,216)	9,070,823	15,572,543	40,510,043	16,153,043
Long-term and Deferred Liabilities					
Hire-purchase payables - non-current portion	-	(4,174,693)	(4,174,693)	(4,174,693)	(4,174,693)
Deferred income	-	(124,318)	(124,318)	(124,318)	(124,318)
Bank borrowings - non-current portion	-	(13,766,370)	(13,766,370)	(13,766,370)	(13,766,370)
Deferred tax liabilities	-	(2,603,502)	(2,603,502)	(2,603,502)	(2,603,502)
	-	(20,668,883)	(20,668,883)	(20,668,883)	(20,668,883)
Minority interests	-	(1,077,283)	(1,077,283)	(1,077,283)	(1,077,283)
Net Assets/ (Liabilities)	(9,216)	38,469,998	44,971,718	69,909,218	67,209,218
Represented by:					
Issued capital	2	29,123,280	35,625,000	47,500,000	47,500,000
Accumulated loss / Unappropriated profit	(9,218)	9,346,718	9,346,718	9,346,718	8,346,718
Share premium	-	-	-	13,062,500	11,362,500
Shareholders' Equity/(Capital Deficiency)	(9,216)	38,469,998	44,971,718	69,909,218	67,209,218
Net tangible assets/ (liabilities) per ordinary share of:					
RM1.00 each	(4,608)	N/A	N/A	N/A	N/A
RM0.10 each	N/A	0.13	0.13	0.15	0.14

2. INFORMATION SUMMARY *(Cont'd)*

2.3.3 Auditors' Qualification

The auditors' reports on the financial statements of the companies in the Group for the past three (3) financial period / years ended 31 December 2003 to 31 December 2005 were unqualified.

2.3.4 Forecast

Set out below is a summary of profit forecast for the FCB Group for the financial year ending 31 December 2006. Investors should review the financial forecast taking into account the various assumptions underlying the forecast contained in Section 10.11 of this Prospectus.

(i) Consolidated Profit Forecast for the financial year ending 31 December 2006

	RM'000
Revenue	77,979
Less: Pre-acquisition revenue of subsidiaries	(17,762)
Net revenue [^]	<u>60,217</u>
PBT before MI and pre-acquisition profit	13,365
Less: Pre-acquisition profit of subsidiaries	(3,350)
PBT before MI	<u>10,015</u>
Less: Income tax expense	(2,314)
PAT before MI	<u>7,701</u>
Less: MI	(197)
PAT after MI [^]	<u><u>7,504</u></u>
Weighted average number of shares in issue*	324,739
Basic EPS (computed based on PAT after MI) [#] (sen)	
- Based on the weighted average number of shares in issue	2.3
- Based on the enlarged share capital	1.6
Net PE Multiple based on the issue price of 21 sen per Share (times)	
- Based on the weighted average number of shares in issue	9.1
- Based on the enlarged share capital	13.3
Basic EPS (computed based on PAT after MI but before pre-acquisition profit) [#] (sen)	
- Based on the weighted average number of shares in issue	3.1
- Based on the enlarged share capital	2.1
Net PE Multiple based on the issue price of 21 sen per Share (times)	
- Based on the weighted average number of shares in issue	6.8
- Based on the enlarged share capital	9.9

2. INFORMATION SUMMARY (Cont'd)

Notes:

^ The consolidated forecast net revenue and PAT after MI of FCB for the financial year ending 31 December 2006 incorporate the post-acquisition revenue and results of the new subsidiaries acquired on 31 March 2006 for the period from 1 April 2006 to 31 December 2006.

* Calculated based on the assumption that the Public Issue is completed in July 2006.

Fully-diluted EPS has not been presented as the FCB Group has no dilutive potential ordinary shares.

(ii) Dividend Forecast

The Directors of FCB intend to pursue a dividend policy in line with its profitability which would allow shareholders to participate in the profits of the Group while at the same time leaving sufficient reserves for the future growth of the Group.

However, the Directors are of the opinion that it would be more beneficial for the FCB Group to conserve excess cash flow for the expansion of the Group and accordingly, do not intend to declare any dividend for the financial year ending 31 December 2006.

2.4 RISK FACTORS

There are a number of risk factors (which may not be exhaustive), both specific to the FCB Group and relating to the general business environment, which may impact the operating performance and financial position of the Group and affect the achievability of the forecast. To appreciate the risk factors associated with an investment in FCB, this Prospectus should be read in its entirety. Details of the key risk factors listed below, of which investors should be aware are set out in Section 4 of this Prospectus:

- 2.1 Business risks;
- 2.2 Competition;
- 2.3 Reliance on semiconductor industry;
- 2.4 Technological changes;
- 2.5 Protection of intellectual property;
- 2.6 Foreign exchange risk;
- 2.7 Availability and prices of raw materials;
- 2.8 Availability of skilled human resources;
- 2.9 Foreign legislation;
- 2.10 Insurance coverage and risk of business disruptions;
- 2.11 Dependence on key personnel;
- 2.12 Compliance with environmental regulations;
- 2.13 Control by promoters;
- 2.14 Contracts with customers and suppliers;
- 2.15 Changes in outsourcing trend;
- 2.16 Borrowings;
- 2.17 No prior market for FCB Shares;
- 2.18 Uncertainty in the Business Development Plan;
- 2.19 Delay in or abortion of the Listing; and
- 2.20 Profit forecast and forward-looking statements.

2. INFORMATION SUMMARY *(Cont'd)*

2.5 PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE

(i) Share Capital	RM
<i>Authorised:</i> 500,000,000 ordinary shares of 10 sen each	50,000,000
<i>Issued and fully paid-up capital as at the date of this Prospectus:</i> 356,250,000 ordinary shares of 10 sen each	35,625,000
<i>To be issued pursuant to the Public Issue:</i> 118,750,000 ordinary shares of 10 sen each	11,875,000
<i>Enlarged issued and paid-up share capital:</i> 475,000,000 ordinary shares of 10 sen each	47,500,000
(ii) Issue Price per Public Issue Share (sen)	21
(iii) Proforma Consolidated NTA	
Proforma consolidated NTA of FCB as at 31 December 2005 (after taking into account the Public Issue and estimated share issue and listing expenses of RM1.7 million) (RM'000)	66,779
Proforma consolidated NTA per Share (based on the enlarged share capital of 475,000,000 Shares) (sen)	14.1
(iv) Market capitalisation	
Market capitalisation based on the Issue Price and enlarged share capital of 475,000,000 Shares (RM'000)	99,750
(v) Classes of shares and ranking	

There is only one (1) class of shares in FCB namely ordinary shares of 10 sen each. The Public Issue Shares will, upon allotment and issue, rank *pari passu* in all respects with the other existing issued and paid up ordinary shares in the Company including voting rights and dividends and/or distributions that may be declared subsequent to the date of allotment of the Public Issue Shares.

Each shareholder shall be entitled to vote at any general meeting of the Company 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 of a shareholder shall have one vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held.

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

2. INFORMATION SUMMARY (Cont'd)

2.6 UTILISATION OF PROCEEDS

The gross proceeds of approximately RM31.4 million from the Rights Issue and Public Issue accruing to the Company will be utilised in the following manner:

	RM'000	Expected timing of utilisation
Construction of plant	6,600	Within 2 years from date of listing
Purchase of machinery and equipment	9,757	Within 2 years from date of listing
R&D expenditure	6,300	Within 2 years from date of listing
Repayment of bank borrowings	3,000	Within 2 years from date of listing
Working capital	4,082	Within 1 year from date of listing
Estimated share issue and listing expenses	1,700	Within 2 months from date of listing
	31,439	

Further information on the utilisation of proceeds is provided in Section 3.6 of this Prospectus.

2.7 WORKING CAPITAL, BORROWINGS, MATERIAL LITIGATIONS, MATERIAL CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

(i) Working Capital

The Directors of the Company are of the opinion that after taking into account the cash flow position including the proceeds from the Rights Issue and Public Issue and the banking facilities available, the FCB Group will have adequate working capital for its present and foreseeable requirements, and in any case for a period of twelve (12) months from the date of issuance of this Prospectus.

(ii) Borrowings

As at 31 December 2005, the total borrowings of FCB and its subsidiaries from financial institutions comprising overdraft, hire purchase, bridging loan and term loans, all of which are interest bearing, are as follows:

	Domestic borrowings	Foreign currency denominated borrowings		Total RM'000
	RM'000	SGD'000	*RM'000	
Short term borrowings				
- Overdraft	-	1,564	3,494	3,494
- Hire purchase	531	628	1,403	1,934
- Bridging loan	-	32	71	71
- Term loan	161	790	1,765	1,926
	692	3,014	6,734	7,425
Long term borrowings				
- Hire purchase	1,184	1,339	2,992	4,176
- Term loan	1,236	5,609	12,531	13,767
	2,420	6,948	15,523	17,943
	3,112	9,962	22,256	25,368

* Translated based on the exchange rate of RM2.2341 : SGD1.00

2. INFORMATION SUMMARY (Cont'd)

Save as disclosed above, the Group does not have any other loan capital outstanding or created but unissued, mortgages or charges outstanding, convertible debt outstanding, guarantees or other borrowings on that date.

There has been no default on payments of either interest and/or principal sums in respect of any borrowings throughout the past financial year ended 31 December 2005 and the subsequent financial period thereof, up to 30 April 2006.

At present, the Group does not have a formal hedging policy with respect to its foreign exchange exposure and it does not enter into forward contracts. It will continue to monitor its foreign exchange exposure and may employ hedging instruments to manage its foreign exchange exposure should the need arise.

(iii) Material Litigation

As at 30 April 2006, neither FCB nor its subsidiaries are engaged in any litigation, claims or arbitrations, either as plaintiff or defendant, which have a material effect on the financial position of the Company or its subsidiaries and the Directors of the Company have no knowledge of any proceedings pending or threatened against the Company and its subsidiaries or any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Company and its subsidiaries.

(iv) Material Capital Commitments

Save as disclosed below, as at 30 April 2006, the Group has not contracted any capital commitments, which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group:

	RM'000
Approved and contracted for	
- Construction of new plant in Kulim	<u>4,465</u>
Approved but not contracted for	
- Lease of land at Kulim Hi-Tech Park*	<u>3,529</u>

* A Lease Agreement was entered into on 9 May 2006 to take up the lease of land. Further details on the Lease Agreement are provided in Section 5.3.15 of this Prospectus.

The construction of new plant will be funded by proceeds from the Rights Issue and Public Issue. The consideration for the lease of land will be funded by proceeds from the Rights Issue and Public Issue, and internally generated funds.

(v) Contingent Liabilities

As at 30 April 2006, the Directors of FCB are not aware of any contingent liabilities, which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group.

2.8 SYARIAH STATUS

FCB has voluntarily submitted an application to the SC for a Syariah compliance review to be carried out by the Syariah Advisory Council of the SC as part of the process of determining its Syariah status at initial public offering. The Syariah Advisory Council of the SC has classified the securities of the Company as Syariah-compliant based on the audited financial statements for the financial year ended 31 December 2004 and the Syariah criteria adopted by the Syariah Advisory Council of the SC.

3. PARTICULARS OF THE PUBLIC ISSUE

3.1 INTRODUCTION

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus, together with the Form of Application has also been lodged with the Registrar of Companies. Neither the SC nor the Registrar of Companies takes any responsibility for its contents.

Approval has been obtained from the SC in respect of the Public Issue on 30 November 2005, 9 December 2005, 2 May 2006 and 16 May 2006. Approval-in-principle has also been obtained from Bursa Securities on 19 April 2006 for admission to the Official List of Bursa Securities and for listing of and quotation for the entire issued and paid-up share capital of FCB, including the Public Issue Shares which are the subject of this Prospectus, on the MESDAQ Market. These Shares will be admitted to the Official List of Bursa Securities and official quotation will commence upon receipt of confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all the successful applicants.

No shares will be allotted or issued on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed FCB Shares as a prescribed security. In consequence thereof, the Public Issue Shares will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the aforesaid Act and the Rules of Bursa Depository. No share certificates will be issued to successful applicants.

Pursuant to the Listing Requirements, the Company must have at least 25% but not more than 49% of the total number of shares for which listing is sought must be in the hands of a minimum number of 200 public shareholders holding not less than 100 Shares each upon admission to the MESDAQ Market. In the event that the public spread requirement is not met upon completion of the Public Issue, the Company may not be allowed to proceed with its listing on the MESDAQ Market and accordingly, monies paid in respect of all applications will be returned without interest.

Investors MUST have a CDS account before making any application for the Public Issue Shares. In the case of an application by way of Application Form, an applicant should state his CDS account number in the space provided in the Application Form. For an application by way of Electronic Share Application, an applicant shall furnish his CDS account number to the Participating Financial Institution by keying in his CDS account number if the instruction on the ATM screen at which he enters his Electronic Share Application requires him to do so.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS account and an existing account with access to the Internet financial services facilities with the Internet Participating Financial Institution can make an Internet Share Application. The applicant shall furnish his CDS account number to the Internet Participating Financial Institution by keying in his CDS account number into the online application form. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application or Internet Share Application.

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue and if given or made, such information or representation must not be relied upon as having been authorised by FCB. Neither the delivery of this Prospectus nor any sale made in connection with this Prospectus shall, in any circumstance, and at any time constitute a representation or create any implication that there has been no change in the affairs of FCB since the date hereof.

3. PARTICULARS OF THE PUBLIC ISSUE (*Cont'd*)

This Prospectus has been prepared in the context of an issue, offer or invitation of securities under the laws of Malaysia. The circulation of this Prospectus and the issue, offer or invitation of the securities may be / is restricted in certain jurisdictions outside Malaysia and therefore persons into whose possession this Prospectus comes should seek advice on and observe any such restrictions. This Prospectus does not constitute an issue, offer or invitation by anyone in any jurisdiction in which such issue, offer or invitation is not authorised or to any person to whom it is unlawful to make such issue, offer or invitation.

Investors should rely on their own evaluation to assess the merits and risks of the investment. If you are in any doubt about any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

3.2 INDICATIVE TIMETABLE

The indicative timing of events leading to the listing of and quotation for the Company's entire enlarged issued and paid-up share capital on the MESDAQ Market is set out below:

Event	Tentative Date
Opening of Applications	22 June 2006
Closing of Applications	29 June 2006
Balloting of Applications	3 July 2006
Allotment of Public Issue Shares	5 July 2006
Despatch of notices of allotment to successful applicants	10 July 2006
Listing of the Company's entire enlarged issued and paid-up share capital on the MESDAQ Market	11 July 2006

This timetable is tentative and is subject to changes which may be necessary to facilitate implementation procedures. The Directors and the Underwriter may in their discretion mutually decide to extend the closing date of the application to a later date or dates. Should the closing date of the application be extended, the dates for the allotment of the Public Issue Shares and the listing of and quotation for the entire enlarged issued and paid-up share capital of FCB on the MESDAQ Market would be extended accordingly. FCB will notify the public via an advertisement in a widely circulated English and Bahasa Malaysia newspaper in the event there is an extension of time on the closing date of the application.

3. PARTICULARS OF THE PUBLIC ISSUE (*Cont'd*)

3.3 PURPOSES OF THE PUBLIC ISSUE

The purposes of the Public Issue are as follows:

- (i) To enable the Company to gain access to the capital market to raise funds for future expansion and continued growth of the FCB Group;
- (ii) To provide an opportunity for the eligible employees and business associates of FCB and its subsidiaries and the Malaysian public to participate in the continuing growth of the Group by way of equity participation;
- (iii) To obtain a listing of and quotation for the entire enlarged issued and paid-up ordinary share capital of FCB on the MESDAQ Market, which is expected to enhance the business, profile and future prospects of the Group;
- (iv) To enable FCB to meet the 25% public shareholding spread requirement pursuant to the Listing Requirements; and
- (v) To meet the National Development Policy requirement of 30% Bumiputera equity participation in FCB upon its listing on the MESDAQ Market.

3.4 DETAILS OF THE PUBLIC ISSUE

The Public Issue of 118,750,000 new Shares is an invitation by the Company to eligible employees and business associates of FCB and its subsidiaries, the Malaysian public, identified places and Bumiputera investors approved by the MITI to apply for the Public Issue Shares at the Issue Price, payable in full on application upon the terms and conditions of this Prospectus.

The Public Issue Shares, upon allotment and issue, will rank *pari passu* in all respects with the other existing issued and paid-up ordinary shares in the Company including voting rights and dividends and/or distributions that may be declared subsequent to the date of allotment of the Public Issue Shares.

The Public Issue Shares totalling 118,750,000 Shares shall be allocated in the following manner:

(i) Eligible Employees and Business Associates

23,750,000 new FCB Shares representing 5% of the enlarged issued and paid-up share capital are reserved for application by eligible employees and business associates of FCB and its subsidiaries.

The allocation of new Shares to the eligible employees of FCB and its subsidiaries, as approved by the Board of FCB, is generally based on seniority in ranking, length of service, performance and contribution to the success of the Group. The allocation of the new Shares to the business associates of FCB and its subsidiaries will be based on length of relationship, value of transactions for the financial year ended 31 December 2005 and the significance of contribution to the success of the Group.

As at 30 April 2006, a total of 216 employees of FCB and its subsidiaries are eligible to subscribe for the allocation of an aggregate of 12,358,600 Public Issue Shares, and up to 5 business associates of FCB and its subsidiaries are eligible to subscribe for the allocation of an aggregate of 11,391,400 Public Issue Shares.

3. PARTICULARS OF THE PUBLIC ISSUE (*Cont'd*)

(ii) Malaysian Public

14,250,000 new FCB Shares representing 3% of the enlarged issued and paid-up share capital are available for application by Malaysian citizens, companies, co-operatives, societies and institutions to be allocated via ballot, of which at least 30% shall be set aside for Bumiputera individuals, companies, co-operatives, societies and institutions.

(iii) Private Placement

59,375,000 new FCB Shares representing 12.5% of the enlarged issued and paid-up share capital will be placed to identified investors by the placement agent.

(iv) Bumiputera Investors Approved by the MITI

21,375,000 new FCB Shares representing 4.5% of the enlarged issued and paid-up share capital will be allocated to Bumiputera investors approved by the MITI for the purpose of meeting the requirements of the National Development Policy.

The Public Issue Shares which have been reserved for eligible employees and business associates of FCB and its subsidiaries under paragraph (i) above and not subscribed for by them ("Unsubscribed Shares") will be made available to other eligible employees and/or business associates. In the event that the Unsubscribed Shares are not fully taken up under the subsequent offer, the Unsubscribed Shares will be made available for application by the Malaysian Public under paragraph (ii) above.

The Public Issue Shares under paragraph (ii) above, together with the unsubscribed portion of the Public Issue Shares under paragraph (i) above, have been fully underwritten by the Underwriter. The Public Issue Shares under paragraph (iii) above need not be underwritten as irrevocable undertakings to subscribe for the said new FCB Shares have been given by the identified investors.

3.5 PRICING OF THE PUBLIC ISSUE SHARES

The Issue Price was determined and agreed upon by the Company and Hwang-DBS as the Adviser and Underwriter, after taking into consideration the following factors:

(i) FCB Group's earnings potential

Based on the Group's forecast basic EPS of 2.1 sen for the year ending 31 December 2006, which is computed based on the forecast consolidated PAT after MI but before pre-acquisition profit for the financial year ending 31 December 2006 of RM10.1 million and the enlarged share capital of 475,000,000 Shares, the forecast net PE Multiple is approximately 9.9 times;

(ii) Group's operating and financial history

The Group's historical basic EPS of 2.7 sen for the latest financial year ended 31 December 2005, computed based on the PAT after MI of RM7.9 million and 291,232,780 FCB Shares assumed in issue. Further information on the financial and operating history of the Group is set out in Sections 5, 10 and 11 of this Prospectus;

3. PARTICULARS OF THE PUBLIC ISSUE (*Cont'd*)

(iii) Future plans, strategies and outlook of the Group

There is tremendous opportunity for the Group to expand horizontally by moving up the technology ladder in order to better serve high-technology industrial fields such as the power industry. Given the Group's engineering capability and track record in developing new technology through technical collaboration or partnership with global specialists, there is a lot of potential for the Group to leverage off its existing businesses and customer relationships to expand into other high value complementary services.

The potential of the surface metamorphosis technology using thermal spray process and a series of complementary processes industry in Southeast Asia bodes well for the Group. As a leading advanced material and surface metamorphosis technology solution provider in ASEAN, coupled with the Group's strong R&D capabilities, technical tie-up with established players in their field, technical know-how, growing distribution network and customer-oriented services, the FCB Group is poised to take advantage of the potential growth in new applications of thermal spray coatings.

Further information on the future plans, strategies and outlook of the Group are set out in Sections 5.8 and 14 of this Prospectus;

(iv) Prevailing market conditions

The prevailing market conditions, current market trends, investor sentiments, subscription rates and valuation of recent initial public offering launches, have been considered in pricing the Public Issue Shares; and

(v) Proforma consolidated NTA per Share

The proforma consolidated NTA per Share of FCB is 14.1 sen, computed based on the proforma consolidated NTA of FCB as at 31 December 2005 (after taking into account the Public Issue and the estimated share issue and listing expenses of RM1.7 million) of RM66.8 million and the enlarged share capital of 475,000,000 Shares. Further information on the proforma consolidated NTA is set out in Section 10.8 of this Prospectus.

Investors should note that market price of the Public Issue Shares upon and subsequent to the Listing is subject to the vagaries of market forces and other uncertainties which may affect the price of FCB Shares.

3. PARTICULARS OF THE PUBLIC ISSUE (*Cont'd*)

3.6 UTILISATION OF PROCEEDS

The gross proceeds of approximately RM31.4 million from the Rights Issue and Public Issue accruing entirely to the Company will be utilised in the following manner:

	Utilisation of proceeds from			Expected timing of utilisation
	Rights Issue RM'000	Public Issue RM'000	Total RM'000	
Construction of plant	6,502	98	6,600	Within 2 years from date of listing
Purchase of machinery and equipment	-	9,757	9,757	Within 2 years from date of listing
R&D expenditure	-	6,300	6,300	Within 2 years from date of listing
Repayment of bank borrowings	-	3,000	3,000	Within 2 years from date of listing
Working capital	-	4,082	4,082	Within 1 year from date of listing
Estimated share issue and listing expenses	-	1,700	1,700	Within 2 months from date of listing
	6,502	24,937	31,439	

(i) Construction of plant

The Group plans to allocate an amount of RM6.6 million for the construction of a new plant (inclusive of part of the consideration for the lease of the land) located at Kulim Hi-Tech Industrial Park in Malaysia. In this respect, FM had on 9 May 2006 entered into a Lease Agreement with Kulim Technology Park Corporation Berhad to take up the lease of all that parcel of land in the Industrial Zone Phase I, Kulim Hi-Tech Park, Kedah Darul Aman and held under H.S. (D) 1600, P.T. No. 1923, Mukim Padang China, Daerah Kulim, Kedah Darul Aman, measuring approximately 6.81 acres for a consideration of approximately RM3.6 million.

The new plant will provide the much needed space to house a series of thermal spray coating processes and complementary processes services, including R&D and accommodate future expansion in production capacity in Malaysia. Further, it will enhance the image of the Group as a leading total advanced materials and surface metamorphosis technology solution provider. Construction of the plant for the initial phase is expected to be completed by the third quarter of 2006.

(ii) Purchase of machinery and equipment

In line with the Group's expansion plan, an amount of approximately RM9.8 million has been earmarked to finance the purchase and installation of new production machinery and equipment for the purpose of upgrading and increasing the Group's existing production capacities in Singapore and Malaysia, as well as to facilitate new product development. The costs of these new production machinery and equipment are estimated as follows:

	Within Malaysia RM'000	Outside Malaysia RM'000	Estimated Cost RM'000
HVOF and Plasma spraying systems	4,763	3,200	7,963
Vacuum furnace system	-	1,200	1,200
Grinding machine	-	594	594
	4,763	4,994	9,757

3. PARTICULARS OF THE PUBLIC ISSUE (*Cont'd*)

(iii) R&D expenditure

An amount of RM6.3 million will be earmarked for R&D expenditure on process improvement and new product development. Of this amount, RM4.9 million will be utilised for the Group's R&D activities in Malaysia whilst the remaining RM1.4 million will be utilised for its R&D activities in Singapore.

R&D expenditure includes cost of machinery and equipment (including, amongst others, equipment for the core technology of thermal spray coating, evaluation and analysis, and equipment for the complementary services. These equipment include spraying systems, scanning electron microscope, reverse osmosis / deionisation system, gas chromatography and surface particle detector), manpower and consumables. The development of new products and services through R&D is expected to further improve the profitability of the Group.

(iv) Repayment of bank borrowings

The Group proposes to utilise RM3.0 million of the proceeds to repay bank borrowings. The repayment of borrowings is expected to contribute to a total interest savings of approximately RM178,000 based on interest rates ranging from 5% to 7.75% per annum.

The actual amount of bank borrowings outstanding upon listing of FCB on the MESDAQ Market may vary as the Group is servicing/repaying its bank borrowings as and when they fall due. In the event of any variance in the actual amount of bank borrowings to be repaid, the excess proceeds shall either be utilised to repay other borrowings of the Group or for working capital purpose.

(v) Working capital

The Group utilises trade facilities and short-term borrowings to meet its working capital requirements for the purchase of raw materials. In anticipation of the increase in sales volume which is expected to be in line with the Group's expansion plan, FCB intends to allocate approximately RM4.1 million to finance the Group's general working capital, operating and administrative requirements. This will result in interest savings compared to utilising banking facilities to fund its working capital requirements.

(vi) Estimated share issue and listing expenses

The estimated share issue and listing expenses incidental to the listing of and quotation for the entire enlarged issued and paid-up share capital of FCB on the MESDAQ Market, to be borne by the Company, are as follows:

	RM'000
Professional fees	860
Fees to the authorities	83
Advertising and printing	170
Issuing house fee and disbursement	70
Underwriting commission, placement fee, management fee and brokerage	461
Contingencies	56
Total estimated listing expenses	<u>1,700</u>

In the event the actual share issue and listing expenses are higher than budgeted, the deficit will be funded out of the proceeds allocated for working capital. Conversely, if the actual share issue and listing expenses are lower than budgeted, the excess will be utilised for working capital purpose.

3. PARTICULARS OF THE PUBLIC ISSUE (*Cont'd*)

Financial Impact of the Utilisation of Proceeds

The financial impact of the utilisation of proceeds on the FCB Group is as follows:

- Increase in production volume

The new machinery and equipment, together with additional floor space in (i) above, will enable the Group to increase its production capacity and capitalise on the economies of scale, thereby enhancing its earnings.

The increase in production capacity shall be focussed on the Group's operations in Malaysia, in line with the Group's plan to make Malaysia its hub for regional activities and expansion. The new plant located at Kulim Hi-Tech Industrial Park will cater mainly to customers in the semiconductor industry initially.

- Expansion of products and services offerings

The product development initiatives are expected to result in expansion of services offered by the Group to its existing customer base in the power generation and semiconductor industries as well as new customers in the marine and aerospace industries. By funding the continuous R&D efforts, the Group is expected to be able to enhance its competitive advantages and spur further growth prospects. Further, the development of new product and services through R&D is expected to further improve the profitability of the Group.

- Interest savings

The repayment of borrowings is expected to contribute to a total interest savings of approximately RM178,000 based on interest rates ranging from 5% to 7.75% per annum. Utilisation of the proceeds for working capital purpose will also result in interest savings compared to utilising banking facilities to fund working capital requirements.

3.7 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEE

Brokerage relating to the 14,250,000 Public Issue Shares made available for application by the Malaysian public is payable by the Company at the rate of 1% of the Issue Price in respect of successful applications bearing the stamps of Hwang-DBS, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or MIH.

The Underwriter has entered into an Underwriting Agreement with the Company on 15 May 2006 (as amended by a Supplemental Underwriting Agreement dated 19 June 2006) for the underwriting of the 14,250,000 Public Issue Shares to be made available for application by the Malaysian public, and up to 23,750,000 Public Issue Shares to be made available for application by the eligible employees and business associates of FCB and its subsidiaries. Underwriting commission is payable by the Company at the rate of 1.5% of the Issue Price for the Shares which are being underwritten.

Placement fee is payable by the Company in respect of the 59,375,000 Public Issue Shares to be placed out by the placement agent at the rate of up to 1.5% of the Issue Price.

3. PARTICULARS OF THE PUBLIC ISSUE (*Cont'd*)

3.8 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

The Underwriting Agreement dated 15 May 2006 (as amended by a Supplemental Underwriting Agreement dated 19 June 2006) between FCB and the Underwriter contains certain clauses as set out below which may allow the Underwriter to withdraw from their obligations under the Underwriting Agreement. The terms used in this section shall have the same meanings as ascribed thereto in the Underwriting Agreement.

Conditions Precedent

The obligations of the Underwriter under this Agreement shall further be conditional upon:

- (a) **SC & Registrar of Companies:** the acceptance for registration and the lodgement with the SC and the Registrar of Companies respectively of the Prospectus together with copies of all documents required under Section 42 of the Act prior to the issuance of the Prospectus to the public;
- (b) **Issue of Prospectus:** the issuance of the Prospectus (including summary advertisement of the Prospectus and all other procedures, requirements, letters and documents required under the Listing Requirements) to the public have been complied with within three (3) months from the date hereof or such extension as consented by the Underwriter;
- (c) **Bursa Securities' Approval for Quotation:** Bursa Securities agreeing in principle to the listing of and quotation for (on terms satisfactory to the Underwriter) the entire issued and paid up share capital of the Company within three (3) months from the date hereof or such later date as consented by the Underwriter prior to the issuance of the Prospectus, and the Underwriter being reasonably satisfied that such listing and quotation will be granted two (2) Market Days (or such other days as Bursa Securities may permit) after the submission to Bursa Securities of the relevant documents required for such listing and quotation for the entire issued and paid up share capital of the Company have been accepted and the respective Shares are deposited in or transferred to the securities account maintained by the entitled shareholders under the Securities Industry (Central Depositories) Act, 1991;
- (d) **Material Adverse Condition:** there having been, as at any time hereafter up to and including the Closing Date, no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of the Company and its subsidiaries (which in the reasonable opinion of the Underwriter are or will be material in the context of the issue of the IPO Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect an extent which is or will be material in any of the representations, warranties and undertakings contained in Clauses 3.1 and 3.2 if they are repeated on and as of the Closing Date;
- (e) **No Prohibition by Laws on IPO:** the issue, offering and subscription of the IPO Shares in accordance with the provisions hereof and the Prospectus are not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);
- (f) **Approvals:** all necessary approvals and consents required in relation to the IPO including but not limited to governmental approvals having been obtained and are in full force and effects;
- (g) **Payment of Expenses:** the Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 13;

3. PARTICULARS OF THE PUBLIC ISSUE (*Cont'd*)

- (h) **Resolutions:** the delivery to the Underwriter prior to the date of registration of the Prospectus of (aa) a copy certified as true copy by an authorised officer of the Company of all the resolutions of the directors of the Company and the shareholders in general meeting approving this Agreement, the Prospectus, the IPO and authorising the execution of this Agreement and the issuance of the Prospectus; (bb) a certificate dated the date of the Prospectus signed by duly authorised officers of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in Clause 4.1(d); and
- (i) **Report & Confirmation:** the delivery to the Underwriter on the Closing Date of such reports and confirmations on the Closing Date from the board of directors of the Company as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of this Agreement that will adversely affect the performance or financial position of the Company or its subsidiaries nor the occurrence of any event rendering, untrue or incorrect, to a material extent any representations and/or warranties contained in Clause 3 as though they have been given and/or made on such date.

Non-Fulfilment of Conditions Precedent

In the event any of the conditions set forth in Clause 4.1 are not satisfied on or before the Closing Date or Extended Closing Date, the Underwriter shall, subject as mentioned below, thereupon be entitled but not bound to terminate this Agreement by notice given to the Company not later than three (3) Market Days after the Closing Date and upon such termination, the liabilities of the Company and the Underwriter shall become null and void and none of the party shall have a claim against the other save for antecedent breaches by the parties and claims arising therefrom and that each party shall return any and all moneys paid to the other or others under this Agreement within seventy-two (72) hours of the receipt of such notice (except for monies paid by the Company for the payment of the expenses as provided in Clause 13). The Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriter's rights under this Agreement.

Events of Termination

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

- (i) **Breaches in Representations, Warranties or Undertakings:** there is any breach by the Company of any of the representations, warranties or undertakings, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice (provided always that such period of days shall not be less than 14 days) after notice of such breach shall be given to the Company or by the Closing Date, whichever is earlier, or withholding of information of a material nature from the Underwriter, which is required to be disclosed pursuant to this Agreement which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO, or the distribution or sale of the IPO Shares ;
or

3. PARTICULARS OF THE PUBLIC ISSUE (*Cont'd*)

- (ii) **Information Withheld:** there is withholding of information of a material nature from the Underwriter, which, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO, or the distribution or sale of the IPO Shares; or
- (iii) **Material and/or Adverse Changes:** there shall have occurred, happened or come into effect any material and/or adverse change to the business or financial condition of the Company or the Group; or
- (iv) **Force Majeure / Lapse of Agreement:** there shall have occurred, happened or come into effect any of the following circumstances: -
 - (a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
 - (b) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage or acts of war), which (in the reasonable opinion of the Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of the Company or the Group, the success of the IPO, or the distribution or sale of the IPO Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or
 - (c) if in the reasonable opinion of the Underwriter that the success of the IPO is seriously and/or materially jeopardised by the Kuala Lumpur Composite Index falling below 700 points and remaining below 700 points for three (3) consecutive Market Days at any time between the date of this Agreement and up to and including the Closing Date;

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

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

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

3. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

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

Underwriter's Obligations Discharged

Upon such notice(s) being given under Clause 14.1, the Underwriter shall be released and discharged of its obligations without prejudice to its rights whereby this Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of this Agreement, except that the Company shall remain liable in respect of its obligations and liabilities for the payment of the costs and expenses already incurred prior to or in connection with such termination and for the payment of any taxes, duties or levies and for any antecedent breach.

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4. RISK FACTORS

4.1 BUSINESS RISKS

The FCB Group is not insulated from general business risk as well as certain risks inherent in the industry in which it operates. For example, the Group may be affected by a general downturn in the global, regional and national economy, entry of new players, constraints in labour supply and increase in labour costs, changes in law and tax legislation affecting the industry, changes in business and credit conditions and fluctuations in foreign exchange rates.

Any adverse development in the political situations and economic uncertainties in Malaysia, Singapore and/or other countries which the FCB Group has business links, directly or indirectly, could materially and adversely affect the financial performance of the Group. These adverse developments include risks of war, global economic downturn, expropriation, nationalisation, unfavourable change in government policy and regulations such as foreign exchange rates and methods of taxation and currency exchange controls. These adverse developments may affect the level of investments in the oil and gas, petrochemical, semiconductor and electronics sectors, which would in turn affect the demand for the FCB Group's services.

Although the Group seeks to limit these business risks through, inter alia, prudent management policies, constant upgrading on latest technology advancements, continuous R&D, maintaining good business relationship with its customers, principals and suppliers, training and retention of skilled labour, increasing its range of products and services and expansion of its clientele base in both the local and overseas markets, no assurance can be given that any change in any of these factors will not have a material adverse effect on the Group's business.

4.2 COMPETITION

The Group faces competition in both regional and global markets from competitors who may expand their business to emulate the same range of products and services, and from new players entering the same industries as the Group. Increased competition may result in reduced operating margins and loss of market share. There can be no assurance that the emergence of other new technologies or the introduction of newer services will not render the technology and services of the FCB Group uncompetitive.

The Group also faces the possibility of increased competition from existing smaller players should they decide to form strategic partnerships with established foreign players that have greater technical and financial resources.

The Group has enjoyed close working relationship with its customers, to which it has consistently provided quality services and solutions in meeting their requirements. Certain of its major customers have had business relationship with the FCB Group for between two (2) and eight (8) years.

The Directors of FCB believe that the Group possesses the requisite technical expertise and engineering know-how with its proven work processes in surface engineering and mechanical engineering work. The Group also has technology alliance with Tocalo (the world's largest independent thermal spray coating service provider) in thermal spray coating as well as Ares Green (Taiwan's biggest precision cleaning service provider) in precision cleaning services to provide effective services to the customers. Over the years, the Group has gained competitiveness through establishing an integrated one stop end-to-end services which is supported by R&D in advanced materials and complex surface metamorphosis engineering solutions, collaborative surface metamorphosis engineering and prototyping, as well as transient manufacturing supply chain solutions. The Group believes that today, it is one of the major players in advanced materials and thermal spray or machining services industry, with market presence in both Malaysia, Singapore, the Philippines and Thailand.

4. RISK FACTORS (Cont'd)

To remain competitive, the Group has in place several strategic measures, including carrying out R&D activities to provide new innovative solutions and enhancing existing products whilst at the same time lowering production costs. It is also constantly exploring ways to improve its production processes in order to increase production efficiency and ensure the continuous offering of consistent quality, promptness in delivery and competitive pricing of its services. However, there can be no assurance that the Group will not be affected by the competitive strategies adopted by other players within the same industry in which the Group operates and that the Group will be able to maintain or expand its existing market share in its local and overseas operations.

4.3 RELIANCE ON SEMICONDUCTOR INDUSTRY

The FCB Group's business activities are predominantly focused on the semiconductor, power generation, petrochemical, and oil and gas sectors, with semiconductor contributing approximately 32% to the Group's revenue for the financial year ended 31 December 2005. In the semiconductor sector, the Group provides services to the front-end semiconductor manufacturing (wafer fabrication), storage media manufacturing, flat panel display manufacturing and organic light-emitting diode ("OLED") industries.

The semiconductor industry (in particular, the front-end semiconductor manufacturing sector) is cyclical and has historically experienced periodic downturns. This cycle is influenced by the nature of the business, the way semiconductor companies plan and execute their investment plans and the cycle time required to add new manufacturing facilities to their operations. Any downturn in the semiconductor industry would adversely affect the utilisation rates of production equipment, which in turn, would reduce the demand for thermal spray coating and precision cleaning services.

The Group seeks to minimise the risk of dependence on any particular industry for its earnings by continuing to place emphasis on R&D activities, as it has in the past. The Group believes that R&D plays a pivotal role in driving the growth of its business and has continuously invested in and carried out R&D activities on tough engineering problems for various industries. The successful development and commercialisation of new surface metamorphosis solutions for various industries through continuous R&D and improved technical expertise and innovation has created market needs for the Group's services, resulting in expansion of products and services offerings to multiple industries and a diversified customer base from a broad spectrum of industries.

The Group has been making conscious efforts in expanding its customer base over the years through a combination of continuous market penetration as well as market and product development strategies. The Group's current diversified customer base across various industries indicates that its earnings would not be highly susceptible to a downturn in any one industry. However, there can be no assurance that any downturn in any of the industries that the Group operates in will not adversely affect the Group.

4.4 TECHNOLOGICAL CHANGES

The risks involved with technological changes are the obsolescence of current technology and the ability of the Group to enhance its technological capabilities and anticipate or respond to technological changes in manufacturing processes in a cost-effective and timely basis.

As in any technology based industry, surface metamorphosis technology using thermal spray processes and a series of complementary processes faces the risk of technological stagnation and / or obsolescence. Other new coating technologies may emerge in the future that could potentially provide an alternative to thermal spray coating in today's applications. Although new processes and materials are continuously being developed through R&D, there can be no assurance that the emergence of new technology will not render the Group's technology uncompetitive.

4. RISK FACTORS (Cont'd)

The FCB Group is constantly exploring technical collaboration possibilities with global specialists to enhance its technological capabilities in areas where the applications are commercially viable. Currently, the Group keeps abreast of the latest technology via technology alliance with Tocalo, the world's largest independent thermal spray coating service provider. Additionally, the Group has technology R&D collaboration with Ares Green and OTS. The Group also has technology collaboration with Lam Research, a leading supplier of wafer fabrication equipment and services to the global semiconductor industry.

To advance its technological know-how and enhance its competitive edge, the Group expects to continue to place emphasis on R&D activities as it has in the past. The Group's commitment to R&D activities, including the setting up of R&D centre in Malaysia, will enable the Group to keep abreast with development in technology.

4.5 PROTECTION OF INTELLECTUAL PROPERTY

The Group is to an extent dependent on the protection of its trademarks and patents on the core technologies that it has developed. Existing intellectual property and confidentiality laws do not afford unlimited protection. In addition, apart from existing laws in Malaysia and those countries in which the Group carries on and intends to carry on business, remedies under such laws are subject to the vagaries of litigation. There can be no assurance that the Group will be able to protect its proprietary rights against unauthorised duplication of methods and processes. Failure to protect or enforce its intellectual property rights may result in an adverse impact on the Group's business.

In order to protect the technology know-how, the Group has selectively applied for registration of its patents in Singapore as set out in Section 5.3.5 of this Prospectus, and intends to apply for registration of its patents in Malaysia. This will allow the Group to initiate legal proceedings against parties deemed to have infringed upon the Group's proprietary rights. Further, the technology used by the Group is restricted to and retained by the key personnel of the Group to avoid leakage of confidential information which will affect the competitiveness of the Group. Persons who have access to these information are required to sign confidentiality and non-disclosure agreements whereby they are forbidden from disclosing confidential information to third parties.

Notwithstanding the above, there can be no assurance that others will not independently obtain access to the Group's know-how or develop product or technologies similar to those of the Group.

4.6 FOREIGN EXCHANGE RISK

Currently, the Group has operations in Singapore, Malaysia, Thailand and the Philippines. A majority of the Group's revenue is denominated in SGD and as such the performance of the Group would be subject to the performance of the SGD relative to the Ringgit. However, the exposure to the fluctuation in SGD is mitigated through matching SGD-denominated sales and purchases by the Group's Singapore-based subsidiary. Although the Group does not have a formal hedging policy with respect to its foreign exchange exposure, it will continue to monitor its exposure to foreign exchange fluctuation and will consider hedging any material foreign exchange exposure if deemed necessary.

FCB is also subject to translation risks as its consolidated financial statements are denominated in RM while the financial statements of its foreign subsidiaries are prepared in their respective functional currencies. As such, any material fluctuations in foreign exchange rates will result in translation gains or losses on consolidation. Any such translation gains or losses will be recorded as corresponding changes in translation reserves.

4. RISK FACTORS (Cont'd)

4.7 AVAILABILITY AND PRICES OF RAW MATERIALS

The main raw materials used by the FCB Group include substances such as thermal coating powders, wires and rods. To maintain competitive operations, it is crucial that the Group must be able to obtain sufficient quantity of quality materials at acceptable prices in a timely manner. The Group sources most of its materials from both local and overseas suppliers.

While the Group is not dependent on any single supplier, any serious and prolonged shortage of such materials may lead to loss of business opportunities which may adversely affect the Group's financial performance and possibly inhibit the expansion of the Group's business. In addition, the cost of materials used are dependent on their prevailing demand and supply conditions.

The Group seeks to minimise its exposure to shortages of materials and price fluctuation through the purchase of materials from a pool of suppliers, both locally and overseas, who have an established track record and are able to provide constant supply promptly at competitive prices. With long-term relationships and mutual trust with its suppliers, the Group has not in the past experienced any difficulty or disruptions in production due to difficulty in procuring materials. In the event that the Group is unable to source its raw materials from its main suppliers, it will have other readily available alternate suppliers to meet its raw materials requirements. Further, in the event of cost fluctuations, the Directors believe that the Group is able to address such cost increases by adjusting its selling price.

Notwithstanding the above, there can be no assurance that the Group will be able to continue to minimise its shortages and cost fluctuations and/or transfer any cost revision in the provision of its services to its customers and that any unfavourable price fluctuations or shortages may not materially and adversely affect the Group's operations and performance.

4.8 AVAILABILITY OF SKILLED HUMAN RESOURCES

Provision of thermal spray coating and precision cleaning services are complex processes, which involve significant technological and specialised equipment. As at 30 April 2006, approximately 86% of the Group's production employees are skilled workers. The performance of the Group may be affected by the shortage of suitably qualified skilled workers and may suffer from inferior product quality, production down time, failure in meeting delivery schedules and loss of customers' confidence. As in any other industry, there is competition for highly skilled employees.

The management of the Group recognises the importance of human resource training to stay ahead in technological advancement. The Group also believes in investing in its workforce. On-the-job training is viewed as one of the more effective training tools for its employees. The employees of the Group are subject to work orientation programs, on-the-job training and cross training in the various processes. Although the Group seeks to limit the risk of shortage of skilled human resource, no assurance can be given that any change to this factor will not have a material adverse effect on the Group.

4.9 FOREIGN LEGISLATION

The Group has, through its subsidiaries and associated company, established business operations in Malaysia, Singapore, the Philippines and Thailand. For the financial year ended 31 December 2005, approximately 78% of the Group's revenue was derived from its operations in Singapore, through FS. Despite the Group's plans to expand its business operations in Malaysia, it is envisaged that a significant portion of the Group's activities will remain in Singapore under FS. Accordingly, like any foreign investments, the investment of FCB in FS will be subject to the policies of the Singapore Government on foreign investment.

4. RISK FACTORS (Cont'd)

The ability of FCB to repatriate the profits arising from its investment in FS will largely depend on the relevant legislation relating to repatriation of profits prevailing at the point of repatriation. Currently, subject to the settlement of the applicable taxes, Singapore places no restriction or time frame on the reinvestment or repatriation of earnings and capital, and maintains no significant restrictions on remittances, foreign exchange transactions and capital movements. However, there can be no assurance that any change to the policies of either Singapore and/or the Malaysian Government with respect to foreign investment and repatriation of profits will not materially and adversely affect the rights and/or performance of the FCB Group with respect to its investment in FS.

4.10 INSURANCE COVERAGE AND RISK OF BUSINESS DISRUPTIONS

The Group is aware of the adverse consequences arising from inadequate insurance coverage on its assets. In ensuring that such risks are minimised, the Group reviews and ensures coverage for its assets on a continuous basis. At present, the Group has insurance coverage for its properties, plant and machinery, office equipment and stocks, as well as policies to cover any loss of profit arising from business interruption. In addition, the Group has taken various steps to reduce the risk associated with fire by having proper fire-fighting systems in its building premises and exercises stringent security measures to minimise risk of fire breakout.

Although there has not been any major disruption to the Group's business operations as a result of outbreak of fire, energy crisis or disruption in water supply, and the Group has taken the necessary steps to insure its assets, there can be no assurance that the insurance coverage would be adequate to compensate for the replacement cost of the assets or any consequential loss arising from the damage or loss of the assets of the Group.

4.11 DEPENDENCE ON KEY PERSONNEL

As in any other business, the FCB Group believes that its continued success will depend, to a significant extent, upon the abilities and continued efforts of its existing Executive Directors and senior management team. The loss of any of the FCB Group's Executive Directors and key members of the senior management team could affect the FCB Group's continued ability to manage the operations effectively and competitively. Currently, some of the key management personnel are shareholders of FH, which is a promoter of the Company. The Directors of FCB recognise the importance of the Group's ability to attract and retain its key personnel and have in place a human resource strategy, which includes a suitable compensation package and regular training sessions for all supporting employees in all key functions of the Group's operation. The Group has made continuous efforts to strategically develop a dynamic and strong management team and groom the younger members of the senior management team in assisting senior key personnel to operate and manage the Group's activities.

However, there is no assurance that these key personnel will retain their employment with the Group and that FCB Group will be able to retain additional or replacement personnel with the requisite experience and capabilities.

4.12 COMPLIANCE WITH ENVIRONMENTAL REGULATIONS

The Group's operations in Singapore and Malaysia are subject to certain environmental legislation and regulations imposed by Singapore's Ministry of Environment and Water Resources and Malaysia's Department of Environment respectively which regulate, inter alia, the discharge of industrial effluents and wastewater. The Group's production facilities in Singapore are also subject to regular inspection by the National Environment Agency in Singapore. Non-compliance with the relevant environmental legislation may result in penalties and fines or revocation of the Group's business licenses.

4. RISK FACTORS (Cont'd)

The Directors of FCB are of the opinion that the existing operations of the Group are in strict compliance with the present environmental laws and regulations. However, there is no guarantee that such laws and regulations will not be amended by the government in the future, in light of the increasing importance of environmental awareness in Singapore, Malaysia and around the world. This may lead to the Group incurring additional costs to comply with changes to the regulations.

4.13 CONTROL BY PROMOTERS

FCB is controlled by the promoters, namely Wong Hua Choon, Yeo Lay Poh, Liew Lep Onn, FH and QSSB who collectively hold 55% of the Company's enlarged issued and paid-up capital after the Public Issue. Consequently, the aforesaid Promoters may be able to influence the outcome of certain matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law and/or by the relevant authorities.

Adherence to corporate governance principles and best practices is expected to promote greater accountability and transparency. Additionally, the formation of Audit Committee, which comprises a majority of Independent Directors, may effectively help to promote transparency in all material transactions and the FCB Group's accountability, thereby protecting the interests of the shareholders. The promoters would also be required to abstain from voting if there is any related party transaction, which may pose as a conflict to the interest of the Company.

4.14 CONTRACTS WITH CUSTOMERS AND SUPPLIERS

Save for Siemens AG Power Generation Operating Plant Services, Ulvac Singapore Pte Ltd, Lam Research and Fuji Electric (Malaysia) Sdn Bhd, and in line with industry practice, the FCB Group does not enter into long term contract with its major customers or suppliers.

Over the years, the Group has built and maintained good relationships with its existing customers and at the same time adopted various strategies, such as continuous market penetration and market / product development strategies, to broaden its customer base. The Group has an established and proven track record in terms of quality services, technical expertise and engineering know-how, which has earned the Group confidence and recognition from its customers.

The Group enjoys cordial relationship and good support from its major suppliers and is not reliant on any supplier for its supply of raw materials. It is not dependent on any single supplier and has not experienced any disruption to its supply of raw materials thus far.

The Directors of FCB believe that the Group's focused efforts in maintaining and expanding its customer and supplier base shall enable the Group to minimise its dependence on any particular customer or supplier.

4.15 CHANGES IN OUTSOURCING TREND

FCB is a beneficiary of today's global outsourcing trend. Wafer fabs are outsourcing cleaning services of their equipment to third party contractors. Global power equipment manufacturers such as Siemens are increasingly outsourcing part of the repair and refurbishment work to specialist service providers like the FCB Group. Therefore, any reversal in the outsourcing trend may have an adverse impact on the Group's future prospects, although Lynck, the Independent Market Research Consultant, believes there is no indication yet that this is forthcoming.

4. RISK FACTORS (Cont'd)

Further, the Directors believe that as global competition becomes more apparent, OEMs are creating competitive advantages by focusing on their core business and outsourcing many of the component fabrication and cleaning functions to external specialists, such as the FCB Group, who are able to provide more flexibility, efficiency and cost-effective solutions. Besides providing a range of value-added services, such specialists are able to achieve economies of scale with large volumes handled. The Directors thus believe that rising global trade provides increasing opportunities, and bodes well, for specialist service providers such as the FCB Group.

4.16 BORROWINGS

The FCB Group's total borrowings from financial institutions as at 31 December 2005 amounted to approximately RM25.4 million, comprising short and long term domestic and foreign borrowings. The aforesaid borrowings are all interest-bearing. Fluctuation in interest rates may have a material effect on the Group's profitability. However, the Group plans to utilise RM3 million of the proceeds raised from the Public Issue towards the repayment of bank borrowings, after which the Group's future financial performance will be less encumbered by the cost of borrowings which are subject to volatility in interest rates.

The credit facilities of the Group may also be subject to periodic review by the banks or other financial institutions and contain certain covenants which may limit the Group's operating and financial flexibility. Any act or omission by the Group that breaches such covenants may give rise to rights by the banks or financiers to terminate the relevant credit facilities and/or enforce any security granted, in relation to those credit facilities and this may in turn cause a cross default of other credit facility agreements. There can be no assurance that the aforesaid breaches will not have any adverse effect on the Group's operational and financial results. The FCB Group has not in the past and is not presently in breach of any such covenants of any credit facility granted to the Group and will at all times take all reasonable efforts to observe such covenants.

4.17 NO PRIOR MARKET FOR FCB SHARES

Prior to this Public Issue, there has been no public market for the FCB Shares. There can be no assurance that an active market for FCB Shares will develop upon their listing on the MESDAQ Market or, if developed, that such market will be sustained. The Issue Price for the Public Issue Shares has been determined after taking into consideration a number of factors, including but not limited to, the Group's earnings potential, operating and financial history, future plans, strategies and outlook of the Group, and the prevailing market conditions. There can be no assurance that the Issue Price will correspond to the price at which FCB Shares will trade on the MESDAQ Market upon or subsequent to their listing or that active market for FCB Shares will develop and continue upon or subsequent to their listing. The price at which the FCB Shares will be traded may be higher or lower than the Issue Price.

4.18 UNCERTAINTY IN THE BUSINESS DEVELOPMENT PLAN ("BDP")

In order to achieve the Group's BDP, the Group relies on the availability of management, financial, customer support, operational and other resources. The success of the Group's BDP will be dependent, amongst others, upon the Group's ability to successfully develop and commercialise further applications of its technology, its ability to enter into strategic marketing arrangements on a timely basis, to successfully monitor its business growth and on favourable terms, to hire and retain skilled management, as well as to obtain adequate financing when needed.

4. RISK FACTORS (Cont'd)

As a mitigating factor, the Group has been operating in this business since 1996 and its management is experienced in the thermal spray coating and precision cleaning industries. Nevertheless, there can be no assurance that the Group will be able to successfully implement its BDP or that unanticipated expenses or problems or technical difficulties will not occur which would result in material delays in its implementation or even deviation from its original plans. In addition, the actual results may deviate from the BDP due to rapid technological and market changes, as well as competitive pressures.

4.19 DELAY IN OR ABORTION OF THE LISTING

The occurrence of, inter alia, any one or more of the following events may cause a delay in or abortion of the listing of FCB on the MESDAQ Market:

- (i) the Bumiputera investors approved by the MITI or the placees identified fail to subscribe for the portion of Public Issue Shares allocated to them;
- (ii) the Underwriter exercising its rights pursuant to the Underwriting Agreement and discharges itself from its obligations thereunder; and
- (iii) the Company is unable to meet the public spread requirement, whereby at least 25% but not more than 49% of the total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders.

Although the Directors of FCB will endeavour to ensure compliance by the Company of the various provisions of the Listing Requirements, including the public spread requirements imposed by Bursa Securities for the successful listing, no assurance can be given that the abovementioned events will not occur and cause a delay in or abortion of the listing.

4.20 PROFIT FORECAST AND FORWARD-LOOKING STATEMENTS

This Prospectus contains the consolidated profit forecast of FCB (details of which are set out in Section 10.10 of this Prospectus) which have been prepared based on various bases and assumptions that the Directors of the Company consider to be reasonable based on the prevailing market and operating conditions. These bases and assumptions are subject to uncertainties and contingencies that are often outside the control of the FCB Group. There can be no assurance that actual results will not differ materially from the consolidated profit forecast in the event that the market and operating conditions vary from those assumed. Investors are deemed to have read and understood the assumptions and uncertainties underlying the consolidated profit forecast that are contained herein.

In addition, certain statements in this Prospectus are based on historical data which may not be reflective of future results. Other forward-looking statements regarding the Group's financial position, business strategies, plans and prospects are subject to uncertainties, unknown risks or other factors which may cause the actual performance or achievements to differ materially from those expressed in such forward-looking statements. Although the FCB Group believes that the expectations reflected in such forward-looking statements are reasonable at this time, there can be no assurance that such expectations will prove to be correct.