
1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Directorship	Occupation	Nationality
Tsen Keng Yam	No. 36, Jalan Setiabakti Damansara Heights 50490 Kuala Lumpur	Chairman / Independent Non-Executive Director	Company Director	Malaysian
Dr. Chua Kee Lam	No. 119, Jalan Pesona Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim	Managing Director	Company Director	Malaysian
Wo Ka Seng	No. 33-21-9 Villa Scott Condominium Jalan Scott 50470 Kuala Lumpur	Executive Director	Company Director	Malaysian
Koay Choo Cheng	No. 45, Jalan SS18/3A Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan	Executive Director	Company Director	Malaysian
Woo Min Fong	No. 5, Jalan Perdana 80300 Johor Bahru Johor Darul Takzim	Non-Executive Director	Company Director	Malaysian
Dr. Tan Seng Leong	No. 6, Robey Crescent Singapore 546265	Independent Non-Executive Director	Company Director	Singaporean

AUDIT COMMITTEE

Name	Designation	Directorship
Tsen Keng Yam	Chairman	Independent Non-Executive Director
Wo Ka Seng	Member	Executive Director
Dr. Tan Seng Leong	Member	Independent Non-Executive Director

1. **CORPORATE DIRECTORY (Cont'd)**

- COMPANY SECRETARIES** : Tan Siew Hua
(MAICSA No. 0904779)
No. 4, Jalan Rentaka
Taman Sri Tebrau
80050 Johor Bahru
Johor Darul Takzim
Tel: (607) 332 2088
- Tam Kit Wai
(MAICSA No. 7015836)
541-4, Lorong Yunos
Jalan Parit Mesjid
82000 Pontian
Johor Darul Takzim
Tel: (607) 332 2088
- Chai Xui Gyn
(MAICSA No. 7027099)
No. 9640, Jalan Kasawari 12,
Bandar Putra, 81000 Kulai,
Johor Darul Takzim
Tel: (607) 332 2088
- REGISTERED OFFICE** : Suite 13.01, 13th Floor
City Plaza, Jalan Tebrau
80300 Johor Bahru
Johor Darul Takzim
Tel : (607) 332 2088
Fax : (607) 332 8096
Email : chuawoo@tm.net.my
- MANAGEMENT OFFICE** : No. 103, Jalan Seroja 39
Taman Johor Jaya
81100 Johor Bahru
Tel : (607) 355 5917
Fax : (607) 354 6910
Email : karyon@tm.net.my
- AUDITORS AND REPORTING
ACCOUNTANTS** : BDO Binder
Chartered Accountants
12th Floor, Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : (603) 2616 2888
Fax : (603) 2616 3190

1. **CORPORATE DIRECTORY (Cont'd)**

- SOLICITORS FOR THE LISTING EXERCISE** : Tay & Partners
6th Floor, Plaza See Hoy Chan
Jalan Raja Chulan
50200 Kuala Lumpur
Tel : (603) 2050 1888
Fax : (603) 2031 8618
- PRINCIPAL BANKER** : RHB Bank Berhad
No. 7 and 9, Jalan Dedap 18
Taman Johor Jaya
81100 Johor Bahru
Johor Darul Takzim
Tel : (607) 355 5327
Fax : (607) 355 5004
- ISSUING HOUSE** : MIDF Consultancy and Corporate Services Sendirian Berhad
Tingkat 12, Bangunan MIDF
195A, Jalan Tun Razak
50400 Kuala Lumpur
Tel : (603) 2161 3355
Fax : (603) 2164 7995
- SHARE REGISTRAR** : Chua, Woo & Company Sdn Bhd
Suite 13-01, 13th Floor
City Plaza, Jalan Tebrau
80300 Johor Bahru
Johor Darul Takzim
Tel : (607) 332 2088
Fax : (607) 332 8096
- ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : Public Merchant Bank Berhad
27th Floor, Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur
Tel : (603) 2166 9382
Fax : (603) 2166 9362
- INDEPENDENT MARKET RESEARCHER** : RAM Consultancy Services Sdn Bhd
No. 19 G, The Boulevard
Mid Valley City
Lingkar Syed Putra
59200 Kuala Lumpur
Tel : (603) 7628 1000
Fax : (603) 7628 1700
- LISTING SOUGHT** : MESDAQ Market of Bursa Securities

2. INFORMATION SUMMARY

The following is only an information summary of the salient information about the KIB Group and the Public Issue. Investors should read and understand the entire Prospectus prior to deciding whether to invest in the Public Issue. The following information is derived from, and should be read in conjunction with, the full text of this Prospectus.

2.1 HISTORY AND BUSINESS

KIB was incorporated in Malaysia under the Act on 21 April 2003 as a private limited company under the name of Karyon Industries Sdn Bhd. The Company was converted into a public limited company on 24 July 2003 and assumed its present name. KIB was incorporated to facilitate the flotation exercise of the KIB Group on the MESDAQ Market.

KIB is principally an investment holding company while the principal activities of its subsidiary companies, all of which were incorporated in Malaysia, are as follows: -

Subsidiary companies	Principal activities
HLSB	- Manufacturing and trading of PVC and industrial products
AISB	- Manufacturing and trading of stearates and one pack lead system for PVC and other polymeric compounds - Trading of plastic additives
KMSB	- Manufacturing of PKDE and CDP, toiletries, household and industrial cleaning liquids

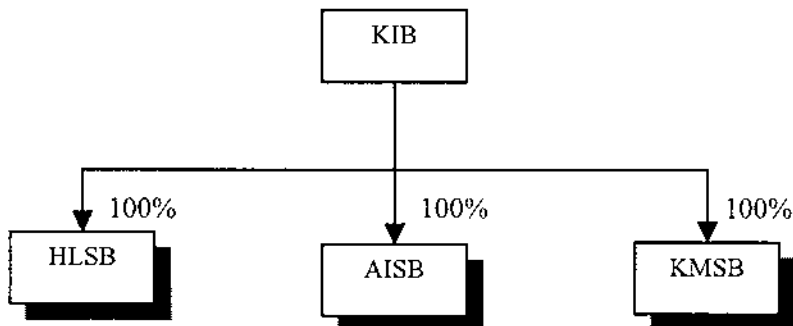
The Group's history dates back to 1990, where its founders, Dr. Chua Kee Lam ("Dr. Chua") and three (3) other partners namely Ang Ah Kow @ Ang Cheok Sai, Teoh Liang Huat @ Teoh Lean Huat and Pueng Chin Thong @ Fang Chin Tong ventured into the trading of PVC compound under Hsing Lung Trading Sdn Bhd, the former company name of HLSB. Dr. Chua, who has a PhD in Chemistry, was involved in the commercial PVC compound industry for over twenty (20) years. With his technical knowledge as a chemist and experience in various chemical companies, he decided to venture into the manufacturing of PVC compound. HLSB's manufacturing activities started with a second hand PVC compound production line, comprising one high speed mixer, a slow speed mixer/cooler and an extruder with a palletising unit with a production capacity of only 840 MT per annum as the machines at that time were only capable of producing one type of PVC compound. The production capacity increased to 3,240 MT per annum when the company added a second production line in 1991. Since then, in fulfilling the increasing market needs, HLSB has progressively developed additional types of PVC compound, suited for different industries.

From the manufacturing of PVC compound, Dr. Chua ventured into the production of calcium stearate and zinc stearate. Stearates are used as lubricants for the production and manufacturing of PVC compound. Recognising the market potential for stabilisers in the plastic industry, Dr. Chua established Allbright Enterprise Sdn Bhd in 1998, which subsequently changed its name to AISB in year 2000. KIB through AISB began selling its calcium and zinc stearates to third parties in year 2002. Recently, AISB successfully developed Complex WT 708, a one pack lead system used by the manufacturers of pipes, profiles and cables.

2. INFORMATION SUMMARY (Cont'd)

In 1997, Dr. Chua began to explore the market for new opportunities and ventured into oleochemical products. One of its first products developed was PKDE. KMSB then expanded this product range to include CDP, a non toxic semi-finished raw material which can be used to produce various types of cleaning liquids.

The corporate structure of the KIB Group is as follows: -



Further details of the business overview are set out in Section 6 of this Prospectus.

The rest of this page is intentionally left blank

2. INFORMATION SUMMARY (Cont'd)

2.2 OWNERSHIP AND MANAGEMENT

Based on the Register of Shareholders of KIB as at 31 July 2004, being the latest practical date prior to the printing of this Prospectus, the direct and indirect interests of the Promoters, substantial shareholders, Directors and key management in the issued and paid-up share capital of the Company before and after the Public Issue and assuming full exercise of the ESOS Options are as follows:-

Name	Designation	<-----Before the Public Issue----->				<-----After the Public Issue----->				<-----After Full Exercise of ESOS Options----->			
		Direct No. of Shares	%	Indirect No. of Shares	%	Direct No. of Shares	%	Indirect No. of Shares	%	Direct No. of Shares	%	Indirect No. of Shares	%
Dr. Chua Kee Lam	Promoter/Substantial Shareholder/Managing Director	10,898,664	12.12	8,095,920 ¹	9.00	11,798,664 [*]	9.83	8,645,920 ¹	7.21	13,298,664 [*]	10.07	10,445,920 ^{a1}	7.91
Chua Ling Hong	Promoter/Substantial Shareholder/General Manager	1,825,256	2.03	13,894,043 ²	15.45	2,125,256 [*]	1.77	15,044,043 ²	12.54	3,025,256 [*]	2.29	17,444,043 ^{a2}	13.21
Chua Ling Lee	Promoter/Substantial Shareholder/Administration Manager	1,332,924	1.48	14,386,375 ²	16.00	1,582,924 [*]	1.32	15,586,375 ²	12.99	2,482,924 [*]	1.88	17,986,375 ^{a2}	13.62
Teoh Kooi Kim	Promoter/Substantial Shareholder	1,662,455	1.85	21,697,623 ³	24.11	1,662,455	1.39	23,497,623 ³	19.59	1,662,455	1.26	26,797,623 ^{a3}	20.30
Teoh Liang Huat @ Teoh Lean Huat	Promoter/Substantial Shareholder	6,376,090	7.08	2,927,144 ⁴	3.25	6,726,090 [*]	5.61	2,927,144 ⁴	2.45	6,726,090	5.10	2,927,144 ⁴	2.22
Ang Ah Kow @ Cheok Sai	Promoter/Substantial Shareholder	9,979,382	11.10	-	-	9,979,382	8.32	-	-	9,979,382	7.56	-	-

2. INFORMATION SUMMARY (Cont'd)**2.2 OWNERSHIP AND MANAGEMENT (Cont'd)**

Name	Designation	←-----Before the Public Issue-----→				←-----After the Public Issue-----→				←-----After Full Exercise of ESOS Options-----→			
		Direct No. of Shares	%	Indirect No. of Shares	%	Direct No. of Shares	%	Indirect No. of Shares	%	Direct No. of Shares	%	Indirect No. of Shares	%
Poon Sau Mui	Promoter/ Substantial Shareholder	8,785,268	9.76	-	-	8,785,268	7.32	300,000 ⁹	0.25	8,785,268	6.66	1,250,000 ⁹	0.95
Pueng Chin Thong @ Fang Chin Tong	Substantial Shareholder	-	-	8,785,268 ⁹	9.76	300,000 [*]	0.25	8,785,268 ⁹	7.32	1,250,000 [*]	0.95	8,785,268 ⁹	6.66
Koay Choo Cheng	Promoter/ Substantial Shareholder/ Executive Director	5,423,970	6.03	1,592,384 ⁵	1.77	6,223,970 [*]	5.19	1,592,384 ⁵	1.33	7,673,970 [*]	5.81	1,592,384 ⁵	1.21
Wo Ka Seng	Promoter/ Substantial Shareholder/ Executive Director	3,951,091	4.39	1,751,607 ⁶	1.94	4,601,091 [*]	3.83	1,901,607 ⁶	1.59	5,801,091 [*]	4.39	2,351,607 ⁶	1.78
Wo Chin Yong	Promoter/ Substantial Shareholder/ Production Manager	1,100,272	1.22	4,602,426 ⁶	5.11	1,175,272 [*]	0.98	5,327,426 ⁶	4.44	1,625,272 [*]	1.23	6,527,426 ⁶	4.94
Tan Yeow Pong	Promoter	4,648,472	5.16	-	-	4,848,472 [*]	4.04	-	-	4,848,472	3.67	-	-
Central Equity Sdn Bhd	Promoter	3,845,978	4.27	-	-	3,845,978	3.20	-	-	3,845,978	2.91	-	-
Woo Min Fong	Substantial Shareholder/ Non-Executive Director	13,647,018	15.17	68,235 ⁸	0.08	13,647,018	11.38	68,235 ⁸	0.06	13,647,018	10.34	68,235 ⁸	0.05

2. INFORMATION SUMMARY (Cont'd)

2.2 OWNERSHIP AND MANAGEMENT (Cont'd)

Name	Designation	Direct		Indirect		After the Public Issue		After Full Exercise of ESOS Options					
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%				
Woo Shin Khiat	Substantial Shareholder	68,235	0.08	13,647,018 ⁸	15.17	68,235	0.06	13,647,018 ⁸	11.38	68,235	0.05	13,647,018 ⁸	10.34
Koay Kee Sheng	Substantial Shareholder	1,592,384	1.77	5,423,970 ⁵	6.03	1,592,384	1.33	6,223,970 ⁵	5.19	1,592,384	1.21	7,673,970 ⁵	5.81
Woo Shee Ling	Substantial Shareholder	651,335	0.72	5,051,363 ⁶	5.61	726,335 ⁵	0.61	5,776,363 ⁶	4.81	726,335	0.55	7,426,363 ⁶	5.62
Chua Bee Yoek	Substantial Shareholder	2,797,639	3.11	11,376,310 ⁷	12.64	2,797,639	2.33	12,276,310 ⁷	10.23	2,797,639	2.12	13,776,310 ⁷	10.43
Chua Tiang Chu @ Chua Tiong Choo	Substantial Shareholder	477,646	0.53	13,696,303 ⁷	15.22	477,646	0.40	14,596,303 ⁷	12.16	477,646	0.36	16,096,303 ⁷	12.19
Teoh Tang Kim @ Teoh Tung Kim	Substantial Shareholder	198,502	0.22	9,104,732 ⁴	10.11	198,502	0.17	9,454,732 ⁴	7.89	198,502	0.15	9,454,732 ⁴	7.17
Teoh Lean Hoo	Substantial Shareholder	1,066,187	1.18	8,237,047 ⁴	9.15	1,066,187	0.89	8,587,047 ⁴	7.17	1,066,187	0.81	8,587,047	6.51
Tsen Keng Yam	Chairman/ Independent Non- Executive Director	2,729,404	3.03	-	-	2,929,404 [*]	2.44	-	-	2,929,404	2.22	-	-
Dr. Tan Seng Leong	Independent Non- Executive Director	1,240,638	1.38	-	-	1,240,638	1.03	-	-	1,240,638	0.94	-	-
Yeoh Eng How	Production Manager	-	-	-	-	155,000 [*]	0.13	-	-	605,000 [*]	0.34	-	-

2. INFORMATION SUMMARY (Cont'd)

Notes: -

- 1 Deemed interested by virtue of his wife's interest, namely Teoh Kooi Kim, his children's interests, namely Chua Ling Hong and Chua Ling Lee, his sister's interest, namely Chua Bee Yock, and his brother's interest, namely Chua Tiang Chu @ Chua Tiong Choo.
- 2 Deemed interested by virtue of his parents' interests, namely Dr. Chua Kee Lam and Teoh Kooi Kim, and his sister's interest, namely Chua Ling Lee and vice versa.
- 3 Deemed interested by virtue of her husband's interest, namely Dr. Chua Kee Lam, her children's interests, namely Chua Ling Hong and Chua Ling Lee, her brothers' interests, namely Teoh Lean Hoe and Teoh Liang Huat @ Teoh Lean Huat, and her sister's interest, namely Teoh Tang Kim @ Teoh Tung Kim.
- 4 Deemed interested by virtue of his brother's interest, namely Teoh Lean Hoe and his sisters' interests, namely Teoh Kooi Kim and Teoh Tang Kim @ Teoh Tung Kim and vice versa.
- 5 Deemed interested by virtue of his son's interest, namely Koay Kee Sheng and vice versa.
- 6 Deemed interested by virtue of his children's interests, namely Wo Chin Yong and Wo Shee Ling and vice versa.
- 7 Deemed interested by virtue of her brothers' interests, namely Dr. Chua Kee Lam and Chua Tiang Chu @ Chua Tiong Choo and vice versa.
- 8 Deemed interested by virtue of her sister's interest, namely Woo Shin Khat and vice versa.
- 9 Deemed interested by virtue of her husband's interest, namely Pueng Chin Thong @ Fang Chin Tong and vice versa.

* After the respective pink form allocations pursuant to the allocation of Public Issue Shares to eligible Directors and employees of KIB, as follows: -

Eligible Directors and employees	No. of Public Issue Shares
Dr. Chua Kee Lam	900,000
Koay Choo Cheng	800,000
Wo Ka Seng	650,000
Teoh Liang Huat @ Teoh Lean Huat	350,000
Chua Ling Hong	300,000
Pueng Chin Thong @ Fang Chin Tong	300,000
Chua Ling Lee	250,000
Tan Yeow Fong	200,000
Tsen Keng Yam	200,000
Yeoh Eng How	155,000
Wo Chin Yong	75,000
Wo Shee Ling	75,000
Total	4,255,000

2. INFORMATION SUMMARY (Cont'd)

#	After the respective ESOS allocations as follows:	No. of ESOS Options
	Eligible Directors and employees	
	<i>Dr. Chua Kee Lam</i>	1,500,000
	<i>Kooy Choo Cheng</i>	1,450,000
	<i>Wo Ka Seng</i>	1,200,000
	<i>Pueng Chin Thong @ Fung Chin Tong</i>	950,000
	<i>Chua Ling Hong</i>	900,000
	<i>Chua Ling Lee</i>	900,000
	<i>Wo Chin Yong</i>	450,000
	<i>Yeoh Eng How</i>	450,000
	Total	7,800,000

Further details on the Promoters, substantial shareholders, Directors and key management, are disclosed in Section 9 of this Prospectus.

The rest of this page is intentionally left blank

2. INFORMATION SUMMARY (Cont'd)

2.3 PRODUCTS

The KIB Group's products can be generally classified under two (2) industries, namely polymeric and oleochemical.

(a) Polymeric products

PVC products constitute part of the polymeric industries and play a complementary role in arriving at polymer-based products. The Group compounds polymer raw materials for manufacturers operating in this industry. Generally, compounding enables thermoplastic resins to effectively meet the heat strength and other requirements for polymeric or plastic products. The raw materials used for the production of compounds are derivatives of crude oil and natural gas. These building blocks of plastics are short-chain molecules called monomers. Monomers that are combined to create longer, more complex chains are known as polymers.

KIB's focus is on producing PVC compound. Basically, the types of PVC compound which are currently being produced by KIB through its subsidiary company, HLSB are PVC compound and PVC colour masterbatch. In addition, the Group through AISB also produces calcium stearate, zinc stearate and one pack lead system which are widely used by the plastic industry.

The major polymeric products manufactured by the Group are as follows: -

Product range	End applications
Plasticised PVC compound	<ul style="list-style-type: none"> - Wire and cable insulation - Footwear including normal to oil, abrasion and slip resistant - Hoses – normal water hoses to chemical and oil resistant hose - Lining/gasket for automotive - Toys - Packaging
PVC colour masterbatch	<ul style="list-style-type: none"> - PVC products
Calcium stearate and Zinc stearate	<ul style="list-style-type: none"> - PVC processing - PE manufacture and processing - PS - Polyesters - Paint and lacquer - Polyurethane - Abrasive paper - Latex and rubber process - Building materials
Complex WT 708	<ul style="list-style-type: none"> - One pack lead system that provide lubricating properties for cable compound.

2. INFORMATION SUMMARY (Cont'd)

(b) Oleochemical products

KIB through KMSB produces PKDE, a type of amide derived from palm kernel oil, which is used as pigment dispersing and foam stabilising effect in different industries. The other main products manufactured include concentrated detergent paste or CDP, a non toxic semi-finished raw material which can be used to make many different cleaning liquids such as dish washing liquid, laundry liquid detergent, car shampoo, multi-purpose cleaner and liquid hand soap. KMSB also produces consumer products such as hair and body shampoo, liquid hand soap, dishwashing liquid, laundry liquid detergent, car shampoo, multi purpose cleaner, disinfectant cleaner as well as degreaser.

The products and end applications of PKDE and CDP produced by KMSB and its end applications are summarised as follows: -

Product range	End applications
1. <u>Raw materials:</u>	
PKDE	- A pigment dispersing and foam stabilising agent
CDP	- Manufacturing of dishwashing liquid, liquid soap, car shampoo, degreaser and multi-purpose cleaner
2. <u>Consumer products:</u>	
Hair and body shampoo	- Personal care products
Dishwashing liquid	- Household usage
Laundry liquid detergent	- Household and industrial usage
Multi-purpose cleaner	- Household and industrial usage
Disinfectant cleanser	- Household and industrial usage
Degreaser	- Industrial usage

Further details of the above products are set out in Section 6 of this Prospectus.

The rest of this page is intentionally left blank

2. INFORMATION SUMMARY (Cont'd)

2.4 MARKETS

The principal markets for KIB Group's products are categorised into two (2) industries, namely polymeric and oleochemical are as follows: -

Industry (Company)	KIB Group's Products	Market Segments
Polymeric (HLSB)	Various types of PVC compound and PVC colour masterbatch	Local corporations and MNCs principally involved in the plastic and polymer industry in the free trade zones in Peninsular Malaysia, such as Texchem Engineering Plastics Sdn Bhd, Sindutch Cable Manufacturer Sdn Bhd and Hitachi Cable (Johor) Sdn Bhd, as well as private and local listed companies, namely Amtek Shoes Sdn Bhd, a subsidiary company of Amtek Holdings Berhad, Khind Components Sdn Bhd, a subsidiary company of Khind Holdings Berhad, Steel Recon Industries Marketing Sdn Bhd, a subsidiary company of SRII Bhd, MITI Cables Manufacturing Sdn Bhd, United MS Cable Manufacturing (M) Sdn Bhd, Wonderful Wire & Cable Berhad, Universal Cable (M) Berhad and SASA Cables Sdn Bhd that are engaged in inter-alia, manufacturing of wire and cable insulation, footwear, hoses, toys, packaging industry and integrated circuits for electronics industry.
Polymeric (AISB)	Calcium stearate, zinc stearate and one pack lead system	SMEs and corporations such as Industrial Resins (M) Sdn Bhd, Kinta Powertec Sdn Bhd, Tegas Venture Sdn Bhd, KP Mineral and Chemical Sdn Bhd, Wonderful Wire & Cable Berhad, Universal Cable (M) Bhd, JGP Perrite Sdn Bhd, Advance Technology Coatings Sdn Bhd and Da Earn Mineral Sdn Bhd, that are principally involved in inter-alia, PVC compounder and processor, ABS compounder, wire and cable industry, paint industry and cement industry.
Oleochemical (KMSB)	PKDE, CDP, toiletry, household and industrial cleaning products	Contract manufacturing for Malaysian producers of water treatment chemicals and detergents such as shampoo, dishwashing liquid, floor cleaner, namely Yee Lee Trading Berhad Group and Behn-Meyer Techno-Chemicals Sdn Bhd. In addition, approximately 89% of PKDE is sold locally whilst the remaining 11% exported overseas mainly to Middle East, Thailand, Vietnam and Singapore.

Further details of the principal products, market position, market share and major customers of the KIB Group based on the industry segment above, are set out in Section 6 of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)

2.5 R&D

R&D plays a vital role in ensuring the products of the KIB Group withstand the competition from local and international players. The R&D team is headed by Dr. Chua, the Managing Director, and is assisted by Chua Ling Hong, Yeoh Eng How and Noremy Azura. In addition, the R&D team receives technical assistance from an external consultant, Dr. Tan Hiok Seng, who is a PhD holder in Chemistry.

In product R&D, emphasis is placed on development of new products and continuous improvement of the quality of the products of the KIB Group. Alternative materials are tested to determine their applicability in meeting customers' requirements. This enabled the KIB Group to grow from producing one type of PVC compound, to a range of plasticised PVC compound, stearates, stabiliser, PKDE and CDP.

The Group's R&D team also plans to diversify and expand its polymeric product range to include polyolefin based compounds due to its wide application in various industries, for example TPO/TPE modified compound. TPO/TPE modified compound is widely used in the automotive industry worldwide and has been deemed to be a replacement for certain polymeric compound for automotive body parts, such as fenders, doors, step-pads, body side trims and instrumental panels. TPO/TPE modified compound can also be used to produce shoe sole, toys, eraser and other plastic modification application. Another type of polyolefin based compounds that the Group plans to develop is PE colour masterbatch which is widely used by the cable industry, agriculture film producers, garbage bin producers, plastic bag producers and plastic profile producers. In addition, the Group also plans to develop XLPE compound, which has the ability to improve heat and insulation properties of wire and cable application. This compound is also light in weight.

The Group plans to set out a fully equipped R&D department at both its new factories. Approximately RM400,000 will be allocated to purchase laboratory equipment and other testing equipment.

Further details on the R&D activities of the KIB Group are set out in Section 6.4 of this Prospectus.

The rest of this page is intentionally left blank

2. INFORMATION SUMMARY (Cont'd)

2.6 FINANCIAL HIGHLIGHTS

2.6.1 Proforma Consolidated Income Statements

The following is a summary of the proforma consolidated income statements of the KIB Group for the past five (5) financial years/periods ended 31 March 2004, which have been prepared based on the audited financial statements of the KIB Group for the relevant financial years/periods for illustrative purposes, on the assumption that the current structure of the KIB Group had been in existence throughout the financial years/periods under review.

	←----- Financial years/periods ----->				
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Revenue	11,595	14,069	13,198	18,912	24,805
Profit before depreciation, interest and taxation	282	552	726	1,751	2,482
Interest expense	(77)	(59)	(109)	(111)	(198)
Depreciation	(127)	(207)	(363)	(341)	(355)
Profit before taxation	78	286	254	1,299	1,929
Taxation	(1)	(87)	(93)	(229)	(293)
Profit after taxation	77	199	161	1,070	1,636
Number of KIB Shares ('000) (after the Public Issue but before full exercise of ESOS Options)	120,000	120,000	120,000	120,000	120,000
EPS (Sen)					
- gross ^{*1}	0.07	0.24	0.21	1.08	1.61
- net ^{*2}	0.06	0.17	0.13	0.89	1.36
Number of KIB Shares ('000) (after full exercise of ESOS Options)	132,000	132,000	132,000	132,000	132,000
EPS (Sen)					
- gross ^{*3}	0.06	0.22	0.19	0.98	1.46
- net ^{*4}	0.06	0.15	0.12	0.81	1.24

Notes: -

*1 The gross EPS has been calculated based on the profit before taxation and the number of KIB Shares after the Public Issue but before the full exercise of ESOS Options.

*2 The net EPS has been calculated based on the profit after taxation and the number of KIB Shares after the Public Issue but before the full exercise of ESOS Options.

*3 The gross EPS has been calculated based on the profit before taxation and the number of KIB Shares after the Public Issue and the full exercise of ESOS Options.

*4 The net EPS has been calculated based on the profit after taxation and the number of KIB Shares after the Public Issue and the full exercise of ESOS Options.

The above results are consolidated based on the audited financial statements of the respective companies for illustrative purposes.

There were no audit qualifications for the financial years/periods under review.

There were no extraordinary or exceptional items or minority interest during the financial years/ periods under review.

2. INFORMATION SUMMARY (Cont'd)

Further details on the proforma consolidated income statements of the KIB Group as at the date of incorporation and the notes thereon are set out in Section 12 of this Prospectus.

2.6.2 Proforma Consolidated Balance Sheets

The following is a summary of the proforma consolidated balance sheets of the KIB Group as at 31 March 2004, which have been prepared based on the audited financial statements of the KIB Group for the relevant financial years/period prepared for illustrative purposes only, to show the proforma effects of the Flotation Scheme as set out in Section 5.2 of this Prospectus.

	KIB as at 31 March 2004 RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000	Proforma IV RM'000
ASSETS EMPLOYED					
PROPERTY, PLANT AND EQUIPMENT	-	6,730	6,730	10,430	10,430
INVESTMENT	-	#	#	#	#
CURRENT ASSETS					
Inventories	-	2,134	2,134	2,134	2,134
Trade receivables	-	7,491	7,491	7,491	7,491
Other receivables, deposits and prepayments	566	645	645	79	79
Tax recoverable	-	119	119	119	119
Fixed deposits with licensed banks	-	666	666	666	666
Cash and bank balances	*	91	555	1,621	3,781
	566	11,146	11,610	12,110	14,270
CURRENT LIABILITIES					
Trade payables	-	3,289	3,289	3,289	3,289
Other payables and accruals	577	427	427	427	427
Amount owing to Directors	-	583	-	-	-
Amount owing to Shareholders	-	699	-	-	-
Hire-purchase creditors	-	320	320	320	320
Bank borrowings - Secured	-	1,661	1,661	1,661	1,661
	577	6,979	5,697	5,697	5,697
NET CURRENT ASSETS/(LIABILITIES)	(11)	4,167	5,913	6,413	8,573
	(11)	10,897	12,643	16,843	19,003
FINANCED BY					
SHARE CAPITAL	*	7,254	9,000	12,000	13,200
SHARE PREMIUM	-	-	-	1,200	2,160
RESERVE ON CONSOLIDATION	-	1,984	1,984	1,984	1,984
ACCUMULATED LOSSES@	(11)	(11)	(11)	(11)	(11)
SHAREHOLDERS' EQUITY/(DEFICIT)	(11)	9,227	10,973	15,173	17,333
LONG TERM AND DEFERRED LIABILITIES					
Hire-purchase creditors	-	133	133	133	133
Term loans - Secured	-	1,363	1,363	1,363	1,363
Deferred tax liabilities	-	174	174	174	174
	(11)	10,897	12,643	16,843	19,003
Net tangible liabilities per ordinary share of RM1.00 each (RM)	(5,500)	-	-	-	-
Net tangible assets per ordinary share of RM0.10 each (Sen)	-	12.72	12.19	12.64	13.13

2. INFORMATION SUMMARY (Cont'd)

Notes: -

* Represents RM2.00

Represents RM51.00

@ Represents administrative expenses

(i) Proforma I : After the Acquisitions and the Share Split.

(ii) Proforma II : After Proforma I and the Rights Issue.

(iii) Proforma III : After Proforma II and the Public Issue.

(iv) Proforma IV : After Proforma III and full exercise of ESOS Options.

Further details on the proforma consolidated balance sheets of KIB as at the date of incorporation and the notes thereon are set out in Section 12 of this Prospectus.

2.7 PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE

(i) Share Capital	RM
Authorised	
250,000,000 ordinary shares of RM0.10 each	<u>25,000,000</u>
Issued and fully paid-up as at the date of this Prospectus	
90,000,000 ordinary shares of RM0.10 each	9,000,000
To be issued and credited pursuant to the Public Issue	
30,000,000 ordinary shares of RM0.10 each	<u>3,000,000</u>
Enlarged share capital upon listing	
120,000,000 ordinary shares of RM0.10 each	12,000,000
To be issued pursuant to full exercise of ESOS Options*	
12,000,000 ordinary shares of RM0.10 each	1,200,000
Enlarged share capital upon full exercise of ESOS Options	
132,000,000 ordinary shares of RM0.10 each	<u>13,200,000</u>

Note: -

* KIB has established an ESOS of up to 10% of the issued and paid-up capital of KIB in conjunction with its listing.

(ii) Issue Price per Public Issue Share (RM) 0.18

(iii) Classes of Shares and Rights

There is only one (1) class of shares in KIB, being ordinary shares of RM0.10 each. The Public Issue Shares will rank pari passu in all respects with the existing issued and paid-up ordinary shares of RM0.10 each in KIB.

At every general meeting of KIB, each shareholder shall be entitled to vote in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney to a shareholder shall have 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. A proxy may but need not be a member of the Company.

2. INFORMATION SUMMARY (Cont'd)

(iv)	Proforma Group NTA based on the proforma consolidated balance sheet as at 31 March 2004	
	Proforma Group NTA upon listing (RM)	15,173,000
	Proforma NTA per Share upon listing (Sen)*	12.64
(v)	Audited net tangible liabilities of KIB as at 31 March 2004 prior to implementation of the Flotation Scheme	
	Net tangible liabilities per Share (RM)	5,500

Note: -

* *Based on enlarged issued and paid-up share capital after the Public Issue but before the exercise of ESOS Options*

The rest of this page is intentionally left blank

2. INFORMATION SUMMARY (Cont'd)

2.8 PROPOSED UTILISATION OF PROCEEDS

The total gross proceeds arising from the Rights Issue and the Public Issue amounting to RM7,145,668 will be utilised in the following manner: -

	RM
Purchase of a new factory	2,000,000
Purchase of new machinery	1,400,000
Working capital	2,545,668
Estimated listing expenses	1,200,000*
Total	<u>7,145,668</u>

Note: -

- * *The Company shall bear all expenses such as brokerage, underwriting commission and registration fee relating to the Public Issue together with all other expenses and fees incidental to the listing of and quotation for the entire issued and paid-up capital of KIB on the MESDAQ Market, estimated to be approximately RM1.20 million. (Please refer to note (iii) of Section 3.9 for further details on the estimated listing expenses)*

Further details of the utilisation of proceeds are set out in Section 3.9 of this Prospectus.

2.9 MATERIAL LITIGATION, MATERIAL CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**(i) Material Litigation**

Neither KIB nor its subsidiaries are engaged in any litigation/arbitration, either as plaintiff or defendant, which has a material effect on the financial performance and position of KIB or its subsidiaries and the Directors of KIB are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of KIB or its subsidiaries.

(ii) Material Commitments for Capital Expenditure

Save as disclosed below, there are no material commitments for capital expenditure contracted or known to be contracted by the KIB Group, which may have a substantial impact on the financial position of the KIB Group as at 31 July 2004 (being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus).

	Amount
	RM
Approved and contracted for* ¹	960,000
Approved but not contracted for* ²	2,300,000
	<u>3,260,000</u>

2. INFORMATION SUMMARY (Cont'd)

Notes:

- *1 *This is in respect of material commitments for the construction of a 1½ storey factory on a piece of vacant industrial land known as Lot 1031, Jalan Utarid U5/16, Mah Sing Integrated Industrial Park, Shah Alam. The estimated construction cost of the said factory is approximately RM960,000 of which RM720,000 shall be funded via bank borrowings.*
- *2 *This is in respect of material commitments as set out in Section 3.9 in relation to the proposed purchase of a factory which is in the vicinity of its existing factory at No. 1, Jalan Sri Plentong 6, Taman Perindustrian Sri Plentong, 81750, Masai, Johor Bahru. The cost of the said factory is estimated to be approximately RM2.30 million of which RM2.00 million shall be funded from proceeds to be raised from the Rights Issue and the Public Issue and the remaining RM0.30 million shall be funded from internally generated funds.*

(iii) Material Contingent Liabilities

Save for the bank guarantee facility used for utility and employment of foreign workers totalling RM233,500, the Directors of KIB are not aware of any contingent liabilities as at 31 July 2004 (being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus).

Further details are disclosed in Section 12.4 of this Prospectus.

2.10 RISK FACTORS

An investment in the KIB Shares to be listed on the MESDAQ Market involves a number of risks, including but not limited to market, industry, liquidity, credit, operational, legal and regulatory risks, that may be relevant to the business of the Group.

The following is a summary of the risk factors (which may not be exhaustive), which applicants for the Public Issue Shares should carefully consider in addition to other information contained elsewhere in this Prospectus before applying for the Public Issue Shares. The investment considerations that should be considered include, but are not limited to the following: -

- (i) ***No prior market for KIB Shares and possible volatility of share prices*** – prior to the Public Issue, there was no market for the KIB Shares. There can be no assurance that an active market for the KIB Shares will develop upon its listing on the MESDAQ Market or if developed, that such a market can be sustained;
- (ii) ***Control by substantial shareholders*** – the largest shareholder in KIB is Dr. Chua Kee Lam who holds, directly and indirectly, 17.98% after the Public Issue and upon full exercise of the ESOS Options. Collectively the substantial shareholders of KIB, as stated in Section 9.2.1, will directly control approximately 62.79% of the Company's issued and paid-up share capital after the Public Issue and upon full exercise of the ESOS Options. As a result, these shareholders will collectively be able to influence the outcome of certain matters requiring the vote of the Company's shareholders;

2. INFORMATION SUMMARY (Cont'd)

- (iii) **Business risks** – the polymer and oleochemical industry is subject to the vagaries of the general economic and business fluctuations;
- (iv) **Competition** – the Group faces local and foreign competitors in the manufacturing of polymer and oleochemical products in Malaysia;
- (v) **System disruption** – the Group is open to risk due to any system disruption which can occur during its manufacturing process;
- (vi) **Operating risks** – the manufacturing of PVC compound, stabiliser and lubricant, CDP and PKDE is subject to operating risks, which includes inter-alia, fire outbreak, disruption of electricity supply, disruption in its distribution channels, flood and theft;
- (vii) **Supply of raw materials** – the Group is open to risk in the supply of its raw materials;
- (viii) **Dependence on key customers** – the risk of the Group losing its top ten (10) customers;
- (ix) **Foreign exchange fluctuations** – the Group is exposed to fluctuations in foreign exchange arises as a result of the difference between the transaction currency on sales and purchases;
- (x) **Dependence on key personnel** – the Group's success depends on its ability to hire, train and retain qualified and competent personnel and the continued employment of its key management;
- (xi) **Potential acquisitions and joint ventures/investment activities** – Currently, there is no material acquisition being pursued by the Group. However, in the future, the Group may from time to time undertake new investment or joint ventures or acquisitions of companies with complementary products and services in related areas. Any future acquisitions could expose the Group to new risks, including those associated with the assimilation of new operations and personnel, etc.
- (xii) **Product development and performance** – The Group is subject to certain inherent risks including non-acceptance by its customers and defective products due to human errors.
- (xiii) **Environmental issues** –the Group is exposed to public awareness on the dangerous threat of plastic materials to the environment;
- (xiv) **Political, economic and regulatory considerations** – like all other business entities, adverse developments in political, economic and regulatory conditions in Malaysia and South East Asia region could unfavourably affect the financial position and business prospects of the Group;
- (xv) **Forward-looking statements** – the Group is subject to risk underlying the forward statement included in this Prospectus, which may deviate from expectations and will prove not to be correct; and

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

- (xvi) **Future growth** – the Group's future growth will be dependent upon the Group's ability of its newly acquired subsidiary companies to achieve its sales and business target as set out in the Five-year Business Plan.
- (xvii) **Insurance risks** – The Group is open to risk due to unforeseen events such as fire and lightning, machinery damages, theft and burglary.
- (xviii) **Litigation risks** – Currently, there is no litigation claims against the KIB Group. However, no assurance that any future litigation against KIB may not affect KIB's future performance.

Please refer to Section 4 of this Prospectus for further information concerning the above risk factors. Prospective investors and are advised to carefully consider the risk factors, together with other information contained in this Prospectus before subscribing to any of the Public Issue Shares.

The rest of this page is intentionally left blank

3. INTRODUCTION AND DETAILS OF THE PUBLIC ISSUE

3.1 INTRODUCTION

This Prospectus is dated **23 August 2004**.

A copy of this Prospectus has been registered with the SC and lodged with the Registrar of Companies, and neither the SC nor the Registrar of Companies takes any responsibility for its contents.

Approvals have been obtained from the SC for the proposed listing of KIB on 23 March 2004. Approval has also been obtained from Bursa Securities on 30 March 2004, for the admission to the Official List of the MESDAQ Market and for permission to deal in and for quotation for the entire issued and paid-up capital of the Company, including the Public Issue Shares which are the subject of this Prospectus.

These Shares will be admitted to the Official List of the MESDAQ Market of Bursa Securities and official quotation will commence after receipt of confirmation from the Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Under the MESDAQ trading rules, effective from the date of listing, trading in all the MESDAQ Market listed securities can only be executed through an ADA.

To apply for the Public Issue Shares, an applicant must have a CDS account. Applicants using Application Forms should state his CDS account number in the space provided in the Application Form and he shall be deemed to have authorised the Depository to disclose information pertaining to the CDS account to MIDFCCS/KIB for the purpose of crediting the Public Issue Shares allotted to him into his CDS account. In the case of an application by way of Electronic Share Application, only an applicant who is an individual can make an Electronic Share Application and the applicant shall furnish his CDS account number to the Participating Financial Institution by way of keying in his CDS account number if the instructions on the ATM screen at which he enters his Electronic Share Application require him to do so. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the KIB Shares as a prescribed security. In consequence thereof, the Public Issue Shares offered through this Prospectus will be deposited directly with the Depository and any dealings in these Shares will be carried out in accordance with the Securities Industry (Central Depositories) Act, 1991 and Rules of the Depository.

Pursuant to the Listing Requirements, the Company needs to have at least 25% but not more than 49% of its enlarged issued and paid-up share capital in the hands of public shareholders and a minimum number of 200 public shareholders at the point of admission to the MESDAQ Market. The Company is expected to achieve this at the point of listing. However, in the event that the above requirement is not met pursuant to the Public Issue, the Company may not be allowed to proceed with its listing plan. In the event thereof, monies paid in respect of all applications will be returned without interest if the said permission is not granted.

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 KIB and/or PMBB. Neither the delivery of this Prospectus nor any Public Issue made in connection with this Prospectus shall, under any circumstances, constitute a representation or create an implication that there has been no change in the affairs of KIB since the date hereof.

3. INTRODUCTION AND DETAILS OF THE PUBLIC ISSUE

The distribution of this Prospectus and the issuance of the Public Issue Shares will not be placed out in any country other than Malaysia. Persons into whose possession this Prospectus may come are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to subscribe for the Public Issue Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

The rest of this page is intentionally left blank

3. INTRODUCTION AND DETAILS OF THE PUBLIC ISSUE *(Cont'd)*

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

3.2 SHARE CAPITAL

Share Capital	RM
Authorised	
250,000,000 ordinary shares of RM0.10 each	<u>25,000,000</u>
Issued and fully paid-up as at the date of this Prospectus	
90,000,000 ordinary shares of RM0.10 each	9,000,000
To be issued and credited pursuant to the Public Issue	
30,000,000 ordinary shares of RM0.10 each	<u>3,000,000</u>
Enlarged share capital upon listing	
120,000,000 ordinary shares of RM0.10 each	12,000,000
To be issued pursuant to full exercise of ESOS Options*	
12,000,000 ordinary shares of RM0.10 each	1,200,000
Enlarged share capital upon full exercise of ESOS Options	
132,000,000 ordinary shares of RM0.10 each	<u>13,200,000</u>

Note: -

* KIB has established an ESOS of up to 10% of the issued and paid-up capital of KIB in conjunction with its listing.

The Issue Price of RM0.18 per Share is payable in full on application.

There is only one (1) class of Shares in KIB, namely ordinary shares of RM0.10 each. The Public Issue Shares shall rank pari passu in all respects with the existing issued and paid-up KIB Shares including voting right and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

Subject to any special rights attaching to any shares that may be issued by the Company in the future, the shareholders of 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 liquidation of the Company in accordance with the Company's Articles of Association.

At every general meeting of KIB, each shareholder shall be entitled to vote in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney to a shareholder shall have one (1) vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each Share held. A proxy may but need not be a member of the Company.

3. INTRODUCTION AND DETAILS OF THE PUBLIC ISSUE (Cont'd)

3.3 OPENING AND CLOSING OF APPLICATION LISTS

Applications will be accepted from 10.00 a.m. on 23 August 2004 and will close at 5.00 p.m. on 2 September 2004 or for such other later time and date or dates as the Directors, Promoters and the Underwriter in their absolute discretion may decide.

3.4 DATES OF SPECIAL EVENTS

Events	Date
Opening date for the Public Issue	23 August 2004
Closing date for the Public Issue	2 September 2004
Balloting date for application for the Public Issue by the Malaysian public	6 September 2004
Allotment date	13 September 2004
Listing of the Company's entire issued and paid-up share capital on the MESDAQ Market of Bursa Securities	15 September 2004

This timetable is tentative and is subject to changes which may be necessary to facilitate implementation procedures. The application period will remain open until 5.00 p.m. on 2 September 2004 or for such future period or periods as the Directors and Promoters of KIB together with the Underwriter in their absolute discretion may decide. Any changes to the above tentative dates will be published in a widely circulated daily newspaper within Malaysia.

3.5 PURPOSE OF THE PUBLIC ISSUE

The purpose of the Public Issue is as follows: -

- (i) To obtain the listing and quotation of the entire enlarged issued and paid-up share capital of the KIB Group on the MESDAQ Market, which is expected to enhance the business, profile and future prospects of the Group;
- (ii) To provide the KIB Group with access to the capital markets to raise funds for future expansion and growth of the KIB Group;
- (iii) To motivate, provide incentive and retain staff by providing opportunities to eligible Directors and employees of KIB and its subsidiary companies to participate in the equity market and the continued growth of the Group;
- (iv) To provide an opportunity for Malaysian public to participate in the future growth of the KIB Group; and
- (v) To raise funds for the KIB Group's continued operations and expansion, details of which are elaborated in Section 3.9 below.

3. INTRODUCTION AND DETAILS OF THE PUBLIC ISSUE *(Cont'd)*

3.6 DETAILS OF THE PUBLIC ISSUE

The Public Issue of 30,000,000 Shares at an issue price of RM0.18 per KIB Share is subject to the terms and conditions of this Prospectus and will be allocated in the following manner:

(i) Private Placement

20,000,000 of the Public Issue Shares have been reserved for private placement to identified investors.

(ii) Malaysian Public

5,000,000 of the Public Issue Shares are available for application by the Malaysian public.

(iii) Eligible Directors, Employees, Suppliers, Customers and Business Associates of the KIB Group

5,000,000 of the Public Issue Shares have been reserved for the eligible Directors, employees, suppliers, customers and business associates of the KIB Group.

The Public Issue Shares in respect of paragraph (i) above need not be and will not be underwritten. The Public Issue Shares in respect of paragraph (ii) and (iii) above have been fully underwritten by the Underwriter. Details on the brokerage, underwriting commission and placement fee relating to the Public Issue Shares are set out in Section 3.11 of this Prospectus.

If there is any undersubscription in respect of paragraph (ii) above, the undersubscribed Public Issue Shares will be made available for subscription by applicants referred to in paragraph (i) and (iii) above. The same allocation will be made for Public Issue Shares referred to in paragraph (iii). Thereafter, any unsubscribed Public Issue Shares referred to in paragraph (ii) and (iii) above will be underwritten by the Underwriter as specified in the Underwriting Agreement dated 4 August 2004.

The basis of allocation to be determined shall take into account the desirability of distributing the Public Issue Shares to a reasonable number of applicants with a view of broadening the shareholding base of the Company to meet the public spread requirements and to establish a liquid and an adequate market for the KIB Shares. Applicants will be selected in a manner to be determined by the Directors of KIB.

3. INTRODUCTION AND DETAILS OF THE PUBLIC ISSUE *(Cont'd)*

3.7 ALLOCATION OF SHARES TO ELIGIBLE DIRECTORS, EMPLOYEES, SUPPLIERS, CUSTOMERS AND BUSINESS ASSOCIATES OF THE KIB GROUP

5,000,000 KIB Shares, representing approximately 4.17% of the enlarged issued and paid-up share capital of KIB (before exercise of the ESOS Options), have been reserved for eligible Directors, employees, suppliers, customers and business associates of the KIB Group.

- (a) The KIB Shares reserved for its eligible Directors and employees, are based on the following criteria: -
- Job position;
 - Length of service; and
 - Job performance.
- (b) The allocation of KIB Shares to the Group's suppliers, customers and business associates is based on the following criteria: -
- Length of relationship; and
 - Volume of transactions/contribution to KIB Group.

Out of the 5,000,000 KIB Shares allocation, the number of KIB Shares that have been allocated to the Directors of KIB are as follows: -

<u>Name of Directors</u>	<u>Number of Shares allocated</u>
Dr. Chua Kee Lam	900,000
Koay Choo Cheng	800,000
Wo Ka Seng	650,000
Tsen Keng Yam	200,000
Total	<u>2,550,000</u>

3.8 PRICING OF THE PUBLIC ISSUE SHARES

The Issue Price of RM0.18 per Share was determined and agreed upon by the Company and PMBB as Adviser and Underwriter based on various factors, including but not limited to the following: -

- (i) The KIB Group's qualitative and quantitative factors as set out in Section 6 of this Prospectus;
- (ii) The industry that KIB Group operates in, and the future plans, strategies and prospects of the Group as described in Section 7 of this Prospectus; and
- (iii) The Group's proforma NTA per share as at 31 March 2004 is 13.13 Sen upon completion of the Rights Issue and Public Issue, and assuming full exercise of ESOS Options as set out in Section 12.6 of this Prospectus.

However, investors should also note that the market price of KIB Shares upon listing are subject to the vagaries of market forces and other uncertainties, which may affect the price of KIB Shares being traded. Investors should form their own views on the valuation of the Public Issue Shares before deciding to invest in the Public Issue Shares.

3. INTRODUCTION AND DETAILS OF THE PUBLIC ISSUE (Cont'd)

3.9 UTILISATION OF PROCEEDS

The gross proceeds arising from the Rights Issue and the Public Issue amounting to RM7,145,668 will be utilised in the following manner: -

	Note	To be utilised by the financial year ending 31 March	Amount RM
Purchase of a new factory	(i)	2005	2,000,000
Purchase of new machinery	(ii)	2005	1,400,000
Estimated listing expenses	(iii)	2005	1,200,000
Working capital	(iv)	2005	2,545,668
Total			7,145,668

Notes: -

The breakdown of the proposed utilisation of the listing proceeds is as follows:-

- (i) The KIB Group intends to purchase a new factory which is located in the vicinity of its existing factory at No.1, Jalan Sri Plentong 6, Taman Perindustrian Sri Plentong, 81750, Masai, Johor Bahru, to accommodate its plan to expand the production capacity of its polymeric products under HLSB. The factories in the vicinity has an approximate land area of 41,354 square feet and a built-up area of 21,500 square feet. The cost of the said factory is estimated to be approximately RM2.30 million of which RM2.00 million shall be funded from proceeds to be raised from the Rights Issue and the Public Issue, and the remaining RM0.30 million shall be funded from internally generated funds. With this investment, the Group expects to increase its production capacity of polymeric products from 10,100 MT per year to 14,060 MT per year by year 2005.
- (ii) With the new factory facility, the Group plans to allocate RM1.40 million for the purpose of purchasing one (1) unit of machinery for its polymeric products. With this investment, the Group expects to increase its production capacity of polymeric products by approximately 3,960 MT per year.
- (iii) Estimated listing expenses are as follows: -

	RM
Professional fees	750,000
Printing and advertising expenses	200,000
Issuing House	50,000
Underwriting/placement commission and brokerage fees	144,000
Regulatory authorities' fees	32,500
Miscellaneous	23,500
Total	1,200,000

3. INTRODUCTION AND DETAILS OF THE PUBLIC ISSUE (Cont'd)

(iv) *The working capital is proposed to be utilised as follows:*

	RM
<i>Purchase of raw materials</i>	1,527,400
<i>Factory maintenance and utilities expenses</i>	636,400
<i>Machinery maintenance</i>	254,500
<i>Factory labour expenses</i>	127,368
<i>Total</i>	<u>2,545,668</u>

3.10 FINANCIAL AND CASH FLOW IMPACT FROM THE UTILISATION OF PROCEEDS

The financial impact from the utilisation of proceeds on the consolidated balance sheets of KIB is reflected in the proforma consolidated balance sheets in Section 12.6 of this Prospectus. In addition, the Rights Issue and the Public Issue will raise approximately RM2.5 million for the Group's working capital requirements which is expected to improve the liquidity and cash flow position of the Company.

The cash flow impact from the utilisation of proceeds is as follows:

Financial year ending 31 March 2005	RM
Inflow	
Gross proceeds from the Rights Issue and the Public Issue	7,145,668
Outflow	
Purchase of a new factory	(2,000,000)
Purchase of new machinery	(1,400,000)
Working capital	(2,545,668)
Estimated listing expenses	<u>(1,200,000)</u>
	<u>-</u>

The rest of this page is intentionally left blank

3. INTRODUCTION AND DETAILS OF THE PUBLIC ISSUE *(Cont'd)*

3.11 UNDERWRITING COMMISSION, BROKERAGE AND PLACEMENT FEES

The details of the Underwriter and Placement Agent for the Public Issue are set out in Section 1 of this Prospectus.

(i) **Underwriting commission**

A conditional underwriting agreement was entered into between the Company and PMBB on 4 August 2004 ("Agreement") to underwrite 10,000,000 Public Issue Shares which are made available for application by the Malaysian public and the eligible Directors, employees, suppliers, customers and business associates of the KIB Group.

The underwriting commission is payable by the Company at the rate of 2% of the issue price of RM0.18 for each of the Public Issue Share underwritten.

(ii) **Brokerage**

Brokerage relating to the Public Issue Shares will be borne by the Company at the rate of 1.0% of the issue price of RM0.18 per share in respect of successful applications bearing the stamp of either PMBB, member companies of the MESDAQ Market, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIDFCCS.

(iii) **Placement fees**

Placement fees are payable by the Company to the Placement Agent at a rate of 2.0% of the Issue Price of RM0.18 per share in respect of the 20,000,000 Public Issue Shares to be issued by way of private placement.

3.12 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

An extract of some of the salient terms of the Agreement is set out as follows:

The terms, clauses and references set out in the remainder of this section are in respect of those set out in the Agreement.

4. INDEMNITY

The agreement of the Underwriter to underwrite the Underwritten Shares is entered into on the basis of the aforesaid representations, warranties and agreements. Without prejudice to the other rights and remedies of the Underwriter, the Company undertakes with the Underwriter that they will hold the Underwriter fully and effectually indemnified from and against any and all losses, liabilities, costs, claims, charges, actions, proceedings, damages, expenses or demands which the Underwriter may incur or which may be made against them as a result of or arising out of or in relation to, any misrepresentation or alleged misrepresentation by the Company or any breach or alleged breach of any of the aforesaid representations, warranties or agreements and such indemnity shall extend to include all costs (including legal costs on a solicitor-client basis), charges and expenses which the Underwriter may reasonably pay or incur in disputing or defending any claim or action or other proceeding in respect of which indemnity may be sought against the Company under this Clause 4.

3. INTRODUCTION AND DETAILS OF THE PUBLIC ISSUE (Cont'd)

6. CONDITIONS PRECEDENT

- 6.1 The several obligations of the Underwriter under this Agreement shall further be conditional upon:
- (a) Bursa Securities and the Securities Commission having approved the Prospectus and agreed in principle on or prior to the Closing Date of the listing of and quotation for all the issued capital of the Company on the MESDAQ Market of Bursa Securities (and if such approvals shall be conditional, all conditions thereto being in terms acceptable to the Underwriter) and the Underwriter being reasonably satisfied that such listing and quotation will be granted after the Company shall have delivered or caused to be delivered to the Depository a record of the successful applicants of the Issue Shares together with such particulars as may be required by the Depository for the purpose of making appropriate entries in the securities accounts of the respective applicants, together with the appropriate share scripts (in such denominations as may be specified by the Depository) registered in the name of the Depository;
 - (b) all necessary consents and approvals, including the approval in principle of Bursa Securities required for the admission to the official list of Bursa Securities and dealing in and quotation of the shares to be issued having been obtained on terms which are, in the Underwriter's reasonable opinion, satisfactory and the same remaining valid and continuing to be in full force and effect on the Closing Date (if any) and that all conditions imposed by Bursa Securities have been fully complied with;
 - (c) the issuance of the Prospectus to the public including advertisement of the Prospectus and all other procedures, requirements, letters and documents required) have been complied with within three (3) months from the date of this Agreement, or such extended date as may be agreed between KIB and the Underwriter;
 - (d) there not having been on or prior to the Closing Date, any adverse change or any development reasonably likely to involve a prospective adverse change in the condition (financial or otherwise) of the Company and its subsidiary(ies) as defined by Section 5 of the Companies Act 1965, from that set forth in the Prospectus which is material in the context of the issue of the Underwritten Shares nor the occurrence of any event rendering untrue or incorrect to an extent which is material as aforesaid any representations or warranties contained in Clause 2.1 hereof as though they had been given or made on such date;
 - (e) the delivery to the Securities Commission for the registration and to the Registrar of Companies, Malaysia for the lodgment of the Prospectus in accordance with the requirements of the Securities Commission Act, 1993 together with copies of all documents required by that Section and/or the said Act;

3. INTRODUCTION AND DETAILS OF THE PUBLIC ISSUE (Cont'd)

- (f) the delivery to the Underwriter, on the Closing Date of a certificate by a director of the Company in the form set out in Schedule 1 hereto on behalf of all of its directors stating that to the best of his knowledge and belief, having made all reasonable inquiries, there has been no adverse change, development or event as is referred to in paragraph (d) of this Clause and that as at such date the Company has not committed a breach of any of its covenants herein

If any of the foregoing conditions are not satisfied on or before the Closing Date, the Underwriter shall thereupon be entitled subject as mentioned below, to terminate this Agreement and in that event (except for the liability of the Company for the payment of costs and expenses as provided in Clause 15.3 hereof incurred prior to or in connection with such termination) the parties hereto shall be released and discharged from their obligations hereunder PROVIDED THAT the Underwriter may at their discretion waive compliance with any of the provisions of this Clause.

7. TERMINATION BY THE UNDERWRITER IN THE EVENT OF ADVERSE CHANGES AND CONSEQUENCE THEREOF

7.1 Notwithstanding anything herein contained, the Underwriter may by way of prior written notice to the Company at any time before the Closing Date terminate their obligations under this Agreement :-

- (a) if in their reasonable opinion there shall have been such a change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange rates or the coming into force of any law or governmental regulations or directives as would in their reasonable opinion prejudice materially the success of the issuance of the Issue Shares and their distribution or where the composite index of Bursa Securities falls to or below 700 points (whether in the primary market or in respect of dealings in the secondary market); or
- (b) the conditions precedent in Clause 6.1 are not fulfilled by the Closing Date; or
- (c) if the Company is not listed on the MESDAQ Market of Bursa Securities within ninety (90) days from the date of this Agreement; or
- (d) by reason of a force majeure event not being within the reasonable control of the Underwriter, including but not limited to civil disorders, outbreak of war or declaration of a state or national emergency; or
- (e) there is withholding of information of a material nature from the Underwriter which is required to be disclosed pursuant to this Agreement which would have a material adverse effect on the business or operations of the Group and the success of the Public Issue.

and thereupon the parties hereto shall (except for the liability of the Company in the payment of costs and expenses referred to in Clause 15.3 hereof incurred prior to or in connection with such termination) be released and discharged from their respective obligations hereunder.

3. INTRODUCTION AND DETAILS OF THE PUBLIC ISSUE (Cont'd)

- 7.2 For the avoidance of doubt and notwithstanding any of the provisions herein, if prior to the Listing Date there shall have come to the notice of the Underwriter a breach of any of the warranties or representations or undertakings contained herein or failure on the part of the Company to perform any of its obligations herein contained or any change rendering any of the said representations warranties or undertakings inaccurate in any material respect which is in the sole and absolute opinion of the Underwriter (after prior consultation with the Company in such manner as the Underwriter shall reasonably determine) material in the context of the issuance of the Issue Shares, the Underwriter shall be entitled to terminate this Agreement by notice in writing to the Company at any time prior to the Listing Date.
- 7.3 If this Agreement is terminated in accordance with the provisions hereof, the obligations of the Underwriter under this Agreement shall be discharged accordingly. In the event of any such termination as aforesaid, the Company shall reimburse to the Underwriter all expenses (including subscription monies and underwriting commission, where applicable) within seven (7) days from the date of notification of termination to the Company which the Underwriter may have incurred in connection with this Agreement and the underwriting of the Underwritten Shares.

The rest of this page is intentionally left blank