

## 4. INFORMATION ON THE GROUP

### 4.1 BACKGROUND

#### 4.1.1 Incorporation and Commencement of Business

K-One Tech was incorporated in Malaysia under the Companies Act, 1965 on 20 February 2001 as a private limited company, under the name of K-One Technology Sdn Bhd. Subsequently, on 29 October 2003, it was converted to a public company and assumed its present name. It commenced operations since 2001. As at 7 November 2005 (being the latest practicable date prior to the printing of this Prospectus), K-One Tech has nine (9) full-time employees.

#### 4.1.2 Share Capital And Changes In Share Capital

The present authorised share capital is RM10,000,000 comprising 100,000,000 ordinary shares of RM0.10 each. The issued and paid up share capital of the Company is RM2,835,000 comprising 28,350,000 ordinary shares of RM0.10 each.

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

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value (RM)	Consideration	Total Issued And Paid-up Share Capital (RM)
20.02.2001	3	1.00	Subscribers' shares	3
28.12.2001	99,997	1.00	Cash	100,000
29.07.2002	270,000	1.00	Cash	370,000
11.04.2005	598,000	1.00	Bonus issue I	968,000
24.05.2005	1,282,000	1.00	Rights issue	2,250,000
30.05.2005	22,500,000	0.10	Share split	2,250,000
10.10.2005	5,850,000	0.10	Bonus issue II	2,835,000
To be issued pursuant to the Listing of K-One Tech	9,450,000	0.10	Public Issue	3,780,000

#### 4.1.3 Listing Scheme

In conjunction with and as an integral part of the listing and quotation for the entire issued and paid-up share capital of K-One Tech on the MESDAQ Market of the Bursa Securities, the Company undertook a listing scheme which involved the following: -

##### (i) Bonus Issue I

K-One Tech has undertaken a bonus issue of 598,000 new ordinary shares of RM1.00 each to the existing shareholders of K-One Tech on the basis of approximately 162 new ordinary shares of RM1.00 each for every 100 existing ordinary shares of RM1.00 each held in K-One Tech. All the bonus issue shares rank pari passu in all respects with the then existing ordinary shares of K-One Tech. The Bonus Issue I was completed on 11 April 2005.

**4. INFORMATION ON THE GROUP (Cont'd)****(ii) Rights Issue**

Following the Bonus Issue I, K-One Tech has undertaken a renounceable rights issue of 1,282,000 new ordinary shares of RM1.00 each to the existing shareholders of K-One Tech on the basis of approximately 132 new ordinary shares of RM1.00 each for every 100 existing ordinary shares of RM1.00 each held in K-One Tech.

The following directors/shareholders renounced a portion of their entitlements to the other shareholders of K-One Tech:-

	Rights Shares
<i>Renunciation of Rights Shares by Directors/Shareholders</i>	
<b>By:</b>	
Ir. Lim Beng Fook, Edwin	207,568
Lim Soon Seng, Martin	165,000
Bjorn Braten	165,000
	537,568
	Rights Shares
<b>To:</b>	
Goh Sai Keong, Gary	107,514
Chau Guan Fock	107,514
Char Tze Hiang	107,514
Prem Kamal bin Radzi Raju	107,513
Goo Kok Khian	107,513
	537,568

All the rights issue shares rank pari passu in all respects with the then existing ordinary shares of K-One Tech. The Rights Issue was completed on 24 May 2005.

**(iii) Subscription of Shares in EMB Tech**

Pursuant to the Subscription Agreement dated 1 December 2003, K-One Tech subscribed for 499,998 new ordinary shares of RM1.00 each in EMB Tech for RM499,998 cash. Simultaneously, K-One Tech acquired two (2) ordinary shares of RM1.00 each in EMB Tech from the existing shareholders of EMB Tech for purchase consideration of RM2.00. With the completion foregoing Subscription and acquisition, EMB Tech became a wholly-owned subsidiary company of K-One Tech. The Subscription was completed on 27 May 2005.

Prior to the foregoing Subscription and acquisition and pursuant to a Share Sale Agreement dated 1 December 2003 between Bjorn Braten, Ir. Lim Beng Fook, Edwin and Lim Soon Seng, Martin and EMB Tech, K-One Ind became the wholly owned subsidiary of EMB Tech.

**(iv) Share split**

Upon completion of the Bonus Issue I, Rights Issue and Subscription, the existing par value of RM1.00 per ordinary share of K-One Tech has been subdivided into ten (10) ordinary shares of RM0.10 each. Consequently, the number of issued and paid-up share capital of K-One Tech has been increased from 2,250,000 ordinary shares of RM1.00 each to 22,500,000 ordinary shares of RM0.10 each. The Share Split was completed on 30 May 2005.

**4. INFORMATION ON THE GROUP (Cont'd)****(v) Bonus Issue II**

K-One Tech has undertaken a bonus issue of 5,850,000 new Shares to the existing shareholders of K-One Tech on the basis of approximately 26 new Shares for every 100 existing Shares held in K-One Tech. All the bonus issue shares rank pari passu in all respects with the then existing ordinary shares of K-One Tech. The Bonus Issue II was completed on 10 October 2005.

**(vi) Public Issue**

The Public Issue of 9,450,000 new Shares at an issue price of RM0.75 are payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner: -

**(a) Malaysian Public**

2,500,000 Public Issue Shares will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

**(b) Eligible Directors, Employees and Business Associates of the Group**

750,000 Public Issue Shares will be reserved for eligible Directors, employees and business associates (which include suppliers, sales agents and customers) of the Group.

The shares have been allocated to five (5) eligible Directors, thirty-three (33) eligible employees and two (2) eligible business associates of the Group. Allocation to the Directors and employees are based on the following criteria as approved by the Company's Board of Directors: -

- (a) At least eighteen (18) years old;
- (b) Job position; and
- (c) Length of service.

Details of the Directors' pink form allocation are as follows: -

Name of Directors	Designation	Pink Form Allocation
Ir. Lim Beng Fook, Edwin	Executive Chairman	100,000
Lim Soon Seng, Martin	Chief Executive Officer / Executive Director	80,000
Bjom Braten	Vice President of Business Development/ Executive Director	30,000
Loi Kim Fah	Independent Non-Executive Director	30,000
Goh Chong Chuang	Independent Non-Executive Director	50,000
<b>Total</b>		<b>290,000</b>

**4. INFORMATION ON THE GROUP (Cont'd)****(c) Private Placement**

6,200,000 Public Issue Shares are reserved for private placement to selected investors, which have been identified.

In summary, the Public Issue Shares will be allocated and allotted in the following manner: -

	Public Issue Shares	Total Public Issue Shares
Malaysian Public	2,500,000	26.5
Eligible Directors, employees and business associates of the Group	750,000	7.9
Private Placement	6,200,000	65.6
<b>Total</b>	<b>9,450,000</b>	<b>100.0</b>

All the Public Issue Shares available for application by the Malaysian Public and eligible Directors, employees and business associates of the Group have been fully underwritten. The Public Issue Shares available for application by selected investors are not underwritten. The Placement Agent has received irrevocable undertakings from the selected investors to take up the Public Issue Shares available for application under the private placement.

Any Public Issue Shares which are not taken up by eligible Directors and employees of the Group and/or business associates of the Group will be made available for application by the Malaysian public and/or selected investors via private placement. Any Public Issue Shares by the Malaysian Public which are not taken up will be made available to selected investors via private placement if the private placement is oversubscribed and vice versa. Any further Public Issue Shares not subscribed for will be made available for subscription by the underwriters in the proportion specified in the Underwriting Agreement dated 26 October 2005.

**(vi) ESOS**

K-One Tech had on 24 January 2005 obtained the approval of the Bursa Securities to establish an ESOS which will allow the Company to grant options to Executive Directors and eligible employees of the Group to subscribe for new Shares up to a maximum of 10% of the Company's issued and paid-up share capital at any point in time within the duration of the ESOS. According to the Listing Requirements on ESOS, the effective date for the implementation of the scheme shall be the date of full compliance with all relevant requirements of Bursa Securities including the following:-

- (a) submission of the final copy of the Bye-Laws of the scheme to the Bursa Securities;
- (b) receipt of approval-in-principal for the issuance and listing of the shares to be issued under the scheme from the Bursa Securities;
- (c) procurement of shareholders' approval for the scheme;
- (d) receipt of approval of any other relevant authorities, where applicable; and
- (e) fulfilment of all conditions attached to the above approvals, if any.

#### 4. INFORMATION ON THE GROUP (Cont'd)

AmMerchant Bank must submit a confirmation to the Bursa Securities of full compliance above stating the effective date of implementation together with a certified true copy of the relevant resolution passed by shareholders in general meeting. The submission of the confirmation must be made no later than 5 market days after the effective date of implementation.

Prior to the listing of the Company on the MESDAQ Market, the Directors of the Company propose to grant up to 1,500,000 Options to the Executive Directors and eligible employees of the Group ("**Initial Grant**"). The exercise price of the Options which are the subject matter of the Initial Grant is the Issue Price of the Shares.

In addition to the Initial Grant, the Option Committee of the Company shall, within the duration of the ESOS, make offers to grant Options to the executive directors and eligible employees of the Group in accordance with the ESOS Bye-Laws duly approved by the shareholders of the Company. Each such Option which is not part of the Initial Grant shall be exercisable at a price which is the weighted average market price of the Company's Shares for the five (5) market days immediately preceding the date on which the Option is granted less, if the Directors of the Company shall decide at their discretion from time to time, a discount of not more than 10%.

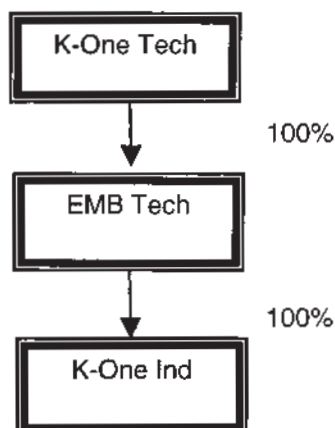
The ESOS shall be in force for a duration of 5 years. However, the ESOS may be extended for up to 5 years at the discretion of the Board of Directors upon the recommendation of the Option Committee. The new Shares to be issued upon the exercise of the Options will, upon allotment and issue, rank pari passu in all respects with the existing issued and paid-up Shares of the Company, except that the new Shares will not be entitled to any dividends, rights, allotments or other distributions, the entitlement date of which is prior to the date of allotment of the said Shares. The new Shares will be subject to all the provisions of the Articles of Association of the Company.

The Bye-Laws of the ESOS are set out in Section 12 of this Prospectus.

## 4.2 BUSINESS OVERVIEW

### 4.2.1 Group Structure

An overview of the Group's structure is set out below: -



**4. INFORMATION ON THE GROUP (Cont'd)**

Details of the subsidiary companies of the Company are summarised below: -

Name of Company	Date and Place of Incorporation	Issued and Paid-up Capital (RM)	Effective Equity Interest (%)	Principal Activities
EMB Tech	1.12.2003 Malaysia	500,000	100	Investment holding. Currently dormant.
<i>Subsidiary of EMB Tech</i>				
K-One Ind	27.07.2001 Malaysia	500,000	100	D&D of manufacturing process/tools and manufacturing of electronic end products and sub-systems.

**4.2.2 Types of Products and/or Services**

The K-One Group's business can be segregated into two (2) distinctly different but yet complementary activities i.e. D&D on the one hand and manufacturing on the other.

The D&D process can be as short as one month for a very basic design to as long as twenty-four (24) months for a very complicated design. The current trend of the market is to shorten the time to design to as short as possible. This poses a major challenge to the design team. Furthermore, the expectations of the consumers are increasingly sophisticated and demanding in terms of cost, function and innovativeness. Nonetheless, it is a lucrative market with mega potential globally.

In the D&D process, K-One Tech is always proactive in conceptualizing new ideas which are applicable to the Multimedia and automotive markets. These concepts are usually developed into schematic drawings or three dimensional designs which are then proposed to global OEMs for adoption. It may also happen that global OEMs or customers have some inkling of an idea of a product which they want to entrust K-One Tech to conceptualize further for product development.

The D&D process is currently carried out by an in-house team comprising of nine (9) industrial, mechanical, firmware, embedded software and project engineers. This technical team has also worked in collaboration on various projects for the European market with Lundinova AB based in Sweden, a design specialist of communication products. Whenever there is an overflow of project commitments to customers by K-One Tech it will work with local design houses which focuses in only industrial design or embedded software design. Although the design team is relatively small, it has the required core competencies and innovativeness in scoring successes in the international arena by winning design jobs from major OEMs such as Sony Ericsson based in Sweden. Some of K-One Tech's notable past design achievements include designing from scratch to finally manufacturing the various mobile phone holders for Sony Ericsson, gameboard for Sony Ericsson, speaker microphone for StoneMountain, emergency mobile phone battery for CellJump and scanner pen for C Tech. K-One Tech was also involved in co-designing the Bluetooth scanner pen with C Tech.

#### 4. INFORMATION ON THE GROUP (Cont'd)

Following design, development and prototyping, customers who are ready to launch the product usually choose to work with the K-One Group to industrialize and manufacture the product. It is convenient to entrust the K-One Group to industrialize and manufacture the product as the design of the product is undertaken by K-One Tech. The K-One Group is able to transform the product seamlessly into an end product and finally distributing it to the customers.

K-One Group's modus operandi in manufacturing is such that it concentrates in producing the full system or sub-system manufacturing in-house while outsourcing the secondary processes which includes PCB assembly, precision engineering plastic moulding and mould making. This enables the K-One Group to focus in what it does best and outsource the rest principle. It also helps the K-One Group to minimize capital investment in buying Surface Mount Technology ("SMT") lines used for PCB assembly, precision moulding machines, precision stamping machines, wire-cut machines, machining centres, etc.. By minimizing capital investment, the K-One Group is able to keep overheads low and be competitive to fight challenges from low cost producing countries.

##### 4.2.3 Technology Used

The K-One Group's strength lies in its ability to design and develop innovative products leveraged on its competencies in: -

- Industrial & Mechanical Design
- Embedded Software & Firmware Design

##### ***Industrial & Mechanical Design***

Working with state of the art Unigraphics software, K-One Tech's industrial designers think, conceptualize and design in three (3) dimensions. Industrial design with three-dimension CAD models are handed off to the mechanical engineers for final development, detail design and analysis. Frequent design reviews and extensive use of FEA and prototyping minimize risk and facilitate expedited tooling development. K-One Tech's engineers continuously push the envelope by exploring new processes, technologies and materials to ensure its customer's competitive advantage.

##### ***Embedded Software & Firmware Design***

Embedded Software & Firmware are the software which run the hardware in the product. It is the software inside the chipset that enables it to function as required. Programming is in low level machine language such as binary code. K-One Tech has engineers capable of designing such firmware for different product applications.

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**4. INFORMATION ON THE GROUP (Cont'd)****Software & Hardware Tools**

K-One Tech is currently equipped with several CAD/CAM workstations. To perform the industrial, mechanical, electronics and embedded software design functions, K-One Tech has available the following engineering software packages: -

<b>Industrial Design/Mechanical Software</b>	<b>Function</b>
Unigraphics (UG) Adobe Acrobat	2D/3D design Graphics design
<b>Electronics Software</b> CADSTAR	Schematic, PCB layout, electromagnetic interference simulation
Visual Studio Lab View Keil Software	Computer application programming Test software programming Microcontroller programming

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## 4. INFORMATION ON THE GROUP (Cont'd)

## 4.2.4 Approvals, Major Licences and Permits Obtained

The details of approvals, major licences and permits obtained by the Group as at 7 November 2005 (the latest practicable date prior to the printing of the Prospectus) are as follows: -

Authority/ Number	Registration	Date of Licence	Validity of Licence	Nature of Licence / Registration	Major conditions	Status of compliance
• K-One Ind MITI /180/38329/0664/001/ACI		31.10.2003	1.08.2003 to 31.07.2008	Pioneer Status	<ul style="list-style-type: none"> <li>At least 60% of the shares in the company must be bought and owned by Malaysian citizens</li> <li>Value add amount for the company's product must be at least 15% (<i>"Value add" defined as gross sales less raw material costs</i>)</li> </ul>	Complied
• K-One Ind Royal Malaysian Customs / K.13-No 8126		03.08.2005	1.08.2005 to 31.07.2007	Warehouse Licence for Car Battery Charger, Microphone Speaker & Headset, Telecommunication and Computer accessories.	<ul style="list-style-type: none"> <li>Dutiable goods must be kept in separate warehouse</li> <li>100% of the manufactured goods are to be exported</li> <li>Machines directly used in manufacturing must be new and in unused condition.</li> <li>Licence Holder is required to execute a bond of RM50,000 to guarantee the payment of duty / tax on raw materials and components kept at and moved from the licensed warehouse.</li> </ul>	Complied
• K-One Ind Royal Malaysian Customs / K.14-No 8870		03.08.2005	1.08.2005 to 31.07.2007	Manufacturing Warehouse Licence for Car Battery Charger, Microphone Speaker & Headset, Telecommunication and Computer accessories.	<ul style="list-style-type: none"> <li>Dutiable goods must be kept in separate warehouse</li> <li>100% of the manufactured goods are to be exported</li> <li>Machines directly used in manufacturing must be new and in unused condition.</li> <li>Licence Holder is required to execute a bond of RM50,000 to guarantee the payment of duty / tax on raw materials and components kept at and moved from the licensed warehouse.</li> </ul>	Complied
• K-One Tech MDC		11.09.2002	Up to 10 years from 11.09.2002*	MSC Status	<ul style="list-style-type: none"> <li>K-One Tech must locate its headquarters and the implementation and operation of the MSC-qualifying activities in Cyberjaya within 6 months from the date of the letter dated 11 September 2002.</li> <li>It must ensure that at all times at least 15% of the total number of employees (excluding support staff) shall be "knowledge workers"</li> </ul>	Complied

Company No: 539757-K

4. INFORMATION ON THE GROUP (Cont'd)

Authority/ Number	Registration	Date Licence	Validity of Licence	Nature of Licence / Registration	Major conditions	Status of compliance
• K-One Ind Jabatan Alam Sekitar Negeri Perak, Kementerian Sains, Teknologi dan Alam Sekitar / B) A38/310/000/000 Jld.3 (14)		30.07.2002	Nil	To Manufacture "Electronic Products" at No. 30-32, Persiaran Rishah 9, Kawasan Perindustrian Silibin, Ipoh	<ul style="list-style-type: none"> <li>No effluent from manufacturing or production;</li> <li>The management and handling of scheduled waste material must be in accordance with Peraturan-peraturan Kualiti Alam Sekeliling (Buangan Terjadual) 1989-P.U (A) 139;</li> <li>Written consent must first be obtained from the Department before any installation of fuel consuming equipment such as power generators and others;</li> <li>Air pollution prevention equipment such as "dust collector" and others must be installed at the process area where air pollution is created. Any release from that area must be in accordance with the standards fixed under the Peraturan-Peraturan Kualiti Alam Sekeliling (Udara Bersih); 1978;</li> <li>A good management of wasted material has to be available on the project site and the disposal of these materials must be disposed at a disposal site, which has been approved by the Local Town Council;</li> <li>The noise level around the premise perimeters must be contained at all times and must not exceed 65 Dba Leq in the mornings (7.00 am – 7.00 pm) and 55Dba Leq at nights (7.00 am – 7.00 pm); and</li> <li>Always adhere to good housekeeping.</li> </ul>	Conditions of the licences, of which K-One Ind has been complied (where relevant)

\* Upon the expiry of the first 5 years, MDC will review K-One Tech and upon approval by MDC, a further 5 years may be granted.

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**4. INFORMATION ON THE GROUP (Cont'd)**

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**4.2.5 Brand Names, Patents, Trade Marks, Licences, Technical Assistance Agreements, Franchises And Other Intellectual Property Rights**

For D&D projects authorized and paid for by the customer, the result of the design process usually belongs to the customer. This would include the IP rights inherent in the design.

However, K-One Tech will own the IP rights for design outputs which are initiatives from K-One Tech. In such event, K-One Tech would take every step necessary to protect its IP through patents.

The K-One Group is confident of developing cutting edge technologies and innovative products in-house or in collaboration with local universities or foreign research centres in the next five (5) years. It plans to build up its patent bank to commensurate with the efforts, money and other resources put in.

The Group is in the process of registering "K-One" as a trademark and as at 7 November 2005 (being the latest practicable date prior to the printing of this Prospectus), it is pending publication in the Government gazette. It has not filed any own product design patent as yet as it has so far been designing products for third parties and all rights to the design are sold to such third parties.

**4.2.6 Dependency On Patents, Licences, Industrial, Commercial Or Financial Contracts**

Licences/permits as disclosed in Section 4.2.4 are required for the business and operations of the Group.

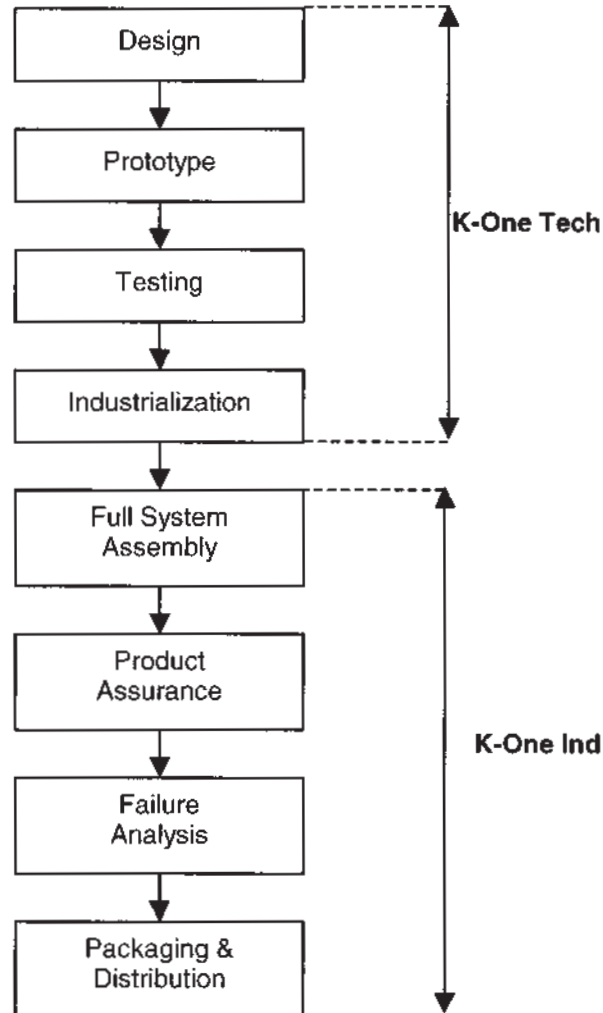
The K-One Group also does not rely on one industry for its business. The majority of the K-One Group's revenue was contributed from the multimedia industry with a minority share of less than 5% being contributed by the automotive industry. It is however envisaged that over the next five (5) years, the K-One Group will conscientiously grow the automotive business to represent up to 15% of the total revenue.

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#### 4. INFORMATION ON THE GROUP (Cont'd)

##### 4.2.7 Operating or Trading Mechanism

The K-One Group is an integrated one-stop technology provider; from concept to design to industrialization to manufacturing and supply of high and mid-end electronic end products for the Multimedia and automotive industries.



##### 4.2.8 Estimated Market Coverage, Position and Share

The Group has not conducted any research or any study into its estimated market coverage, position and share domestically or globally. Globally, there are many players which carry out similar business activities to the Group.

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**4. INFORMATION ON THE GROUP (Cont'd)****4.2.9 Significant New or Proposed Products/Services**

The K-One Group will initially be focused in designing and developing Multimedia and automotive products/sub-systems.

***Communication Accessories/Products***

In the communication front, K-One Tech started design at the accessory level which can be classified into three (3) categories: -

- Mechatronic Products
- Imaging Products
- Entertainment Products

**(i) *Mechatronic Products***

These are the basic mobile phone accessories such as: -

- Charger
- Hands-Free
- Mobile Phone Holder

The K-One Group's plan is to enhance these basic mobile phone accessories with Bluetooth as relevant and appropriate in moving forward. So far, the K-One Group has been successful in designing and manufacturing various models of mobile phone holder for Sony Ericsson. With this experience and achievement, the K-One Group stands a good chance to design and manufacture mobile phone holders for other major mobile phone manufacturers. Business development activities are on-going towards this direction.

**(ii) *Imaging Products***

These involve the D&D of miniature cameras for incorporation or attachment to the mobile phone. It is expected to pose strong growth once 3G is launched on a wide scale globally.

The K-One Group working with Anoto have co-designed the optical module which functions as a miniature camera. It is mounted at the tip of a digital pen. Production commenced in 4<sup>th</sup> Quarter 2004 for supply to several major OEMs which includes Logitech, Hitachi Maxell Ltd and Primax Electronics Ltd (Nokia). This success would pave the way for the K-One Group to establish a working relationship with these OEMs in designing and manufacturing miniature cameras for incorporation into the mobile phone in the future. It would also make it that much easier to prove the K-One Group's capabilities on miniature camera technology with Sony Ericsson.

**(iii) *Entertainment Products***

The trend is not to use the mobile phone just for voice communication. It is becoming a device used for data, video and entertainment activities. K-One Tech has successfully designed and developed the game board for attachment to the Sony Ericsson mobile phone. It is planning to design variations of the game board for several other major mobile phone manufacturers. Business development activities are in progress to break through these major mobile phone manufacturers.

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**4. INFORMATION ON THE GROUP (Cont'd)**

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In the initial years, the K-One Group's strategy would be focused in designing and developing accessories for OEMs and ODMs respectively. Beyond this and commencing in early 2006, the K-One Group plans to launch its own brand of products/accessories.

Subsequently, the product road map is to move forward to encompass the D&D of the Bluetooth PDA-Smart Phone for global OEMs, after going through the learning process of designing communication accessories for OEMs and under the K-One brand.

***Computer & Consumer Accessories/Products***

K-One Tech intends to design and develop innovative Bluetooth enabled scanner pen, mouse and other computer cum consumer accessories. Past collaboration with C Tech has enabled K-One Tech to develop in-depth competencies in this area.

Similarly, K-One Tech plans to design, develop, manufacture and market its own brand of computer cum consumer accessories commencing 2006. This is part of the K-One Group's plan to take control of its own destiny and rely less on third parties' businesses.

***Automotive Accessories/Products***

In the automotive products/sub-systems sector, the K-One Group's focus is two-fold: -

- (i) Designing, developing and manufacturing innovative automotive products/sub-systems which can be supplied through a distribution network to the consumer or direct to the global car manufacturers. Typical accessories which fall into this category include the emergency portable car battery charger, car battery voltage meter and car alarm system. So far, the K-One Group has successfully designed and manufactured the emergency portable car battery charger for marketing in Europe.
- (ii) Designing, developing and manufacturing sub-systems for Tier 1 automotive products/sub-systems suppliers. These Tier 1 automotive products/sub-systems suppliers would incorporate sub-systems designed and manufactured by the K-One Group into their modules for supply to global car manufacturers. In 2003, the K-One Group managed to break through a Tier 1 automotive system integrator by developing and manufacturing relays for supply to the preceding. This has opened the door for a working relationship in developing and manufacturing more sophisticated sub-systems. One of the aims for K-One Tech is to design, develop and manufacture Multimedia and on-board navigation equipment for the motor vehicle.

These preceding products are similar in nature or built on similar technology platform to those which the K-One Group will be heavily involved in designing and manufacturing in the Multimedia industry. Hence, K-One Tech shall be using the same technology platform to design and develop products for both its Multimedia and automotive industries.

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**4. INFORMATION ON THE GROUP (Cont'd)**

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**4.2.10 Principal Markets for Products**

The K-One Group focuses and will continue to focus full attention in the overseas markets, particularly Europe, US and North Asia. US presents the biggest market potential, followed closely by Europe and last but not least, North Asia. It has a past record of being 100% export oriented. However, this does not preclude it from being interested in business opportunities available in the local or neighbouring markets.

Although US is a very large market for both design and manufacturing services, it is a mature market with intense competition, especially at the Tier 1 customer level. Europe is more lucrative as it is still largely untapped, particularly at the Tier 2 customer level. In North Asian countries such as Japan, South Korea and China, opportunities with different flavors do exist. Japan and South Korea both have opportunities for the K-One Group in manufacturing services whilst China is a growing market with a high absorption rate for trendy and innovative ideas.

**4.2.11 Types, Sources and Availability of Raw Materials/Inputs**

The D&D process does not require any raw materials. It requires a combination of technical personnel, competent in both hardware and software engineering who can work together to transform concepts into working prototypes. To date, the Group has not encountered major difficulties in hiring new technical staff to meet its expansion needs.

The raw material or semi-finished sub-system required for final manufacturing of the Multimedia and automotive products are mainly sourced locally. The K-One Group has signed strategic manufacturing partnerships with two (2) local manufacturers for the supply of precision engineering parts, moulds and PCB assemblies.

**4.2.12 Quality Control Procedures**

The Group has a policy of producing high quality products. The goods produced by the Group are subjected to a series of tests during the manufacturing process where the products will be sampled on a random basis for inspection. Furthermore, K-One Ind, the manufacturing arm of the Group, was granted ISO 9001 certification in 2003. ISO 9001 contains a large number of "checkpoints" that K-One Ind must satisfy from a quality standpoint. With such quality control being exercised in every step of the manufacturing process, the Group ensures that only those products which meet the stringent requirement leave the factory.

**4.2.13 R & D**

Continuous R&D investment is crucial to the Group's future success in view of the fast changing pace of the IT technologies and ever demanding business requirements due to increase in business competition. Therefore, the Group will continue to invest significant resources in product development in order to take advantage of emerging technologies and to further develop the functionality and performance of its software applications.

The Group's R&D activities are housed in both its Cyberjaya and Mont' Kiara centres. The Cyberjaya centre focuses in software and electronics design/development whilst the Mont' Kiara centre is involved in industrial and mechanical hardware design/development.

**4. INFORMATION ON THE GROUP (Cont'd)**

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**(i) Policy on R & D**

The main objectives of R&D are to enhance features of existing applications/products, develop new applications/products, as well as continuous improvement in the quality, performance and services of the Group's application capabilities.

**(ii) R & D Facilities and Personnel**

Currently, K-One Tech's R&D team comprises a design and engineering Director who is supported by a group of eight (8) industrial design, mechanical, electronics, embedded software and firmware engineers. The Group plans to recruit additional professionals in the near future to speed up software, hardware and product design and development efforts.

K-One Tech's R&D facilities include CAD/CAM workstations, basic RF testing equipment, Direct Current (DC) power supply equipment, battery analyzer, in-house designed test fixtures for conducting analogue tests and digital multimeters. These hardware are complemented by various types of software such as Unigraphics, Adobe Acrobat, CADSTAR and Labview, each used for a different purpose as described in Section 4.2.3.

**(iii) Status of R & D**

In the pipeline, K-One Tech is developing the multi-functional IC (integrated circuit) chip targeting the Multimedia industry, the smart remote utility meter and plans to develop various Bluetooth enabled devices for some European clients.

**(iv) Achievements in R & D**

So far, the K-One Group has made significant progress in designing and developing innovative mobile phone holders, gameboard, speaker microphone, scanner pen, emergency mobile phone battery and portable car battery charger for overseas customers. These design innovations have all been prototyped and manufactured for these customers for sale in the international markets.

**(v) Future Plans and Timeline for Implementation**

As part of the Group's ongoing efforts to maintain technological advantage over its competitors the Group has allocated RM1.5 million of the proceeds raised for the upgrading of its hardware and software over the next twenty-four (24) months. The allocation will cover upgrading of Bluetooth testing equipment, computer hardware and software and related overheads.

With these upgrades, K-One Tech would be in a better position to develop Bluetooth enabled products for the communication and computer industries.



**4. INFORMATION ON THE GROUP (Cont'd)****(vi) R & D expenditure**

The amount spent on R & D activities for the last three financial years are as follows:-

Year	Total R&D Expenses RM'000	% turnover of the Group
2002	96	4
2003	157	4
2004	164	5

**4.2.14 Interruptions in Business for the Past Twelve (12) Months**

The Group has not experienced any business interruption occurring within and outside the Group that may significantly impair the Group's business performance during the past twelve (12) months.

**4.2.15 Employees**

The Group has a flat organisational structure that enables all levels of employees to be actively involved in the projects undertaken. This will facilitate the Group in meeting the dynamic needs of the industry.

As of 7 November 2005 (being the latest practicable date prior to the printing of this Prospectus), the Group has forty-three (43) full-time employees in the following categories:-

Category	No. of Employees	Average Length of Service (Years)
Managerial and professional	8	3
Technical and supervisory	25	2
Clerical and related occupations	10	2
<b>Total</b>	<b>43</b>	

In addition to the above, the entire production workforce currently averages fifty (50) staff whom are outsourced so as to give K-One Ind the flexibility to reduce or increase production staff strength to meet the cyclical nature of the business without having to pay fixed labour costs throughout the year. This is the K-One Group's strategy of minimizing direct labour costs to stay competitive.

The Group recognises the importance of its employees and updates them on the latest developments in the industry as well as increases their skill and knowledge by sending them to various courses throughout the year as and when the need arises.

**4. INFORMATION ON THE GROUP (Cont'd)**

Details of the Group's training and development programs for its employees are as follows:-

Seminar / Training	Attendees	Date
Unigraphics (UG) Software Training	Industrial/Mechanical Engineers	2001,2003,2004,2005
Cadstar Software Training	Electronics/Software Engineers	2004,2005
Bluetooth Technology Training	Electronics/Software Engineers	2004
Enterprise Resource Planning Seminar	Finance/Materials Executives	2004,2005
ISO 9001 Training	Dept. Managers/Quality Assurance Engineer	2003
Supervisory Training	Managers/Supervisors	2002, 2004

Employees of the Group do not belong to any labour unions and the employees enjoy cordial relationships with the management. There have not been any industrial disputes in the past between the employees and the management.

The Group has comprehensive plans for growth and with the higher profile achieved through the listing exercise, the ability of the Group to attract qualified knowledge workers in the future will be enhanced. In order to maintain its skilled workforce and other workers, the Group will be implementing the ESOS in conjunction with its listing on the MESDAQ Market.

**4.2.16 Key Achievements/Milestones/Awards***ISO 9001*

In September 2003, K-One Tech was awarded with ISO 9001 certification by Lloyd's Register Quality Assurance for, inter alia, the D&D of electronic products and accessories for communication, computer, consumer and automotive applications, whilst K-One Ind was awarded on the same date with the same certification for the manufacture of the same products and applications.

*Sony Green Partner*

K-One Ind was granted the status of "Green Partner" by Sony pursuant to Sony's Green Partner Environmental Quality Approval Program. This was after audit, certification and signing of the Green Partner Quality Approval Agreement between Sony Corporation of Japan and K-One Ind on 10 October 2005. The program is part of Sony's environmental activities to enhance and maintain environmental safety and quality of all components and materials used in Sony products sold or distributed worldwide.

#### 4. INFORMATION ON THE GROUP (Cont'd)

##### *Merit Award "Best of Start-Up Companies"*

In September 2003, K-One Tech received the Merit Award for the "Best of Start-Up Companies" category in the MSC-APICTA Awards 2003. APICTA is the acronym for Asia Pacific Information Communication Technology Awards.

The Awards is organised through the Asia Pacific IT Awards (APITA) Foundation. MDC initiated the Asia Pacific MSC IT&T Awards ("APMITTA") in Malaysia in year 1999 to stimulate, recognize and showcase innovation, creativity and excellence in the ICT industry in Malaysia, especially within the MSC. This Award was subsequently renamed the MSC-Asia Pacific ICT Awards (MSC-APICTA) in 2002.

##### *Industry Excellence Awards*

In 2004, K-One Tech's accolades include the Golden Bull Award 2004, Enterprise 50 Award 2004 and the SMI (ICT Adoption Category) Award 2004. K-One Ind was accorded the Golden Bull Award 2005 and Enterprise 50 Award 2005. Each of these awards recognizes SMIs which have demonstrated outstanding achievements in overall business growth and management excellence.

Award	Organizer
Golden Bull Award 2004 & 2005 Enterprise 50 Award 2004 & 2005 SMI (ICT Adoption Category) Award 2004	Ernst & Young/Nanyang Deloitte/SMIDEC Howarth /SMI Association of Malaysia

##### *Asia Pacific Technology Fast 500 Award*

K-One Tech was ranked 134 amongst the 500 fastest growing ICT companies in Asia Pacific in the Asia Pacific Technology Fast 500 Award 2004 organized by Deloitte International. The award was presented to K-One Tech in December 2004 at a ceremony organized by Deloitte in Hong Kong.

#### 4.2.17 Modes of Marketing/ Distribution/ Sales

The K-One Group currently exports 100% of its D&D and manufacturing services overseas to Europe, US and North Asia. The China market cannot be ignored in view of its large consumer base. However, the marketing focus in China would be geared towards D&D services rather than manufacturing.

In Europe and US, marketing emphasis shall be on Tier 2 customers and others as they pose better margins and provide less intense competition. The K-One Group would still continue to expand its global OEM customer base which includes Sony Ericsson as they do serve as good reference customers to bring the Tier 2 customers and others on board.

It is in the K-One Group's plan to expand its network of own sales offices and appoint additional sales representative offices and design houses as strategic partners in the geographical regions of Europe, US and North Asia. This dual marketing approach has proven to be effective in growing sales revenue with minimal capital expenditure and expense.

In regards to the Group's self-owned sales offices, they would be staffed by locals of the location of the sales office. Local staff can better deliver sales results in the shortest possible time frame as he or she is familiar with the terrain, custom and culture of the customers in the locality. The sales representative offices are motivated to deliver results by a mutually agreeable commission scheme based on success.

#### **4. INFORMATION ON THE GROUP (Cont'd)**

The customers are referred to the K-One Group for technical support and quotation. Upon signing up, they belong to the K-One Group with the sales representative office providing the necessary follow up sales call and liaison for any other matters.

The K-One Group provides warehousing and logistics services to its customers to complete the supply chain. Shipments can be made by air or ship depending on the requirements of the customers. As K-One Ind has a Licensed Manufacturing Warehouse ("LMW") licence, goods shipped out of the warehouse designated for export are duty free. Goods are usually despatched out of the country via the Kuala Lumpur International Airport or Port Klang.

##### **4.2.18 Location of Business**

The corporate office and design/development centre (mechanical/industrial design) are located at:

B-13-D1, Block B, Plaza Mont' Kiara  
2 Jalan Kiara, Mont' Kiara  
50480 Kuala Lumpur

The corporate office and D&D centre (mechanical/industrial design) is approximately 2,258 square feet. It is a rented premises with tenancy agreements expiring May 2007.

The D&D centre (software and electronics) is located at:

Merak, 1st Floor  
Cyberview Garden Villa & Office Complex  
Persiaran Multimedia  
63000 Cyberjaya

The above premise is approximately 400 sq.ft. with the tenancy agreement expiring in September 2006.

The factories operated by K-One Ind are located at:

- (A) 30 & 32, Persiaran Rishah 9  
Kawasan Perindustrian Silibin  
30100 Ipoh
- (B) 68, Lengkok Rishah 2  
Kawasan Perindustrian Silibin  
30100 Ipoh

The above manufacturing facilities have a built-up floor space of approximately 15,120 sq.ft. and 9,900 sq. ft. respectively. Both are rented premises with the tenancy agreements expiring in July 2007 and September 2007 respectively. The manufacturing facilities are currently involved in the final manufacturing, testing, verification and supply chain management of mobile phone accessories, computers peripherals and automotive products/sub-systems.

Currently, the business development office responsible for marketing activities in Europe is located at:

Jegerasen 3a  
N-1362 Hosle  
Oslo, Norway

**4. INFORMATION ON THE GROUP (Cont'd)**

The above is also responsible for managing the sales representative offices appointed by the K-One Group, currently located in London (United Kingdom), Stockholm (Sweden), Lund (Sweden) and Amsterdam (Netherlands). These sales representative offices work closely with the business development office in Norway and the Kuala Lumpur based corporate office and D&D centres which provide the pertinent technical support in winning design and manufacturing contracts.

**4.2.19 Production/Operating Capacities and Output**

K-One Ind's manufacturing facilities usually runs on 1 or 2 shifts in the first half of the year and normally escalates to 2 or 3 shifts in the second half of the year to cater for increased demand during the year end festive season. Each shift runs for 8 hours. The manufacturing facilities have three main final assembly lines which are configured and be easily reconfigured to produce, test and package any product line. It has been capable of meeting production requirements of its clients by adopting this flexible final assembly line method. Further, with this flexible final assembly line method, there will be no constraint to the production capacities of K-One Ind. The production output of K-One Ind for the financial year ended 31 December 2004 is 855,000 units.

**4.3 SUBSIDIARIES****4.3.1 EMB Tech**

EMB Tech was incorporated in Malaysia on 1 December 2003 under the Act as a private limited Company. EMB Tech is currently dormant but will be involved in investment holding.

EMB Tech's present authorised share capital is RM500,000 comprising 500,000 shares of RM1.00 each. The present issued and paid-up capital of EMB Tech is RM500,000 comprising 500,000 shares of RM1.00 each.

EMB Tech has a wholly-owned subsidiary company, K-One Ind and does not have any associated corporations.

The changes in the issued and paid-up share capital of EMB Tech since its incorporation are as follows:-

Date of allotment	No. of shares allotted	Par value RM	Consideration	Cumulative Issued and Paid-up Share Capital RM
01.12.2003	2	1.00	Subscriber' shares	2
27.05.2005	499,998	1.00	Cash	500,000

**4.3.2 K-One Ind**

K-One Ind was incorporated in Malaysia on 27 July 2001 under the Act as a private limited company. K-One Ind is principally engaged in the design and development of manufacturing process/tools and manufacturing of electronic end products and sub-systems.

K-One Ind's present authorised share capital is RM500,000 comprising 500,000 shares of RM1.00 each. The present issued and paid-up capital of K-One Ind is RM500,000 comprising 500,000 shares of RM1.00 each.

K-One Ind does not have any subsidiary or associated companies. As at 7 November 2005 (being the latest practicable date prior to the printing of this Prospectus), K-One Ind has thirty-four (34) full-time employees and employs on average fifty (50) production staff on a contract basis.

**4. INFORMATION ON THE GROUP (Cont'd)**

The changes in the issued and paid-up share capital of K-One Ind since its incorporation are as follows:-

Date of allotment	No. of shares allotted	Par value RM	Consideration	Cumulative Issued and Paid-up Share Capital RM
27.07.2001	3	1.00	Cash	3
7.10.2002	99,997	1.00	Cash	100,000
23.12.2002	100,000	1.00	Cash	200,000
24.02.2003	300,000	1.00	Cash	500,000

**4.4 INDUSTRY OVERVIEW****4.4.1 Overview of the Malaysian Economy**

The Malaysian economy remains resilient despite moderation in the growth of global economy amidst high oil prices and less accommodative monetary policy, particularly in the United States (US). The nation continues to sustain its growth momentum, with strong domestic demand providing the impetus for the expansion in domestic economic activities.

Economic fundamentals have further strengthened while domestic demand continued to be resilient amidst firm consumer spending as well as continued uptrend in private investment activities. These factors, coupled with proactive measures by the Government to promote economic activities provided the enabling environment for the Malaysian economy to expand favourably, albeit at a lower rate of 4.9% in the first half of 2005, compared with 8.1% during the same period of 2004. Despite sharp increases in oil prices, the Malaysian economy is expected to register 5.1% growth in the second half of the year, with growth for the year averaging 5%. This projection is premised on a growth of 4.8% in the Leading Index for January-June 2005 which indicates continued expansion in the second half of 2005. Growth is expected to be broad based with major sectors recording positive growth, backed by recovery in global electronics demand. The continuing build-up in international reserves arising from larger current account surplus and inflows of foreign capital has also strengthened domestic macroeconomic fundamentals.

The expansion in the economy is reflected by positive growth in all sectors, except construction. The main drivers of growth are the services, manufacturing and the primary commodity sectors. Strong domestic consumption is expected to drive the services sector, especially in wholesale and retail trade, hotels and restaurants; transport, storage, and communication; and financial services sub-sectors. The recovery of global electronics demand will accelerate manufacturing exports, resulting in a stronger momentum in manufacturing production in the second half of the year. Meanwhile, stable commodity prices will help sustain the growth momentum of the agriculture sector. Growth in private consumption remains firm, arising from higher household income. Private investment is expected to further strengthen reinforced by continued accommodative and more flexible monetary policy as well as higher inflow of foreign direct investment (FDI).

In tandem with the expansion in economic activities, national income as measured by Gross National Product (GNP), is estimated to increase by 9.1% to RM463,546 million (2004:14.1%; RM425,060 million), with per capita income rising by 6.8% to reach RM17,741 (2004:11.7%; RM16,616). Based on purchasing power parity (PPP), per capita income is expected to increase by 7.2% to USD10,323 (2004:7.4%; USD9,630).

(Source : Economic Report 2005/2006)

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**4. INFORMATION ON THE GROUP (Cont'd)**

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**4.4.2 Overview, Performance and Future Growth of the Global Electronics Industry**

Overall output of export-oriented industries moderated by 0.1% during the first seven months of 2005. The moderation was due to the global down cycle for **electronics and electrical products (E&E)** products, in particular semiconductors, since the last quarter of 2004. Consequently, manufacturers made adjustments to their production and inventories. Despite the downcycle, semiconductors' contribution to the manufacturing sector remained high at 34.4%. Capacity utilisation of the industry, which is usually higher than the average of the manufacturing sector, also remained high at above 85% as manufactures in the industry anticipated stronger demand in the second half of 2005.

Vibrant design and development (D&D) activities in the electronic and ICT industries, particularly software and systems development as well as high-tech knowledge-based manufacturing processes also contributed to the rebound of the E&E sub-sector. These industries are also expected to benefit from dynamic changes in consumer electronics, brought about by changes in technologies, innovation and new products in the market.

In addition, the E&E industry also attracted new entrants such as electronic manufacturing service (EMS) companies. Some of these EMS companies, which are original design manufacturers (ODM), have developed into contract manufacturers for established companies, manufacturing products at more competitive prices under their own or the latter's brand.

Export of E&E is expected to improve in 2005 as worldwide sales of semiconductors staged a turnaround and recorded a 5.8% increase during the first seven month of the year. In line with the book ratio of the North American semiconductor industry, which trended upwards in anticipation of a pick-up in demand for ICT-related products, the Semiconductor Industry Association of the US forecasted a sales growth of 6% for the global semiconductor industry (2004:28%). Hence, demand for Malaysia's E&E exports is also anticipated to improve for the rest of the year. The key drivers of E&E growth will be personal computers and optoelectronic, products (high-end mobile phones and cameras, LCD and plasma digital televisions).

*(Source : Economic Report 2005/2006)*

**4.4.3 Players and Competition**

In the domestic market, there are a number of design houses or electronic manufacturing service providers. These design houses are fragmented and generally do not provide full D&D services. The tendency is for them to specialise in one or two specific areas, for example, industrial design, mechanical design, electronics or software.

Internationally, there are several large competitors which are able to offer both D&D services and EMS and hence are competitors of the K-One Group. According to the management of K-One Group, these include Flextronics International Ltd, Solectron Corporation, Celestica Inc., Sanmania-SCI Corporation, Jabil Circuit Inc. and Elcoteq Network Corporation.

**4. INFORMATION ON THE GROUP (Cont'd)**

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**4.4.4 Laws and Regulations**

The K-One Group has to take cognisance in designing and/or manufacture electronic end products which meet the specifications of its global OEM and emerging high-tech customers, mainly located in Europe and US. These specifications normally require compliance to environmental and safety regulations mandated in Europe and US respectively. The products designed by the Group are required to undergo stringent environmental and safety tests before they are approved by its customers. Typical environmental tests include test for the presence of cadmium or lead in the materials used which are classified as banned materials in the production of electronic end products in Europe.

**4.4.5 Demand and Supply Conditions**

The demand for the K-One Group's D&D and/or manufacturing services are increasing as it continues to design innovative electronic end products for the multimedia and automotive industries, thus enhancing its standing as a cutting edge technology Group which provides quality, innovative and cost competitive solutions. More and more global OEMs and emerging technology companies in Europe, US and Japan are outsourcing their D&D services on top of manufacturing as they prefer to focus in brand and marketing development. In such event, the K-One Group is in good stead to tap the growing global demand for D&D and/manufacturing services.

On the other hand, there is a lack of companies capable of providing the full spectrum of D&D services in Malaysia. Internationally, there are major multinationals competing in this arena but demand still outstrip supply, in the K-One Group's opinion.

**4.4.6 Substitute Products/Services**

The core activities of the K-One Group has been to design, develop and manufacture high-end electronic end products for major OEMs and emerging technology companies. These products are usually unique in nature, as for eg, the scanner pen and of high quality. It is a challenge to substitute such products by way of developing a "me too" product as they are normally protected by patents. It would also be a challenge to design, manufacture and market a substitute product with the same high quality and cost competitiveness.

**4.4.7 Prospects and Outlook of the Industry**

The manufacturing sector is expected to grow at a higher rate following the strengthening of global electronics demand and the continuing strong pace of domestic economic activities.

Following recovery in global electronic demand in the second half of 2005, growth of the manufacturing sector is anticipated to grow by 4.9% (2005: 4.8%). The landscape of the manufacturing sector is expected to change in tandem with new developments and the shift towards technology-driven manufacturing processes with more R&D activities. New developments include advanced technologies such as nanotechnology, biotechnology and advanced manufacturing practices, which encompass high knowledge-content processing technologies. These developments are expected to contribute positively to growth of the manufacturing sector.

*(Source : Economic report 2005/2006)*



**4. INFORMATION ON THE GROUP (Cont'd)****4.5 MAJOR CUSTOMERS**

The Group's top ten (10) major customers based on the 6 months financial period ended 30 June 2005 are as follows:

<b>Customers</b>	<b>Level of sales @ 30.6.2005 (%)</b>	<b>Length of relationship (Years)</b>
Iris Corporation Bhd	42	1
Camfil FARR and Camfil Riverdale	25	2
Anoto AB	7	5
Sony Ericsson / Flextronics International KFT	6	5
Logitech Suchou Ltd	4	3
SVI Public Company	3	3
Axis Communication	2	5
Primax Industries (HK) Ltd	2	1
Farallon Medical, Inc	1	1
Smarteq Wireless AB	2	2

All along, the K-One Group does not rely solely on one major customer for business. The risk of losing any one of the major customers stated in the table above would be minimal as the K-One Group continues to expand its marketing network overseas to sign up more new customers.

As shown in the table above, the majority of the K-One Group's revenue was contributed from the multimedia industry with a minority share of less than 5% being contributed by the automotive industry. It is however envisaged that over the next five (5) years, the K-One Group will conscientiously grow the automotive business to represent up to 15% of the total revenue.

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**4. INFORMATION ON THE GROUP (Cont'd)****4.6 MAJOR SUPPLIERS**

The Group's top ten (10) major suppliers for the 6 months financial period ended 30 June 2005 are as follows:-

Suppliers	Level of purchases @ 30.6.2005 (%)	Length of relationship (Years)
Plustar Technology/Resources Sdn Bhd	35	3
Anoto AB	19	4
Panaipina Transport Sdn Bhd	9	1
Multi-Fineline Electronics, Inc	9	2
Zeito Plastics Components Sdn Bhd	5	3
Yan Jin (M) Sdn Bhd	5	3
Flextronics Technology Sdn Bhd	5	1
Tyco Electronics H.K. Limited	4	4
CPI(KL) Sdn Bhd	4	1
All Vision Technology Sdn Bhd	4	3

As indicated above, the K-One Group is not dependent on any single supplier.

**4.7 FUTURE PLANS, STRATEGIES AND PROSPECTS**

The K-One Group plans to move forward from D&D of end products to finally research, design and development of Integrated Circuit ("IC") Technology.

This gradual progress from product development of mechanical products initially, moving forward to product design which incorporates design of firmware and software in 2003 (on top of mechanical design) is a first step for K-One Tech to be involved in IC design. As future products become more sophisticated with greater demands on features and functions from customers, the technical team in K-One Tech will have to move into the realm of research, in either hardware or software breakthroughs.

As K-One Tech moves forward to embark on research, it is expected to have serious collaboration with the local technical universities. In this manner, there would be a pooling of facilities and resources.

The K-One Group plans to spend a substantial portion of the funds raised through the Public Issue exercise to upgrade its current basic D&D Centre with the full range of Bluetooth testing and verification equipment. Only with the preceding residing in-house as a showcase would potential customers feel confident to give the K-One Group the more sophisticated Bluetooth projects. Having the right personnel with Bluetooth/RF skill sets is only one side of the story, it needs hardware i.e. testing tools to complete the whole picture. Thus, it is crucial for K-One Tech to invest in Bluetooth testing equipment to bid for such projects successfully.

## 5. INFORMATION ON PROMOTERS / SUBSTANTIAL SHAREHOLDERS / DIRECTORS / KEY MANAGEMENT

### 5.1 PROMOTERS

#### 5.1.1 Particulars and Shareholdings

The details of the Promoters of the Group and their shareholdings in K-One Tech after the Public Issue are as follows: -

Name	Nationality	No. of Shares Held in K-One Tech Before Public Issue			No. of Shares Held After Public Issue <sup>(1)</sup>			No. of Shares Held After Full Exercise of ESOS <sup>(2)</sup>					
		Direct	%	Indirect	%	Direct	%	Indirect	%	Direct	%	Indirect	%
Ir. Lim Beng Fook, Edwin	Malaysian	6,425,950	22.7	*2,298,631	8.1	6,525,950	17.3	* 2,298,631	6.1	6,825,950	16.4	*2,298,631	5.5
Lim Soon Seng, Martin	Malaysian	6,426,000	22.7	-	-	6,506,000	17.2	-	-	6,806,000	16.4	-	-
Ebjorn Braten	Norwegian	6,426,000	22.7	-	-	6,456,000	17.1	-	-	6,456,000	15.5	-	-

\* Deemed interested through his spouse, Goh Siew Kean's direct interest in K-One Tech.

Notes: -

- (1) Including their respective entitlements for the pink form share allocation pursuant to the Public Issue.
- (2) The ESOS will be implemented prior to date of the Company's listing on the MESDAQ Market. The shareholdings shown here are based on the assumption that the number of Options to be granted under the ESOS is 10% of the Company's enlarged issued and paid-up capital on the date of listing. Under the terms of the Bye-Laws of the ESOS, the quantum of the ESOS is up to 10% of the Company's issued and paid-up capital at any time during the existence of the ESOS.

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**5. INFORMATION ON PROMOTERS / SUBSTANTIAL SHAREHOLDERS / DIRECTORS / KEY MANAGEMENT (Cont'd)**

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**5.1.2 Profiles of Promoters**

**Ir. Lim Beng Fook, Edwin**, 48 years old is both a Promoter and Executive Chairman cum Vice President, Corporate Planning of K-One Tech. Edwin holds a Bachelor of Science (Hons) in Engineering with Business Studies from Sheffield Hallam University, United Kingdom ("UK") and a Master of Science in Mechanical Engineering from the University of Alberta, Canada. Edwin is a professional engineer registered with the Board of Engineers, Malaysia and a corporate member of the Institution of Engineers, Malaysia. He is also a Chartered Engineer registered with the Institution of Electrical Engineers, UK. Edwin was awarded the "Entrepreneur Of The Year Award" by the Malaysia-Canada Business Council in 2004. Edwin's career spans almost 20 years with 3 multinationals, namely, Mobil Oil (Malaysia) Sdn Bhd ("Mobil"), Renold (Malaysia) Sdn Bhd ("Renold") and AMP Products (Malaysia) Sdn Bhd ("AMP"). Both Mobil and AMP are US based while Renold is UK based.

Edwin's global experience in the electronics industry stems from him leading AMP as its Country General Manager in 1992, building up the Malaysian operation from a sales outfit of RM20 million sales turnover in 1992 to RM250 million sales turnover in 1999, on top of which established from greenfield AMP's manufacturing facility and R&D Center in 1995. In addition to his Country General Manager's role, Edwin also held the dual role of being the Director, Automotive Industry responsible for the ASEAN region for a period of 2 years for which he was responsible for approximately RM150 million sales turnover. Upon leaving AMP, Edwin took a brief sabbatical, soon afterwards co-founded K-One Tech in 2001.

**Lim Soon Seng, Martin**, 43 years old is both a Promoter and Chief Executive Officer and Executive Director of K-One Tech. Martin holds both the Bachelor of Engineering (Hons) in Electronics Engineering and Master of Engineering in Electronics Engineering from the University of Hull, United Kingdom. He also holds a Master of Business Administration from the University of Coventry, United Kingdom. Martin is a registered Chartered Engineer of the Institution of Electrical Engineers, UK. Martin has spent almost 13 years in the electronics contract manufacturing industry both locally and in the United Kingdom. He was an Engineer, Manager and finally Chief Executive Officer of TFP Precision Industries Sdn Bhd before joining K-One Tech.

**Bjorn Braten**, 48 years old is both a Promoter and Vice President, Business Development (Europe) for K-One Tech. He holds a Diploma in Engineering from Telecom College, Norway and Bachelor of Economics and Master in Management from the Norwegian School of Management, Norway. Bjorn has almost 20 years of sales/marketing experience of industrial products in Europe. In the last 10 years, he was particularly involved in the communications industry, having acted as the Vice-President, Marketing of Iplast Norge AB which was ultimately acquired by Mikron Holding AG where he retained the same position in Mikron Norge AB before venturing out to co-found K-One Tech in 2001 together with Ir. Lim Beng Fook, Edwin.

**5.1.3 Directorships and Substantial Shareholdings of Promoters in All Other Public Corporations for the Past Two Years Preceding the Date Hereof**

As of 7 November 2005 (being the latest practicable date prior to the printing of this Prospectus), none of the Promoters have any directorships or substantial shareholdings in other public corporations for the past two years.

## 5. INFORMATION ON PROMOTERS / SUBSTANTIAL SHAREHOLDERS / DIRECTORS / KEY MANAGEMENT (Cont'd)

### 5.2 SUBSTANTIAL SHAREHOLDERS

#### 5.2.1 Particulars and Shareholdings

The details of the substantial shareholders of the Group and their shareholdings in K-One Tech after the Public Issue are as follows: -

Name	Nationality	No. of shares held in K-One Tech before Public Issue		No. of Shares Held After Public Issue <sup>(1)</sup>		No. of Shares Held After Full Exercise of ESOS <sup>(2)</sup>							
		Direct	%	Indirect	%	Direct	%	Indirect	%				
Ir. Lim Beng Fook, Edwin	Malaysian	6,425,950	22.7	*2,298,631	8.1	6,525,950	17.3	*2,298,631	6.1	6,825,950	16.4	*2,298,631	5.5
Lim Soon Seng, Martin	Malaysian	6,426,000	22.7	-	-	6,506,000	17.2	-	-	6,806,000	16.4	-	-
Bjorn Braten	Norwegian	6,426,000	22.7	-	-	6,456,000	17.1	-	-	6,456,000	15.5	-	-
Goh Siew Kean	Malaysian	2,298,631	8.1	#6,425,950	22.7	2,298,631	6.1	#6,525,950	17.3	2,298,631	5.5	#6,825,950	16.4

\* Deemed interested through his spouse, Goh Siew Kean's direct interest in K-One Tech.  
# Deemed interested through her spouse, Ir. Lim Beng Fook, Edwin's direct interest in K-One Tech.

Note: -

(1) Including their respective entitlements for the pink form share allocation pursuant to the Public Issue.

(2) The ESOS will be implemented prior to date of the Company's listing on the MESDAQ Market. The shareholdings shown here are based on the assumption that the number of Options to be granted under the ESOS is 10% of the Company's enlarged issued and paid-up capital on the date of listing. Under the terms of the Bye-Laws of the ESOS, the quantum of the ESOS is up to 10% of the Company's issued and paid-up capital at any time during the existence of the ESOS.

#### 5.2.2 Profiles of Substantial Shareholders

Save for profile of Ir. Lim Beng Fook, Edwin, Lim Soon Seng, Martin and Bjorn Braten which are set out in Section 5.1.2 of this Prospectus, below are the profile of the other substantial shareholder:-

**Goh Siew Kean**, 48 years old is currently a freelance IT Consultant. She holds a BSc(Hons) in Computer Studies from Sheffield Hallam University, UK. Siew Kean is a corporate member of the British Computer Society, UK. She was with NCR (Malaysia) Sdn Bhd as a Systems Engineer for 8 years before moving on to become Senior Manager of IT in MBF Information Services Sdn Bhd and Synergy Card & Payment Services Sdn Bhd respectively and finally establishing in her current role as freelance IT Consultant.

## 5. INFORMATION ON PROMOTERS / SUBSTANTIAL SHAREHOLDERS / DIRECTORS / KEY MANAGEMENT (Cont'd)

### 5.3 DIRECTORS

#### 5.3.1 Particulars and Shareholdings

The details of the Directors of the Company and their shareholdings in K-One Tech after the Public Issue are as follows: -

Name	Nationality	No. of shares held in K-One Tech before Public Issue				No. of Shares Held After Public Issue <sup>(1)</sup>				No. of Shares Held After Full Exercise of ESOS <sup>(2)</sup>			
		Direct	%	Indirect	%	Direct	%	Indirect	%	Direct	%	Indirect	%
Ir. Lim Beng Fook, Edwin	Malaysian	6,425,950	22.7	*2,298,631	8.1	6,525,950	17.3	* 2,298,631	6.1	6,825,950	16.4	*2,298,631	5.5
Lim Soon Seng, Martin	Malaysian	6,426,000	22.7	-	-	6,506,000	17.2	-	-	6,806,000	16.4	-	-
Bjom Braten	Nonwegian	6,426,000	22.7	-	-	6,456,000	17.1	-	-	6,456,000	15.5	-	-
Loi Kim Fah	Malaysian	-	-	-	-	30,000	0.1	-	-	30,000	0.1	-	-
Goh Chong Chuang	Malaysian	-	-	-	-	50,000	0.1	-	-	50,000	0.1	-	-

\* Deemed interested through his spouse, Goh Siew Kean's direct interest in K-One Tech

Note: -

(1) Including their respective entitlements for the pink form share allocation pursuant to the Public Issue.

(2) The ESOS will be implemented prior to the date of the Company's listing on the MESDAQ Market. The shareholdings shown here are based on the assumption that the number of Options to be granted under the ESOS is 10% of the Company's enlarged issued and paid-up capital on the date of listing. Under the terms of the Bye-Laws of the ESOS, the quantum of the ESOS is up to 10% of the Company's issued and paid-up capital at any time during the existence of the ESOS.

## 5. INFORMATION ON PROMOTERS / SUBSTANTIAL SHAREHOLDERS / DIRECTORS / KEY MANAGEMENT (Cont'd)

### 5.3.2 Profiles of Directors

Save for the profiles of Ir. Lim Beng Fook, Edwin, Lim Soon Seng, Martin and Bjorn Braten which are set out in Section 5.1.2 of this Prospectus, below are the profiles of the other Directors:-

**Loi Kim Fah**, age 39, was appointed as an Independent Non-Executive Director of the Company on 3 February 2005. He holds a Bachelor of Accounting from University Malaya. He is a member of Malaysian Institute of Certified Public Accountants and currently the principal of Loi & Co., an audit firm. He has been in public practice since 1991. Over the years, he has been involved in the audit of companies in various industries which include securities, banking, finance, construction, aquaculture and manufacturing. He has also been engaged in business advisory assignments in the like of merger and acquisition, internal control review, accounting system consultation, feasibility study, listing exercise and business planning.

**Goh Chong Chuang**, age 50, was appointed as an Independent Non-Executive Director of the Company on 3 February 2005. He holds a Certificate in Electrical Engineering from City & Guild of London, UK, Certificate in Mechanical Engineering, from Collier MacMillan School, Australia and Certified Advance Manufacturing Co-Ordinator from Sanno Institute of Business Administration, Japan.

He started his career with Naito Electronics (M) Sdn Bhd, a Japanese semiconductor assembly plant in 1974. He had proven himself to be assigned to key positions as the Manufacturing Superintendent, Production Manager and finally Engineering Manager over a 14 year tenure till 1988. He then joined Alps Electric (Malaysia) Sdn Bhd, a Japanese multinational where he assumed the positions of Product Manager, Plant Manager, Deputy General Manager, Executive Director and finally Advisor over a period of 12 years until 2000, then venturing out as an entrepreneur.

He is currently the Chairman of the Federation of Malaysian Manufacturers (FMM), Negeri Sembilan Branch, a position held since 1998. He is the Branch Representative to the FMM Council and represents FMM in the Negeri Sembilan State Action Committee, State Consultative Panel between Public & Private Sectors and the National Industry Grant Scheme Steering Committee. He is also a Director of the FMM Institute of Manufacturing. Last but not least, he sits on the Advisory Panel for the Institute Kemahiran Belia Negara, Negeri Sembilan.

### 5.3.3 Directors' Remuneration and Benefits

The aggregate remuneration and benefits paid to the Directors of K-One Tech for services rendered in all capacities to the Group for the financial year ended 31 December 2004 and the current financial year ending 31 December 2005 are as follows: -

Remuneration Band (RM'000)	Financial Year Ended 31 December 2004		Financial Year Ending 31 December 2005	
	Aggregate Remuneration (RM'000)	Number of Directors	Aggregate Remuneration (RM'000)	Number of Directors
Up to 50,000	-	-	14	2
50,001 - 100,000	-	-	-	-
100,001 - 200,000	288	2	278	2
200,001 - 500,000	-	-	-	-
Above 500,000	-	-	-	-
<b>Total</b>	<b>288</b>	<b>2</b>	<b>292</b>	<b>4</b>

## 5. INFORMATION ON PROMOTERS / SUBSTANTIAL SHAREHOLDERS / DIRECTORS / KEY MANAGEMENT (Cont'd)

### 5.4 DIRECTORSHIP AND SUBSTANTIAL SHAREHOLDERS IN ALL OTHER PUBLIC CORPORATIONS FOR THE PAST TWO (2) YEARS

As of 7 November 2005 (being the latest practicable date prior to the printing of this Prospectus), none of the Directors and substantial shareholders of K-One Tech have any directorships or substantial shareholdings in other public corporations for the past two years.

### 5.5 AUDIT COMMITTEE

The main functions of the Audit Committee fall within the ambit of the Listing Requirements, which include the review of audit plans and audit reports with the Group's auditors, review of the auditors' evaluation of internal accounting controls and management information systems, review of the scope of internal audit procedures, review of the balance sheet and profit and loss accounts, and nomination of the auditors. The Audit Committee comprises of the following individuals:-

Name	Designation	Directorship
Loi Kim Fah	Chairman of Audit Committee	Independent Non-Executive Director
Bjorn Braten	Member of Audit Committee	Vice President of Business Development/ Executive Director
Goh Chong Chuang	Member of Audit Committee	Independent Non-Executive Director

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## 5. INFORMATION ON PROMOTERS / SUBSTANTIAL SHAREHOLDERS / DIRECTORS / KEY MANAGEMENT (Cont'd)

### 5.6 KEY MANAGEMENT

#### 5.6.1 Particulars and Shareholdings

The details of the key management of the Group and their shareholdings in K-One Tech after the Public Issue are as follows: -

Name	Nationality	Designation/ Functions	No. of shares held in K-One Tech before Public Issue		No. of Shares Held After Public Issue <sup>(1)</sup>		No. of Shares Held After Full Exercise of ESOS <sup>(2)</sup>	
			Direct	Indirect	Direct	Indirect	Direct	Indirect
Chau Guan Fock	Malaysian	General Manager, Business Development	1,354,689	-	1,404,689	-	1,554,689	-
Goh Sai Keong, Gary	Malaysian	Finance Manager	1,354,689	-	1,404,689	-	1,554,689	-
Char Tze Hiang	Malaysian	Technical Director	1,354,689	-	1,404,689	-	1,554,689	-
Prem Kamal bin Radzi Raju	Malaysian	Manufacturing Manager	1,354,676	-	1,394,676	-	1,484,676	-
Goo Kok Khian	Malaysian	Manager, Industrialization & Project	1,354,676	-	1,404,676	-	1,554,676	-

Notes: -

(1) Including their respective entitlement for the pink form share allocation pursuant to the Public Issue.

(2) The ESOS will be implemented prior to the date of the Company's listing on the MESDAQ Market. The shareholdings shown here are based on the assumption that the number of Options to be granted under the ESOS is 10% of the Company's enlarged issued and paid-up capital on the date of listing. Under the terms of the Bye-Laws of the ESOS, the quantum of the ESOS is up to 10% of the Company's issued and paid-up capital at any time during the existence of the ESOS.

**5. INFORMATION ON PROMOTERS / SUBSTANTIAL SHAREHOLDERS / DIRECTORS / KEY MANAGEMENT (Cont'd)****5.6.2 Profiles of the Key Management**

Save for the profiles of Ir. Lim Beng Fook, Edwin, Lim Soon Seng, Martin and Bjorn Braten which are set out in Section 5.1.2 of this Prospectus, below are the profiles of the other Key Management:

***Chau Guan Fock***, age 42, is the General Manager, Business Development. He holds a Bachelor of Engineering (Hons) in Electronics Engineering from Strathclyde University, UK. He is responsible for business development in US and North Asia. He has a cumulative total of approximately 15 years experience in the electronics industry. He was a Production Engineer for about 5 years with Sony Mechatronics (M) Sdn Bhd before embarking on a marketing career which spanned a period of about 10 years with AMP and Kemet Electronics Marketing (S) Pte. Ltd. (both US multinationals) respectively. He held the position of Sales Manager over the last six years in his marketing career and has built up a network of global clients both located locally and internationally.

***Goh Sai Keong, Gary***, age 40, is the Finance Manager. He holds a Bachelor of Commerce from the University of New South Wales, Australia and Diploma in Business Computing from New South Wales Business College, Australia. He is a CPA (Australia) and is a member of the Malaysian Institute of Accountants. Prior to joining the Group, he was the Finance and Administrative Manager of Gleason Engineering Services Sdn Bhd for 7 years. He is an experienced auditor, having spent some years of experience in this area both locally and in Australia.

***Char Tze Hiang***, age 39, is the Technical Director. He holds a Bachelor of Engineering (Hons) in Mechanical Engineering from Universiti Teknologi Malaysia. He has a combined 15 years of design, product development, project management and manufacturing experience earned from Hitachi Consumer Products(S) Pte Ltd , Goldtron Telecommunication Pte Ltd, NIC Orient Sdn Bhd, Oriental Nichinan Design Engineering Sdn Bhd, Oriental Thai Industries Co. Ltd. and finally Arrk (Malaysia) Sdn Bhd.

***Prem Kamal bin Radzi Raju***, age 29, is the Manufacturing Manager. He holds a Bachelor of Engineering (Hons) in Mechanical Engineering from the University of Wales, UK. He has about 6 years experience in the electronics manufacturing services industry as a process and quality assurance engineer. His last two employers were Finisar (M) Sdn Bhd and Unisem (M) Bhd prior to joining the Group.

***Goo Kok Khian***, age 31, is the Manager, Industrialization & Project, responsible for the factory operation. He holds a Diploma in Electronics Engineering from Linton Institute of Technology, Ipoh and an MBA from Nottingham Trent University, UK. He has about 6 years of hands-on experience in the process, production and quality assurance of high-end communication and consumer products at TFP Precision Industries Sdn Bhd prior to joining the Company.

## 5. INFORMATION ON PROMOTERS / SUBSTANTIAL SHAREHOLDERS / DIRECTORS / KEY MANAGEMENT (Cont'd)

## 5.7 INVOLVEMENT OF EXECUTIVE DIRECTORS / KEY MANAGEMENT IN OTHER BUSINESSES / CORPORATIONS

Save as disclosed below, none of the Executive Directors/key management is involved in other businesses or corporations:

Name of Company	Directorship	Date Appointed/ (Date Resigned)	Shareholding		Principal Activities
			Direct No. of shares	Indirect No. of shares	
<i>Ir. Lim Beng Fook, Edwin</i>					
K-One Resources Sdn Bhd	Non-Executive	27.07.2001	1	33.3	Dormant
K-One Manufacturing Sdn Bhd	Non-Executive	19.09.2001	1	33.3	Dormant
K-One Products Sdn Bhd	Non-Executive	19.09.2001	1	33.3	Trading in antennas and related accessories
BFL Business Consulting Sdn Bhd	Non-Executive	19.10.1999	1	50.0	Ceased business operation
Wawasan Research and Technologies Sdn Bhd	Non-Executive	16.01.2002	34,000	34.0	Dormant
Wrats Products Sdn Bhd	Non-Executive	11.02.2002	1	14.3	Dormant
<i>Lim Soon Seng, Martin</i>					
K-One Resources Sdn Bhd	Non-Executive	23.10.2003	1	33.3	Dormant
K-One Manufacturing Sdn Bhd	Non-Executive	23.10.2003	1	33.3	Dormant
K-One Products Sdn Bhd	Non-Executive	23.10.2003	1	33.3	Trading in antennas and related accessories
Wrats Products Sdn Bhd		11.02.2002	1	14.3	Dormant
<i>Bjorn Braten</i>					
K-One Resources Sdn Bhd	Non-Executive	27.07.2001	1	33.3	Dormant
K-One Manufacturing Sdn Bhd	Non-Executive	19.09.2001	1	33.3	Dormant
<i>Goh Sai Keong, Gary</i>					
TAK Management Consultant Sdn Bhd	Non-Executive	19.7.2002	5,000	5.0	Building Planning & Project Management

\* Deemed interested through his spouse, Goh Siew Kean's direct interest in these companies.

**5. INFORMATION ON PROMOTERS / SUBSTANTIAL SHAREHOLDERS / DIRECTORS / KEY MANAGEMENT (Cont'd)**

**5.8 DECLARATION OF DIRECTORS AND KEY MANAGEMENT TEAM**

No director, key management or person nominated to become a director or key management is or has been involved in any of the following events: -

- (a) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (b) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (c) the subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

**5.9 FAMILY RELATIONSHIPS AND ASSOCIATIONS**

Save for the following, none of the Directors, Promoters, substantial shareholders and key management of K-One Group are related to each other :-

- (a) Ir. Lim Beng Fook, Edwin and Lim Soon Seng, Martin are siblings; and
- (b) Goh Siew Kean is the spouse of Ir. Lim Beng Fook, Edwin.

**5.10 EXISTING OR PROPOSED SERVICE AGREEMENTS**

There is no existing or proposed service agreements between the Group and its Directors and key management.

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## 5. INFORMATION ON PROMOTERS / SUBSTANTIAL SHAREHOLDERS / DIRECTORS / KEY MANAGEMENT (Cont'd)

### 5.11 CHANGES IN SHAREHOLDINGS IN THE COMPANY FOR THE PAST THREE (3) YEARS

The significant changes of the Promoters' and substantial shareholders' shareholdings in the Company for the past three (3) years preceding the date hereof are as follows: -

Name Par value/ share	Balance as at 7.11.2005		From 7.11.2004 to 6.11.2005				From 7.11.2003 to 6.11.2004				From 7.11.2002 to 6.11.2003			
	Direct Shares	Indirect Shares	Acquisition Shares	Disposal Shares	Direct Shares	Indirect Shares	Acquisition Shares	Disposal Shares	Direct Shares	Indirect Shares	Acquisition Shares	Disposal Shares	Direct Shares	Indirect Shares
<b>Promoters / Substantial shareholders</b>														
Ir. Lim Beng Fook, Edwin	6,425,950	*2,298,631	1,325,990	5	0.10 Shares	0.10 Shares	392,001	1.00 Shares	1.00 Shares	0.10 Shares	0.10 Shares	1.00 Shares	1.00 Shares	1.00 Shares
Lim Soon Seng, Martin	6,426,000	-	1,326,000	-	0.10 Shares	0.10 Shares	399,000	-	-	-	-	-	-	-
Bjorn Braten	6,426,000	-	1,326,000	-	0.10 Shares	0.10 Shares	399,000	-	-	-	-	-	-	-
Goh Siew Kean	2,298,631	#6,425,950	474,321	-	0.10 Shares	0.10 Shares	152,431	-	-	-	-	-	-	#78,000

\* Deemed interested through his spouse, Goh Siew Kean's direct interest in K-One Tech.  
 # Deemed interested through her spouse, Ir. Lim Beng Fook, Edwin's direct interest in K-One Tech.  
 ^ The existing par value of RM1.00 each per ordinary share was split into 10 ordinary shares of RM0.10 on 30 May 2005.

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**6. APPROVALS AND CONDITIONS****6.1 APPROVALS AND CONDITIONS**

The SC and Bursa Securities approved the Public Issue on 20 January 2005 and 24 January 2005 respectively. The conditions imposed by the authorities and status of compliance are as follows: -

Conditions Imposed By SC	Status of Compliance
With regard to the utilisation of the listing proceeds, K-One is to disclose the status of the utilisation of the listing proceeds in its quarterly and annual reports until the proceeds are fully utilized.	To be complied.

Conditions Imposed By Bursa Securities	Status of Compliance
(i) To disclose in the public offer prospectus the contribution of its top 4 customers to total revenue for the latest financial period and the impact on the Group of the possible loss of a top four customer.	Complied. Please refer to Section 4.5 of the Prospectus.
(ii) With regard to the trade debtors, K-One should comply with the following:-	
(a) to disclose the following in the prospectus the ageing analysis based on the Group's latest audited trade receivables including measures taken to recover the long overdue balances and other credit control measures undertaken to mitigate the risk of bad debts;	Complied. Please refer to Section 9.4(vi) of this Prospectus.
(b) K-One to make full provision for trade receivables outstanding that has exceeded the normal credit period granted of 90 days but less than 180 days, unless it can be justified that the outstanding amount can be collected. The said justification must be disclosed in the prospectus supported by an independent opinion from the Reporting Accountants; and	Complied. Please refer to Section 9.4(vi) of this Prospectus.
(c) K-One to collect and make full provision for all trade receivables that has been outstanding for more than 180 days.	Complied. Please refer to Section 9.4(vi) of this Prospectus.
(iii) K-One Tech to inform Bursa Securities on the appointment of Independent Directors and to provide confirmation that they qualify as independent Directors as defined in the Listing Requirements.	Complied via the letter dated 18 October 2005 furnished to SC and Bursa Securities.
(iv) K-One Tech to inform the Exchange on the appointment of Audit Committee and to provide confirmation that they qualify as members based on the requirement in the Listing Requirements.	Complied via the letter dated 18 October 2005 furnished to SC and Bursa Securities.
(v) K-One Tech to include a negative statement in its prospectus on the exclusion of profit forecast and projection from the prospectus and the reasons thereof.	Complied. Please refer to Section 1.7 of this Prospectus.

**6. APPROVALS AND CONDITIONS (Cont'd)**

The SC had on 15 July 2005 granted its approval to the Company for an extension of time for six (6) months from 24 June 2005 to 23 January 2006 for the implementation of Listing on the Mesdaq Market of Bursa Securities.

The SC had via its letter dated 7 October 2005 further imposed the following conditions:-

<b>Conditions Imposed By SC</b>		<b>Status of Compliance</b>
(i)	AmMerchant Bank / K-one Tech to fully comply with the earlier conditions as stipulated in the SC's letter 20 January 2005 and Bursa Securities' letter dated 24 January 2005;	To be complied.
(ii)	With respect to the private placement to investor to be identified, approved as part of K-One Tech's revised flotation scheme, AmMerchant Bank is to submit to the SC, prior to the listing and quotation of K-One's entire enlarged issued and paid up share capital on the MEADAQ Market, the following information on each of the placees / the implementation of the private placement:-  (a) Name of places/ultimate beneficiaries for nominee companies (if any); (b) NRIC/passport/company registration number; (c) CDS account number; (d) Number of private placement shares allocated; (e) Home/business address; (f) Occupation/principal activities; (g) Date of listing of the private placement shares; (h) Issue price of the placement shares; and (i) Name of the placement agent.	To be complied.

**6.2 MORATORIUM ON SHARES**

In accordance with the Listing Requirements for MESDAQ Market, shares held by the Promoters amounting to 45% of the enlarged issued and paid-up capital of the Company as at the date of admission of the Company to the Official List of the MESDAQ Market, are to be placed under moratorium.

The Promoters whose shares are subjected to the moratorium as imposed by the SC are as follows: -

<b>Promoters</b>	<b>Under Moratorium After Public Issue<sup>(1)</sup></b>		<b>Under Moratorium After Full Exercise of ESOS<sup>(2)</sup></b>	
	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
Ir. Lim Beng Fook, Edwin	6,358,065	16.8	6,358,065	15.3
Lim Soon Seng, Martin	6,339,472	16.8	6,339,472	15.2
Bjom Braten	6,013,463	15.9	6,013,463	14.5
	<b>18,711,000</b>	<b>49.5</b>	<b>18,711,000</b>	<b>45.0</b>

Notes:

(1) Computed based on enlarged issued and paid up share capital of 37,800,000 Shares.

**6. APPROVALS AND CONDITIONS (Cont'd)**

- (2) *The ESOS will be implemented prior to the date of the Company's listing on the MESDAQ Market. The shareholdings shown here are based on the assumption that the number of Options to be granted under the ESOS is 10% of the Company's enlarged issued and paid-up capital on the date of listing. Under the terms of the Bye-Laws of the ESOS, the quantum of the ESOS is up to 10% of the Company's issued and paid-up capital at any time during the existence of the ESOS.*

The moratorium has been fully accepted by the Promoters. They will not be allowed to sell, transfer or assigned any part of their interest in the Shares under moratorium within one (1) year from the date of admission of the Company to the Official list of the MESDAQ Market, and thereafter, they are permitted to sell, transfer or assign up to a maximum of one third per annum of their respective shareholdings under moratorium on a straight-line basis.

The restriction will be specifically endorsed on the share certificates representing the respective shareholdings of the Promoters which are under moratorium to ensure that K-One Tech's registrars shall not register any transfer not in compliance with the restriction moratorium.

The endorsement affixed on the share certificates is as follows: -

*"The shares comprised herein are not capable of being sold, transferred or assigned for the period as determined by the Securities Commission and/or Bursa Securities ("Moratorium Period"). Accordingly, the shares comprised herein will not constitute good delivery pursuant to the Listing Requirement of Bursa Securities for the MESDAQ Market during the moratorium period. No share certificate(s) will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction".*

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