

4.0 INFORMATION ON THE KB GROUP

4.1 HISTORY

KB was incorporated as a public limited company on 18 March 1996 in Malaysia under the Companies Act, 1965 under the name Wengcon Corporation Berhad. The Company adopted its present name on 25 April 2000. The Company was incorporated as an investment holding company to facilitate the listing of the KB Group on the Main Board of the KLSE.

The Company presently has an authorised share capital of RM200,000,000 comprising 200,000,000 KB Shares of which 62,933,002 KB Shares have been issued and fully paid-up.

KB is principally an investment holding company with interest in four (4) subsidiary companies. The principal activities of the subsidiary companies within the Group are summarised below:

Company	Effective Equity Interest	Principal Activities
WHSB	100%	Reconditioning, sales and rental of heavy machinery and equipment
WMCSB*	100%	Reconditioning, sales and rental of light and medium machinery and equipment
WMKSB*	100%	Trading in building materials
WEQSB	100%	Rental of machinery and equipment and the provision of transportation services

Note:

* *Wholly-owned subsidiary companies of WHSB*

WHSB was incorporated in Malaysia as a private limited company under the Companies Act, 1965 on 9 August 1990 under the name Hi-Plus Sdn Bhd. The company adopted its present name on 26 October 1994. The present authorised share capital is RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each of which 5,800,000 ordinary shares have been issued and fully paid-up.

WHSB is principally involved in the reconditioning, sales and rental of heavy machinery and equipment. The company has two subsidiary companies, namely, WMCSB and WMKSB. WMCSB is principally involved in the reconditioning, sales and rental of light and medium machinery and equipment whilst WMKSB is principally involved in the trading of building materials.

WEQSB was incorporated in Malaysia as a private limited company under the Companies Act, 1965 on 4 November 1989 under the name Sahabat Kuari Sdn Bhd. The company adopted its present name on 5 March 1996. The present authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which 500,000 ordinary shares have been issued and fully paid-up.

WEQSB is principally involved in the rental of machinery and equipment and the provision of transportation services.

4.2 RESTRUCTURING AND LISTING EXERCISE

As an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of KB on the Main Board of the KLSE, the Company undertook a Restructuring and Listing Exercise which was approved by the SC on 7 March 2001, 27 February 2001 and 26 July 2000, the MITI on 19 February 2001 and 5 April 2000 and FIC on 23 February 2000. The Restructuring and Listing Exercise involved the following:

4.0 INFORMATION ON THE KB GROUP (Cont'd)

4.2.1 Restructuring Exercise

(i) Acquisition of WHSB

Acquisition by KB of the entire issued and paid-up share capital of WHSB comprising 5,800,000 ordinary shares of RM1.00 each for a total consideration of RM28,721,314 fully satisfied by the issue of 24,975,055 new KB Shares at an issue price of RM1.15 per share. The Acquisition of WHSB was completed on 6 December 2000. The total purchase consideration was fully satisfied by the allotment and issue of new KB Shares in the following manner:

Vendor of WHSB	Shareholding in WHSB		No. of KB Shares Issued	
	No. of shares	% held	No. of shares	% held
Dato' Haji Mohamed Moiz bin J.M. Ali Moiz	1,680,000	28.97	7,234,154	28.97
Abdul Aziz bin Ismail	870,000	15.00	3,746,258	15.00
Aznam bin Mansor	870,000	15.00	3,746,258	15.00
Anita Nor bt. Abd Aziz	170,000	2.93	732,028	2.93
Ismail bin Ayob	136,000	2.35	585,622	2.35
Lim Kang Swee	846,000	14.59	3,642,913	14.59
Dato'Lim Kang Hoo	419,000	7.22	1,804,232	7.22
Khoo Nang Seng @ Khoo Nam Seng	419,000	7.22	1,804,232	7.22
Wong Wai Fong	150,000	2.59	645,907	2.59
Wong Siew Chin	140,000	2.41	602,846	2.41
Tung Foong Ngoh	100,000	1.72	430,605	1.72
TOTAL	5,800,000	100.00	24,975,055	100.00

The purchase consideration of RM28,721,314 for the Acquisition of WHSB was arrived at on a willing-buyer willing-seller basis after taking into consideration the audited consolidated NTA as at 31 December 1998 of RM28,721,314 as approved by the SC. The issue price of RM1.15 per KB Share was arrived at after considering the retention of reserves required by the SC guidelines.

The 24,975,055 new KB Shares were issued on terms that they will rank pari passu in all respects with the ordinary shares of KB in issue at the date of allotment save as regards any dividends, rights, allotments, distributions and/or other issues, declared or paid subsequent to the allotment thereof.

4.0 INFORMATION ON THE KB GROUP (Cont'd)

(ii) Acquisition of WEQSB

Acquisition by KB of the entire issued and paid-up share capital of WEQSB comprising 500,000 ordinary shares of RM1.00 each for a total consideration of RM29,171,068 fully satisfied by the issue of 25,366,146 new KB Shares at an issue price of RM1.15 per share. The Acquisition of WEQSB was completed on 6 December 2000. The total purchase consideration was fully satisfied by the allotment and issue of new KB Shares in the following manner:

Vendor of WEQSB	Shareholding in WEQSB		No. of KB Shares Issued	
	No. of shares	% held	No. of shares	% held
Dato' Haji Mohamed Moiz bin J.M. Ali Moiz	148,000	29.60	7,508,379	29.60
Abdul Aziz bin Ismail	76,000	15.20	3,855,654	15.20
Aznam bin Mansor	76,000	15.20	3,855,654	15.20
Anita Nor bt. Abd Aziz	12,000	2.40	608,788	2.40
Ismail bin Ayob	13,000	2.60	659,520	2.60
Lim Kang Swee	70,000	14.00	3,551,261	14.00
Dato' Lim Kang Hoo	35,000	7.00	1,775,630	7.00
Khoo Nang Seng @ Khoo Nam Seng	35,000	7.00	1,775,630	7.00
Wong Wai Fong	15,000	3.00	760,984	3.00
Wong Siew Chin	10,000	2.00	507,323	2.00
Tung Foong Ngoh	10,000	2.00	507,323	2.00
TOTAL	500,000	100.00	25,366,146	100.00

The purchase consideration of RM29,171,068 for the Acquisition of WEQSB was arrived at on a willing-buyer willing-seller basis after taking into consideration the audited NTA as at 31 December 1998 of RM29,171,068 as approved by the SC. The issue price of RM1.15 per KB Share was arrived at after considering the retention of reserves required by the SC guidelines.

The 25,366,146 new KB Shares were issued on terms that they will rank pari passu in all respects with the ordinary shares of KB in issue at the date of allotment save as regards any dividends, rights, allotments, distributions and/or other issues, declared or paid subsequent to the allotment thereof.

4.0 INFORMATION ON THE KB GROUP (Cont'd)

(iii) Rights Issue

Rights Issue of 12,591,799 new KB Shares on the basis of approximately 1.0005 new ordinary shares for every four (4) existing ordinary shares held after the Acquisitions but before the Public Issue at an issue price of RM1.15 per share. The Rights Issue was completed on 7 March 2001.

Vendor of WHSB and WEQSB	Shareholding in KB after the Acquisitions		No. of KB Shares Issued pursuant to the Rights Issue*	Shareholding in KB after the Rights Issue	
	No. of shares	% held	No. of shares	No. of shares	% held
Dato' Haji Mohamed Moiz bin J.M. Ali Moiz	14,742,533	29.29	3,686,467	^18,429,000	29.29
Abdul Aziz bin Ismail	7,601,912	15.10	1,901,088	^9,503,000	15.10
Aznam bin Mansor	7,601,912	15.10	1,901,088	^9,503,000	15.10
Anita Nor bt. Abd Aziz	1,340,816	2.66	336,184	1,677,000	2.66
Ismail bin Ayob	1,245,142	2.47	311,858	1,557,000	2.47
Lim Kang Swee	7,194,174	14.29	1,799,826	8,994,000	14.29
Dato' Lim Kang Hoo	3,579,862	7.11	895,138	^4,475,000	7.11
Khoo Nang Seng @ Khoo Nam Seng	3,579,862	7.11	895,138	4,475,000	7.11
Wong Wai Fong	1,406,891	2.80	352,109	1,759,000	2.80
Wong Siew Chin	1,110,169	2.21	277,831	1,388,000	2.21
Tung Foong Ngoh	937,928	1.86	235,072	1,173,000	1.86
TOTAL	50,341,201	100.00	12,591,799	62,933,000	100.00

Note:

* The number of KB Shares issued pursuant to the Rights Issue is adjusted to arrive at the nearest thousand for the vendor's respective shareholdings in KB after the Rights Issue.

^ The total shareholdings of Dato' Haji Mohamed Moiz bin J.M. Ali Moiz, Abdul Aziz bin Ismail, Aznam bin Mansor and Dato' Lim Kang Hoo totalling 41,910,000 KB Shares will be transferred to KPSB, an investment holding company. The share capital of KPSB will be directly held by Dato' Haji Mohamed Moiz bin J.M. Ali Moiz, Abdul Aziz bin Ismail, Aznam bin Mansor and Dato' Lim Kang Hoo in the proportion of 43.97%, 22.67%, 22.67% and 10.69% respectively. The details of the shareholders of KPSB are set out in Section 5.1(iii) of this Prospectus.

The 12,591,799 new KB Shares were issued free from all charges, liens and encumbrances and rank pari passu in all respects with the existing ordinary shares of KB and carry all rights to receive in full all dividends and other distributions declared and paid subsequent to the allotment thereof.

4.0 INFORMATION ON THE KB GROUP (Cont'd)

4.2.2 Public Issue

Public Issue of 11,109,000 new KB Shares at an Issue Price of RM1.60 per share payable in full upon application which shall be allocated in the following manner:

(i) Eligible Directors and Employees

1,570,000 Public Issue Shares representing 2.1% of the enlarged issued and paid-up share capital of KB have been reserved for the eligible directors and employees of the KB Group; and

(ii) Malaysian Public

9,539,000 Public Issue Shares representing 12.9% of the enlarged issued and paid-up share capital of KB will be made available for application by Malaysian citizens, companies, co-operatives, societies and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions.

4.2.3 Listing

Admission to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of KB of RM74,042,002 comprising 74,042,002 KB Shares on the Main Board of the KLSE.

In addition, KB proposes to implement an ESOS, for the benefit of the Group's full-time Executive Directors and employees, not earlier than one (1) year from the date of listing of KB Shares on the Main Board of the KLSE. The details of the ESOS are set out in Section 13.0 of this Prospectus.

4.3 SHARE CAPITAL

4.3.1 Authorised Share Capital

The present authorised share capital of KB is RM200,000,000 comprising 200,000,000 KB Shares.

4.3.2 Issued and Paid-up Share Capital

The present issued and paid-up share capital of KB is RM62,933,002 comprising 62,933,002 KB Shares.

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

Date of allotment	No. of KB Shares allotted	Par value RM	Consideration	Resultant issued and paid-up capital RM
18.03.1996	2	1.00	Subscribers' share	2
6.12.2000	24,975,055	1.00	Shares issued pursuant to the Acquisition of WHSB at RM1.15 per share	24,975,057
6.12.2000	25,366,146	1.00	Shares issued pursuant to the Acquisition of WEQSB at RM1.15 per share	50,341,203
7.03.2001	12,591,799	1.00	Shares issued pursuant to the Rights Issue on the basis of approximately 1.0005 new ordinary shares for every four (4) existing ordinary shares held at an issue price of RM1.15 per share	62,933,002

4.0 INFORMATION ON THE KB GROUP *(Cont'd)*

4.4 BUSINESS OVERVIEW

4.4.1 Business Segment

KB is principally an investment holding company with interests in four (4) subsidiary companies. The Group's activities are diverse and linked to the construction, agriculture, oil and gas, marine and industrial sectors through its reconditioning, sales and rental of machinery and equipment to these sectors.

The principal activities of the subsidiary companies within the KB Group are summarised below:

Company	Effective Equity Interest	Principal Activities
WHSB	100%	Reconditioning, sales and rental of heavy machinery and equipment
WMCSB*	100%	Reconditioning, sales and rental of light and medium machinery and equipment
WMKSB*	100%	Trading in building materials
WEQSB	100%	Rental of machinery and equipment and the provision of transportation services

* Wholly-owned subsidiary companies of WHSB

4.4.2 Products and Services

The core activities of the Group are in the reconditioning, sales and rental of light, medium and heavy machinery and equipment and the provision of transportation services. The Group is also involved in the trading of building materials, a non-core activity.

Reconditioning

Reconditioning is essentially a value-adding process whereby an existing used machinery or equipment is put through several stages of repair and rectification work to restore the machinery or equipment back to a good working condition, where possible. The extent of reconditioning works does not merely cover minor repairs but includes major repairs and overhauls of engine parts, electrical parts, hydraulic systems, moveable parts and reconstruction of the chassis of the machinery and equipment. This invariably extends the "useful economic life" of the machinery and equipment and in turn, helps generate a higher return in terms of operating efficiency.

The KB Group is also involved in the assembly of dump trucks which are generally intended for heavy usage on construction sites. In this value-adding process, the KB Group fabricates the entire external cabin/body of the dump truck in-house and installs the various mechanical, hydraulic and electrical parts of the dump truck. The only component of the dump truck which is not assembled by the KB Group is its engine. The Group normally acquires used engines and puts them through the reconditioning process to restore them to a good working condition. This value-adding process is intended to lead to the end product of a fully functional dump truck powered by the used engines reconditioned by the Group.

It is in this reconditioning business that the KB Group has carved its niche market lending its expertise and know-how to its broad-based clientele in the agriculture, construction, oil and gas, marine and industrial sectors. The Group's activities are undertaken by its respective subsidiary companies and further elaborated in the following sections of this Prospectus.

4.0 INFORMATION ON THE KB GROUP *(Cont'd)*

Reconditioning, sales and rental of heavy machinery and equipment

The reconditioning, sales and rental of heavy machinery and equipment are carried out by WHSB at its workshops in Shah Alam, Selangor Darul Ehsan and Lahad Datu, Sabah. The Group reconditions its machinery and equipment from its rental stock as well as those of its customers. The range of heavy machinery and equipment that the Group services, irrespective of their brand names, include the following:

- | | |
|------------------------------------|-----------------------|
| 1. Excavators; | 8. Motor graders; |
| 2. Bulldozers; | 9. Batching plants; |
| 3. Backhoe loaders; | 10. Weigh bridges; |
| 4. Forklifts; | 11. Dump trucks; |
| 5. Tower cranes; | 12. Mixer trucks; and |
| 6. Mobile cranes; | 13. Vibrator rollers. |
| 7. Mechanical / pneumatic shovels; | |

The workshops are divided into sections to facilitate the reconditioning process. Upon taking delivery of the machinery and equipment at the workshop, the machinery and equipment are first hosed down and washed in the Cleaning Section. The Inspection Section will then carry out a thorough check and examine the machinery and equipment to ascertain their condition, identify their faults and assess the remedial work required.

Following the inspection, a rectification report will be prepared to confirm the next course of action, and the extent of reconditioning and repair work needed. Thereafter, the machinery and equipment are put through several stages of processes until they are restored and reconditioned into a good working condition. The KB Group believes in maintaining high quality control on its reconditioning work and monitors its process through the following main section areas:

- | | |
|------------------|---------------------------------------|
| 1. Mechanical; | 7. Panel beating; |
| 2. Electrical; | 8. Assembly; |
| 3. Hydraulic; | 9. Testing; |
| 4. Transmission; | 10. Spray painting and labelling; and |
| 5. Fabrication; | 11. Final inspection. |
| 6. Welding; | |

The above stages are applied diligently throughout the reconditioning process for the various types of machinery and equipment, which are contracted out for hire or for sale following the completion of the reconditioning process. Upon completion of the final inspection, the machinery or equipment will be delivered to the client.

The Group's activities in the reconditioning business is complementary to its rental and sale activities and is an integral part of the value-adding and creation process to its rental and sale profit margins.

4.0 INFORMATION ON THE KB GROUP (Cont'd)

Reconditioning, sales and rental of light and medium machinery and equipment

The reconditioning process of the light and medium machinery and equipment are essentially similar to the reconditioning process applied to the heavy machinery and equipment mentioned above. The range of light and medium machinery and equipment that the Group services are as follows:

- | | |
|-----------------------------|----------------------|
| 1. Generator sets; | 5. Hand rollers; |
| 2. Air compressors; | 6. Concrete mixers; |
| 3. Welding sets; | 7. Tower lights; and |
| 4. Bar cutters and benders; | 8. Material hoists. |

Apart from its reconditioning business under its light and medium machinery business, the Group also represents Nippon Sharyo in the distribution of their generator sets. Nippon Sharyo is a leading firm in Japan with more than 100 years of history. The company was involved in the construction of the famed bullet train ("Shinkansen") in Japan.

The reconditioning business also remains complementary to its sale and distribution of generator and welding sets as generally its clients often rely on the Group to service and recondition their generator sets, where necessary.

"WCM Energy" generator sets

The Group also assembles, fabricates and distributes generator sets under its own brand name, WCM Energy. These generator sets are powered by "Cummins" engines. These generator sets, which come with capacities ranging from 37 kVA to 1,350 kVA are used as a power source or as a back-up power source and are widely supplied to construction sites, offices and buildings, offshore oil-rigs, ships and dockyards, plantations and industrial sites, and can be custom-built to cater for indoor or for outdoor applications.

Rental of machinery and equipment and the provision of transportation services

WEQSB currently operates a reconditioning and repair workshop within a palm oil plantation developed and managed by FELDA in the District of Lahad Datu in Sabah. This palm oil plantation measuring approximately 116,000 hectares or 286,000 acres is known as the Sahabat Complex. WEQSB has a service contract with FES since 1990. This contract is due to expire on 6 February 2003. There is also an option to extend the contract for another two (2) years subject to the agreement by both parties. This contract is in relation to the supply and rental of equipment, provision of labour and transportation services to FES.

In order to perform at optimal capacity and efficiency, the Group took the initiative to set up a reconditioning workshop within the Sahabat Complex. This is to cater for the major repairs and overhauls of the heavy equipment used by other contractors and sub-contractors operating within and outside the Sahabat Complex as well as to recondition the machinery and equipment used for the Group's own operations.

Apart from its activities in Lahad Datu, Sabah, the Group is also supplying and renting out two (2) mobile crushing equipment units to process aggregates for the construction of Universiti Malaysia Sabah in Kota Kinabalu, Sabah. For this purpose, the Group has also set-up a reconditioning workshop to cater for any major repairs or overhauls of the heavy machinery and equipment used in the project at the site.

4.0 INFORMATION ON THE KB GROUP *(Cont'd)*

Trading in building materials

The Group, under WMKSB, also trades in other building products such as:

- | | |
|---|---|
| 1. Steel fabric reinforcement | 8. Sanitary wares |
| 2. Reinforced concrete products | 9. Timber window, door frames and leaves |
| 3. Metal roofing sheets | 10. Crusher run, aggregate and ready-mixed concrete |
| 4. Insulation materials | 11. Scaffolding |
| 5. PVC pipes and fittings | 12. High tensile deformed bars |
| 6. Ironmongery (locks and stainless steel hinges) | 13. Mild steel bars |
| 7. Stainless steel and aluminium kitchen sinks | 14. Concrete roofing tiles and pavers |

This non-core activity area contributed approximately 5.2 % to the Group's profit after taxation for the financial year ended 31 December 1999.

4.4.3 **Brand Names, Patents, Trademarks, Licences, Technical Assistance Agreements, Franchises and other Intellectual Property Rights**

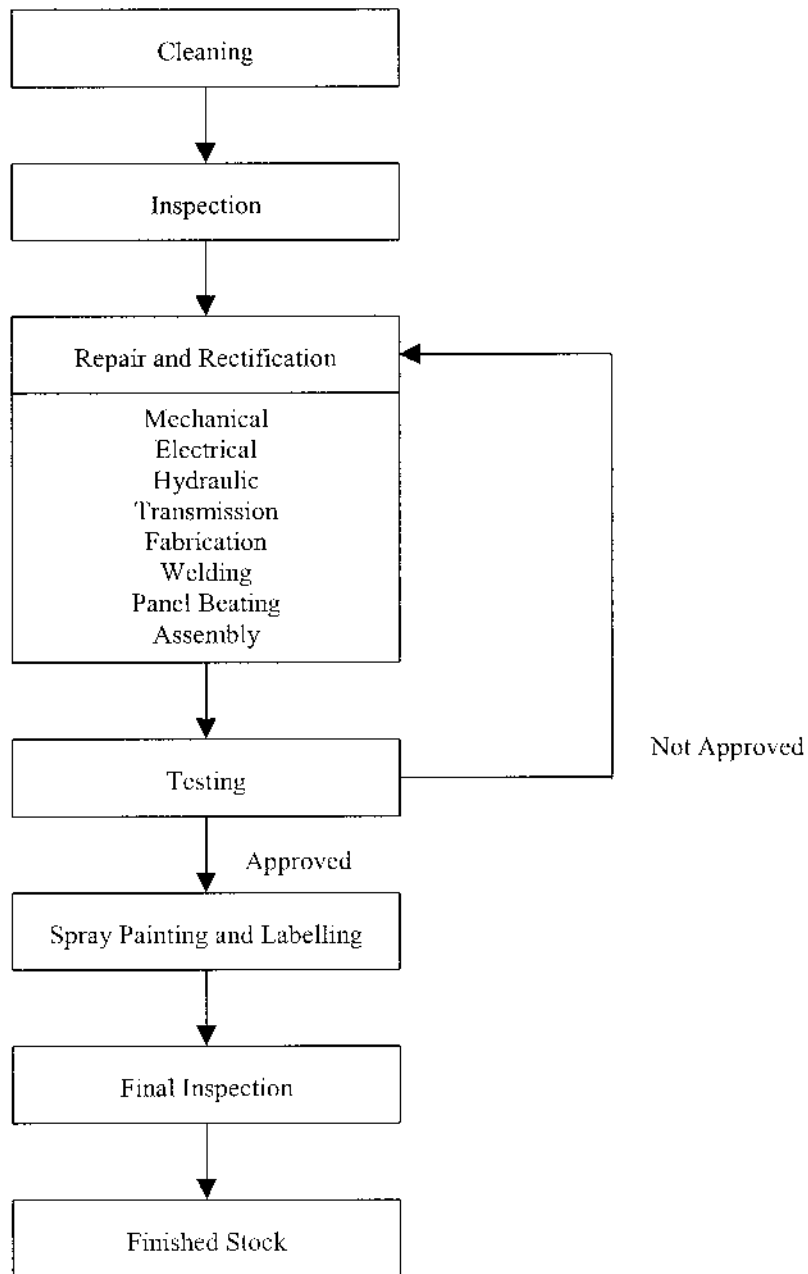
The Group does not presently own any registered patents, trademarks, technical assistance agreements, franchise or similar intellectual property rights. The Group, however, has started marketing generator sets under the brand name of WCM Energy. The principal licences required by the KB Group are set out in Section 8.1 of this Prospectus.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK
--

4.0 INFORMATION ON THE KB GROUP (Cont'd)

4.4.4 Reconditioning Process

The Group's process of reconditioning its light, medium and heavy machinery and equipment can be illustrated as follows:



4.0 INFORMATION ON THE KB GROUP *(Cont'd)*

4.4.5 Market Position

There are currently, no official statistics available on the reconditioning, sales and rental of machinery and equipment business in Malaysia. The KB Group is, however, of the view that since commencing operations in 1989 and as evidenced by its profit track record, the Group has grown to become one of the contending players in the reconditioning business.

To maintain its market position, the Group has intensified its efforts in marketing as well as extending its product range and services to include more downstream activities in the future.

In addition, the Group intends to enhance its value-adding process in the reconditioning line by acquiring and setting up a fully integrated reconditioning factory in Shah Alam, Selangor Darul Ehsan. This factory is intended to streamline its reconditioning operations to achieve greater efficiency and cost-effectiveness, and thus, strengthen the Group's position in the reconditioning business.

The Group is currently fairly diversified as it is linked to the construction, agriculture, oil and gas, marine and manufacturing/industrial sectors through its reconditioning, sales and rental of light, medium and heavy machinery and equipment to these various sectors.

Generally, the barriers to entry for the Group's business in reconditioning, sales and rental of reconditioned / new machinery and equipment include the following:

(a) High capital investment

The high capital outlay required to finance the purchase of used machinery and equipment and to set-up reconditioning workshops as well as mobile workshop units to cater to the needs of clients may pose as one of the barriers to entry in the reconditioning business. Many companies may be deterred from entering this line of business in view of the need to have sufficient financial backing to purchase new or reconditioned machinery and equipment and to weather any seasonal business cycles.

(b) Skilled mechanics

The reconditioning business requires skilled mechanics who are hands-on and equipped with the technical know-how in the field of mechanical and electrical engineering, and are adept at repairing and reconditioning a wide range of light to heavy machinery and equipment. Other mechanics may only be sufficiently skilled to repair and service selected vehicle models or selected range or brands of machinery or equipment. As the KB Group covers a wide range of machinery and equipment, its mechanics need to be highly skilled and are thus, trained in-house to handle various types of machinery and equipment. Potential entrants to the reconditioning business may be deterred from entering this business due to its highly specialist skills requirements.

(c) Source of machinery and equipment

The KB Group has been involved in this business since 1989 and has established a wide network of suppliers and business associates both locally and overseas, to source for its machinery and equipment. Potential entrants may be deterred from entering the reconditioning business as they may not be able to source the machinery and equipment from reliable sources or to source them cheaply.

4.0 INFORMATION ON THE KB GROUP *(Cont'd)*

4.4.6 Principal Markets

Reconditioning, sales and rental of light, medium and heavy machinery and equipment

The principal markets for the Group's reconditioning, sales and rental business are the construction and infrastructure development works, agriculture, oil and gas, marine and industrial sector.

The heavy equipment such as excavators, bulldozers, backhoe loaders, tower cranes and dump trucks that the Group reconditions are generally used for earthworks in construction and infrastructure development. In view of the recent economic downturn, contractors are likely to seek to consolidate their financial position and are more inclined to rent or purchase reconditioned machinery and equipment than to incur excessive capital expenditure to purchase any new machinery and equipment. These contractors are also, alternatively, likely to seek to match the use of the machinery and equipment against the project period, as the project may have been sub-contracted to various parties and likely to run for a short duration. Moreover, the sub-contractors would generally not have the capacity and depot to stock-up and store the heavy machinery and equipment when not in use.

Apart from these areas, the Group had recently diversified its client portfolio to include earthworks and laying of pipes in the oil and gas sector. The Group is also servicing its client from the marine sector by reconditioning and supplying generator sets, air compressors, welding sets, bar cutters and benders for oil-rigs and offshore projects as well as for the use aboard ships and at dockyards. These mobile units of light and medium machinery and equipment are often sought for due to its easy maintenance and practical use.

Similarly, in the industrial sector, the light and medium machinery and equipment mentioned above are frequently used and contracted for as a power source or as a back-up power source or as a supplemental machinery to support the users' existing operations. Most manufacturing outfit would invest or lease or hire the machinery and equipment as a contingent measure to deal with any disruption of power source or breakdown of their bigger machinery and equipment units.

Rental of machinery and equipment and the provision of transportation services

The principal market for this business activity, which also includes reconditioning of its rental machinery and equipment, is the agriculture sector.

The Group currently operates at three (3) separate sites within the palm oil plantation, the Sahabat Complex, managed by FELDA in Lahad Datu, Sabah, and supplies to FES four (4) sets of crushing equipment, several hydraulic breakers and rippers as well as a fleet of around 100 dump-trucks for its transportation purposes.

For ease of operations, the Group has set-up a reconditioning workshop within the palm oil plantation to cater to the needs of the other contractors and sub-contractors operating within and outside the Sahabat Complex as well as to recondition the machinery and equipment used for its operations.

The Group currently has a contract with FES in relation to the supply and rental of equipment, provision of labour and transportation services to FES.

The Group is also supplying and renting out two (2) other mobile crushing equipment units to process aggregates for the construction of Universiti Malaysia Sabah in Kota Kinabalu, Sabah. For this purpose, the Group has also set-up a reconditioning workshop to cater for any major repairs or overhauls of the heavy machinery and equipment used in the project.

4.0 INFORMATION ON THE KB GROUP *(Cont'd)*

Trading in building materials

The principal market for the Group's building materials is the construction sector. With the present economic climate, the demand for building materials from the construction sector is not expected to increase significantly. Generally, there is a time lag before the construction sector picks up after a rebound in a country's economy. The marginal profit contribution from this sector is not expected to contribute significantly to the Group's profitability.

4.4.7 Source and Availability of Raw Materials

Reconditioning, sales and rental of light, medium and heavy machinery and equipment

The Group's new and used machinery and equipment are sourced locally as well as from overseas, namely from Japan, Australia, United Kingdom and the United States of America. The Group does not limit itself to any brand name and are able to source at attractive prices from a wide supplier base, both locally and overseas.

In the overseas market, the Group has established a network of representatives in those countries to assist the Group in sourcing for these machinery and equipment. Locally, the Group has been able to source extensively for these used machinery and equipment through its network of business associates and contractors.

For its NES series generator sets, the Group currently sources from Nippon Sharyo, a leading firm in Japan.

Rental of machinery and equipment and the provision of transportation services

The Group owns six (6) sets of crushing equipment, three (3) of which are mobile units. The Group also owns several hydraulic breakers and rippers for its operations.

Similarly, these machinery and equipment are sourced from overseas, that is, from Japan, Australia, United Kingdom and the United States of America.

The dump trucks being used for the transportation of aggregates are assembled and fabricated by the Group itself and the components are sourced locally.

Trading in building materials

The Group's building materials are mainly sourced from local manufacturers. The Group has accounts with manufacturers and agents to market on their behalf high tensile deformed bars, mild steel bars, concrete roofing tiles and pavers.

4.4.8 Quality Control and Management

The Group practises quality control measures to ensure that the reconditioned machinery and equipment and reconditioning services rendered by the Group meets the clients' specification.

The quality control process begins at the initial point when the used machinery and equipment are being sourced. The Group does not acquire machinery and equipment which are too old or extensively damaged. The machinery and equipment then passes through a series of reconditioning processes which includes inspection, repairs and reconditioning and pre-delivery inspection procedure before they are delivered to its clients.

4.0 INFORMATION ON THE KB GROUP (Cont'd)

The machinery and equipment are routinely tested throughout the entire reconditioning process to ascertain its proper functioning and durability. As the company derives its income stream from the sales and rental of reconditioned machinery and equipment, it is important that the machinery and equipment are both functional and trouble-free.

4.4.9 Research and Development

The Group has initiated plans to set up a research and development centre to further improve its reconditioning process methods as well as to explore other engineering-related products and services.

It is important to note that the reconditioning process demands a high level of application of practical knowledge in the engineering field. Technological advances are a norm and remain dynamic in this period. For this simple reason, the Group will continuously seek to improve its processes and services and develop new approaches. On this account, the Group intends to work closely with local research institutions of higher learning.

The main area of improvement being sought is in the turnaround time of the reconditioning process. In order to shorten this turnaround time, the Group will need to implement more efficient methods of reconditioning at the respective stages of the reconditioning process. The Group also has an in-house apprenticeship course to train new mechanics and technical staff to recondition and service a wide range of machinery and equipment using these techniques.

Based on its track record, the Group has proven itself and emerged as one of the contending market players in the reconditioning business. The Group has also reached a level of expertise to be able to fabricate and assemble chassis of various machinery and equipment such as dump trucks and generator sets. It has, successfully over the years, built chassis for imported engines for generator sets and marketed it under its own brand name, WCM Energy.

4.4.10 Interruption to Operations

There has been no interruption to the Group's business or operations in the past twelve (12) months.

4.4.11 Employees

As at 28 February 2001, the Group has 214 employees. The KB Group has a good mix of professionals and its key management team comes from various disciplines and backgrounds. Approximately 12% of its employees are holding key managerial positions in the Group, whilst approximately 21% of the Group's employees are at the technical level. The key management team has been in the reconditioning, sales and rental business for an average period of about ten (10) years and brings with them years of experience in this field. Generally, the Group's employees can be categorised as follows:

Category	Number of employees	Average number of years of service within the KB Group
Management	26	3.11
Executive	19	2.84
Clerical/General	125	1.49
Technical	44	1.91
Total	<u>214</u>	<u>2.34</u>

4.0 INFORMATION ON THE KB GROUP *(Cont'd)*

The management understands the importance of a smooth transition in the operations and management control of the Group and has constantly trained and groomed its younger management team members to replace the more senior team members progressively. The Group also appreciates the need for a well-rounded team of technical professionals who are both dedicated and committed to the Group. The Group emphasises the need for specialised technical knowledge in the field of engineering and supplements this need with constant on-the-job training by the senior technical team members within the Group. The technical staff are adept at handling and reconditioning a wide range of light, medium and heavy machinery and equipment regardless of their brand names. This represents an edge over its competitors in terms of technical skills and experience.

The employees of the KB Group do not belong to any labour union, and enjoy a good relationship with the management. There is, and has been, no labour or industrial dispute in the past between employees and management.

4.4.12 Modes of Marketing

The marketing and promotional activities undertaken by the Group are led by the senior management team of the Group who have been in the reconditioning, sales and rental of machinery and equipment industry for an average period of ten (10) years. The Group has over the years established a pool of local clients through constant networking amongst its business associates, customers and suppliers. The Group strives to maintain its quality of services through quicker response time to its clients' needs and customizing its products and services to match their requirements. The reconditioning process involves technical skills and one of the strong points marketed by the Group is the expertise provided by the Group.

4.4.13 Location

The KB Group has established two (2) main workshops located at the following areas:

- (a) Lot 8, Jalan Kecapi 33/2, Section 33, Elite Industrial Estate, 40350 Shah Alam, Selangor Darul Ehsan. The workshop occupies a floor area of approximately 130,680 sq. ft.; and
- (b) The Sahabat Complex, Lahad Datu, Sabah. The workshop occupies a floor area of approximately 90,000 sq. ft.

These workshops are strategically located to take advantage of the proximity of its clients, thus improving both its operating efficiency and turnaround time. Apart from these permanent workshops, the Group has also established mobile workshop units which allow for a prompt response by the Group to cater to the immediate needs of its clients. These workshops are intended for large-scale projects which justify the costs of setting-up a mobile workshop unit in the vicinity of the development project. For example, the Group is currently supplying equipment for the Universiti Malaysia Sabah project in Kota Kinabalu, Sabah and is thus maintaining a mobile workshop unit to cater to its operations in Kota Kinabalu, Sabah.

As part of its expansion plans, the Group intends to expand its workshop area in Shah Alam, Selangor Darul Ehsan to house its rental fleet of new and reconditioned machinery and equipment.

The details of the landed properties of the KB Group are set out in Section 8.2 of this Prospectus.

4.0 INFORMATION ON THE KB GROUP *(Cont'd)*

4.5 SUBSIDIARY AND ASSOCIATED COMPANIES

4.5.1 Information on WHSB

(i) History and Business

WHSB (Company No. 202299-P) was incorporated in Malaysia as a private limited company under the Companies Act, 1965 on 9 August 1990 under the name Ili-Plus Sdn Bhd. The company adopted its present name on 26 October 1994.

WHSB is principally involved in the reconditioning, sales and rental of heavy machinery and equipment. The company commenced operations in 1992 and started trading in building materials, new machinery and spare parts, supplementing its machinery business. The company diversified into the sales and rental of light, medium and heavy machinery and equipment in 1993 and the reconditioning of machinery and equipment in 1994.

WHSB streamlined its business activities in 1996 and 1997 whereby the company transferred its business in the trading of building materials to its subsidiary company, WMKSB, and the reconditioning, sales and rental of light and medium machinery and equipment as well as the sales of new machinery and spare parts to its other subsidiary company, WMCSB.

Hence, WHSB remained focused on its reconditioning, sales and rental of heavy machinery and equipment. The range of heavy machinery and equipment that the Group services, irrespective of their brand names, include excavators, bulldozers, backhoe loaders, forklifts, tower cranes, mobile cranes, mechanical/pneumatic shovels, motor graders, batching plants, weigh bridges, dump trucks, mixer trucks and vibrator rollers.

(ii) Major Shareholders

The major shareholder of WHSB and its effective interest held in WHSB is as follows:

Name	Effective interest held %
KB	100.0

(iii) Share Capital

WHSB presently has an authorised share capital of RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each of which 5,800,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

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

Date of allotment	No. of shares allotted	Par value RM	Consideration	Total issued and paid-up capital RM
09.08.90	2	1.00	Subscribers' shares	2
30.11.92	499,998	1.00	Cash	500,000
16.12.94	333,333	1.00	Cash	833,333
31.12.94	3,166,667	1.00	Bonus issue of approximately 3,800 for 1000 shares held	4,000,000
22.08.95	1,800,000	1.00	Cash	5,800,000

4.0 INFORMATION ON THE KB GROUP *(Cont'd)*

(iv) Subsidiary and Associated Companies

As at 15 March 2001, WHSB has two (2) subsidiary companies, namely, WMCSB and WMKSB but does not have any associated companies.

4.5.2 Information on WMCSB

(i) History and Business

WMCSB (Company No. 263168-II) was incorporated in Malaysia as a private limited company under the Companies Act, 1965 on 3 May 1993 under the name WCMT Industries (M) Sdn Bhd. On 30 July 1993, the company changed its name to Wengcon Machinery & Trading Sdn Bhd and on 12 April 1994, changed it to Wengcon Sdn Bhd. The company adopted its present name on 2 August 1994.

The company is principally involved in the reconditioning, sales and rental of light and medium machinery and equipment. The range of light and medium machinery and equipment that the company services include generator sets, air compressors, welding sets, bar cutters and benders, hand rollers, concrete mixers, tower lights and material hoists.

(ii) Major Shareholders

The major shareholder of WMCSB and its effective interest held in WMCSB is as follows:

Name	Effective interest held %
WHSB	100.0

(iii) Share Capital

WMCSB presently has an authorised share capital of RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which 300,002 ordinary shares of RM1.00 each have been issued and fully paid-up.

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

Date of allotment	No. of shares allotted	Par value RM	Consideration	Total issued and paid-up capital RM
03.05.93	2	1.00	Subscribers' shares	2
15.02.95	300,000	1.00	Cash	300,002

(iv) Subsidiary and Associated Companies

As at 15 March 2001, WMCSB does not have any subsidiary or associated companies.

4.0 INFORMATION ON THE KB GROUP *(Cont'd)*

4.5.3 Information on WMKSB

(i) History and Business

WMKSB (Company No. 308049-U) was incorporated in Malaysia as a private limited company under the Companies Act, 1965 on 16 July 1994.

The company is principally involved in the trading in building materials.

(ii) Major Shareholders

The major shareholder of WMKSB and its effective interest held in WMKSB is as follows:

Name	Effective interest held %
WHSB	100.0

(iii) Share Capital

WMKSB presently has an authorised share capital of RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which 300,002 ordinary shares of RM1.00 each have been issued and fully paid-up.

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

Date of allotment	No. of shares allotted	Par value RM	Consideration	Total issued and paid-up capital RM
16.07.94	2	1.00	Subscribers' shares	2
15.02.95	300,000	1.00	Cash	300,002

(iv) Subsidiary and Associated Companies

As at 15 March 2001, WMKSB does not have any subsidiary or associated companies.

4.5.4 Information on WEQSB

(i) History and Business

WEQSB (Company No. 188913-X) was incorporated in Malaysia as a private limited company under the Companies Act, 1965 on 4 November 1989 under the name Sahabat Kuari Sdn Bhd. The company adopted its present name on 5 March 1996.

The company is principally involved in the rental of machinery and equipment and the provision of transportation services.

4.0 INFORMATION ON THE KB GROUP *(Cont'd)*

WEQSB started its operations in East Malaysia and concentrated on building up its business in the provision of machinery and equipment and transportation services at a palm oil plantation developed and managed by FELDA under its land development and settlement scheme in Lahad Datu, Sabah.

This palm oil plantation, known as the Sahabat Complex, covers a total area of approximately 116,000 hectares or 286,000 acres and comprises more than fifty (50) schemes. Each scheme requires an extensive network of secondary gravel roads as a means to transport the harvested oil palm to the respective mills housed within the precinct of the plantation and require general road maintenance to ensure an efficient delivery system.

The company currently supplies FES with four (4) sets of crushing equipment, several hydraulic breakers and rippers as well a fleet of dump-trucks for transportation purposes. These machinery and equipment are necessary to process and distribute aggregates for the road maintenance and building of the secondary gravel roads within the Sahabat Complex.

In order to perform at optimal capacity and efficiency, a reconditioning workshop was set-up within the Sahabat Complex to cater for the major repairs and overhauls of the heavy equipment used by other contractors and sub-contractors operating within and outside the Sahabat Complex as well as to recondition the machinery and equipment used for its own operations.

(ii) Major Shareholders

The major shareholder of WEQSB and its effective interest held in WEQSB is as follows:

Name	Effective interest held %
KB	100.0

(iii) Share Capital

WEQSB presently has an authorised share capital of RM500,000 comprising 500,000 ordinary shares of RM1.00 each of which 500,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

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

Date of allotment	No. of shares allotted	Par value RM	Consideration	Total issued and paid-up capital RM
04.11.89	2	1.00	Subscribers' shares	2
12.03.90	499,998	1.00	Cash	500,000

(iv) Subsidiary and Associated Companies

As at 15 March 2001, WEQSB does not have any subsidiary or associated companies.

4.0 INFORMATION ON THE KB GROUP *(Cont'd)*

4.6 INDUSTRY OVERVIEW

The KB Group is involved in the reconditioning business with its clientele based in the construction, agriculture, oil and gas, marine and industrial sectors and hence, the Group may be affected by the performance of these various sectors. In view of the diversified nature of the Group's business activities, the industry assessment of the KB Group would thus, include an assessment of these various sectors as detailed in the ensuing sections.

The heavy equipment industry is generally closely linked to several major sectors of the economy such as the construction, agriculture and forestry, mining and quarrying, and manufacturing sectors. Except for the manufacturing sector, all these sectors are perceived to be highly cyclical. In the past, all these industries generally move in different cycles. Hence, a slowdown in one of these industries is usually cushioned by another industry. In 1998, however, almost every major sector declined in growth. The major players in the heavy equipment industry are either listed companies or their subsidiary companies whilst most are involved in the car industry as well.

In 1999, total sales value for the heavy equipment industry is estimated to be in the region of RM2.8 billion. Out of this amount, the sales value of new heavy equipment is estimated to approximate RM1.7 billion whilst the sales value of used and reconditioned machinery and equipment is estimated to approximate RM1.1 billion.

The heavy equipment industry can generally be divided into two (2) segments:

- (a) New equipment; and
- (b) Used (but not reconditioned) equipment and reconditioned equipment.

New heavy equipment are imported and sold by franchise holders. The prices of new heavy equipment are much higher than used and reconditioned heavy equipment. Its main customers are mainly government organisations and large companies. It is estimated that the new equipment segment constitutes about a third (in terms of units) but the largest (in terms of sales value) of the overall heavy equipment market in Malaysia.

Generally, the heavy equipment franchise holders are also involved in the used heavy equipment business. Used heavy equipment sales are usually generated through a trade in by new equipment dealers and subsequently sold without being reconditioned.

In terms of unit sales, reconditioned heavy equipment is the largest when compared with used heavy equipment and new heavy equipment. As a result of the price differential mentioned above, smaller construction companies prefer used or reconditioned heavy equipment while the large companies opt for new heavy equipment.

(Source : Dynaquest Sdn Bhd, Industrial Sector Analysis on Heavy Equipment dated 14 March 2000)

The KB Group, however, is involved in the reconditioning, sales and rental of light, medium and heavy machinery and equipment. For the corresponding period above, the KB Group recorded sales and rental of reconditioned machinery and equipment ranging from light, medium and heavy of approximately RM71.0 million. Its clientele is similarly based in the construction, agriculture, oil and gas, marine and industrial sectors and hence, the Group may be affected by the performance of these various sectors. In view of the diversified nature of the Group's business activities, the industry assessment of the KB Group would thus, include an assessment of these various sectors as detailed in the ensuing sections.

4.0 INFORMATION ON THE KB GROUP *(Cont'd)*

4.6.1 The Malaysian Economy

The Malaysian economy rebounded strongly in 2000 after recovering from the sharp output decline in 1998 and early 1999 following the financial crisis. Economic turnaround, which began in the second quarter of 1999, has since become well-entrenched, underpinned by the return of confidence and a more stable economic environment made possible by the introduction of selective capital controls and the pegging of the ringgit. The economic recovery, initially led by the strong performance of external demand, has become broad-based, driven by the increase in aggregate domestic demand following the impact of expansionary fiscal and accommodative monetary policies.

Reflecting these trends, real GDP registered a growth of 10.3% in the first half, based on growth of 11.9% in the first quarter and 8.8% in the second quarter. Based on performance in the first half of the year and the sustained growth for the second half, real GDP is expected to register a growth of 7.5% in 2000, higher than the estimate of 5.8% announced in February this year when the 2000 Budget was retabled in Parliament.

The economic outlook for 2001 continues to be favourable. Growth is expected to be sustained by the stronger performance of the private sector which will provide the primary stimulus for growth. The Government will, however, continue to support the private sector in ensuring that growth in economic activities is sustained. In addition to the fiscal stimulus, the Government will continue to support economic growth through measures that promote expansion in domestic demand, development of new sources of growth, strengthen the nation's competitiveness and resilience whilst improving further the quality of life. The international economic environment is expected to continue to be conducive with world growth remaining strong at 4.2% (2000: 4.7%). The slower growth anticipated for United States ("US") (3.2%), is expected to be mitigated by continued growth of Malaysia's other major trading partners of Japan (1.8%) and the European Union (EU) (3.4%). Regional growth is expected to moderate but remain strong at 6% (2000: 6.5%). Growth in world trade is expected to continue to be robust at 7.8%.

Given the favourable external outlook, real GDP growth for Malaysia is forecast at 7% in 2001. Despite the strong indications that sustainable growth is achievable, some downside risks exist. These risks include the possibility of a larger-than-anticipated slowing down of US economy, which in turn could affect the electronics sector, a slower-than-expected strengthening of private consumption and lower private investment, both domestic and foreign.

(Source : Economic Report 2000 / 2001)

4.6.2 Performance of the Related Sectors in 2000

Construction Sector

The performance of the construction sector is expected to turn around with value added growing by 3.1% in 2000 (1999: -5.6%). The growth is due mainly to the implementation of several large public and privatised infrastructure projects and new investment in the residential sector, in particular, low and medium-cost houses to meet underlying demand. Excess supply, however, still exists in several segments of the property market. In the non-residential sector, the oversupply situation and low occupancy rates for office and retail space continue to dampen building activity. Activities related to the construction of low and medium-cost residential properties are, however, expected to remain strong. Civil engineering activities are expected to continue to recover and strengthen given the fiscal stimulus and resumption of projects that were deferred. Consequently, the share of the construction sector to overall GDP is estimated at 3.4% (1999: 3.6%).

(Source : Economic Report 2000 / 2001)

4.0 INFORMATION ON THE KB GROUP (Cont'd)

Agriculture, Forestry and Fishery Sector

Value added of the agriculture, livestock, forestry and fishing sector is expected to expand marginally at 0.5% (1999: 3.8%). After a substantial increase in output in 1999, production of crude palm oil is expected to moderate to 0.9% in 2000, mainly due to the downturn in the biological yield cycle of oil palm trees. Rubber production is expected to decline due to low prices and the continuing conversion of rubber land to commercial, industrial and residential uses. Similarly, production of saw logs is also expected to register a small increase of 1.2% to 22.06 million cubic metres (1999: 21.80 million cubic meters). The output of the fishing sub-sector, including marine landing and aquaculture, is envisaged to increase by 0.8% (1999: 3.4%), while livestock output is expected to expand by 7.9% due to higher domestic consumption. As a result, the share of the agriculture, forestry and fishing sector to overall GDP is forecast to decline to 8.8% (1999: 9.4%).

(Source : Economic Report 2000 / 2001)

Mining Sector

In the mining sector, a marginal increase of 0.6% in output is expected (1999: -3.1%), reflecting the small increase of 0.4% in crude oil production to 695,718 barrels per day (bpd) (1999: 694,868 bpd). Natural gas production will, however, increase by 4.6% to 3,882 million standard cubic feet per day (mmscf/d) (1999: 3,720 mmscf/d), mainly to meet higher domestic consumption and improved external demand. Meanwhile, tin output is expected to decline by 16.9% to 6,100 tonnes (1999: 7,340 tonnes) on account of weak prices and the decline in areas worked by tin mines.

(Source : Economic Report 2000 / 2001)

Manufacturing Sector

Growth in the manufacturing sector, which began in 1999, accelerated well into 2000 with double-digit growth registered for 15 consecutive months to date. Underpinned by strong global demand in electronic products, economic recovery in Asia as well as the continued improvement in domestic demand, value added in the manufacturing sector is envisaged to record a significant growth of 17% in 2000. The export-oriented industries are expected to spearhead growth due to continued strong global demand in electronic products and sustained economic growth in the US and Asia. Output of the export-oriented industries is estimated to expand by 22.4% (1999:10.8%). Likewise, the growth of domestic-oriented industries is also expected to be maintained in 2000, with growth estimated at 17% on the back of rising incomes, lower interest rates as well as accelerated public spending on infrastructure. As the sector's output growth is expected to surpass growth in GDP, its share to real GDP is expected to increase to 32.6% (1999:30%).

(Source : Economic Report 2000 / 2001)

4.6.3 Past Performance of the KB Group

The KB Group has been registering double-digit profitability growth figures since 1996. This performance had been achieved on the back of double-digit declines in the construction and manufacturing sectors and a negative GDP growth of 7.5% in 1998, and declines in the construction and mining and quarrying sectors in 1999.

The Group's flexibility in adapting to customers' demands for sales and rental of reconditioned machinery and equipment is one of the main contributing factors to the Group's success. Additionally, the nature of the Group's business allows the Group to be linked to many sectors and thus, is generally insulated from the vagaries of any one particular sector.

4.0 INFORMATION ON THE KB GROUP (Cont'd)

The profit track record based on the audited consolidated profit after taxation of the KB Group is as follows:

Company	Financial year ended 31 December				
	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
WHSB	3,140	2,668	2,443	2,627	8,164
WMCSB *	7	1,098	891	1,163	1,891
WMKSB *	7	1,313	3,092	2,575	1,034
WEQSB	3,528	4,754	5,477	6,954	8,902
Consolidated Adjustments	-	-	(279)	(176)	-
Consolidated Profit After Tax	6,682	9,833	11,624	13,143	19,991
Growth (%)	9.7	47.2	18.2	13.1	52.1 [^]

* 100% subsidiary companies of WHSB

[^] 1999 is a tax-free year

Notes:

- (i) Prior to 1995, both the operations of WMCSB and WMKSB were within WHSB, the profits were accordingly accrued to WHSB. However, due to the rationalisation of the activities of WHSB in 1996, the business of sale of new machinery and spare parts and the sale of building materials were transferred to WMCSB and WMKSB respectively. Consequentially, WHSB recorded a lower profit in 1996.
- (ii) On 19 July 1998, a fire at WHSB's office destroyed many of the accounting records of the company and its subsidiary company, WMCSB. In view of this, the Auditors' Reports for the accounts of WHSB and WMCSB for the financial year ended 31 December 1997 were qualified. The Auditors' Reports for the accounts of WHSB and WMCSB for the financial year ended 31 December 1998 were also qualified due to the opening balances brought forward from the preceding financial year, i.e. 31 December 1997.
- (iii) The profit in 1995 and 1996 increased as a result of an increased turnover in tandem with the growth in the construction industry as demand for reconditioned machinery and equipment and building materials increased substantially.
- (iv) The turnover in 1997 declined slightly as the management changed its focus to reduce the sale of new machinery and equipment and concentrated instead on the business of reconditioning, sales and rental of reconditioned machinery and equipment. The change in the management's decision was in line with the softening demand from the construction industry in 1997 due to a significant shift in contractors' preference to renting or purchasing reconditioned machinery and equipment. The profit, however, increased due to the higher gross margins obtained from the sales and rental of reconditioned machinery and equipment.
- (v) Although turnover in 1998 and 1999 decreased mainly due to the regional financial crisis that resulted in lower demand for reconditioned machinery and equipment and building materials, the profit for 1998 and 1999, nonetheless, showed an increase due to the higher gross margins obtained from the rental of reconditioned machinery and equipment.
- (vi) There were no extraordinary items in respect of the financial years under review except as mentioned in note (ii) above.

The performance of the main sectors of the economy and the real GDP of the country for the past five (5) years is illustrated as follows:

Year	1995	1996	1997	1998	1999
Year on Year growth	%	%	%	%	%
Construction	17.3	14.2	9.5	-23.0	-5.6
Agriculture, livestock, forestry and fishing	1.1	2.2	1.3	-4.5	3.8
Manufacturing	14.5	12.2	12.5	-13.7	13.5
Mining and quarrying	9.0	4.5	1.0	1.8	-3.1
Services	9.4	9.7	8.0	-0.8	3.3
Real GDP	9.5	8.6	7.7	-7.5	5.8

(Sources : Economic Report 1996/97, 1997/98, 1998/99, 1999/2000, 2000/2001)

4.0 INFORMATION ON THE KB GROUP *(Cont'd)*

4.6.4 Future Growth of the KB Group

The KB Group is in the business of reconditioning, sales and rental of machinery and equipment. Its products range from light, medium to heavy machinery and equipment and are spread across a wide selection of brands.

In view of the Group's product diversity, the Group is thus able to position itself within the sectors of the economy such as construction, agriculture, oil and gas, marine and the industrial sector, and need not limit itself to any one particular sector.

The future growth of the KB Group is very much dependent on the strategies adopted by the Group as well as the future plans of the Group. These strategies and future plans of the Group are further elaborated under Section 4.9 of this Prospectus.

With the purchase and the setting-up of a fully-integrated reconditioning factory in Shah Alam, Selangor Darul Ehsan, the Group is expected to be able to streamline its reconditioning operations to achieve greater efficiency and cost-effectiveness, and thus, strengthen the Group's position in the reconditioning business.

Further, the Group intends to extend its range of products and services to include other light, medium and heavy machinery and equipment which are generally in demand, as well as to increase its downstream activities, that is, in the fabrication of spare parts and machinery parts for its reconditioning business. The in-house fabrication of spare parts and machinery will further ensure that the parts used for its reconditioning of machinery and equipment are of a certain quality and standard thus, minimising the breakdowns or wear and tear of its reconditioned machinery and equipment.

4.6.5 Industry Players and Competition

Reconditioning, sales and rental of light, medium and heavy machinery and equipment

There are currently several market players in the trading of heavy equipment and spare parts business. Some of the other industry players in Malaysia are as follows:

Players	Principal Activity	Group Turnover RM'000
1. Tractors Malaysia Holdings Berhad ("Tractors")	Tractors and its subsidiary companies ("Tractors Group") are principally involved in the sale and service of Caterpillar equipment, Ford agricultural and industrial machinery and other related equipment. The Tractors Group is also engaged in the assembly, sale and service of passenger cars and commercial motor vehicles.	1,216,100
2. UMW Holdings Berhad ("UMW")	UMW and its subsidiary companies ("UMG Group") are principally involved in the trading and manufacturing of a wide range of light and heavy equipment for use in the industrial, construction and agricultural sectors, and trading in related spares and the import, assembly and marketing of passenger and commercial vehicles and related spares. Ancillary to these activities, the UMW Group provides back-up services, financing and insurance.	2,500,488

4.0 INFORMATION ON THE KB GROUP *(Cont'd)*

Players	Principal Activity	Group Turnover RM'000
3. United Bintang Berhad ("UBB")	UBB and its subsidiary company ("UBB Group") are involved in the trading of heavy equipment and spare parts and rental of heavy machinery.	77,212

(Sources : Annual Report of Tractors for the financial year ended 30 June 2000, Annual Report of UMW for the financial year ended 31 December 1999 and Annual Report of UBB for the financial year ended 31 December 1999)

It should be noted that the KB Group is in the reconditioning, sales and rental of products ranging from light, medium to heavy machinery and equipment.

4.6.6 Relevant Laws and Regulations Governing the Industry

The main legislation governing the KB Group's principal activity is the Industrial Coordination Act, 1975 ("the Act"). Details of the approvals received under the Act are set out in Section 8.1 of this Prospectus.

In the 1996 Budget, as an added effort to reduce imports of construction related capital goods such as bulldozers, excavators, pile-drivers and tower cranes, reconditioning of heavy machinery and equipment has been listed as one of the promoted activities under the Promotion of Investment Act 1986. Companies undertaking such activities are eligible for Pioneer Status or Investment Tax Credit. This fiscal incentive is to promote the development of the domestic machinery and engineering industries, particularly in reconditioning abandoned and unused machinery and equipment.

(Source : Economic Report 1996/97)

In 1998, a number of measures were introduced to reduce imports. These measures included discouraging the import of construction machinery and equipment, given that there were excess supply of used construction machinery and equipment which could be reconditioned and refurbished. Some of the specific measures to reduce imports were :

- (a) All imports of heavy machinery for the construction sector were required to obtain approval to import from the Ministry of International Trade and Industry. The approval would only be given if these machinery were not available locally;
- (b) Import duty on construction materials such as tiles, marble, iron and steel was increased from between 5% and 25% to between 10% and 30%;
- (c) Import duty of 5% was imposed on heavy machinery and equipment such as tower cranes, forklifts and escalators;
- (d) Import duty on dumpers and multi-purpose vehicles was increased from 35% to 50%; and
- (e) The rate of initial capital allowance for imported heavy machinery was reduced from 20% to 10%, and the annual allowance was reduced from between 12% and 20% to 10%.

(Source : Economic Report 1998/99)

4.0 INFORMATION ON THE KB GROUP *(Cont'd)*

The reduction in capital allowances rates for imported machinery together with increased import duties is intended to curtail the import of such machinery forcing local businessmen to source for local or locally reconditioned machinery, giving a boost to the local machinery reconditioning industry.

According to the Economic Report 1998/99, local heavy machinery are eligible for an initial allowance of 20% and annual allowance of 20%, 16% or 12% whilst imported heavy machinery are eligible for an initial and annual allowance of 10%.

4.6.7 Demand and Supply Conditions

The Group's core business is in the reconditioning, sales and rental of light, medium to heavy machinery and equipment. The nature of the Group's products and services are linked to many industries. Currently, the Group is involved in various sectors of the economy such as, the construction, agriculture, oil and gas, marine and the industrial sector.

Demand

In view of the above, it is reasonable to state that the demand for the Group's products and services is, to a certain extent, dependent on the performance of those sectors. These sectors are, in turn, affected by the general health of the economy.

Generally, during a boom economic period, large corporations are able to afford purchases of both new and reconditioned machinery and equipment, whilst the smaller corporations would prefer to rent as it would be relatively easier to manage its profit and cashflow on a month to month basis.

During an economic downturn, the large corporations are likely to seek to consolidate their financial position and may be more inclined to rent or purchase reconditioned machinery and equipment than to incur excessive capital expenditure to purchase new machinery and equipment. These customers are also likely to rent machinery and equipment to match their use against their project period for projects sub-contracted to various parties which invariably may run for a short duration.

The products and services provided by the KB Group are essentially necessary components used in many industries and hence, the demand for the Group's type of products and services has generally remained resilient during an economic slowdown. Moreover, increases in prices for new machinery and equipment would only serve to encourage users to switch from purchasing new machinery and equipment to purchasing or renting used / reconditioned machinery and equipment.

A number of measures implemented by the Government in 1998 to reduce the import of construction machinery and equipment also augurs well for the reconditioning business and lends itself to the nature of the KB Group's products and services. Further details of the measures undertaken, by the Government to reduce imports are outlined in Section 4.6.6 of this Prospectus.

Although there are no official statistics available, the management of KB is of the view that even in an economic downturn, the demand for the sale and rental of reconditioned machinery and equipment would be maintained as illustrated by the results of the Group in the audited accounts for the financial years ended 31 December 1997 and 1998. However, the Group ceased the sales of new machinery and equipment in view of the lower sales of new machinery and equipment during the economic downturn.

4.0 INFORMATION ON THE KB GROUP (Cont'd)

Supply

There are numerous machinery and equipment left abandoned and unused after the completion of construction projects. These machinery and equipment are normally stored at depots. When a new project commences, those in the construction industry will find that the cost of repairing and maintaining their equipment is expensive. In times of economic downturn, machinery and equipment may be sold or abandoned due to discontinuance or freeze of projects. Hence, there is ample supply of used machinery and equipment at reasonable prices. Based on the experience of the KB Group, construction companies would generally dispose of their machinery and equipment after completion of projects in order to avoid the usage of unnecessary storage space and to allocate their funds for other more effective needs.

The Group's new and used machinery and equipment are sourced locally as well as from overseas, namely from Japan, Australia, United Kingdom and the United States of America. The Group does not limit itself to any brand name and are able to source cheaply from a wide supplier base, both locally and overseas.

In the overseas market, the Group has established a network of representatives in those countries to assist the Group in sourcing for these machinery and equipment. Locally, the Group has been able to source extensively for these used machinery and equipment through its network of business associates and contractors. For its NES series generator sets, the Group sources from Nippon Sharyo, a leading firm in Japan.

4.6.8 Substitute Products and Services

As the Group is dealing in the reconditioning of used machinery and equipment, the Group believes that its activities are not threatened by any substitute products or services. The Group is essentially targeting clients whom are in favour of renting or purchasing reconditioned machinery and equipment, as opposed to purchasing new machinery and equipment.

Furthermore, the Government's stance in discouraging the import of heavy machinery whilst encouraging small-medium industries to be active in the field of reconditioning will be beneficial to the local machinery reconditioning industry as a whole.

4.6.9 Prospects and Outlook of the Related Sectors

KB Group is principally involved in the reconditioning business with clientele based in the construction, agriculture, oil and gas, marine and industrial sectors. As such, the future performance of the KB Group is dependent on the future performance of these sectors.

Construction Sector

The construction sector is projected to grow more strongly at 5.5% in 2001, on account of higher investment by the private sector, particularly in the privatised infrastructure projects, and higher budgetary allocations for education, health and social amenities. Sustained economic growth and continued expansion in incomes are also expected to continue to underpin demand and growth of construction activities. The share of the sector to real GDP is envisaged to be maintained at 3.4% (2000: 3.4%).

(Source : Economic Report 2000 / 2001)

4.0 INFORMATION ON THE KB GROUP *(Cont'd)*

Agriculture Sector

The agriculture, livestock forestry and fishing sector is forecast to expand at a higher rate of 1.8% in 2001. Palm oil production is expected to increase by 7.5% due mainly to an expected 3.7% increase in mature area. Rubber production is expected to increase marginally by 1.4% as prices are not expected to increase significantly. Sawlog production is envisaged to contract by 6.9% due to an expected reduction in output from Peninsular Malaysia and Sabah, consistent with efforts aimed at ensuring sustainable forest management. The share of the agriculture sector to real GDP is, therefore, envisaged to decline to 8.3% (2000: 8.8%).

(Source : Economic Report 2000 / 2001)

Mining Sector

The mining sector is forecast to expand marginally by 1.7% in 2001 mainly due to the increase in gas output of 12.6% to 4,384 mmscf/d (2000: 3,882 mmscf/d) to meet increasing demand for natural gas. Crude petroleum production is expected to decline by 0.8% to 692,109 bpd (2000: 695,718 bpd) based on the production targets set. Tin production is also expected to decline by 16.4% to 5,100 tonnes. Hence, the share of the mining sector to real GDP is expected to decline to 6.4% (2000: 6.8%).

(Source : Economic Report 2000 / 2001)

Manufacturing Sector

The outlook for the sustained expansion of the manufacturing sector remains encouraging. Output growth is expected to continue to remain robust, mainly on account of continued strong growth from both the export and domestic-oriented industries. Manufacturing output is forecast to sustain double-digit growth of 12% in 2001 (2000:17%). Despite concerns that the growth of export-oriented industries may slacken due to prospects of a slowdown in the expansion of US economy and sales of personal computers, output of Malaysia's export-oriented industries are expected to expand by 12.3% (2000:22.4%) given the continued growth in demand anticipated from Malaysia's other trading partners. The projection takes into account the continued strong global demand of electronics products given the rapid growth in ICT infrastructure and the wireless telecommunications sector. In addition, some of the new investments and capacity expansion in the electronics sector is expected to come onstream in 2001. Likewise, output of the domestic-oriented industries is expected to increase by 11.7% (2000:17%), underpinned by the revival of a number of deferred infrastructure projects and expected increase in domestic consumption that will contribute to the output expansion in both the construction-related materials and transport equipment industries. Similarly, output of the chemical products industry, particularly plastic industry, will benefit largely from the continued strong growth in the electrical and electronics sector. It is, therefore, envisaged that the sector's contribution to real GDP will expand to 34.1% (2000:32.6%).

(Source : Economic Report 2000 / 2001)

4.0 INFORMATION ON THE KB GROUP *(Cont'd)*

4.7 MAJOR CUSTOMERS

The major customers of the KB Group which are individually contributing more than 10% of the Group's turnover, are as follows:

Name	Length of relationship (Approximate years)	Approximate value for the nine (9) months ended 30 September 2000 RM'000
Pembinaan Sahabatjaya Sdn Bhd	8	29,094
Felda Ekovest Sdn Bhd	7	9,972
Felda Engineering Services Sdn Bhd	12	9,721

The major customers listed above are mainly in the construction and agriculture sectors. The Group has ventured into other economic sectors such as oil and gas, marine and industrial sectors as a means to reduce the over-reliance on these two (2) sectors.

4.8 MAJOR SUPPLIERS

The KB Group does not have any major supplier which individually contributes more than 10% of the Group's purchases and is generally not over-dependent on any single supplier for its core activity in the reconditioning, sales and rental of light, medium and heavy machinery and equipment.

4.9 FUTURE PLANS, STRATEGIES AND PROSPECTS

4.9.1 Future Plans of the KB Group

The future plans of the KB Group includes, inter-alia:

- (i) expansion of its existing markets;
- (ii) expansion of its reconditioning business;
- (iii) establishment of in-house training programmes; and
- (iv) introduction of the KB Group's own brand of machinery and equipment.

Expansion of its Existing Markets

In tandem with its expansion plans in the sales and rental of reconditioned machinery and equipment, the Group has opened offices in Kota Kinabalu, Sabah, Kemaman, Terengganu and Johor Bahru, Johor. The Group also has the intention of opening more offices and workshops in the various States where heavy development is expected. The KB Group is targeting to open an office in Ipoh, Perak and Penang in this year to cater for potential new customers in the sale and rental of reconditioned machinery and equipment.

The KB Group aims to be in the forefront in the reconditioning business and intends to establish a wide network of branches throughout the whole of West and East Malaysia to capture a major share of the market in the near future.

4.0 INFORMATION ON THE KB GROUP (Cont'd)

Expansion of its Reconditioning Business

The Group initially started its operations within the construction and agriculture sectors. Since then, the Group has diversified into the oil and gas, marine and industrial sectors. The Group intends to further strengthen its position in these sectors especially in the manufacturing sector via the marketing of its own high-end generator sets, WCM Energy. The Group also intends to market medium to lower-end generator sets under its own brand name by end 2001.

The Group also plans to extend its product range and services to include other downstream activities such as the fabrication of spare parts and machinery parts for its reconditioning business.

Currently, the KB Group has two (2) workshops to recondition its machinery and equipment. In view of the expected increase in the demand for reconditioned machinery and equipment in line with the country's economic recovery, the Group has taken the necessary steps to meet this demand.

The Group will be utilising part of the proceeds from the Rights Issue and Public Issue to finance the acquisition and setting up of a fully-integrated reconditioning factory by 2001 in Shah Alam, Selangor Darul Ehsan for its future expansion and growth. The Group also has the intention to purchase a piece of land within the vicinity of its factory by end 2002 for display or storage purposes for the Group's extensive range of machinery and equipment. This arrangement would also make it convenient for the Group's customers to view and inspect the range of machinery and equipment for sales and rental.

Establishment of In-House Training Programmes

The Group's mechanics need to be well versed in the reconditioning of many types of machinery and equipment, regardless of their brand names. In line with the Group's expansion in the reconditioning business, the Group would require more mechanics. As experienced and skilled mechanics are difficult to source for, the KB Group intends to establish an in-house apprenticeship scheme to train apprentices to a high level of competence and expertise. The Group also plans to invite certain technical and vocational schools which have motor / machinery mechanic students to carry out their industrial training at the Group's workshops in order to obtain hands-on experience in reconditioning. This strategy will be beneficial to the Group as the Group may source for skilled mechanics from this pool of resources.

Introduction of the KB Group's Own Brand of Machinery and Equipment

Capitalising on the Group's strength in the reconditioning business, the Group plans to diversify further into downstream activities which complements its reconditioning business. The Group plans to increase its range of products and services by manufacturing some of the components of the heavy equipment, for example, of excavators and bulldozers, as well as fabricating and assembling chassis of various generator sets.

The Group has since started with the manufacture of chassis for generator sets, marketing those generator sets under its own brand name, WCM Energy. The Group plans to intensify its marketing efforts to market its own brand of machinery and export them to the overseas market.

4.0 INFORMATION ON THE KB GROUP *(Cont'd)*

4.9.2 Strategies Adopted by the KB Group

In order to maintain its niche in this market and increase its competitive edge over its competitors, the KB Group has adopted the following strategies:

(i) Reconditioning

KB Group has been involved in the reconditioning and rental business since 1990. Since then, the Group has built up its private network of business contacts and resources in this field to be one of the contending players in this industry. The Group's strength lies with its firm commitment to provide reconditioning services as part and parcel of its sales and rental business. This value-added business not only restores the condition of the used machinery and equipment to a good working condition but also extends the useful economic life of the machinery and equipment. Hence, the Group's customers are often assured of a certain operating standard with minimal breakdowns encountered on the sold or rented machinery and equipment.

(ii) Range of machinery and equipment

KB Group reconditions a wide range of light, medium and heavy machinery and equipment under a wide selection of brand names. This ability is a result of the many years of technical training and experience gained by the senior technical team members of the Group which has been with the Group for a number of years.

(iii) Quality

The Group practises quality control measures to ensure that the reconditioned machinery and equipment and reconditioning services rendered by the Group meets the clients' specification.

The quality control process begins at the initial point when the used machinery and equipment are being sourced. The Group does not acquire machinery and equipment which are too old or extensively damaged. The machinery and equipment then passes through a series of reconditioning processes which includes inspection, repairs and reconditioning and pre-delivery inspection procedure before they are delivered to its clients.

The machinery and equipment are routinely tested throughout the entire reconditioning process to ascertain its proper functioning and durability. As the company derives its income stream from the sales and rental of reconditioned machinery and equipment, it is important that the machinery and equipment are both functional and trouble-free.

(iv) Costs

The Group manages its cost levels through constant monitoring of its procurement and reconditioning processes. This is effected through the implementation of stringent procurement policies for used machinery and equipment from abroad and the local market. The management also seeks to control the cost levels within the workshop by setting-up a systematic workflow process to reduce the level of wastage within the workshop.

The Group also seeks to minimise its cost by reconditioning used machinery and equipment only upon demand from clients.

4.0 INFORMATION ON THE KB GROUP *(Cont'd)*

(v) Management and Human Resources

As at 28 February 2001, the Group has 214 employees. The KB Group has a good mix of professionals and its key management team comes from various disciplines and backgrounds. Approximately 12% of its employees are holding key managerial positions in the Group, whilst approximately 21% of the Group's employees are at the technical level.

In terms of technical professionals, the Group has more than forty (40) skilled in-house trained technical professionals. These technical professionals have over the years gained much expertise and knowledge in reconditioning various types of machinery and equipment regardless of their brand names. This represents a competitive edge over its competitors in terms of technical skills and experience.

(vi) Technological edge

As the Group is concentrating on enhancing its value-adding process in the reconditioning line, the Group has allocated a sum of RM17.3 million out of the proceeds of the Rights Issue and Public Issue to expand and streamline their operations in Shah Alam, Selangor Darul Ehsan by acquiring and setting up a fully integrated reconditioning factory line.

The process will streamline the various stages within the reconditioning process from the cleaning and inspection stages to the actual repairs and reconditioning work covering the mechanical, electrical, hydraulic and transmission stages to the fabrication, welding and panel beating stages, as well as the assembly, testing, spray painting and labelling and finally, the pre-delivery inspection.

With this in place, the Group would have an edge over its competitors in terms of its system flow and use of technological advances to support its activities.

(vii) Economies of scale

With the fully integrated reconditioning line in place, the Group is expected to achieve greater efficiency and savings in terms of its reconditioning and repair processes as well as help improve the turnaround time for its client.

The factory will be fully equipped with the necessary plant and equipment to facilitate its reconditioning process and integrate the various stages involved in the reconditioning process. This is expected to lead to greater economies of scale arising from the more efficient reconditioning techniques and shorter reconditioning time.

(viii) Location and accessibility

KB Group has established two (2) main workshops, one in Shah Alam, Selangor Darul Ehsan and another in Lahad Datu, Sabah. These workshops are strategically located to take advantage of the proximity of its clientele, improving both its operating efficiency and turnaround time.

Apart from these permanent workshops, the Group has also established mobile workshop units to cater to the immediate needs of its client. These workshops are intended for large-scale projects and allow for a quicker response by the Group which justify the costs of setting-up a mobile workshop unit in the vicinity of the development project.

4.0 INFORMATION ON THE KB GROUP *(Cont'd)*

(ix) Marketing/Promotion Strategies

The marketing and promotional activities undertaken by the Group are led by the senior management team of the Group who have been in the reconditioning, sales and rental of machinery and equipment industry for an average period of about ten (10) years. The Group has over the years established a pool of local clients through constant networking amongst its business associates, customers and suppliers. The Group strives to maintain its quality of services through quicker response time to its clients' needs and customize its products and services to match their requirements. The reconditioning process involves technical skills and one of the strong points marketed by the Group is the expertise provided by the Group.

(x) Research and development

The Group is constantly striving to improve its reconditioning work process methods and exploring new areas of growth related to its line of business. The Group is responsive towards customer needs and has thus far generally been able to meet their specification.

The Group has initiated plans to set-up a research and development centre to further improve its reconditioning process methods as well as to explore into other engineering-related products and services.

It is important to note that the reconditioning process demands a high level of application and practical knowledge in the engineering field. Technological advances are a norm and remain dynamic in this period. For this simple reason, the Group will continuously seek to improve its processes and services and develop new approaches. On this account, the Group intends to work closely with local research institutions of higher learning.

The main area of improvement being sought for is in the turnaround time of the reconditioning process. In order to shorten this turnaround time, the Group will need to implement more efficient methods of reconditioning at the respective stages of the reconditioning process. The Group also has an in-house apprenticeship course to train new mechanics and technical staff to recondition and service a wide range of machinery and equipment using these techniques.

4.9.3 Prospects of the Group in the Related Sectors

The KB Group is involved in the reconditioning business with its clientele based in the construction, agriculture, oil and gas, marine and industrial sectors and hence, the performance of the Group would be dependent on the performance of these various sectors. The performance and outlook of the related sectors as well as the Malaysian economy as a whole is set out in Section 4.6.1, 4.6.2 and 4.6.9 of this Prospectus.

The KB Group was not severely affected by the recent economic downturn as evidenced by its historical profit track record. This is due to the pliable nature of KB Group's value-added reconditioning business which is able to adapt accordingly to the demands of its customers for either sale or rental of reconditioned machinery and equipment. Hence, following the recovery of the Malaysian economy, the KB Group is poised to grow even further as the demand for heavy machinery and equipment is expected to rise in tandem with the growth in the various sectors of which the KB Group is involved in.

4.0 INFORMATION ON THE KB GROUP *(Cont'd)*

In summary, the Board of Directors of KB is optimistic of the Group's future prospects for the following main reasons:

- The Group's products and services are applicable in various sectors and are not limited to only one sector.
- The construction, agriculture, oil and gas, marine and industrial sectors are constantly in need of light, medium and heavy machinery and equipment whether for expansion or maintenance.
- The Group has a wide range of light, medium to heavy machinery and equipment to meet the needs of its various customers in different sectors. The Group has a competitive advantage over its rivals as the Group has highly differentiated products and services.
- Not only does the Group sell and rent its machinery and equipment, it also provides reconditioning services for its machinery and equipment, a value adding process which helps extend the useful economic life of these products.
- The Group has established branches in Peninsular Malaysia and Sabah to provide better services to its customers.
- The Group aims to enhance its image through further product development and marketing efforts such that it will be widely recognised and highly regarded in the reconditioning industry for its range of products and the quality of its services.
- The Group has built up a team of dedicated and experienced management staff to provide reliable and quality services. The Group believes in building up customer relationships and is committed to providing solutions to meet the clients' needs. This entails customising its services to suit the customers' needs and requirements to the extent of having mobile reconditioning workshops or making on-site repairs.
- The Government's continuous support of the reconditioning business through the imposition of import duties on the import of new machinery and equipment and other tax incentives is beneficial not only to the Group's business but to the reconditioning industry as a whole.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK
--