

## V. INFORMATION ON THE HIB GROUP

### 1. INFORMATION ON HIB

#### 1.1 Incorporation

HIB was incorporated in Malaysia under the Companies Act, 1965 on 27 October 2001 as a public company under the name Hytex Integrated Berhad. The principal activities of the Company are investment holding and provision of management services.

#### 1.2 Changes in share capital

The authorised share capital of HIB is RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each. The issued and paid-up share capital of HIB is RM63,442,500 comprising 126,885,000 ordinary shares of RM0.50 each.

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

Date of Allotment	Par Value RM	No. of ordinary shares allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
27.10.2001	0.50	2	Subscribers' shares	1
12.08.2002	0.50	102,581,998	Issued in respect of the Acquisitions	51,291,000
16.09.2002	0.50	24,303,000	Rights Issue	63,442,500

### 2. LISTING EXERCISE

In conjunction with, and as an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of HIB on the Main Board of the KLSE, the Company undertook a restructuring scheme which was approved by the MITI on 19 March 2002 and 28 March 2002, the SC on 30 April 2002 and 11 July 2002 and the FIC on 26 June 2002, 4 July 2002 and 11 July 2002, involving the following inter-conditional transactions:

#### (i) Acquisitions

##### (a) Acquisition of HASB

On 17 December 2001, HIB entered into a conditional share sale agreement with the vendors of HASB, Soo Kim Tek @ Saw Kim Teik, Sau Kim Hing @ Soo Kim Sin, Saw Kam Fock @ Saw Kim Hock, Saw Kam Weng, Saw Kim Chuan, Saw Guat Choo, Mohd. Yusof Bin Mohd. Rashidi, Mohamed Azahari Bin Mohamed Kamil and W Shalihudin Bin W Ibrahim to acquire the entire issued and fully paid-up share capital of HASB comprising 9,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM32,921,643 to be satisfied by the issuance of 55,799,598 new ordinary shares of RM0.50 each in HIB at approximately RM0.59 per share.

The Acquisition of HASB was completed on 12 August 2002.

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**V. INFORMATION ON THE HIB GROUP (CONT'D)**

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**(b) Acquisition of HGSB**

On 17 December 2001, HIB entered into a conditional share sale agreement with the vendors of HGSB, Soo Kim Tek @ Saw Kim Teik, Sau Kim Hing @ Soo Kim Sin, Saw Kam Fock @ Saw Kim Hock, Saw Kam Weng, Saw Kim Chuan, Saw Guat Choo, Toh Kim Heoh, Mohd. Yusof Bin Mohd. Rashidi, Mohamed Azahari Bin Mohamed Kamil and W Shalihudin Bin W Ibrahim to acquire the entire issued and fully paid-up share capital of HGSB comprising 4,320,000 ordinary shares of RM1.00 each for a total purchase consideration of RM20,994,525 to be satisfied by the issuance of 35,584,070 new ordinary shares of RM0.50 each in HIB at approximately RM0.59 per share.

The Acquisition of HGSB was completed on 12 August 2002.

**(c) Acquisition of HHSB**

On 17 December 2001, HIB entered into a conditional share sale agreement with the vendors of HHSB, Soo Kim Tek @ Saw Kim Teik, Sau Kim Hing @ Soo Kim Sin, Saw Kam Fock @ Saw Kim Hock, Saw Kam Weng, Saw Kim Chuan, Saw Guat Choo, Toh Kim Heoh, Mohamed Azahari Bin Mohamed Kamil and W Shalihudin Bin W Ibrahim to acquire the entire issued and fully paid-up share capital of HHSB comprising 1,200,000 ordinary shares of RM1.00 each for a total purchase consideration of RM1,935,683 to be satisfied by the issuance of 3,280,831 new ordinary shares of RM0.50 each in HIB at approximately RM0.59 per share.

The Acquisition of HHSB was completed on 12 August 2002.

**(d) Acquisition of HPSB**

On 17 December 2001, HIB entered into a conditional share sale agreement with the vendors of HPSB, Sau Kim Hing @ Soo Kim Sin, Saw Kam Fock @ Saw Kim Hock, Toh Kim Heoh and Mohd. Yusof Bin Mohd. Rashidi, to acquire the entire issued and fully paid-up share capital of HPSB comprising 870,000 ordinary shares of RM1.00 each for a total purchase consideration of RM1,909,529 to be satisfied by the issuance of 3,236,502 new ordinary shares of RM0.50 each in HIB at approximately RM0.59 per share.

The Acquisition of HPSB was completed on 12 August 2002.

**(e) Acquisition of LTSB**

On 17 December 2001, HIB entered into a conditional share sale agreement with the vendors of LTSB, Sau Kim Hing @ Soo Kim Sin, Saw Kam Fock @ Saw Kim Hock, Saw Kam Weng, Toh Kim Heoh and Mohd. Yusof Bin Mohd. Rashidi to acquire the entire issued and fully paid-up share capital of LTSB comprising 860,000 ordinary shares of RM1.00 each for a total purchase consideration of RM2,761,778 to be satisfied by the issuance of 4,680,997 new ordinary shares of RM0.50 each in HIB at approximately RM0.59 per share.

The Acquisition of LTSB was completed on 12 August 2002.

**V. INFORMATION ON THE HIB GROUP (CONT'D)****(f) Acquisition of HIPL**

On 26 August 2002, HIB entered into a conditional share sale agreement with HGSB to acquire the entire issued and fully paid-up share capital of HIPL comprising 100,000 ordinary shares of SGD1.00 each for a total cash consideration of RM174,100. The cash consideration was financed via inter-company advances.

The Acquisition of HIPL was completed on 3 September 2002.

**(g) Acquisition of HGCL**

On 26 August 2002, HIB entered into a conditional share sale agreement with HASB to acquire the entire issued and fully paid-up share capital of HGCL comprising 100 ordinary shares of USD15,000 each for a cash consideration of RM5,695,225. The cash consideration was financed via inter-company advances.

The Acquisition of HGCL was completed on 13 September 2002.

All the shares of the aforesaid companies were acquired by HIB free from all claims, charges, liens and encumbrances.

The purchase consideration for HASB, HGSB and HHSB are based on the audited consolidated NTA of the HASB Group, HGSB Group and HHSB Group, respectively while the purchase consideration for HPSB and LTSB are based on the audited NTA of HPSB and LTSB, respectively. The consideration for HIPL and HGCL were arrived at based on the carrying values of the cost of investments in HIPL and HGCL by HGSB and HASB, respectively.

The details of the vendors' shareholdings in HASB, HGSB, HHSB, HPSB and LTSB are as follows:

	HASB		HGSB		HHSB		HPSB		LTSB	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Sau Kim Hing @ Soo Kim Sin	1,600,000	17.78	785,000	18.17	167,327	13.95	110,000	12.65	140,000	16.28
Saw Kam Fock @ Saw Kim Hock	1,470,000	16.33	445,000	10.30	127,327	10.61	330,000	37.93	115,000	13.37
Soo Kim Tek @ Saw Kim Teik	450,000	5.00	304,000	7.04	127,327	10.61	-	-	-	-
Saw Kam Weng	450,000	5.00	355,000	8.22	127,327	10.61	-	-	140,000	16.28
Saw Kim Chuan	1,650,000	18.33	50,000	1.16	127,327	10.61	-	-	-	-
Saw Guat Choo	230,000	2.56	319,000	7.38	100,000	8.33	-	-	-	-
Toh Kim Heoh	-	-	310,000	7.17	63,365	5.28	385,000	44.25	229,000	26.63
Mohd. Yusof Bin Mohd. Rashidi	414,000	4.60	216,000	5.00	-	-	45,000	5.17	236,000	27.44
Mohamed Azahari Bin Mohamed Kamil	2,286,000	25.40	1,333,000	30.86	216,000	18.00	-	-	-	-
W Shalihudin Bin W Ibrahim	450,000	5.00	203,000	4.70	144,000	12.00	-	-	-	-
	9,000,000	100.00	4,320,000	100.00	1,200,000	100.00	870,000	100.00	860,000	100.00

**V. INFORMATION ON THE HIB GROUP (CONT'D)**

The new ordinary shares of RM0.50 each in HIB to be issued to the vendors pursuant to the Acquisition of HASB, Acquisition of HGSB, Acquisition of HHSB, Acquisition of HPSB and Acquisition of LTSB are as follows:

	Acquisition of HASB	Acquisition of HGSB	Acquisition of HHSB	Acquisition of HPSB	Acquisition of LTSB	Total
Sau Kim Hing @ Soo Kim Sin	9,919,929	6,466,087	457,476	409,213	762,023	18,014,728
Saw Kam Fock @ Saw Kim Hock	9,113,934	3,665,489	348,115	1,227,639	625,947	14,981,124
Soo Kim Tek @ Saw Kim Teik	2,789,980	2,504,064	348,115	-	-	5,642,159
Saw Kam Weng	2,789,980	2,924,154	348,115	-	762,023	6,824,272
Saw Kim Chuan	10,229,926	411,853	348,115	-	-	10,989,894
Saw Guat Choo	1,425,990	2,627,620	273,403	-	-	4,327,013
Toh Kim Heoh	-	2,553,486	173,242	1,432,245	1,246,451	5,405,424
Mohd. Yusof Bin Mohd. Rashidi	2,566,781	1,779,203	-	167,405	1,284,553	5,797,942
Mohamed Azahari Bin Mohamed Kamil	14,173,098	10,979,992	590,550	-	-	25,743,640
W Shalihudin Bin W Ibrahim	2,789,980	1,672,122	393,700	-	-	4,855,802
	55,799,598	35,584,070	3,280,831	3,236,502	4,680,997	102,581,998

The Acquisitions resulted in the issued and paid-up share capital of HIB being increased from RM1 to RM51,291,000.

**(ii) Rights Issue**

On 16 September 2002, HIB implemented a rights issue of 24,303,000 new ordinary shares of RM0.50 each at par on the basis of approximately 2.3691 new ordinary shares for every 10 ordinary shares held after the Acquisitions.

The Rights Issue resulted in the issued and paid-up share capital of HIB being further increased from RM51,291,000 to RM63,442,500. Proceeds from the Rights Issue and Public Issue amounting to RM27,176,250 will be utilised in the manner set out in Section III(7) of this Prospectus.

**(iii) Public Issue**

Following the completion of the Acquisitions and the Rights Issue and in conjunction with the flotation of HIB, the Company is implementing a public issue of 23,115,000 new ordinary shares of RM0.50 each in HIB at an issue price of RM0.65 per Issue Share to eligible Directors, employees, customers and suppliers of the HIB Group, identified investors by way of private placement and the Malaysian public. Proceeds from the Rights Issue and Public Issue amounting to RM27,176,250 will be utilised in the manner set out in Section III(7) of this Prospectus.

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**V. INFORMATION ON THE HIB GROUP (CONT'D)**

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**(iv) Listing and Quotation**

The listing of and quotation for the entire enlarged issued and paid-up share capital of HIB comprising 150,000,000 ordinary shares of RM0.50 each on the Main Board of the KLSE.

**3. BUSINESS OVERVIEW****3.1 History and Business**

The HIB Group commenced operations in 1981 and currently has key businesses in integrated garment manufacturing and retailing. The HIB Group is a fully integrated garment manufacturer with in-house facilities and services within a combined 450,000 sq. ft. built up of factories located in Taman Ehsan Industrial Area Kepong, Sungai Buloh, Banting, Kajang, Rawang and Phnom Penh, Cambodia. The facilities and services offered includes designing, knitting, bleaching, dyeing and finishing, pigment dye and garment wash, screen printing, embroidery, cutting, sewing, pressing and packaging.

Currently, the HIB Group's operations encompass a diversified portfolio of original equipment manufacturing ("OEM"), original design manufacturing ("ODM") and original brand manufacturing ("OBM") services. For OEM, the Group caters to contract manufacturing of branded garments for both local and export markets. For ODM, the Group has licenses from world-class international brands to design, manufacture and retail. While for OBM, the Group has a range of in-house developed brands ranging from babies, children to adults, which it designs, manufactures and retails in the local market as well as Singapore and Brunei. As an integrated garment manufacturer, the HIB Group offers to their customers a fully integrated garment manufacturing process coupled with stringent quality controls. There has not been any interruption in the business, which have had a significant effect on the operations of the Group during the past 12 months.

HASB is principally engaged in the manufacture and distribution of printed garments. This is the local manufacturing arm of the Group and manufactures for the export market under a Licensed Manufacturing Warehouse ("LMW") license, which means that HASB has been exempted from import duties. 80% of the products of HASB are for the export market and the remainder for the local market. Currently, it is one of the biggest and most technologically equipped integrated knitwear and t-shirt manufacturer in the Klang Valley. Their range of services begins from designing, knitting of raw yarn into fabrics, dyeing and finishing, pigment dye and garment wash, autoscreen-printing, embroidery, cutting, sewing and finally packing.

HGCL provides garment accessories, packing materials and sub-contracting services to garment manufacturers and it caters for export manufacturing with quota-free status. Their range of services includes cutting, sewing, printing and embroidery. As the country is still being developed, Cambodia's water filtration systems and other amenities required for the knitting and dyeing process are not well developed. Therefore, the Group only sends the more labour intensive processes to Cambodia for labour cost reduction. Countries that HGCL exports to include US, Canada, European Union ("EU") and other quota countries. Cambodia is currently under Most Favoured Nation status awarded by the EU and therefore, is not subject to quota restrictions.

HHSB is principally an investment holding company while WBSB, its 100% owned subsidiary operates all the boutiques and concept stores of the Group. WBSB's principal activities include the retailing of printed garments, wearing apparels and accessories. Their focus is mainly in the local Malaysian retail market and presently, has about 30 boutiques in major departmental stores throughout the country. Apart from this core business, WBSB also operates WOC and American Athletics franchises for Malaysia, Singapore and Brunei. In its boutiques and concept stores, WBSB also carries merchandise of the following brands i.e. Nike, Dockers, Levi's and Timberland. An advanced management information system uploads information on store performance daily to the head office for analysis.

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**V. INFORMATION ON THE HIB GROUP (CONT'D)**

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HGSB is the local retailing arm of the Group. Its core business is sub-outward contract manufacturing and trading of printed garments and wearing apparels. HGSB supplies consignment or outright sales merchandise to about 350 outlets located in most of the major shopping centers throughout the whole of Malaysia. Products sold include woven garments, knitwear, t-shirts and other accessories. Apart from retailing the Group's own products, the Group also carries products from other companies, e.g. baby napkins, bedding, school bags, feeding bottles, caps, baby and nursing mother products and woven garments. Whilst most of the products are sourced from local suppliers, some woven garments and baby and nursing mother products are bought from Singapore, Hong Kong, China and Taiwan.

HIPL is a retailer, wholesaler and trader of wearing apparels and sports equipment in Singapore. It conducts similar business as HGSB, for the Singapore market. It currently supplies to about 70 outlets in Housing Development Board ("HDB") shops and major departmental stores in Singapore and will be used by the Group as their international expansion vehicle. Some of HIPL's customers include the HDB, Bestway Departmental Stores Pte Ltd, Carrefour Singapore Pte Ltd, C. K. Tang Limited, Daimaru Singapore Pte Ltd, GLO Trading Pte Ltd, Isetan (Singapore) Ltd, John Little Pte Ltd, Metro (Private) Limited, OG Private Ltd, Robinson Co. (S) Pte Ltd, Seiyu (Singapore) Ptd Ltd, Shop In Departmental Store Pte Ltd, Takashimaya Singapore Ltd, Tom & Stephanie.

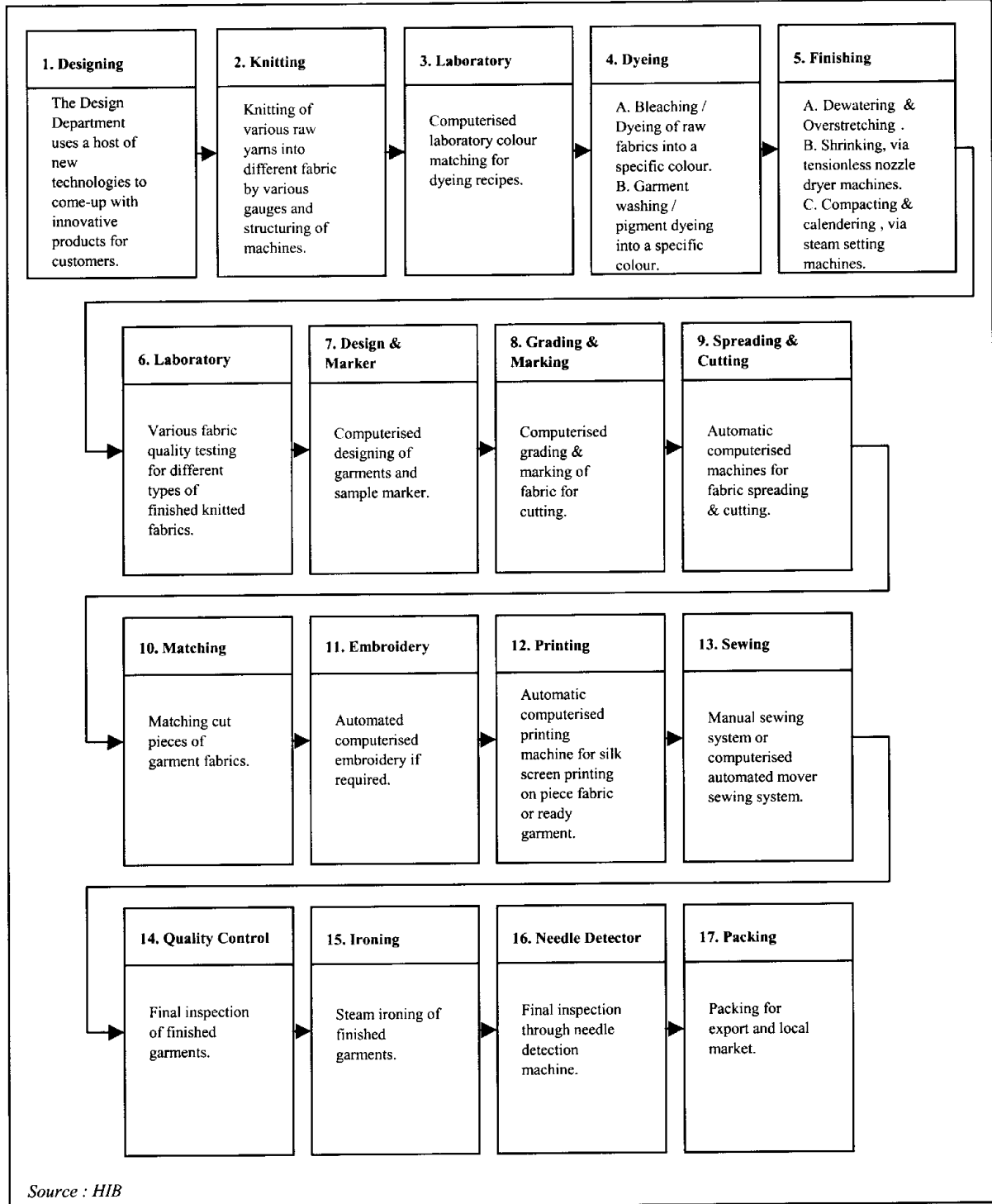
LTSB is the local manufacturing company for the Malaysian market. Core business activities include the manufacture, marketing and distribution of garments. One of its major customers is the Group's local retailing arm, HGSB.

HPSB is a producer and dealer of textile products which supplies locally manufactured branded knitwear t-shirts, and other accessories to the Group and other garment manufacturing companies. Examples of its customers include Nike Sales (M) Sdn Bhd, Avon Cosmetic (M) Sdn Bhd, Sweet Wear Sdn Bhd, Alstyle Marketing Sdn Bhd (for Body Master and ELLE Active), Atlantic Sports Pte Ltd, Puma (Hwa Kay Thai) Pte Ltd, Levi Strauss (Malaysia) Sdn Bhd (for Dockers) and Hard Rock Cafe Kuala Lumpur.

V. INFORMATION ON THE HIB GROUP (CONT'D)

3.2 Manufacturing Process

Currently, the HIB Group operates at 80% of its maximum capacity with a wastage rate of 4%, this means that the factories are 96% efficient. A typical integrated manufacturing process would involve the 17 steps described below:



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**V. INFORMATION ON THE HIB GROUP (CONT'D)**

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**(i) Designing**

As the fashion world experiences rapid changes, the Group undertakes to be constantly updated and to consistently meet the stringent standards of the competitive apparel manufacturing industry and the needs of its customers. The HIB Group's commitment is marked by its research and development efforts and the investment in sophisticated machinery with state of the art technology to ensure the production of elaborate and complicated knitting designs and fabrics which ensures washability, colour durability and superior quality. The Design Department also undertakes product development and market research for both the in-house and licensed apparel labels. This department currently has 20 designers and uses new technology to maintain competitiveness in the marketplace. For example, it has an in-house darkroom equipped with giant cameras that can enlarge or reduce film sizes accordingly and an automatic film and acetate processor that churns out actual samples from designs quickly.

The HIB Group has been awarded the licence to design, manufacture and retail for The Walt Disney Company (Singapore) Pte Ltd and Warner Bros. since 1995. The Group's design capabilities have now been internationally recognised and in 2001, the HIB Group began working with other reputed retailers like The Disney Store, Inc. (US) and Hudson's Bay (Canada) on product ranges starting from the design stage. This means that the HIB Group works with their customers, providing input even at the planning stages, introducing new printing and design technology to them for incorporation into the new season's product range.

**(ii) Knitting**

The HIB Group employs advanced machinery imported from Germany, Japan and Taiwan to produce highly innovative and fine quality fabric. With its highly trained and dedicated employees, high quality raw material and intensive quality control, the Group manages to produce top quality fabrics.

**(iii) Bleaching, Dyeing and Finishing (including Pigment Dye and Garment Wash)**

The HIB Group offers full service garment dyeing facilities with on-site testing, a full colour laboratory, product development and quality control throughout the entire process. In addition, the HIB Group also provides services such as tubular setting, open-setting, compacting and calendering. The HIB Group uses Thies dyeing machines from Germany, Fong dyeing machines from Hong Kong and Santex range of fabric finishing equipment from Switzerland that minimise shrinkage and ensure a superior hand-feel for their products. Customers may request for their products to be washed to their specific needs which includes enzyme washing, optic brightening, peroxide cold water scouring, pre-wash, stone wash, bleached wash, enzyme wash, antique wash, sandblasting and many more. These processes produce garments or fabrics that have a softer hand-feel, a distress look or colour change.

**(iv) Screen Printing and Embroidery**

The HIB Group's screen printing operation, which uses US's M&R Challenger machines, is one of the biggest and the most modern in Malaysia, and one of the largest screen printing operations in Asia. The process is fully automated and produces high quality plastisol and specialty prints as per customer's requests. The HIB Group also offers the latest technology to meet the embroidery needs of its customers. With its fully automated embroidery machines from Tajima, Japan, the HIB Group offers 'from concept to finished products' for all types of embroidery work.



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**V. INFORMATION ON THE HIB GROUP (CONT'D)**


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**(v) Cutting, Sewing, Pressing and Packaging**

Cutting and sewing collectively form the garment manufacturing process. The HIB Group has the latest equipment and technology from Gerber Garment Technology (“GGT”) US, comprising an Auto Sewing Mover, CAD/CAM system with sophisticated computer controlled auto-cutters that cut fabrics in a fraction of time and with greater accuracy and less wastage compared to manual cutters. Marking and pattern work is done with the latest CAD/CAM system with high-speed plotter and also GGT’s Accumark Silhouette and Pattern Design System software. The Sewing Department then assembles the cut and matched fabrics with speed and precision using the latest Pegasus and Juki sewing machines from Japan. These sewing machines are constantly upgraded to increase productivity and quality. The GGT mover (sewing automation system) provides a more systematic garment manufacturing process. The manufactured garments are then carefully pressed and packaged into plastic polybags as requested by the customers, for shipment.

**(vi) Quality Control (“QC”)**

In a competitive world, innovation by itself is not enough. A real commitment to quality throughout the business is essential. The HIB Group uses carefully monitored quality procedures at all stages of production to ensure that the end product meets the stringent requirements of its customers. In order to meet the stringent requirements of its customers in terms of the quality of the end product, manufacturing standards are imposed on the HIB Group for the purpose of ensuring the satisfactory delivery of the end product. For example, Nike employs a QC Manager that is stationed fulltime on the premises of HASB to conduct regular QC checks on the production as well as the Group’s strict adherence to the “Nike Code of Conduct”.

At the HIB Group, quality is a company-wide commitment and is the key to customer satisfaction. The in-house laboratory is equipped with the latest computerised Data-Colour Matching and Auto Dispensing System from US and also a fabric testing system using a digital launder-o-meter, washing machines, wet/dry crockmeter, spectrophotometer and a piling tumbler. Prior to the Group having these facilities, all samples were sent to Hong Kong and Singapore for testing. The amount-spent to date on quality control is about RM1.8 million for equipment and training of personnel. It is expected that the HIB Group will spend an additional RM1 million to acquire more testing equipment and train new QC personnel. The QC teams are able to conduct various types of tests on fabrics and garments. All customer orders are audited prior to shipment.

The various QC procedures conducted at the different stages of production are as follows:

<b>Stages of Production</b>	<b>QC Procedures</b>
Knitting Department	100% visual check is conducted on the knitted fabrics. This process uses a fabric inspector and the purpose is to detect fabric defects like holes, contaminants and uneven yarn.
Dyeing Department	Upon completion of the dyeing process, samples are taken from the dyed fabric to ensure that the colour matches that of the buyer’s requirements. Should there be any differences, rectification work will be carried out, before the fabric is passed on to the next stage of production.
Finishing Department	After the finishing process, the dyed fabric is again put through a visual inspection to detect contaminants, holes, shading and uneven yarn.

## V. INFORMATION ON THE HIB GROUP (CONT'D)

<b>Stages of Production</b>	<b>QC Procedures</b>
Laboratory	<p>Samples will be taken from the dyed fabric for testing of various qualities. All dyed fabric will be subjected to these comprehensive tests that are required by international buyers such as cuttable width and weight, length dimensional stability, width dimensional stability, skewness/spirality, pilling resistance test, wicking test, laundering test, perspiration/water test, crocking test, pH of extract (whites), phenolic yellowing (whites), colour evaluation and aesthetic review.</p> <p>Prior to the Group having these facilities, all samples were sent to Hong Kong and Singapore for testing.</p>
Spreading & Cutting Department	Visual inspection of the fabric is carried out as the fabric is being prepared for cutting.
Matching Department	Checks are carried out to ensure that only the same lots of fabric are matched together for sewing.
Sewing Department	Line supervisors will carry out random checking on the quality of the sewn garments as per buyer's specification.
QC Department	<p>Quality inspection is carried out both during the manufacturing process as well as at the final stages. The material process quality audit will be carried out on the dyed fabric after the finishing process.</p> <p>Random checks are also carried out after packing for the construction, overall appearance, label and hang tag positioning, print / embroidery specifications and other buyer requirements.</p>
Packing Department	Before final packing into cartons, every piece of apparel will be put through the Metal Detector, which will detect any metal objects / needles embedded in the apparel. Cartons are also checked for proper marking and shipping details.

### 3.3 Raw Materials

As Malaysia has hardly any basic natural raw materials for the textile and apparels industry, the local apparel industry imports a large amount of textiles for both local and export production. Imports for the textiles and apparels sector amounted to RM4.2 billion in 2001. The local apparels industry is highly dependent on textile imports as the local textile market is unable to fully support the apparels industry. Other reasons apart from supply include quality, range, prices and width of fabrics. It is expected that this import value decline in the future, especially with the advent of synthetic fibres, yarn, etc. Currently, the main sources of imports for textile and apparel products were Taiwan, which accounted for 24.0% of imports, followed by Hong Kong at 12.7%, China at 12.6%, Japan at 7.1% and EU at 6.3%.

*(Source: Executive Summary Report by ACNielsen 24 September 2002)*

The raw materials used by the HIB Group comprises mainly of yarn, thread, dyestuff and chemicals which the Group purchases from India, Australia, Korea, Pakistan, Singapore and US as well as locally. These raw materials are readily available and the Group has not encountered any shortages in supply. In the financial year ended 31 March 2002, the HIB Group imported about RM16 million worth of textile and apparels raw materials from various countries including Hong Kong, Singapore, Australia, Pakistan and the US. These raw materials were used mainly for their export and local production operations. While the HIB Group tries to mitigate supply risks by maintaining a diversified portfolio of suppliers for yarn and other raw materials, should there be a natural disaster that impairs the world's supply of yarn, this would be difficult for any manufacturer to anticipate and hedge against. For more details on the major suppliers of the HIB Group, please refer to Section V(7).

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### 3.4 Stock Management

Due to the nature of the textiles and apparels industry in which the HIB Group operates, the Group maintains a relatively high level of stock holdings. For its local retail and overseas retail markets, the Group maintains a level of stock holding of approximately 5 months while for its export market, the level of stock holding is maintained at approximately 1 month. For the financial year ended 31 March 2002, the turnover period of finished goods for the HIB Group is approximately 6 months. In order to mitigate the risk of stock obsolescence, stocks of finished goods which are more than 6 months old are sold at discount rates of between 30% to 70% while stock of finished goods which are more than 24 months old are sold at warehouse sales at discount rates of 70% or more.

The Directors of the HIB Group have and will ensure that reasonable steps are taken to minimise the risk of stock obsolescence via the policy practised above and that adequate provision for stock obsolescence have been made in the Group's financial statements.

### 3.5 Environmental Concerns

Due to the heavy usage of dyestuff and other fabric treatment chemicals in the process of manufacturing apparels, in 1993, HASB constructed a water treatment plant in their factory in Taman Ehsan Industrial Area Kepong. This will ensure that all water and chemicals used are passed through an effluent processing system. The Selangor State Department of Environment issues strict regulations and procedures on the standards and processes for water treatment plants. A company called Anametrics (M) Sdn Bhd ("Anametrics"), has been engaged to ensure that HASB's treatment plant maintains those standards specified by the Department of Environment. Anametrics carries out annual testing of the treatment plant's efficiency. In addition, as part of their agreement with Nike and The Disney Store, the Group is required to maintain certain environmental standards.

### 3.6 Group R&D Activities and Technology Investments

Due to the fast pace of technological improvements and innovation, the Group believes that continuous R&D is required to set them apart from the competition. The HIB Group has invested heavily in manufacturing and office operations technologies including software, hardware and machinery. R&D activities are carried out in every department involved in the manufacturing process and the Sales & Marketing department. The Heads of Department are responsible for such activities. About a total of 2.5% of annual turnover was invested into R&D activity by the Group for the financial year ended 31 March 2002. R&D activities are carried out at various locations including the laboratory and the factory.

Technology investments have also been made to ensure accuracy, efficiency and less reliance on human labour during the manufacturing process. 90% of the workstations in the head-office in Kepong are linked to HIB's computer network with systematic structured cabling. There is a specially allocated server room, with raised access flooring and proper server storage conditions. Internet access is provided to employees via Telekom Malaysia Berhad's Integrated Service Digital Network facilities. The Group also reduces telecommunication costs by subscribing to the Voice Over Internet Protocol services.

Some examples of the major R&D activities and technology investments of the HIB Group are as follows:

Technology Investments	Description
Creative Global Data Management System	Total amount spent was approximately RM1.5 million. This is a fully integrated Enterprise Resources Planning System that was customised to accommodate the HIB Group's additional reporting requirements e.g. royalties, auto generated payments, members' rewards programmes and centralised purchasing with decentralised receiving.

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<b>Technology Investments</b>	<b>Description</b>
Fabric Pattern Preparation System	This CAD / CAM system enables the Group to bring fabric design from concept to production in a very short time frame. Patterns and designs from designers are easily read by the system and converted into machine-readable formats. Without this investment in new technology, this process would have to be outsourced to a third party.
Nike Carton Label System	This system is used to track shipments of Nike products, with reduced manual interfaces, human errors are also minimised. HIB is also adopting this concept to all other shipments.
Splash PCI 1280 v6.0 Server and Fuji Xerox Colour Copier DC1250.	This set of software and hardware was acquired to reduce its printing costs and reliance on third parties for this service. Designers are also able to view the final output before printing. As the server spools all printing jobs, this leaves the workstations free for the designers to continue with their work, increasing the efficiency and productivity of the team.
Gerber Accumark Cutter System	This is a CAD / CAM system that ensures optimal usage of the fabric during production.
Gerber Mover System	This system helps in reducing the need for supervision as all operations are automatically updated.
Datacolour System	The Datamatch software will analyse dyestuff combinations each time a swatch of fabric is scanned via the spectrophotometer. Successful recipes are then stored in the database for future reference. This system helps reduce the development time spent and does not require specialised skills or high cost individuals to maintain.
Conditioning Room	Tests are carried out in a conditioning room where the temperature remains constant at 20°Celsius and the humidity is at 65% for 24 hours a day to ensure the integrity of the test results. The tolerance level for humidity is +/- 5% while for temperature is +/-2°Celsius. All reputable international buyers like Nike, The Disney Store, Warner Bros and Gap, require these tests to be conducted. With the introduction of the conditioning room, the Group is able to save RM150 per test and due to its in-house location, this also helps reduce the time required to conduct the tests. The equipment in the conditioning room are calibrated annually by the International Testing System, an international calibration authority, to ensure consistency.

**Major R&D Initiatives**

The manufacture of the "DRI-FIT" fabric, a Nike proprietary fabric technology, is one of the major R&D initiatives conducted jointly with Nike. Garments made from this fabric will be functional and comfortable to wear as the fabric will transport moisture from the skin to the fabric's surface for rapid evaporation. HIB has received approval from Nike in August 2001 to begin production of this fabric and will be Nike's first manufacturer in Malaysia to produce "DRI-FIT" garments for Nike's Asia Pacific countries.

Apart from being Nike's first factory in Malaysia to produce "DRI-FIT" t-shirts for Nike's Asia Pacific countries, HASB was also Nike's first factory in Malaysia to develop organic cotton t-shirts in line with Nike's mission of being an environmental friendly retailer. Besides the above, HGSB also received a Mousecar Award from Disney Consumer Products Malaysia (a division of The Walt Disney Company (Singapore) Pte Ltd) in 1997, for excellence in product development.

## V. INFORMATION ON THE HIB GROUP (CONT'D)

Constant research is being carried out through the Internet and with suppliers to find out the latest technologies or techniques applicable to the industry to improve operations or reduce costs. Apart from this, new and innovative printing techniques are also experimented on. Some of these, which are ready for mass production, include Photochromic Plastisol Ink Prints that change colour when exposed to intense ultra-violet lights, Thermochromic Plastisol Ink Prints that are heat reactive and will change colour when exposed to heat, Clear gel/Coloured gel/Silicone/Goo, Gold and Silver Glitter, Snowflake, Coloured Sand, Crystalina, Plastisol Suede Puff, Caviar, Metallic Gold/Silver, Jeweltone, Reflective and Pearlescent.

Other new printing techniques which are still under development include Mosaic print and Melted Crayon. The Group is also developing a new dyeing technique for the production of Anti-Bacterial Fabric that will help overcome odour due to perspiration. The Group's R&D plans for 2002 include Flock and print transfer technique, Laser cut felt transfer technique, Clear polyester glitter technique and Printing on felt material.

The HIB Group also has the opportunity to work directly with international buyers like The Disney Store, Inc. (US), Wal-Mart - WMGS Singapore Pte Ltd, Nike Singapore Pte Ltd, Westman Linkmark (Thailand) Ltd, The Disney Store and FILA Marketing Singapore Pte Ltd to produce original designs for their apparels. This indicates recognition of the Group's design capabilities, resulting in the investments made in high-tech equipment and R&D. The HIB Group is not only an integrated garment manufacturer, but the Group also has the capabilities and technologies to provide the latest print and embroidery designs to their customers.

### 3.7 Location of the Group's Operations

Company	Location and address of factory	Build-up (in sq. ft.)	Actual capacity per month (in pieces)	Optimum capacity per month (in pieces)	Remarks
HASB	Lot 25, Jln E1/5 Kawasan Perindustrian Taman Ehsan Kepong 52100 Kuala Lumpur	380,000	250,000	300,000	Owned
LTSB	PT 313A-D, Batu 16 Kampung Sungai Terentang Rawang, Selangor	6,400	50,000	60,000	Rented
LTSB	25A, 25B, 27A, 27B, Jalan Bunga Pekan 4 Kawasan Enam Banting 42700 Selangor	8,000	50,000	60,000	Rented
LTSB	78/8-, Jalan 1/2 Bandar Teknologi Kajang 43500 Semenyih Selangor	2,800	25,000	30,000	Rented
LTSB	No. 76A, Jalan Jati Sungai Buloh, Jeram 45800 Kuala Selangor Selangor	1,800	25,000	30,000	Rented
HGCL	No. 536, National Road 2 Chak Angre Lau Khan Mean Chey Phnom Penh Cambodia	50,000	200,000	270,000	Rented
<b>TOTAL CAPACITY</b>			<b>600,000</b>	<b>750,000</b>	

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**V. INFORMATION ON THE HIB GROUP (CONT'D)**

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**3.8 Principal Products**

Products manufactured by the HIB Group include t-shirts, jackets, blouses, jumpers, cardigans, dresses, sportswear, dungarees, jeans and denim, long pants, pinafores, polo shirts, pajamas, rompers, shirts, shorts, singlets, skirts, vests, mittens, innerwear, undergarments and beddings. On average, the Group produces 45% for the overseas market and the balance for local consumption. Out of the balance produced for local consumption, about 60% are for consignment/franchise outlets and 40% for the Group's own concept stores located in the major shopping centers throughout the whole of Malaysia.

The Group's advanced manufacturing technology and innovative product development has enabled them to gain a wide export market. Over the years, their reputation for reliability and quality output have gained them contracts to manufacture for the following international labels i.e. Nike, Hard Rock Café, Converse, Levi's (for Asia Pacific), Gap, Old Navy, The Disney Store, Inc, Warner Bros. (for the US and Singapore), Superconfex, Pringle, Quelle, Asics (for the EU), Tokyo Disneyland, ELLE (for Japan), Giordano (for Singapore), Hudson's Bay Company, Zellers, The Disney Store (Canada) Ltd (for Canada), Puma (for Hong Kong), H2O (for Taiwan), Mickey for Kids (for India) and Karstard / Quelle (for Germany).

HASB's relationship with Nike began in 1991, when Nike started purchasing printed and embroidered t-shirts from HASB. This business relationship has since expanded to the purchase of constructed knitted tops, knitted bottoms and managing of Nike's flagship stores in Malaysia.

As for contract manufacturing for domestic labels, these would include Nike, Puma, ELLE Active, Levi's Strauss, Body Master, Giordano, Dockers, Hard Rock Café and Avon. The Group is also granted licenses that allow them to design, manufacture, market and distribute apparel under certain well-known labels including "Mickey Unlimited", "Mickey for Kids" and "Winnie the Pooh" from The Walt Disney Company (Singapore) Pte Ltd and "Superman", "Batman", "Looney Tunes", "Baby Looney Tunes" from Warner Bros. Division of Time Warner Entertainment Company ("Warner Bros."). Products manufactured under these licenses are sold on consignment, at departmental stores, duty free outlets, hypermarkets, retail shops, boutiques and the Groups own specialty/concept stores. The Group has over 400 distribution channels for the licensed products throughout the country, Singapore and Brunei.

The Group's wide range of products caters for all age groups. Apart from the above, the Group owns and manages 4 exclusive in-house labels as follows:

- (a) "American Athletics" for sports fashion wear and casual wear both for adults and children;
- (b) "ISSUE" for casual fashion wear for baby, children and adults;
- (c) "Tenderly" for babies and maternity wear; and
- (d) "WOC Kids" for children casual wear and "Baby WOC" for infants.

The above in-house labels are carried via the traditional channels identical to licensed brands and also sold via the Group's own retail outlets and concept stores. In a move to penetrate the retail industry, the Group began operating its own concept stores in 1995. The Group's objective of moving into the retail business was due to the following reasons:

- (a) To advertise and enhance the image of the products and labels sold and also to promote its own in-house labels;
- (b) To create concept stores that market all the related items in a single location, thus the WOC tagline of "There is something for everyone";

## V. INFORMATION ON THE HIB GROUP (CONT'D)

- (c) As a base for future launching of new labels and ranges of products;
- (d) To minimise dependence on traditional channels of consignment distribution through departmental stores;
- (e) To act as a showroom for dealers; and
- (f) To obtain faster market penetration and increase market share.

The most significant of their retail ventures is the opening of the HYTEX Studio, occupying approximately 23,000 sq. ft. on the 2nd floor of Kuala Lumpur Plaza ("KL Plaza") in July 2000. This mega-retail store is positioned as a one-stop lifestyle studio targeted at consumers who live active lifestyles. This outlet's main attraction would be the Nike Flagship store, which occupies about 10,000 sq. ft., carrying the most comprehensive range of Nike products in the country. Incorporated into HYTEX Studio are 5 other unique concepts including the Group's WOC, American Athletics, ISSUE, Levi's and Timberland. The WOC section carries a wide range of renowned cartoon labels, all of which are manufactured by the Group as per licensed products discussed above. The American Athletics section features a selection of functional sportswear that emphasises comfort and flexibility. ISSUE is a new label that offers a range of clean cut casual clothing for all age groups.

Apart from this, the Group also has about 70,000 sq. ft. worth of retail outlets carrying WOC products and another 27,000 sq. ft. carrying American Athletics and ISSUE products. These outlets are located in prime retail areas throughout the country.

### 3.9 Awards and Accreditation

Nike has awarded the HIB Group with the following accreditations:

- (i) High Quality Performance for Fall / Holiday 1998 Season;
- (ii) Outstanding Delivery Performance for Fall / Holiday 1998 Season;
- (iii) In Appreciation of a Commendable Performance for Spring / Summer 1999 Season;
- (iv) Outstanding Delivery Performance for September 1999 – August 2000 Season;
- (v) Best Customer Service Award – Year 2002; and
- (vi) Outstanding Performance – Year 2002.

In 1997, HGSB received a Mousecar Award from Disney Consumer Products Malaysia (a division within The Walt Disney Company (Singapore) Pte Ltd), for excellence in product development. Hudson's Bay Company (Canada) has also awarded the Group, with the Vendor Award for year 2000, in recognition of the Group's high standards and quality of merchandise.

Apart from formal awards, the Group has also received favourable testimonials from their customers. One most recent example would be the testimonial received from Hudson's Bay Company's Global Sourcing Unit, after the team's visit to the HIB's office in Malaysia. The Hudson's Bay Company team concluded that the Group's extensive investment in their factory operations and ability to comply with the needs and requests of North American customers were very impressive and the Group was definitely the type of strategic partners that Hudson's Bay was looking for.

On the local retailing front, in March 2001, WOC was successfully listed in the Malaysian Guinness Book of Records as the largest children apparels retail chain in the country. In addition to this, the international media publication, Superbrand, has invited the Company to include the WOC brand in the inaugural Malaysian publication of Superbrand. Only brands that have been approved by the Malaysian Superbrands Council are featured in the publication, which is distributed internationally to a wide variety of readers.

## V. INFORMATION ON THE HIB GROUP (CONT'D)

### 3.10 Major Licensing Agreements

The details of the major licensing agreements of the HIB Group to design, manufacture and retail The Walt Disney Company (Singapore) Pte Ltd ("Walt Disney") and Time Warner Entertainment Company, L.P. ("Warner Bros.") products are as follows:

Subsidiary	Licensor	Summary of Major License Agreements	Commencement/ Expiry Date
HGSB	Walt Disney	<ul style="list-style-type: none"> <li>➤ License Agreement 10, 11, 12</li> <li>➤ Disney characters of Mickey Mouse, Minnie Mouse, Donald Duck, Daisy Duck, Goofy, Pluto, Clarabelle Cow, Horace Horsecollar, Big Bad Pete, Uncle Scrooge, Huey / Louie / Dewey.</li> <li>➤ Also included are the POOH characters – Winnie the Pooh, Tigger, Eeyore, Kanga, Roo, Rabbit, Piglet and Owl.</li> <li>➤ Covers all casual wear categories – Kids Segment and Adults Segment.</li> <li>➤ Applicable to Malaysia only.</li> <li>➤ This license does not cover wholesale trade, duty free sales, use as premiums and online purchases.</li> </ul>	1 September 2001/ 31 December 2004
HGSB	Walt Disney	<ul style="list-style-type: none"> <li>➤ License Agreement 2, 3, 4</li> <li>➤ Disney characters of Mickey Mouse, Minnie Mouse, Donald Duck, Daisy Duck, Goofy, Pluto, Clarabelle Cow, Horace Horsecollar, Big Bad Pete, Uncle Scrooge, Huey / Louie / Dewey.</li> <li>➤ Also included are the POOH characters – Winnie the Pooh, Tigger, Eeyore, Kanga, Roo, Rabbit, Piglet and Owl.</li> <li>➤ Covers all casual wear categories – Kids Segment and Adults Segment.</li> <li>➤ Applicable to Singapore only.</li> <li>➤ This license does not cover wholesale trade, duty free sales, use as premiums and online purchases.</li> </ul>	1 September 2001/ 31 December 2004
HGSB	Walt Disney	<ul style="list-style-type: none"> <li>➤ License Agreement 13</li> <li>➤ Pooh characters of Winnie the Pooh, Tigger, Eeyore, Kanga, Roo, Rabbit, Piglet and Owl.</li> <li>➤ Covers all casual wear categories for infants only.</li> <li>➤ Applicable to Malaysia only.</li> <li>➤ This license does not cover wholesale trade, duty free sales, use as premiums and online purchases.</li> </ul>	1 September 2001/ 31 December 2004
HIPL	Warner Bros.	<ul style="list-style-type: none"> <li>➤ License Agreement #126102 – WBLT</li> <li>➤ Looney Tunes, characters of Bugs Bunny, Daffy Duck, Tweety, Sylvester, Tasmanian Devil, Road Runner, Wile E. Coyote, Porky Pig, Gossamer, Elmer Fudd, Marvin the Martian and Miss Witch Hazel.</li> <li>➤ Applicable to apparels for children aged 4 to 12, teenagers and adults aged 12 and above.</li> <li>➤ Territory – Singapore.</li> <li>➤ Distribution Channels – Mid-tier department stores, mall clothing speciality stores, discount/mass retailers, outlet stores, regional discount/mass retailers and upstairs department stores.</li> </ul>	1 June 2002/ 31 May 2004



**V. INFORMATION ON THE HIB GROUP (CONT'D)**

Subsidiary	Licensor	Summary of Major License Agreements	Commencement/ Expiry Date
HIPL	Warner Bros.	➤ License Agreement #93329 – BLT	1 April 2000/
		➤ Baby Looney Tunes, characters of Baby Bugs Bunny, Baby Daffy Duck, Baby Tweety, Baby Sylvester, Baby Tasmanian Devil, Baby Road Runner, Baby Wile E. Coyote, Baby Marvin the Martian and Baby K-9.	31 March 2003
		➤ Licensed articles include knit and woven apparel for babies aged 0 to 2 and toddlers aged 2 to 4.	
		➤ Territory – Singapore and Brunei.	
HGSB	Warner Bros	➤ License Agreement #126101 – BLT <sup>(1)</sup>	1 October 2002/
		➤ Baby Looney Tunes, characters of Baby Bugs Bunny, Baby Lola Bunny, Baby Daffy Duck, Baby Tweety, Baby Sylvester, Baby Tasmanian Devil, Baby Road Runner, Baby Wile E. Coyote and Baby Marvin the Martian.	30 September 2005
		➤ Licensed articles include locally designed apparel for babies and toddlers aged 0 to 2.	
		➤ Territory – Malaysia.	
HGSB	Warner Bros	➤ License Agreement #126100 – WBLT <sup>(1)</sup>	1 October 2002/
		➤ Looney Tunes, characters of Bugs Bunny, Daffy Duck, Tweety, Sylvester, Tasmanian Devil, Road Runner, Wile E. Coyote, Marvin the Martian, Elmer Fudd, Porky Pig, Gossamer and Miss Witch Hazel.	30 September 2005
		➤ Licensed articles include locally designed apparel items for children aged 4 to 12, teenager and adults aged 12 and above.	
		➤ Territory – Malaysia.	
HGSB	Warner Bros	➤ License Agreement #126068 – DCSA	1 June 2002/
		➤ Superman Animated Television series and Comic Book.	1 October 2004
		➤ Licensed articles include locally designed apparel items for children aged 4 to 12, teenagers and adults 12 and above.	
		➤ Territory – Singapore, Brunei and Malaysia.	
HGSB	Warner Bros	➤ License Agreement #126069 BATTV	1 June 2002/
		➤ Batman Animated Television Series and Comic Book.	1 October 2004
		➤ Licensed articles include locally designed apparel items for children aged 4 to 12, teenagers and adults 12 and above.	
		➤ Territory – Singapore, Brunei and Malaysia.	

V. INFORMATION ON THE HIB GROUP (CONT'D)

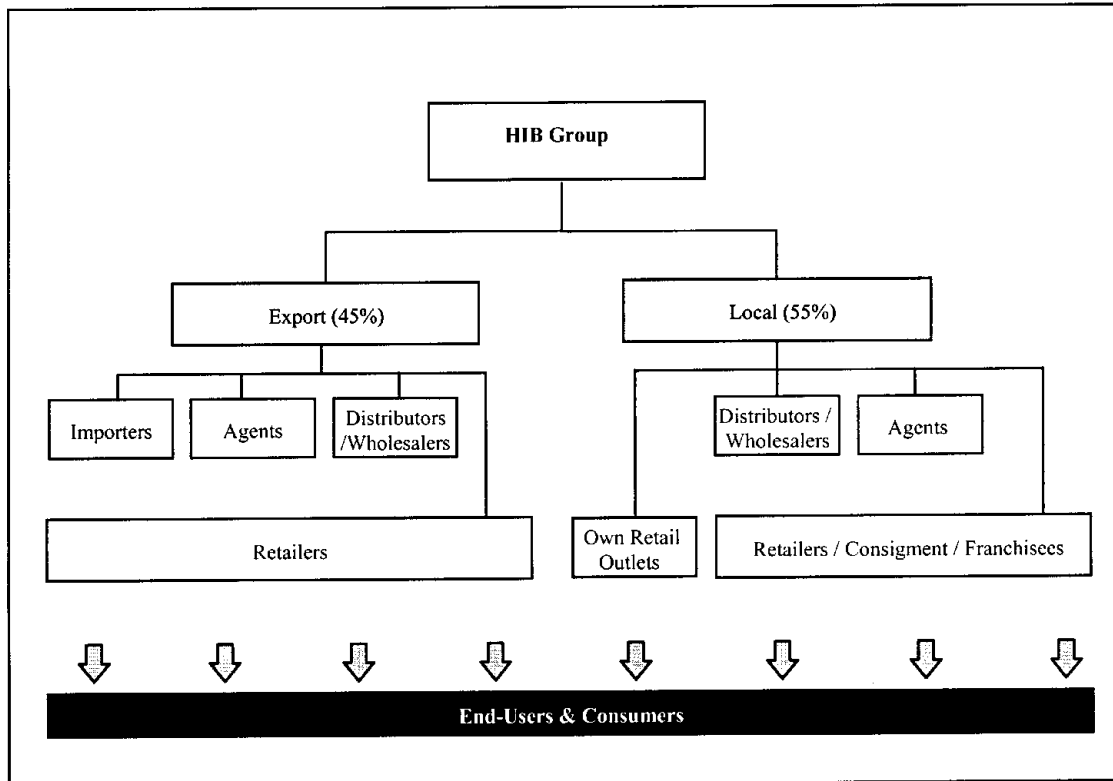
Subsidiary	Licensor	Summary of Major License Agreements	Commencement/ Expiry Date
HGSB	Warner Bros (cont'd)	➤ Distribution Channels – Mall clothing specialty stores, mid-tier department stores, national discount/mass retailers, outlet stores, regional discount/mass retailers and upstairs department stores.	

Note:

(1) Represents renewed license agreement which were issued upon expiry of the existing agreement on 30 September 2002.

3.11 Distribution Network

The HIB Group distributes their product via several channels, which is depicted as follows:



Approximately 45% of the Group's products are shipped overseas to retailers using containers. As for the local Malaysian orders, these are delivered directly to the customer via local transportation. The most traditional method of distribution is direct exports to retailers like Nike, Tokyo Disneyland and Zellers. The Group sends full container loads by sea, to designated retailers. International packaging standards are used to reduce the occurrence of accidents in handling whilst products are in transit. The haulage company insures all containers leaving the Group's warehouse. Once containers are on board the vessels, the products become the responsibility of the customers. Customers liaise directly with the Group via telephone, electronic mail, faxes and buyer meetings (locally and overseas). As the market gets more competitive over the years, retailers are beginning to source for products themselves and arrange shipment directly to their stores, this has promoted the direct import programme even further. The HIB Group, with a comprehensive warehouse and integrated production capacity is capable of handling this method of distribution. Importers and agents overseas or sourcing companies based in the Far East are also a channel of distribution for the Group's products. However, this is extremely minimal.

## V. INFORMATION ON THE HIB GROUP (CONT'D)

The management of the HIB Group has planned several extensive internet-based training programmes for the Group's information technology personnel such as the Certified E-Commerce Professional 2000 course for web page design and development and web hosting and the Certified E-Commerce Solution Developer for electronic commerce fundamentals and administration. The Group plans to venture into electronic-commerce thereby creating an additional marketing channel for their products. The Group is in the process of conducting research on the current mail orders and e-commerce organisations abroad to look into the viability of such a distribution channel.

### 4. SUBSIDIARIES AND ASSOCIATED COMPANY

The principal activities of the subsidiaries of HIB as at the date of this Prospectus are as follows:

Name	Date and place of incorporation	Authorised share capital RM	Issued and paid-up share capital RM	Effective interest %	Principal activities
HGSB	24.11.1981; Malaysia	5,000,000	4,320,000	100.00	Sub-outward contract manufacturing and trading of printed garments and wearing apparels
HASB	26.1.1988; Malaysia	10,000,000	9,000,000	100.00	Manufacture and distribution of printed garments
HHSB	17.12.1993; Malaysia	5,000,000	1,200,000	100.00	Investment holding
LTSB	16.7.1994; Malaysia	1,000,000	860,000	100.00	Manufacture, marketing and distribution of garments
HPSB	5.12.1983 Malaysia	1,000,000	870,000	100.00	Producer and dealer of textile products
WBSB*	28.2.1997; Malaysia	500,000	400,000	100.00	Retailing of printed garments, wearing apparels and accessories
HIPL	12.4.1994; Singapore	SGD100,000	SGD100,000	100.00	Traders, retailers and wholesalers of wearing apparels and sports equipment
HGCL	04.06.1996; Cambodia	USD1,500,000	USD1,500,000	100.00	Providing garment accessories, packing materials and sub-contracting services to garment manufacturers
HGBSB	23.03.2002; Brunei	BND25,000	BND10	70.00	Dormant

**Note:**

\* Wholly-owned subsidiary of HHSB.

As at the date hereof, HIB does not have any associated company.

## V. INFORMATION ON THE HIB GROUP (CONT'D)

Further details of the subsidiaries of HIB are as follows:

### 4.1 HGSB

#### *History and Business*

HGSB was incorporated on 24 November 1981 in Malaysia under the Companies Act, 1965 as a private limited company. The principal activities of the company are sub-outward contract manufacturing and trading of printed garments and wearing apparels.

#### *Share Capital*

The authorised share capital of HGSB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of HGSB is RM4,320,000 comprising 4,320,000 ordinary shares of RM1.00 each.

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

<b>Date of allotment</b>	<b>No. of ordinary shares of RM1.00 each allotted</b>	<b>Consideration/Type of issue</b>	<b>Total issued and paid-up share capital RM</b>
24.11.1981	2	Subscribers' shares	2
28.11.1981	35,000	Cash	35,002
29.10.1982	65,000	Cash	100,002
25.09.1984	99,998	Cash	200,000
25.07.1988	200,000	Cash	400,000
19.10.1988	115,000	Cash	515,000
21.09.1990	325,000	Cash	840,000
20.03.1996	360,000	Cash	1,200,000
01.11.1999	3,120,000	Issued at par in relation to capitalisation of amount owing to directors of HGSB	4,320,000

#### *Major Shareholder*

HGSB is a wholly-owned subsidiary of HIB.

#### *Subsidiary and Associated Company*

As at the date hereof, HGSB does not have any subsidiary or associated company.

## V. INFORMATION ON THE HIB GROUP (CONT'D)

### 4.2 HASB

#### *History and Business*

HASB was incorporated on 26 January 1988 in Malaysia under the Companies Act, 1965 as a private limited company under the name of Paksan Industries Sdn Bhd. On 4 December 1997, the company assumed its present name. The principal activities of the company are the manufacture and distribution of printed garments.

#### *Share Capital*

The authorised share capital of HASB is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of HASB is RM9,000,000 comprising 9,000,000 ordinary shares of RM1.00 each.

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

<b>Date of allotment</b>	<b>No. of ordinary shares of RM1.00 each allotted</b>	<b>Consideration/Type of issue</b>	<b>Total issued and paid-up share capital RM</b>
26.01.1988	2	Subscribers' shares	2
27.01.1988	99,998	Cash	100,000
09.03.1995	2,400,000	Cash	2,500,000
20.03.1996	1,100,000	Cash	3,600,000
31.03.1997	1,000,000	Cash	4,600,000
01.11.1999	4,400,000	Issued at par in relation to capitalisation of amount owing to directors of HASB	9,000,000

#### *Major Shareholder*

HASB is a wholly-owned subsidiary of HIB.

#### *Subsidiary and Associated Company*

As at the date hereof, HASB does not have any subsidiary or associated company.

### 4.3 HHSB

#### *History and Business*

HHSB was incorporated on 17 December 1993 in Malaysia under the Companies Act, 1965 as a private limited company under the name of Rami Mewah Sdn Bhd. On 14 July 1994, the company assumed its present name. The principal activity of the company is investment holding.

#### *Share Capital*

The authorised share capital of HHSB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of HHSB is RM1,200,000 comprising 1,200,000 ordinary shares of RM1.00 each.