
9. INFORMATION ON THE CHB GROUP

9.1 INCORPORATION

CHB was incorporated in Malaysia under the Act on 31 October 1996 as a public limited company. The principal objective of CHB was to acquire the entire issued and paid-up share capital of CMSB as part of the restructuring and listing exercise as described below.

The principal activity of CHB is that of investment holding, whilst its subsidiaries are mainly involved in the direct sales of undergarments, garments, leather goods, sportswear, household products, manufacturing and sale of undergarments and provision of sewing services.

9.2 RESTRUCTURING AND LISTING EXERCISE

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of CHB on the Second Board of KLSE, the Company undertook a restructuring exercise, which was approved by the SC, FIC and MITI on 1 August 2002, 16 August 2001 and 18 September 2001 respectively, involving the following:

(i) Chemson Disposal

On 17 October 2002, CMSB entered into a Sale and Purchase Agreement to dispose of its 95%-equity interest in Chemson for a cash consideration of RM83,217 to Fong Nyok Yoon, Chuah Chin Lai, Khor Mooi Soong, and Lim Pow Choo, based on the audited NTA of Chemson as at 31 December 2000 of RM87,597. The Chemson Disposal was completed on 17 October 2002.

Information on Chemson

Chemson was incorporated on 19 February 1992 in Malaysia under the Act. The present authorised share capital of Chemson is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of Chemson is RM75,002 comprising 75,002 ordinary shares of RM1.00 each. Chemson's principal activity was the manufacturing and trading of toiletries and household products. However, the company has ceased operations since 30 June 1998.

(ii) The revaluation of landed properties of CMSB, MISB and CCSB

The Valuers valued the landed properties of CMSB, MISB and CCSB on 18 June 2001 based on the cost and comparative method of valuation. The revaluation gave rise to a net surplus of approximately RM4.09 million based on the current market value of the Group's landed properties of RM13.49 million. The net revaluation surplus of RM4.09 million has been incorporated into the books of the CHB Group for the financial year ended 31 December 2002, with a resulting audited net book value of the landed properties of RM13.13 million. Details of the landed properties and the valuation are set out in Section 13.2.

(iii) CMSB Acquisition

On 26 June 2001, CHB entered into a conditional Sale and Purchase Agreement with the shareholders of CMSB for the acquisition of the entire issued and paid-up share capital of CMSB comprising 450,000 ordinary shares of RM1.00 each, for a purchase consideration of RM36,198,065 which is to be satisfied by the issuance of 54,816,000 new Shares at an issue price of approximately RM0.66 per Share credited as fully paid-up. Subsequently on 30 September 2002, the issue price and purchase consideration in the Sale and Purchase Agreement were revised to RM0.64 per Share and RM34,928,065 respectively vide a letter signed by both CHB and CMSB.

9. INFORMATION ON THE CHB GROUP (Cont'd)

The vendors of CMSB, their respective shareholdings therein and the number of new Shares issued to them pursuant to the CMSB Acquisition are as follows:

Name	Shareholdings in ← CMSB →		Purchase consideration RM	No. of new Shares issued
	No. of ordinary shares of RM1.00 each held	% held		
Fong Nyok Yoon	108,334	24.075	8,408,660	13,197,000
Wan Mohamad Zin Bin Mat Amin	16,664	3.70	1,293,425	2,028,000
Chuah Chin Lai	108,334	24.075	8,408,660	13,197,000
Khor Mooi Soong	108,334	24.075	8,408,660	13,197,000
Lim Pow Choo	108,334	24.075	8,408,660	13,197,000
	450,000	100.00	34,928,065	54,816,000

The purchase consideration of RM34,928,065 for the CMSB Acquisition was arrived at after taking into account the audited NTA as at 31 December 2000 of RM30,841,531, and the net revaluation surplus of the landed properties of the CMSB Group as at 31 December 2000 of RM4.09 million as set out in Section 9.2(ii) and the earnings potential of the CMSB Group.

The 450,000 ordinary shares of RM1.00 each in CMSB were acquired free from all charges, liens, pledges, trust and other encumbrances and with all rights, benefits and entitlements now and thereafter attaching thereto. The CMSB Acquisition was completed on 2 October 2002.

Upon completion of the CMSB Acquisition, the issued and fully paid-up share capital of CHB increased from RM300,000 comprising 600,000 Shares to RM27,708,000 comprising 55,416,000 Shares.

(iv) Rationalisation

Following the completion of the CMSB Acquisition, CMSB sold its entire equity interest in CCSB, MISB and RGSB to CHB for a consideration equivalent to the audited NTA of the respective subsidiaries as at 31 December 2000. The above sales were completed on 25 April 2003 when CHB became the beneficial owner of the entire equity interest of CCSB, RGSB and MISB and accordingly such companies became wholly-owned direct subsidiaries of CHB.

The subsidiaries of CMSB, their respective audited NTA values as at 31 December 2000 and the consideration payable pursuant to the Rationalisation are as follows:

Company	Audited NTA as at 31 December 2000 RM	Interest held by CMSB %	Consideration payable by CHB to CMSB RM
CCSB	20,161,473	100	20,161,473
MISB	6,278,566	100	6,278,566
RGSB	186,382	100	186,382
			<u>26,626,421</u>

The consideration for the Rationalisation totalling RM26,626,421 will remain as an inter-company balance between CHB and CMSB.

9. INFORMATION ON THE CHB GROUP (Cont'd)

(v) Restricted Offer For Sale

The Offerors will undertake a restricted offer for sale of 9,388,000 Shares at an offer price of RM0.65 per Share by way of private placement to the Bumiputera investors nominated by an independent placement agent and approved by the MITI. Each offeror will offer 2,347,000 Shares.

The direct and indirect shareholdings of the Offerors in the Company before and after the Public Issue, Restricted Offer for Sale and Special Issue are as follows:

Offerors	Before the Public Issue, Restricted Offer For Sale and Special Issue		After the Public Issue, Restricted Offer For Sale and Special Issue	
	←No. of shares held→		←No. of shares held→	
	←Direct→	←Indirect→	←Direct→	←Indirect→
Fong Nyok Yoon	13,197,000	-	10,850,000	-
Chuah Chin Lai	13,197,000	-	10,850,000	-
Khor Mooi Soong	13,197,000	-	10,850,000	-
Lim Pow Choo	13,197,000	-	10,850,000	-

The 9,388,000 Shares arising from the restricted offer for sale will rank pari passu in all respects with the existing issued and paid-up Shares of the Company.

(vi) Special Issue

CHB will implement a special issue of 12,584,000 new Shares at an issue price of RM0.65 per Share by way of private placement to Bumiputera investors nominated by an independent placement agent and approved by MITI.

The 12,584,000 new Shares arising from the Special Issue will rank pari passu in all respects with the existing issued and paid-up Shares of the Company.

(vii) Public Issue

CHB will implement a public issue of 12,000,000 new Shares at an issue price of RM0.65 per Share comprising the following:

- 4,000,000 new Shares available for application by eligible employees, Directors and business associates (comprising of stockists, selected suppliers and leading distributors) of the CHB Group;
- 5,000,000 new Shares by way of private placement; and
- 3,000,000 new Shares for application by the Malaysian public.

The 12,000,000 new Shares arising from the Public Issue will rank pari passu in all respects with the existing issued and paid-up Shares of the Company.

Details on the utilisation of the proceeds to be raised from the Public Issue and Special Issue are set out in Section 5.5 of this Prospectus.

Upon completion of the Special Issue and Public Issue, the issued and paid-up share capital of CHB will increase from RM27,708,000 comprising 55,416,000 Shares to RM40,000,000 comprising 80,000,000 Shares.

9. INFORMATION ON THE CHB GROUP (Cont'd)

(viii) Listing and quotation

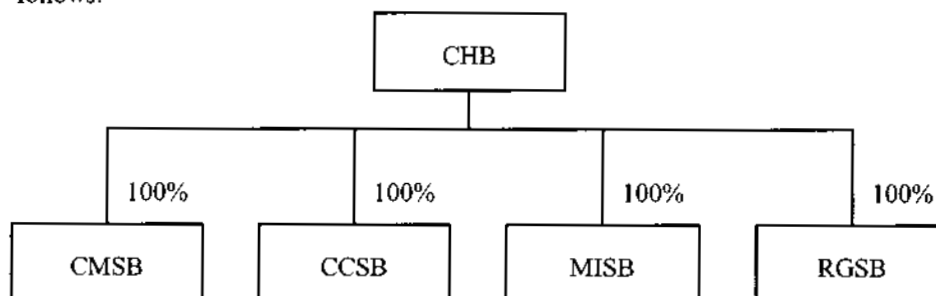
The listing of and quotation for the entire issued and paid-up share capital of CHB comprising 80,000,000 Shares on the Second Board of the KLSE.

The Restricted Offer for Sale, Special Issue and Public Issue will be implemented simultaneously as part of the Company's initial public offering.

9.3 BUSINESS OVERVIEW

9.3.1 Group structure

The CHB Group structure after the CMSB Acquisition and the Rationalisation is as follows:



9.3.2 History and business activities

CHB is principally an investment holding company whilst its subsidiaries are mainly involved in the direct sales of undergarments, garments, leather goods, sportswear, household products, and the manufacturing and sale of undergarments.

The Group commenced business in 1986 when Fong Nyok Yoon, Chuah Chin Lai, Khor Mooi Soong and Lim Pow Choo formed CMSB to market lingerie products through direct selling. CMSB's main objective was to offer good quality and well-designed lingerie at reasonable prices to women in Malaysia and in the overseas market. Within its first year of operations, CMSB registered a turnover in excess of RM4.4 million.

The impressive results encouraged CMSB to venture further into the lingerie business through the formation of Marywah Industrial, a business partnership in 1988, to manufacture ladies' lingerie for CMSB. Upon conversion into a private limited company in 1991, Marywah Industrial was renamed Marywah Industries Sdn Bhd. The lingerie line "Caelygirl", was named after CMSB, which originated from the Chinese character "ker-ren-er" or "cute girl".

In 1990, CCSB was incorporated to exclusively deal with the export market. CCSB designs and manufactures products under the Group's own brand names and contract manufactures for some of the internationally renowned lingerie brands. To date, CCSB's global clientele includes clients from Canada, France, Germany, UK, Denmark, US, Portugal, Italy, China, Holland and Spain. Some of the international brands manufactured by CCSB include "Hanes Her Way", "After Eden", "Playtex", "Wonderbra", "TCM", "Hubermasche", "Mervyns", "Target", "Wal-Mart", "Frederick of Hollywood", "Vogue", "JC Penny" and "Spencer". The Group believes that it has grown from strength-to-strength in both its marketing and manufacturing capabilities. This is reflected in the recent awards given to the Group such as the ISO 9001 and ISO 9002. Further details on the awards received by the Group to date are disclosed in Section 9.7 herein. Currently, approximately 20% of the Group's turnover is generated from its direct selling activities by CMSB. The remaining 80% is generated from the manufacturing and sales of undergarments by CCSB.

9. INFORMATION ON THE CHB GROUP (Cont'd)

9.3.3 Products

The products of the Group, consist mainly of lingerie, including brassieres, panties, corsets, corselets, girdles, camisoles, body suits, body shapers, night-wear, bustiers, inner vests and other intimate wear in lace, tricot, satin, power-net, microfiber and lycra. Besides lingerie, other products covered under the direct-selling business include household products, water treatment products and health food.

These products are manufactured under the Group's own brand names such as "Caelygirl", "Caely", "Caely Teens", "Slimline" and "NINI" for the local market. The Group has begun exporting products under its own brand name to China and has some minor exports under its own brand name to Singapore and Cambodia. In Malaysia, these products are sold via a direct selling network of approximately 50,000 distributors, of which 21,000 are active.

At present, the Group has developed a nursing bra for use by maternity mothers which will be introduced primarily to the overseas market.

9.3.4 Contract manufacturing

The Group has established an extensive global clientele base in Europe and the North America to provide contract manufacturing services. The CHB Group is currently a contract manufacturer for reputable international names such as HB Heller Fashion Team Inc., Canadelle (a division of the Canadelle Limited Partnership) ("Canadelle"), Bilka A/S, Hubermasche Gebruder Huber & Co. GmbH, Matalan Retail Limited and Kanematsu USA Inc.

Details of the Group's contract manufacturing clientele and the brands carried by these clientele are as follows:

Foreign Customers	**International Brand	Operation base/ Country	Sales during financial year ended 31 December 2002 RM'000
HB Heller Fashion Team Inc. ("HB Heller")*	Vogue, Fredericks, Delicates, Secret Treasures, Pelican Cove, Intimate Collections, Le Boudoir, Request, Gloria Vanderbilt, Truly, Jessica, Little Miss, Lazenza, Spencer Godiva, Delta Burke, Sears Best	Canada	13,337
Canadelle*	Wonderbra, Hanes, Hanes Her Way, Daisy Fresh	Canada	7,928
Bilka A/S	Josephine, Juliette, Amanda, Cotton Nature, Sille & Co.	Denmark	4,428
Hubermasche Gebruder Huber & Co. GmbH	Hubermasche, Linda Clifford, TCM, Isodora, Queentex, Crane Sport	Germany	2,276
Sorice Distribution	Dona, Dona Plus, Neutral, Immoderata	France	1,956

9. INFORMATION ON THE CHB GROUP (Cont'd)

Foreign Customers	**International Brand	Operation base/ Country	Sales during financial year ended 31 December 2002 RM'000
Matalan Retail Ltd	Sshhh Collection, Secret Support, CQ, Strech (Essential, Joie de Virre)	UK	1,944
Playtex Group of Companies	Playtex	UK, Germany, Italy, Spain and France	1,886
Canadian Bra Company Ltd	Romance	UK	1,418
Kanematsu USA Inc	Lisa Nicole, Private Luxuries, Romantic Mood, Giligan, Cliché O'Malley, Seductive Wear, Inner Most, Intimo Amore, Lane Bryant	US	1,380

Notes:

- * Contributed to more than 10% of the Group's turnover for the financial year ended 31 December 2002, further details of which are set out in Section 9.8.
- ** Based on the purchase order from the respective customers. However, no assurance is given that the respective customers are the registered owner of the brands mentioned above.

These international customers have high product quality standards and require contract manufacturers to undergo detailed assessments and evaluation tests before selection. The Group is one of the few contract manufacturers in Malaysia which has met the stringent requirements of these international customers.

9.3.5 Brand names of the Group

The Group has been marketing products under its own brand names since 1986 with the subsidiaries within the Group as the registered owners of the following trademarks in the respective countries:

Trademarks	Countries
Caelygirl & Device	Malaysia and Cambodia
Slim Line & Device*	Malaysia and Cambodia
NINI*	Malaysia and Cambodia
Caelygirl	Malaysia and China
Classita	Malaysia
Montana Classic	Malaysia
Dophino	Malaysia
Kanazawa	Malaysia
Lavani	Malaysia
Signore	Malaysia
Caely	Malaysia
Fan Logo	Malaysia

Note:

- * The trademark is currently in the process of being registered in Malaysia.

9. INFORMATION ON THE CHB GROUP (Cont'd)

9.3.6 Direct selling

In the local front, the Group distributes its products via direct selling through CMSB. The products that are sold via direct selling are undergarments, garments, leather goods, sportswear and household products.

The direct selling sales plan that is vital to the success of the Group's direct selling operations was established by CMSB. It constitutes the following:

(a) Sales plan

The Group's sales plan offers individuals from all walks of life the opportunity to establish their own business as independent distributors, distinct from employees. Under the sales plan, the Group sells its products exclusively to its distributors, who are often consumers of the products themselves. The distributors would then resell the products to their customers.

The distributors may also develop their businesses by recruiting or "sponsoring" new distributors. A "group" is formed when the distributors (known as the "up-line") sponsors one or more new distributors (called "down-line"), who may then sponsor new "down-line" distributors. This repeated process of sponsoring creates a distribution structure within the "group" with multiple levels of "down-line" distributors. To ensure that the distribution network expands fast and vast, performance incentives, based on products purchased by the "down-line" distributors within the "group", are available for "up-line" distributors.

The direct selling method under the sales plan involves a high level of personal service. Distributors are required to demonstrate and deliver a broad range of products to the convenience of the customers with the aid of high quality, well-designed colourful brochures illustrating the Groups' products. The Group believes that the extended personal contacts are well-suited to its direct selling method. At present, the Group has more than 50,000 distributors in Malaysia, out of which approximately 21,000 distributors are active.

(b) Training

The local distributors are regularly trained and educated to remain competitive in meeting customers' needs. Retailing methods and strategies, product knowledge and usage, and sponsoring techniques are common topics discussed and taught during the training sessions. The training sessions are conducted by the Group's in-house trainers.

The distributors will also train their "down-line" distributors through practical on-the-job training. The Group believes that the success of bringing quality service to its customers depends significantly on its training programs.

9. INFORMATION ON THE CHB GROUP (Cont'd)

(c) In-house publications

In-house publications in the form of brochures, journals and newsletters are provided to all distributors as marketing and communication mediums. These publications are produced in-house by the Group's Creative and Design department and contain names of outstanding achievers, news, information on training sessions, new products, ideas, suggestions and selling techniques. This enhances the speed of the dissemination of information to distributors, which will help them promote the Group's products and activities to their end-customers.

(d) Stockists

The CHB Group recognizes the importance of logistics in the direct selling business. It has established relationships with a combined number of 179 stockists and distribution outlets that are strategically located in all major towns throughout Malaysia to provide better access to its distributors totalling more than 50,000, and also to ensure that its products are readily and easily available. This reduces the burden of distributors having to carry excessive stocks.

(e) Recognition/Motivation

The CHB Group is aware that the success and growth of its direct selling business depends on its distributors and hence all outstanding distributors are given recognition for their achievements. For example, the names of outstanding distributors are published in the in-house journal and they are honoured in special functions held by the CHB Group in recognition of their achievements. These outstanding distributors are also invited to these special functions to share their experience and knowledge with the rest of the distributors to motivate them. The CHB Group believes that such activities will spur distributors to strive harder to achieve better results.

9.3.7 Manufacturing facilities

The manufacturing facilities of the CHB Group are housed in Wisma Caelygirl, comprising a two-storey factory building and a three-storey factory-cum-office building with an aggregate built-up area of approximately 97,000 square feet on a 7.5-acre land situated at Lot 2661, along Jalan Maharaja Lela in Teluk Intan, Perak Darul Ridzuan. The new factory building is estimated to contribute an additional 76,800 square feet to the existing space or approximately 30% of the current production capacity.

The factory is air-conditioned and well-equipped with high-tech machines. In support of the Group's drive for quality and efficiency, modern facilities such as the Lectra System that include computer-aided design and computer-aided manufacturing ("CAM") systems have been deployed. To complement the Lectra System, a manufacturing-based software, Pro-Style, was installed to enhance the manufacturing processes from the designing of samples to actual production. The Pro-Style software helps design intimate apparels that match colour specification, lace and fabric design. This effectively reduces the time needed to prepare samples for foreign buyers, which in turn shortens turn-around time.

9. INFORMATION ON THE CHB GROUP (Cont'd)

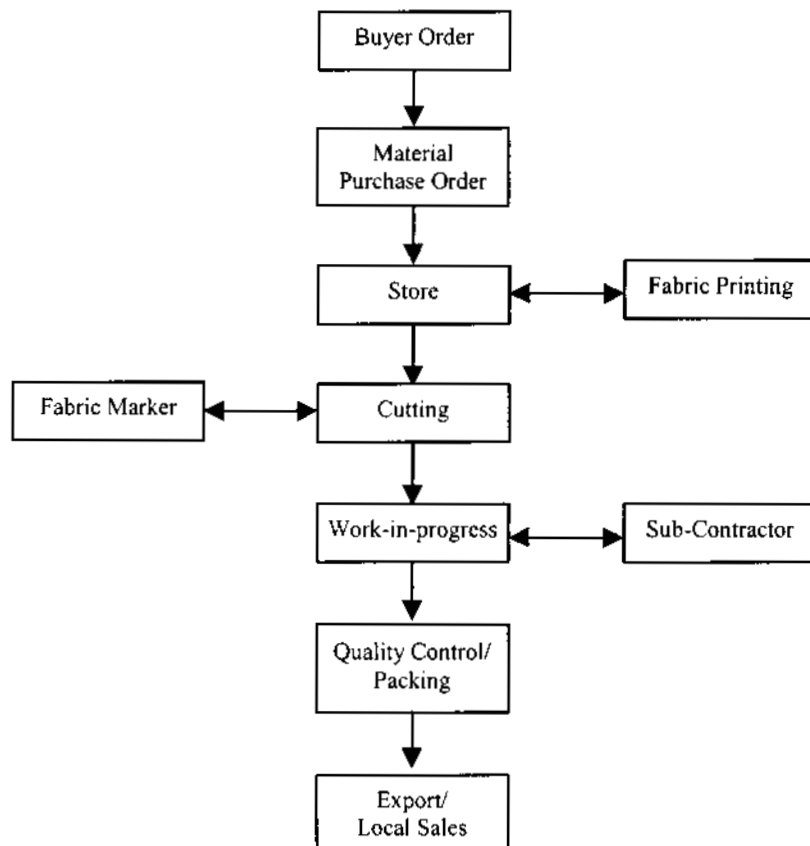
As at 23 May 2003, the Group has more than 1,000 sewing, cutting, moulding and production-related machines with a production capacity of an estimated average of 900,000 pieces of undergarments and garments per month. Certain machines such as the Lectra System are connected via a state-of-the-art computerised production control system that has enhanced production efficiency and quality workmanship. The sewing machines used for the production of each undergarment are computer-aided and attachments have been added to these sewing machines to assist in the sewing processes. For example, the Italian-made Rimoldi-Lisa machine has been added to control the elastic tension in undergarments. It will also automatically adjust for variations in elasticity or defects in the elastic materials itself. This helps to control the quality of the seams in the undergarments.

The table below illustrates the annual production capacity and output of the Group for the past five (5) financial years:

Year	1998	1999	2000	2001	2002
Annual production capacity (units in thousand)	7,000	9,100	9,250	11,000	11,000
Annual production output (units in thousand)	6,036	8,969	8,903	10,958	9,078
Capacity utilisation	86.2%	98.6%	96.2%	99.6%	82.5%

9.3.8 Production process

The production flow for undergarments manufactured by the Group is as follows:



9. INFORMATION ON THE CHB GROUP (Cont'd)

9.3.9 R&D

In the Group's ISO 9001 Quality Manual, it is stated that one of the Group's R&D policies is the gathering of intelligence on current market trends, products and the latest innovations in technology. The Group believes that this policy forms a core strategy in order for the Group to remain competitive.

The R&D division of the Group is housed under the Product Development department, which is headed by Fong Yoke Mooi. At present, there is a total of twelve (12) R&D staff in the department. As at 23 May 2003, the average number of years of service is three (3) years.

The R&D department serves the following functions:

- (i) to collect and compile latest information on trends and fashion;
- (ii) to develop and improve new products and designs;
- (iii) to develop and improve the sewing, fitting and cutting processes; and
- (iv) to carry out work study and method study on operations.

The Group's R&D facilities not only boost its production efficiency but also give the Group a competitive edge and consistently designed products that meet customers' requirements. The facilities that are available in this department include the following:

- (i) a Lectra System (CAM system) where grading and plotting of designs are carried out;
- (ii) a Prostyle graphic design software for furnishing printout samples to the Group's buyers;
- (iii) mannequins for fitting tests and research;
- (iv) design markers for the cutting department; and
- (v) a light box for detecting matching colours.

As some of the facilities in the R&D department such as the Lectra system and the Prostyle graphic design software are about six (6) years old since the last upgrade, the Group plans to further upgrade the aforementioned hardwares and softwares progressively over the next twelve (12) months. The upgrades are expected to cost approximately RM100,000.

The R&D department is continuously doing research into the development of new products, with the most recent new products, amongst others, being the nursing bra, Merry Widow, Basque and Baby Doll. Merry Widow and Basque are a hybrid of a bustier and corset, each serving different functions. Baby Doll is a short night gown that flairs widely to the hemline.

Recently, the R&D department has also ventured into developing accessories to improve production efficiency such as foamed cups for use in the production of bras. The Group expects the production of these foamed cups to commence soon. By producing its own accessories such as these, the Group expects to shorten its lead time as well as providing better assurance to its customers in terms of quality and delivery time.

9. INFORMATION ON THE CHB GROUP (Cont'd)

9.3.10 Quality control

Various quality control measures are carried out by the Group in the pre-production, on-line and post-production stages.

At the pre-production stage, inspections and tests are carried out on fabrics and accessories to screen for defective fabrics or accessories, shrinkage, stretchability, colour fastness, etc. These functions are carried out by the purchasing and raw material store departments.

The on-line production quality control comprises the preliminary and bulk production stages. Inspections are carried out at the preliminary stage to distinguish possible discrepancies/variations and to allow for any necessary corrections to be made before bulk production. These checks mainly cover, amongst others, style, quality of fabrics and accessories, workmanship, measurement and colour tones, etc. After the preliminary stage, follow-up inspections are conducted to ensure that the initial discrepancies/variations have been rectified. These functions are carried out by production line supervisors, who are given specifications of the items that are assigned to them.

In the post-production quality control stage which is known as finished goods inspections, final inspections are conducted according to measurement, material defects, shade matching, untrimmed threads, label, styles and sizes. The inspection is carried out by the packing department and the quality control checks must be in accordance with the inspection operating guidelines for each product category. In addition to this, many of the Group's customers send their own Quality Controllers to inspect the goods prior to the goods being shipped.

The Group values the importance of quality control and all of the abovementioned quality control measures carried out by the various stages of production, are documented in the Group's ISO 9001 procedures.

9.3.11 Emphasis on the internet and electronic commerce ("E-commerce")

The Group has launched its website to market and conduct its business transactions via e-commerce. The Directors of CHB believe that with e-commerce, the demand for its products will increase. E-commerce will also enable potential and existing customers of the Group to purchase the Group's products in privacy. The Directors therefore plan to place greater emphasis on promoting its website and to highlight the potential for customers in conducting e-commerce transactions with the Group.

9.4 CHANGES IN SHARE CAPITAL

The present authorised share capital of CHB is RM50,000,000 comprising 100,000,000 Shares. The issued and paid-up share capital of the Company is RM27,708,000 comprising 55,416,000 Shares.

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

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
31.10.1996	2	1.00	Cash	2
08.06.2001	4	0.50	Sub-division of par value of shares from RM1.00 to RM0.50 each	2

9. INFORMATION ON THE CHB GROUP (Cont'd)

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
08.06.2001	599,996	0.50	Rights issue of 149,999 shares for every share held	300,000
02.10.2002	54,816,000	0.50	Acquisition of the entire equity interest of CMSB	27,708,000

The enlarged issued and paid-up share capital of CHB after the CMSB Acquisition, the Rationalisation, the Restricted Offer for Sale, the Special Issue and the Public Issue will be RM40,000,000 comprising 80,000,000 Shares.

9.5 SUBSIDIARIES AND ASSOCIATED COMPANIES

Details of CHB's subsidiaries after the completion of the CMSB Acquisition and the Rationalisation, all of which are incorporated in Malaysia, are as follows:

Name	Date of incorporation	Issued and paid-up share capital RM	Effective interest held %	Principal activities
CMSB	04.12.1986	450,000	100.00	Direct sales of undergarments, garments, leather goods, sportswear and household products
CCSB	25.11.1989	750,006	100.00	Manufacture and sale of undergarments
MISB	21.02.1991	1,710,000	100.00	Manufacture and sale of undergarments
RGSB	14.06.1989	350,400	100.00	Provision of sewing services

As at the date hereof, the Company does not have any associated companies.

9.5.1 CMSB

(i) History and business

CMSB was incorporated on 4 December 1986 in Malaysia under the Act as a private limited company under the name of Caelygirl (M) Sdn Bhd. The principal activity of CMSB is the direct sales of undergarments, garments, leather goods, sportswear and household products.

As at 23 May 2003, other than its Directors, CMSB currently has 72 employees.

(ii) Share capital

The present authorised share capital of CMSB is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of CMSB is RM450,000 comprising 450,000 ordinary shares of RM1.00 each.

9. INFORMATION ON THE CHB GROUP (Cont'd)

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

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
04.12.1986	4	1.00	Cash	4
10.09.1988	199,996	1.00	Cash	200,000
30.12.1989	100,000	1.00	Bonus issue 1:2	300,000
12.11.1990	150,000	1.00	Bonus issue 1:2	450,000

(iii) Substantial shareholders

CMSB is a wholly-owned subsidiary of CHB.

(iv) Subsidiaries and associated companies

As at the date hereof, CMSB has no subsidiaries or associated companies.

9.5.2 CCSB

(i) History and business

CCSB was incorporated on 25 November 1989 in Malaysia under the Act as a private limited company under the name of Excelturn Venture Sdn Bhd. The company subsequently changed its name to its present name on 19 June 1990.

CCSB is principally involved in the manufacturing and selling of undergarments for direct export and contracts for overseas customers.

As at 23 May 2003, other than its Directors, CCSB currently has 757 employees.

(ii) Share capital

The present authorised share capital of CCSB is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of CCSB is RM750,006 comprising 750,006 ordinary shares of RM1.00 each.

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

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
25.11.1989	2	1.00	Cash	2
18.10.1990	65,000	1.00	Cash	65,002
15.05.1991	30,000	1.00	Cash	95,002
27.10.1993	155,000	1.00	Bonus issue 1.63:1	250,002
30.09.1995	500,004	1.00	Bonus issue 2:1	750,006

9. INFORMATION ON THE CHB GROUP (Cont'd)

(iii) Substantial shareholders

CCSB is a wholly-owned subsidiary of CHB.

(iv) Subsidiaries and associated companies

As at the date hereof, CCSB has no subsidiaries or associated companies.

9.5.3 MISB**(i) History and business**

MISB was incorporated on 21 February 1991 in Malaysia under the Act as a private limited company under the name of Marywah Industries (M) Sdn Bhd.

MISB is principally involved in the manufacturing of undergarments for the domestic market.

As at 23 May 2003, other than its Directors, MISB currently has 74 employees.

(ii) Share capital

The present authorised share capital of MISB is RM2,000,000 comprising of 2,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of MISB is RM1,710,000 comprising of 1,710,000 ordinary shares of RM1.00 each.

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

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
21.02.1991	4	1.00	Cash	4
22.05.1991	309,996	1.00	Cash	310,000
09.09.1993	400,000	1.00	Cash	710,000
09.09.1993	1,000,000	1.00	Purchase consideration for an acquisition of land	1,710,000

(iii) Substantial shareholders

MISB is a wholly-owned subsidiary of CHB.

(iv) Subsidiaries and associated companies

As at the date hereof, MISB has no subsidiaries or associated companies.

9.5.4 RGSB**(i) History and business**

RGSB was incorporated on 14 June 1989 in Malaysia under the Act as a private limited company.

RGSB is principally involved in the provision of sewing services.

9. INFORMATION ON THE CHB GROUP (Cont'd)

As at 23 May 2003, other than its directors, RGSB currently has 27 employees.

(ii) Share capital

The present authorised share capital of RGSB is RM500,000 comprising 500,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of RGSB is RM350,400 comprising of 350,400 ordinary shares of RM1.00 each.

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

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
14.06.1989	2	1.00	Cash	2
12.07.1989	250,000	1.00	Cash	250,002
07.11.1991	49,998	1.00	Cash	300,000
07.04.1995	50,400	1.00	Rights Issue 0.168:1	350,400

(iii) Substantial shareholders

RGSB is a wholly-owned subsidiary of CHB.

(iv) Subsidiaries and associated companies

As at the date hereof, RGSB has no subsidiaries or associated companies.

9.6 INTERRUPTIONS IN BUSINESS ACTIVITIES

There has been no interruption in the Group's business activities during the past twelve (12) months which has had a significant effect on the operations of the Group.

9.7 KEY ACHIEVEMENTS/MILESTONES/AWARDS OF THE GROUP

Since inception, the Group has received several awards granted by both governmental and non-governmental bodies. The details are as follows:

- (i) For the years 1994, 1997, 1999 and 2001, the Group's factory-cum-office building won the "Award for the Most Beautiful and Cleanest Factory" given by the Hilir Perak District Office;
- (ii) On 13 December 2000, CMSB had been awarded the ISO 9002 which governs the quality standard of multi-level marketing and trading of ladies' lingerie, apparels, household and beauty-related products, by BM Trada Certification Ltd;
- (iii) On 30 January 2001, CCSB had been awarded the ISO 9001 which governs the quality standard of the design and manufacture of lingerie by TUV CERT Certification Body of Rheinisch-Westfalischer TUV e.V;
- (iv) CCSB was awarded the "10th Golden Europe Award for Quality 1996" in 1996 by the Trade Leaders' Club of Madrid in recognition of its high standards of design, quality and service in manufacturing and marketing of its ladies' undergarments; and

9. INFORMATION ON THE CHB GROUP (Cont'd)

- (v) For three (3) successive years from 1997 to 1999, CMSB was one of the recipients of the "Enterprise 50 Award" organised by the Small and Medium Industries Development Corporation and Accenture (previously known as Andersen Consulting). The award recognises the achievements of Malaysia's enterprising homegrown companies that are well-positioned for the future. Fifty (50) winners are selected amongst the nominations received and the evaluation is based on each company's management and financial performance.

9.8 MAJOR CUSTOMERS

Details of the Group's major customers, being customers which have each contributed more than 10% to the Group's turnover for the financial year ended 31 December 2002, are as follows:

Customers	Operations base/Country	Percentage of sales for the year ended 31.12.2002 %
HB Heller Fashion Team Inc.	Canada	23.6
Canadelle	Canada	14.0

It is a common practice in the undergarment industry that a large buyer, who has its own brands, may also act as an agent for its end-buyers in sourcing for products. As such, the actual diversification of customers may be better than the percentage shown in the table above.

Notwithstanding the above, in order to further diversify the Group's customer base, the Group plans to engage external agents to seek business from new buyers directly.

9.9 MAJOR SUPPLIERS

The main components required for the production of lingerie products are fabrics, which may be synthetic, cotton or a combination of both. In addition, laces, and accessories such as elastic braids, shoulder straps, hooks and eyes, wires, motifs, rings and slides, moulded and/or foamed cups, are some of the other components required in the production of lingerie products. These materials mentioned above are easily available locally.

However, due to the high quality standards and the unique design of the Group's products, there are certain laces, synthetic fabrics and accessories which are not available locally and have to be imported from countries such as South Korea, Taiwan, Hong Kong, China, Thailand, US and other European countries. The ability of the Group to continuously procure its raw materials is addressed as one of the Group's risk factors in Section 6.6.

Based on the financial year ended 31 December 2002, the Group only has one supplier who supplies 10% or more of the Group's raw materials. The supplier is Kah Hwa Industries Sdn Bhd, a company based in Malaysia, who supplied approximately 12.5% of the Group's raw materials for the financial year ended 31 December 2002. The Group has a good working relationship with its supplier and it has transacted with this supplier for the past three (3) years.

Based on the above, the Group is not dependent on any particular supplier for its raw materials and is able to secure a steady supply of materials for its operations from various suppliers.

10. INFORMATION ON SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS, SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL

10.1 SUBSTANTIAL SHAREHOLDERS AND PROMOTERS

10.1.1 Substantial shareholders' and promoters' shareholdings in the Company

The shareholdings of the substantial shareholders and promoters in the Company before and after the Public Issue, Restricted Offer for Sale and Special Issue are as follows:

Name	Designation	Before the Public Issue, Restricted Offer for Sale and Special Issue				After the Public Issue, Restricted Offer for Sale and Special Issue			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Fong Nyok Yoon	Executive Chairperson	13,197,000	23.8144	-	-	10,850,000	13.5625	-	-
Wan Mohamad Zin Bin Mat Amin	Deputy Chairman	2,028,000	3.66	-	-	8,028,000	10.035	-	-
Chuah Chin Lai	Managing Director	13,197,000	23.8144	-	-	10,850,000	13.5625	-	-
Khor Mooi Soong	Executive Director	13,197,000	23.8144	-	-	10,850,000	13.5625	-	-
Lim Pow Choo	Executive Director	13,197,000	23.8144	-	-	10,850,000	13.5625	-	-

The profiles of the abovementioned substantial shareholders and promoters are disclosed in Section 10.2.2 of this Prospectus.

10.1.2 Substantial shareholders' and promoters' directorships and substantial shareholdings in other public companies for the past two (2) years

Save as disclosed below, none of the substantial shareholders and promoters has any directorships or substantial shareholdings in other public companies for the past two (2) years.

Name	Company	Appointed/ (Resigned)	Directorship	Direct		Indirect	
				No of shares	%	No of shares	%
Wan Mohamad Zin Bin Mat Amin	Sunshirin Industries (Malaysia) Berhad	13.11.95	Non-Independent Director	1,500,000	3.66	-	-

10.1.3 Changes in substantial shareholders and promoters and their shareholdings in CHB for the past three (3) years

Name	As at 31.12.2000		As at 31.12.2001		As at 31.12.2002	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Saw Khen	1	50.00	300,000	50.00	300,000	0.54
Tan Yeng Fatt	1	50.00	300,000	50.00	300,000	0.54
Fong Nyok Yoon	-	-	-	-	13,197,000	23.8144
Wan Mohamad Zin Bin Mat Amin	-	-	-	-	2,028,000	3.66
Chuah Chin Lai	-	-	-	-	13,197,000	23.8144
Khor Mooi Soong	-	-	-	-	13,197,000	23.8144
Lim Pow Choo	-	-	-	-	13,197,000	23.8144

None of the substantial shareholders and promoters has any indirect shareholdings in CHB for the past three (3) years.

10. INFORMATION ON SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS, SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

10.2 BOARD OF DIRECTORS

10.2.1 Directors' shareholdings in the Company

The shareholdings of the Directors of the Company as at the date hereof in CHB before and after the Public Issue, Restricted Offer for Sale and Special Issue are as follows:

Name	Designation	Before the Public Issue, Restricted				After the Public Issue, Restricted			
		<-----Offer for Sale and Special Issue----->				<-----Offer for Sale and Special Issue----->			
		<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%		
Fong Nyok Yoon	Executive Chairperson	13,197,000	23.8144	-	-	10,850,000	13.5625	-	-
Wan Mohamad Zin Bin Mat Amin	Deputy Chairman	2,028,000	3.66	-	-	8,028,000	10.035	-	-
Chuah Chin Lai	Managing Director	13,197,000	23.8144	-	-	10,850,000	13.5625	-	-
Khor Mooi Soong	Executive Director	13,197,000	23.8144	-	-	10,850,000	13.5625	-	-
Lim Pow Choo	Executive Director	13,197,000	23.8144	-	-	10,850,000	13.5625	-	-
Siow Hock Lee	Independent Non-Executive Director	-	-	-	-	-	-	-	-
Ooi Say Teik	Independent Non-Executive Director	-	-	-	-	-	-	-	-
Hem Kan @ Chan Hong Kee	Independent Non-Executive Director	-	-	-	-	-	-	-	-

10.2.2 Directors' profiles

The profiles of the Directors of CHB are as follows:

Fong Nyok Yoon, aged 41, is the founder of the Group and was appointed to the Board of CHB on 2 October 2002. She worked in a factory manufacturing undergarments in Teluk Intan for seven (7) years before venturing into direct selling in 1985. Her vast experience in the undergarment industry had prompted her to set up her own manufacturing and direct selling business in the same industry. Through her efforts, the Company's present day multi-level direct selling companies have been a success. She is also a Director of several private limited companies.

Wan Mohamad Zin Bin Mat Amin, aged 56, was appointed to the Board of CHB on 2 October 2002. He graduated from the Royal Military College in 1968 and completed his staff course in the Malaysian Armed Forces Staff College in 1981. In 2002, he obtained a Masters in Business Administration from Greenwich University, Australia. He served in the Malaysian Armed Forces for seventeen (17) years. He retired in 1985 and ventured into business by setting-up D'Aquarian (M) Sdn Bhd ("DSB"), a company that supplies electronic defence products and engine spare parts. He is currently Managing Director of DSB. He has over twenty (20) years of experience in defence-related supplies.

Chuah Chin Lai, aged 43, was appointed to the Board of CHB on 2 October 2002. He has seven (7) years of experience in the flooring and tiling mosaic industry before joining CMSB in 1986, a company founded by his wife, Fong Nyok Yoon. His previous experience has proved to be a useful guide in mapping out a well-organised management system which is geared towards performance and productivity. His main emphasis is on the staff and management team of the Group to stay competitive with good customer support and a strong corporate image. Currently, he is heading the direct selling business of the Group. He is also involved in the Group's export business. He is also a Director of several private limited companies.

10. INFORMATION ON SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS, SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Khor Mooi Soong, aged 49, was appointed to the Board of CHB on 2 October 2002. He was previously the Managing Director of Chun Giap Metal Industry Sdn Bhd (now known as Rubysteel Metal Industry (M) Sdn Bhd), a company which is involved in manufacturing of stainless steel products. He has been an entrepreneur since he left school and has gained vast entrepreneurial skills. His key roles in the Group are sourcing of material/components and marketing of the Group's products. He is also currently involved in housing development and is a Director of several private limited companies.

Lim Pow Choo, aged 43, was appointed to the Board of CHB on 2 October 2002. She has vast experience in the garment business, particularly in designing and production. Her experience in the garment business covers almost every aspect of the industry, from cutting to store keeping. She joined CMSB in 1986. She is currently heading the undergarment manufacturing division of CMSB. She is also a Director of several private limited companies.

Siew Hock Lee, aged 47, was appointed to the Board of CHB on 5 June 2003 and he is also a Director of Amtel Holdings Berhad since 9 November 1996. He is a member of the Association of Chartered Certified Accountants (UK) and Malaysian Institute of Accountants since 1985 and 1986 respectively. He has been attached to various public accounting firms since 1979 before he started his own accounting practice under the name of Messrs SC Associates in 1993.

Ooi Say Teik, aged 43, was appointed to the Board of CHB on 5 June 2003. He graduated from the University of Malaya in 1985 with a Bachelor of Arts (Hons), majoring in Economics. In 1990, he obtained his Bachelor of Laws (Hons) from the University of London. He was subsequently called to the Malaysian Bar and admitted as an Advocate & Solicitor of the High Court of Malaya in 1991. He is currently a partner in Abraham Ooi and Partners and he is involved in a wide spectrum of the law, particularly in the areas of corporate, banking and litigation. He is also involved in the day-to-day management and supervision of the firm, overseeing its entire operations.

Hem Kan @ Chan Hong Kee, aged 63, was appointed to the Board of CHB on 5 June 2003. He obtained his Senior Cambridge Certificate in 1963. He is the Vice President of the Perak Chinese Chamber of Commerce and the President of the Lower Perak Chamber of Commerce. He has been holding the above positions for more than six (6) and eighteen (18) years respectively. In addition, he is also the Board Chairman of San Min Secondary School, Teluk Intan for more than sixteen (16) years, Honorary Chairman and Adviser to the Hilir Perak Dialysis Centre, committee member of the Bethany Home for the Handicapped, as well as the Managing Director of several private limited companies.

10. INFORMATION ON SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS, SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

10.2.3 Directorships and/or substantial shareholdings in other public companies for the past two (2) years

Save as disclosed below, none of the Directors of CHB has any directorships and/or any substantial shareholdings in other public companies in Malaysia for the past two (2) years.

Name	Company	Appointed/ (Resigned)	Directorship	←Direct-----→		←Indirect-----→	
				No of shares	%	No of shares	%
Wan Mohamad Zin Bin Mat Amin	Sunchirin Industries (Malaysia) Berhad	13.11.95	Non-Independent Director	1,500,000	3.66	-	-
Siow Hock Lee	Amtel Holdings Berhad	09.11.96	Independent Non- Executive Director	65,333	0.16	-	-

10.3 AUDIT COMMITTEE

The details of the Audit Committee of CHB are as follows:

Name	Designation	Directorship
Siow Hock Lee	Chairman of the Committee	Independent Non-Executive Director
Ooi Say Teik	Member of the Committee	Independent Non-Executive Director
Hem Kan @ Chan Hong Kee	Member of the Committee	Independent Non-Executive Director
Fong Nyok Yoon	Member of the Committee	Executive Chairperson

10.4 SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL

The details of the senior management and key technical personnel of CHB and its subsidiaries are as follows:

10.4.1 Senior management profiles

Fong Chang Kok, aged 33, is the General Manager of CMSB. He holds a Diploma in Computer Science from Tunku Abdul Rahman College and a Bachelor Degree in Computer Science from Campbell University, US. He joined CMSB in 1993 as an Electronic Data Processing executive where he was responsible for setting up the computerisation systems of the Group. In 1995, he was promoted to Personnel Manager. He was then promoted to Deputy General Manager of the CMSB Group in 1996 and was responsible for the overall administration of the CMSB Group. He has been the General Manager of CMSB since 1998.

Loo Swee Cheng, aged 44, is the Senior Group Finance Manager. He obtained his Diploma in Accounting (Higher) from the London Chamber of Commerce and Industry (LCCI), UK in 1977 and worked with a legal firm from 1978 to 1982. In 1982, he pursued his studies in the US where he obtained a Bachelor Degree in Business Administration from the Oklahoma State University and a Masters in Accounting from California State University, Sacramento. He joined the Group in 1991 as the Group's Accounts and Finance Administrator. He was promoted to Group Finance Manager in 1996 and was given the additional responsibilities of overseeing the legal affairs of the Group. In 2000, he was promoted to Senior Group Finance Manager and is responsible for drafting the Group's administrative and operational policies.

10. INFORMATION ON SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS, SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

Heng Eam Meng, aged 55, is the Distribution Manager of the Raw Material division of CMSB. He obtained the Malaysian Certificate of Education ("MCE") in 1968 and joined CMSB in October 1993 as Deputy Sales and Marketing Manager for the direct selling division and was promoted to Sales and Marketing Manager in 1995. In 1997, he assumed the position of Senior Manager overseeing the training activities of the direct selling division of CMSB. In early 2001, he was re-designated to his current post as Distribution Manager. Before joining CMSB, he was a distributor with a direct selling company and later joined Sime AXA Insurance Berhad where he was an Agency Manager. He is also currently a Director of a transport company in Penang.

Rosmawaty Bte Abd. Raffar, aged 42, is the Human Resource Manager for the CMSB Group as at May 1999. She obtained the MCE in 1978 and she joined CMSB in June 1997 as a Human Resource Executive and was promoted to her current position in 1999. She is the key person in manpower planning for the production and administrative divisions of the Group. She is also responsible for liaising with government departments for the export quota allocation and licensing. Prior to joining the Group, she was attached to Arab-Malaysian Merchant Bank Berhad for seventeen (17) years and her last held position was as an Office Administrator.

Cheah Ah Wah, aged 46, is the Group Administration Manager. She obtained the MCE in 1973 and she has been with the CMSB since its inception in 1986 and worked as its accounts-cum-office administration clerk. Currently, she is the head of the department and is responsible for the payroll, banking, and other administrative matters.

Tin Boon Men, aged 38, is the Creative and Marketing Manager of CMSB. He graduated from the Malaysian Institute of Arts in 1984. He joined the company in April 1991 as a Creative Assistant and is responsible for the media promotion of CMSB such as catalogues, brochures, leaflets, and newsletters. His duty also encompasses concept and designing, visualising, and finish artwork.

Ng Yoong Hin, aged 39, is the Area Sales Manager of CMSB. He joined the company in September 1986 as a Sales Executive of the company's direct selling division. He was promoted to Assistant Sales Manager in 1989 and was later promoted to Area Sales Manager in June 1990. In early 2001, he relinquished his position as the Distribution Manager to concentrate on the Sales Department. Being one of the pioneer staff, his vast knowledge of the company's direct sales is an asset to the Group alongside his experience in a direct selling company prior to joining CMSB. He also conducts sales training and was chief co-ordinator in a number of sales functions.

Lim Boon Lan, aged 37, has been the Merchandise Manager of CMSB since 2002. She obtained the MCE in 1983 and joined the company in 1987 as a general clerk and was promoted to the position of Store Supervisor in 1989. In 1993, she was promoted to the position of executive in charge of production. She has various experience from the management of warehousing to production and sales co-ordination.

Yeoh Sa Meng, aged 47, is the Operation Manager (production division) of CCSB. He holds a Diploma in Accounting and Costing from the London Chambers of Commerce and Industry Higher Stage Group. He joined the company in April 1997 as Accounts Executive and was later promoted to the position of Assistant Operations Manager. In 1999, he was again promoted to the position of Operations Manager whereby his job function involved direct sales operations and the monitoring of stockists accounts. In early 2001, he was re-designated to Operations Manager in production. His functions involved the supervision of the packing and raw materials store department and sub-contracting department. Prior to joining CMSB, he had worked as an Accounts Assistant for Pertubuhan Peladang Kawasan Bagan Serai and as Senior Audit Assistant for Lembaga Pertubuhan Peladang Negeri Perak.

10. INFORMATION ON SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS, SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

The shareholdings of the senior management in the Company after the Public Issue, Restricted Offer for Sale and Special Issue are as follows:

Name	Position	*After the Public Issue, Restricted Offer for Sale and Special Issue			
		-----Direct----->		<-----Indirect----->	
		No. of Shares	%	No. of Shares	%
Fong Chang Kok	General Manager	-	-	-	-
Loo Swee Cheng	Senior Group Finance Manager	40,000	0.05	-	-
Heng Eam Meng	Distribution Manager	40,000	0.05	-	-
Rosmawaty Bte Abd Raffar	Human Resource Manager	40,000	0.05	-	-
Cheah Ah Wah	Group Administration Manager	40,000	0.05	-	-
Tin Boon Men	Creative and Marketing Manager	40,000	0.05	-	-
Ng Yoong Hin	Area Sales Manager	40,000	0.05	-	-
Lim Boon Lan	Merchandise Manager	40,000	0.05	-	-
Yeoh Sa Meng	Operations Manager	40,000	0.05	-	-

Note:

* Based on the assumption that all employees will subscribe for their entitlement.

10.4.2 Key technical personnel's profile

Fong Yoke Mooi, aged 31, is the Product Development Manager and heads the Product Development department of CCSB. She holds a Diploma in Desktop Publishing and Design from the International Correspondence Schools. She joined the Group in June 1993 as a Product Development Executive and was promoted to her current position in 1996.

The shareholding of the key technical personnel in the Company after the Public Issue, Restricted Offer for Sale and Special Issue is as follows:

Name	Position	After the Public Issue, Restricted Offer for Sale and Special Issue			
		-----Direct----->		<-----Indirect----->	
		No. of Shares	%	No. of Shares	%
Fong Yoke Mooi	Product Development Manager	-	-	-	-

10.4.3 Directorships and/or substantial shareholdings in other public companies for the past two (2) years

None of the senior management and key technical personnel of CHB has any directorships and/or any substantial shareholdings in other public companies in Malaysia for the past two (2) years.

10. INFORMATION ON SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS, SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)

10.5 EMPLOYEES

The Group has approximately 930 employees as at 23 May 2003. Its employees could be generally segregated into four (4) categories, namely:

- (i) Managerial, comprising 12 employees;
- (ii) Executive, comprising 45 employees;
- (iii) Supervisory, comprising 47 employees; and
- (iv) Clerical and general workers, comprising approximately 826 employees.

The employees of the Group do not belong to any labour union and enjoy a cordial relationship with the management. There have been no instances of any strike action by the employees since the Group started operations.

10.6 FAMILY RELATIONSHIPS

Save as disclosed below, none of the substantial shareholders, Directors, senior management and key technical personnel is related to each other:

- (i) Fong Nyok Yoon, Fong Chang Kok, Fong Yoke Mooi and Lim Pow Choo are siblings;
- (ii) Khor Mooi Soong and Lim Pow Choo are husband and wife; and
- (iii) Chuah Chin Lai and Fong Nyok Yoon are husband and wife.

10.7 DECLARATION

Save as disclosed below, none of the Directors, senior management or key technical personnel is or was involved in the following events (whether in or outside Malaysia):

- (i) A petition under any bankruptcy laws or insolvency laws was filed (and not struck out) against such person or any partnership in which he is or was a partner or any corporation of which he is or was a director or senior management or key technical personnel;
- (ii) Conviction in a criminal proceedings or is a named subject of a pending criminal proceedings; and
- (iii) The subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or governmental body permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

Wan Mohamad Zin Bin Mat Amin, being a substantial shareholder and Deputy Chairman of CHB, is also a Director and a shareholder with 70% interest in F1 Filter (M) Sdn Bhd ("F1 Filter"). On 10 February 2003, AE Automation (M) Sdn Bhd filed a winding up petition against F1 Filter for an outstanding balance due from F1 Filter amounting to RM45,946. F1 Filter had subsequently filed an application in Court to strike out the above petition on 21 March 2003. The status of such petition is still pending as at the date of this Prospectus.

10. INFORMATION ON SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS, SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL *(Cont'd)*

Hem Kan @ Chan Hong Kee, being a Director of CHB, is also a Director and a shareholder with 0.1% interest in Collective Holding Sdn Bhd ("Collective Holding") and a Director and a shareholder with insignificant shareholding (less than 0.001%) in Ansonbina Enterprises Sdn Bhd ("Ansonbina").

Collective Holding and Ansonbina have received payment request letters from the Inland Revenue Board of Malaysia ("IRB"), via its letters dated 2 September 2002 and 17 September 1999, for an amount of RM117,739 and RM324,878 respectively. On 19 January 2001 and 21 April 2000, both Collective Holding and Ansonbina were wound-up by IRB respectively.

Collective Holding, via its tax agent, had subsequently made full repayment of RM117,739 to the IRB in relation to the above claim on 9 November 2002. Ansonbina, on the other hand, is consulting with its tax agent on the next course of action in relation to its potential taxation obligation.

10.8 SERVICE CONTRACTS

None of the Directors, senior management or key technical personnel has any existing or proposed service contracts with CHB or its subsidiaries.

10.9 DIRECTORS' FEES, REMUNERATION AND BENEFITS

The range of aggregate fees, remuneration and benefits of the existing Directors for services rendered in all capacities within the Group and the number of Directors within the specified range are as follows:

Range of remuneration per annum	Year ended 31 December 2002 No. of Directors	Year ending 31 December 2003 No. of Directors
RM201,000-RM300,000	2	2
RM100,000-RM200,000	1	1
Less than RM100,000	1	5

The aggregate fees and remuneration paid to the Directors for services rendered to the Group in the financial year ended 31 December 2002 was approximately RM705,800. For the financial year ending 31 December 2003, the estimated amount payable to the Directors under the arrangement in force with the Company and its subsidiaries is approximately RM780,000.

10.10 MANAGEMENT SUCCESSION PLAN

The Group recognises the importance of continuity in management to maintain its competitive edge. In this regard, the Group is committed to continuously provide sufficient training, impart and upgrade the knowledge, skills and competency of its personnel to gradually assume the responsibilities of senior management.

The Group's functions are divided into the following departments:

(i) Sales and marketing department

(a) Own brand

Chuah Chin Lai, Managing Director, is responsible for identifying new emerging markets in the region. He was instrumental in coordinating the establishment of several specialty shops and outlets, selling solely the Group's brand of products, by a third party in China. He personally oversees the conduct of the export to the China market and is assisted by a team that includes Fong Nyok Yoon and Khor Mooi Soong and three (3) other assistants.

10. **INFORMATION ON SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS, SENIOR MANAGEMENT AND KEY TECHNICAL PERSONNEL (Cont'd)**

(b) Direct selling

Fong Chang Kok, the General Manager of CMSB, monitors the direct selling business and reports directly to Chuah Chin Lai. His duties include, amongst others, the recruitment, training, and motivation of distributors, leaders, and stockists and the promotion of the Group's products. There is a team of staff who supports him, including the Marketing Manager, the Merchandise Manager, the Area Sales Manager and another ten (10) executive staff.

(c) Export Market (OEM Department)

The overall scope and responsibilities of this department which is headed by Fong Nyok Yoon, Executive Chairperson, includes the coordination of sales orders, production and shipment. She also deals with enquiries from both the existing buyers and new business enquiries. There are four (4) sales executives and twelve (12) sales coordinators and assistants to assist her in the OEM Department.

(ii) Production department

Lim Pow Choo, Executive Director, heads the production department. She is responsible for overseeing the overall production process/operations of the Group as well as maintaining strict quality control of its products, planning and operations. Other key members of the production department includes Fong Chong Seng, the Assistant Production Manager, and eight (8) production supervisors.

(iii) Finance and accounts department

The department is under the purview of Loo Swee Cheng, Senior Group Finance Manager, who reports directly to the Board of Directors. The department is staffed with eight (8) personnel that are made up of two (2) account executives and six (6) bookkeeping assistants. Apart from being responsible for the overall financial management of the Group, other responsibilities include implementation of internal control procedures and credit controls.

The management of CHB is of the view that close supervision and guidance on CHB's staff from each department's head is a crucial step for CHB to groom its next generation of senior management. By having a pool of skilled and experienced staff, and an established system of operation in place, the management of CHB is of the view that disruptions to the operations of CHB Group will be minimal in the event of any departure of its executive Directors and/or senior management.