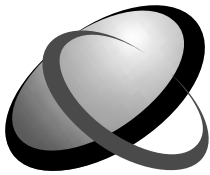


**11. DIRECTORS' REPORT**



纺尼威工业产品有限公司

**FURNIWEB Industrial Products Berhad**  
(Co. No. 541706-V)

**12 SEP 2003**

**Registered Office:**  
49-1 The Highway Centre  
Jalan 51/205  
46050 Petaling Jaya  
Selangor

The Shareholders of Furniweb Industrial Products Berhad

Dear Sir/Madam,

On behalf of the Board of Directors of Furniweb Industrial Products Berhad, I report after due inquiry, that during the period from 30 April 2003 (being the date to which the last audited accounts of the Company have been made up) to 11 September 2003 (being a date not later than fourteen days before the issue of this Prospectus), that:

- (a) the business of the Company and its subsidiary companies have, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited accounts of the Company and its subsidiary companies which have adversely affected the trading or the value of the assets of the Company or any of its subsidiary companies;
- (c) the current assets of the Company and its subsidiary companies appear in the books at values which are believed to be realizable in the ordinary course of business;
- (d) save as disclosed in Section 9.6 of the Prospectus, there are no contingent liabilities by reason of any guarantees or indemnities given by the Company and its subsidiary companies;
- (e) since the last audited accounts of the Company and its subsidiaries, the Directors are not aware of any default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings; and
- (f) save as disclosed in the Pro forma Consolidated Balance Sheets in Section 9.12 and in the Accountants' Report in Section 10.0 of this Prospectus, there have been no changes in the published reserves or any unusual factors affecting the profits of the Company and its subsidiary companies.

Yours faithfully,  
For and on behalf of the Board of Directors of  
**FURNIWEB INDUSTRIAL PRODUCTS BERHAD**

**Cheah Eng Chuan**  
Chairman & Managing Director

12. LEGAL OPINION

(Prepared for the purpose of inclusion in the Prospectus)



**INVESTCONSULT GROUP**  
**Công Ty Tư Vấn Đầu Tư & Chuyển Giao Công Nghệ**  
Consultants, Lawyers, Patent & Trademark Attorneys

Ho Chi Minh City, 11 September 2003

THE BOARD OF DIRECTORS  
FURNIWEB INDUSTRIAL PRODUCTS BERHAD  
Lot 208, Jalan Sungai Besi  
Bt 12, Kampung Baru Balakong  
43300 Cheras  
Selangor Darul Ehsan.

**Legal opinion on the following:**

- **The Ownership of title to the securities/ assets in Vietnam;**
- **The enforceability of agreements, representations and undertakings given by foreign counter-parties under the laws of Vietnam**

Dear Sirs,

**I. INTRODUCTION:**

We understand that FURNIWEB INDUSTRIAL PRODUCTS BERHAD ("FIPB") has submitted an application to the Securities Commission ("SC") for the proposed listing and quotation of FIPB on the Second Board of the Kuala Lumpur Stock Exchange ("KLSE").

In conjunction with and as an integral part of listing FIPB on the Second Board of the KLSE, FIPB is proposing to undertake a proposed corporate reorganization and restructuring exercise which involves, inter alia, the following exercise:

1. The acquisition by FIPB of the entire equity interest of the following companies from the respective vendors for a total purchase consideration of RM31,497,638 satisfied by the issuance of 29,164,480 new ordinary shares of RM1.00 each in FIPB at an issue price of approximately RM1.08 per share :
  - (a) FURNIWEB MANUFACTURING SDN BHD ("FMSB") and its subsidiaries:
    - FURNIWEB-VOA SAFETY WEBBING SDN BHD ("FVOA"),
    - FURNIWEB MANUFACTURING (VIETNAM) CO. LTD. ("FVN"), and
    - SYARIKAT SRI KEPONG SDN BHD ("SSKSB").and its jointly controlled entity, TRUNET (VIETNAM) CO. LTD. ("Trunet");
  - (b) WEBTEX TRADING SDN BHD ("Webtex");
  - (c) TEXSTRIP MANUFACTURING SDN BHD ("Texstrip"); and
  - (d) FIRST ELASTIC CORPORATION (M) SDN BHD ("FEC").

**Southern Regional Office**

15 Nguyen Thi Dieu St., Dist. 3, HCMC - Tel : 84.8.9304868 / 9304869 - 9304869 - Fax : 84.8.9304871 / 9304872  
E-mail : inco@hcm.vnn.vn - Web site : <http://www.investconsultgroup.com> - Web site : <http://vietpan.com/irinvestconsult.html>

**12. LEGAL OPINION (Cont'd)**

2. The acquisition by FIPB of the entire equity interest of PREMIER GESTURE SDN BHD ("PGSB") from FMSB and FEC for a total purchase consideration of RM10.00 satisfied by way of cash.
3. The acquisition by FIPB of the entire legal capital of PREMIER ELASTIC WEBBING & ACCESSORIES (VIETNAM) CO. LTD. ("PEWA") from PGSB for a total purchase consideration of RM4,081,000 satisfied by way of cash.

Pursuant to the Securities Commission ("SC") Guidelines on the acquisition of foreign assets/securities, the Board of Directors of FIPB has engaged us to express our opinion on the ownership of title to the securities/assets of the foreign subsidiaries in Vietnam and enforceability of agreements, representations and undertaking by foreign counter-parties under the Laws of Vietnam, from a legal point of view, to FIPB. The foreign subsidiaries referred herein are FVN, Trunet and PEWA ("Foreign Subsidiaries").

**II. SCOPE OF WORK:**

For the purposes of providing our opinion, we have reviewed the following documents ("Documents"):

1. The Investment licenses No. 1811/GP dated 16 January 1997; 1811/GPDC1 dated 24 November 1998; 1811/GPDC2-KCN-DN dated 02 December 1999; 1811/GPDC3-KCN-DN dated 07 December 2000; 1811/GPDC5-BKH-KCN-DN dated 14 November 2002 (which has replaced the Investment License No. 1811/GPDC4-KCN-DN dated 24 December 2001) and 1811/GPDC6-BKH-KCN-DN dated 21 February 2003 issued by the Dong Nai Industrial Zone Authority to FVN;
2. The Investment license No. 110/GP-KCN-DN dated 23 January 2002 issued by Dong Nai Industrial Zones Authority to PEWA;
3. The Investment licenses No. 74/GP-KCN-DN dated 15 February 2001 and No. 74/GPDC1-KCN-DN dated 05 June 2002 issued by Dong Nai Industrial Zones Authority to Trunet;
4. The Land Lease Contract No. 61/HDTD dated 20 March 1997 and its amendment dated 22 March 2000 entered into between FVN and Sonadezi Bien Hoa and the Certificate of land use right dated 12 June 2001 of FVN issued by the People's Committee of Dong Nai Province;
5. The Construction contract No. 23/HDKT dated 05 August 2002 entered into between the FVN Toan Loc Co., Ltd and the Certificate of Work ownership dated 18 September 2001 of FVN issued by the Department of Construction of Dong Nai Province;
6. The Land Sublease Contract No. 216/CT-KHDT dated 6 March 2002 entered into between PEWA and the Urban and Industrial Zone Development Company;
7. The Design Contract No. 07/HDKT signed between PEWA and Toan Loc Co., Ltd; the Decision No. 94/SXD dated 18 June 2002 of the Director of the Construction Department of Dong Nai Province approving the design and construction of the factory of the Company and the Construction Contract No. 13/HDKT signed between PEWA and Toan Loc Co., Ltd;

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**12. LEGAL OPINION (Cont'd)**

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8. The Workshop Lease Contract dated 01 October 2002 signed between Trunet and FVN;
9. The Sale and Purchase Agreement entered into between FIPB and PBSG on 01 July 2003;
10. Other subsisting signed contracts to which the Foreign Subsidiaries are a part;

In reviewing the above Documents, we have applied the following laws and regulations of Vietnam ("Legal regulations") in forming our opinion:

11. Law on foreign investment in Vietnam passed by the National assembly of Vietnam on 12 November 1996 and amended on 09 June 2000;
12. Decree No. 36/CP dated 24 April 1997 of the Government providing regulations on Industrial zones (IZ), Export processing zones (EPZ) and High-tech zones;
13. Decree No. 24/2000/ND-CP dated 31 July 2000 of the Government providing details for implementation of the Law on foreign investment in Vietnam and Decree No. 27/2003/ND-CP dated 19 March 2003 of the Government on amendment to and supplementation of several articles of Decree No. 24/2000/ND-CP;
14. Circular No. 12/2000/TT-BKH dated 15 September 2000 of the Ministry of Planning and Investment providing guidelines on foreign investment in Vietnam;
15. Law on land dated 14 July 1993 of the national Assembly of Vietnam and the Law on amendment to and supplementation of several articles of the law on land dated 29 June 2001;
16. Circular No. 16/2000/TT-BXD dated 11 December 2000 of the Ministry of Construction providing guidelines on management of construction works of foreign investment forms and foreign contractors in Vietnam; and
17. Other related laws and regulations, as the case may be.

**III. ASSUMPTIONS:**

For the purpose of giving this opinion, we have assumed that:

1. The authenticity of the Documents submitted to us as originals and the conformity with originals of the Documents submitted to us as copies thereof;
2. There are no provision of the laws of any jurisdiction other than Vietnam which would be contravened by the execution or delivery or implementation of the Documents and that, insofar as any obligation under the Documents is to be performed in any jurisdiction other than Vietnam, its performance will not be illegal by virtue of the law of that jurisdiction;
3. All consents, approvals, authorization, licenses, exemptions or order required from any governmental or other regulatory authorities outside Vietnam and all other requirements outside Vietnam for the legality, validity and enforceability of the

**12. LEGAL OPINION (Cont'd)**

Documents have been duly obtained or fulfilled and are and will remain in full force and effect and that any conditions to which they are subject have been satisfied;

4. The legal securities/ assets of the Foreign Subsidiaries or each of the Foreign Subsidiaries ("Securities/ assets"), mean all the securities, assets of the Foreign Subsidiaries or each of the Foreign Subsidiaries including but not limited to: land use rights, construction works, installed machinery and equipment, stocking materials and products, cash in hand, working capital, intellectual properties... and related responsibilities and obligations representing the accumulated registered capital (Legal capital) of the Foreign Subsidiaries or each of the Foreign Subsidiaries in Vietnam.

and we have found nothing to indicate that such assumptions are not fully justified.

**IV. QUALIFICATION:**

Our opinion is subject to the following qualifications:

1. We express no opinion as to any laws other than the laws of Vietnam as are in force at the date of this opinion.
2. Our opinion that an obligation or document is enforceable means that the obligation or documents are of a type and form which courts in Vietnam should enforce. It is not to be taken as meaning that the obligation or document can necessarily be enforced in accordance with its terms in all circumstances. In particular, the enforceability of an obligation may be affected by laws or regulations affecting the rights of creditors generally in the event of the insolvency, bankruptcy, re-organization or liquidation of any party to the transaction.
3. The power of the courts of Vietnam to grant equitable remedies such as injunctions or specific performance is discretionary and accordingly a court of Vietnam might make an award of damages where an equitable remedy is sought.
4. Where any obligation is to be performed in a jurisdiction outside Vietnam, such obligation may not be capable of being enforced under the Laws of Vietnam in the event and to the extent that such performance would be unlawful or contrary to public policy under the laws of or contrary to the exchange control legislation of such jurisdiction.

**V. CONCLUSION:**

Based upon and subject to the foregoing, we are of the opinion that:

1. **Ownership of title to the Securities/ assets of the Foreign Subsidiaries in Vietnam:**
  - (a) The Foreign Subsidiaries are the three 100% foreign owned capital enterprises legally established in Vietnam, therefore, the Securities/ assets of the Foreign Subsidiaries belong to the corresponding owners of the Foreign Subsidiaries;



**12. LEGAL OPINION (Cont'd)**

- (b) FMSB is the only owner of the Securities/ assets of FVN with the accumulated registered capital (Legal capital) of US\$ 1,300,000 that including but not limited to the following:
- (i) A leasehold title over 13,986m<sup>2</sup> of land at Bien Hoa Industrial Zone 2, Long Binh Ward, Bien Hoa City, Dong Nai Province, Vietnam ("Land");
  - (ii) A full legal title over and ownership of the office and factory buildings for production of covered elastic yarn and furniture webbing on the Land; and
  - (iii) A practical title over the warehouse for material and products of covered elastic yarn and furniture webbing on the Land (FVN has not obtained the certificate of building ownership for this warehouse yet);
- (c) PGSB is the only owner of the Securities/ assets of PEWA with the accumulated registered capital (Legal capital) of US\$ 1,200,000 that including but not limited to the following:
- (i) A practical leasehold title over 26,122.5m<sup>2</sup> of land at Nhon Trach Industrial Zone 1, Nhon Trach District, Dong Nai Province, Vietnam, of which 15,000m<sup>2</sup> has been initially handed over to PEWA and the balance before December 2004 ("Land") (PEWA has not obtained the Certificate of land right for such area of land);
  - (ii) A practical title over the factory for production on the Land (PEWA has not obtained the certificate of building ownership for this factory yet).
- (d) FMSB and TRUNATURE LIMITED ("Trunature") are the only two owners of the Securities/ assets of Trunet with the accumulated registered capital (Legal capital) of US\$ 300,000, of which, FMSB is the owner of US\$ 150,000 and Trunature is the owner of US\$ 150,000 that including but not limited to the following:
- (i) A leasehold title over 1,008m<sup>2</sup> of land at Bien Hoa Industrial Zone 2, Long Binh Ward, Bien Hoa City, Dong Nai Province, Vietnam.
- (e) No limitation or restriction from or by any law or regulation or governmental authority of Vietnam in respect of the transfer or assignment of any or all of the Securities/ assets in the Foreign Subsidiaries or each of the Foreign Subsidiaries to others except the approval in form of an amended investment license issued by the Dong Nai Industrial Zone Authority or one other licensing authority of Vietnam as required by the laws of Vietnam from time to time;
- (f) With the approval in form of an amended investment license issued by the Dong Nai Industrial Zone Authority or one other licensing authority of Vietnam as required by the laws of Vietnam from time to time, the party/ person which taking the transfer or assignment of any or all of the Securities/ assets in the Foreign Subsidiaries or each of the Foreign Subsidiaries shall become the legal owner of the corresponding Securities/ assets in the Foreign Subsidiaries or each of the Foreign Subsidiaries;

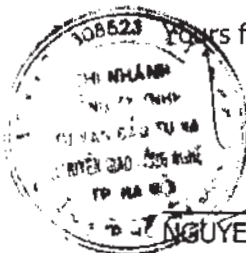

12. LEGAL OPINION (Cont'd)

- (g) FIPB has taken the transfer of all the Securities/ assets of PBSG in PEWA under the Sale and Purchase Agreement entered into between FIPB and PBSG on 01 July 2003. With the approval in form of an amended investment license issued by the Dong Nai Industrial Zone Authority to PEWA, FIPB shall become the legal owner of the Securities/ assets of the PEWA.

2. Enforceability of the relevant contracts under the Laws of Vietnam:

- (a) Except for the Sale and Purchase Agreement entered into between FIPB and PBSG on 01 July 2003 that is being made to the Dong Nai Industrial Zone Authority to effect the change of the investor name in PEWA's Investment License, the Foreign Subsidiaries have taken all necessary corporate action to authorize the execution, delivery and performance of the Documents known as contracts or agreements as referred to in Section II - Clauses 4 to 10 ("Contracts") to and the performance of any of the Contracts and their representatives executing the Contracts are fully authorized to do so;
- (b) The Contracts continue to constitute the legal, valid and binding obligations of the Foreign Subsidiaries in accordance with its terms. The execution, delivery and performance of the Contracts and the payment of any amounts due thereunder (1) do not and will not violate any provision of law and other governmental directive having the force of law, (2) do not and will not conflict with the constitutive documents of the Foreign Subsidiaries, and (3) to the best of our knowledge, do not and will not conflict with, or result in the breach of, or constitute a default or require any consent under, any agreement or instrument to which he is a party or by which he or any of the Securities/ assets may be bound or affected;
- (c) No authorization or approval or other action by, and no notice to or filing with any governmental authority, commission, board of regulatory body in Vietnam is required for the Foreign Subsidiaries to make and perform the Contracts, except for the approval of the Sale and Purchase Contract entered into between FIPB and PBSG on 01 July 2003 by the Dong Nai Industrial Zone Authority or one other licensing authority of Vietnam;
- (e) The competent courts of Vietnam can be referred for settlement of any disputes from the Contracts and give judgments in a currency other than Vietnamese Dongs.

Yours faithfully



NGUYEN HAI NAM  
Executive Director  
Ho Chi Minh City Branch Office