

4. INFORMATION ON THE GROUP (Cont'd)**4.2.21 Production/ Operating Capacities and Output**

The current production, capacity and utilisation of BKG Group's manufacturing facilities for the financial year ended 31 December 2002 are as follows:-

Manufacturing Activities	Current Capacity (Units per Year)	Current Sales Generated (Units per Year)	Percentage of Utilisation
Rebuilt Commercial Vehicles	960	518	54%
Reconditioned Commercial Vehicles	240	169	70%
Bodyworks	300	207	69%

BKG Group has invested approximately RM4.25 million in machineries and equipment for its operations since inception. Some of the major machineries and equipment are as follows:-

Production Facilities	Units
Chain mortiser including chain set, surface planer, planer blades, high power generator	1
Mig welding machine incorporating transformer and accessories	19
Blasting pot including accessories and remote control	1
DEMAG 6 tonnes travelling crane	1
Hydraulic press brake including accessories	1
Facom compression tester and feeler gauge	1
Muller smoke tester equipment	1
Hydro pneumatic riveting machine	1
Hot water steam heavy duty cleaner including steamer blasting head	1
Muller opacimeter incorporating heavy duty balancing machine	1
Full range engraving machine	1
Plus plasma cutting machine	1
Kone 5 tonnes travelling crane	3
Storage racking system combining heavy duty pallet racks	1
Thickness machine incorporating high power motor blade	1
Radiator flushing machine including accessories	1
Masada Japan air jack incorporating imported tongue wrench	2
Brake drum plate incorporating boring machine	2
Computerised brake tester, smoke tester, HGV side slip tester with release plate	1
Piston flowhead including safety housing regulated meter	2
Hunger disc brake and brake drum tuning machine	2
Muller hydrocarbon single frame suspension and diaphragm pump incorporating paint solvent recovery machine, high powered rollers and air spray	2
Heavy vehicles spray booth and curing oven system	1

4. INFORMATION ON THE GROUP (Cont'd)**4.2.22 Location of Business****(I) Principal Assets**

A three (3)-storey corporate office building together with a two (2)-storey sales and marketing office building owned by BKVI at 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang, erected on Lot 1808, Lot 1809 and Lot 1810, Mukim 9, Nibong Tebal, Daerah Seberang Perai Selatan, Penang, held under GM 454, 455 and 456 respectively.

A corner double storey shophouse owned by FPC at No. 2, Jalan Besar, Taman Merbah, 14300 Nibong Tebal, Seberang Perai Selatan, Penang erected on Lot No. 2917, Mukim 7, Nibong Tebal, Daerah Seberang Perai Selatan, Penang held under GM 1091.

(II) Production Facilities

Registered Owner	Location	Description	Approximate Built-up Area (m ²)
BKVI	1177, Jalan Dato Keramat 14300 Nibong Tebal Seberang Perai Selatan, Penang	Manufacturing plant including store for raw materials	18,782
BKVI	Lot 219, Mukim 6 Seberang Perai Selatan Penang	Store for finished goods	12,000

As at 31 January 2004 (being the latest practicable date prior to the printing of this Prospectus), BKG Group had 24 authorised workshops in Malaysia:-

States/Territory	Number of Authorised Workshops
Kedah	1
Penang	4
Perak	5
Pahang	1
Selangor	3
Kuala Lumpur	1
Negeri Sembilan	1
Johor	4
Sabah	2
Sarawak	2
Total	24

(III) Principal Place of Business

The principal place of business for the Group is located at 1177, Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang.

4. INFORMATION ON THE GROUP (Cont'd)**(IV) Marketing and Distribution Network**

- (a) BKM is the marketing arm and sole distributor of Rebuilt Commercial Vehicles of the BKG Group in East Malaysia and is located at 33, Jalan Sungai Maong Tengah, 93150 Kuching, Sarawak; and
- (b) BKG Group through its subsidiary, BKVI also have a branch office located at No.12-G, Jalan PS ½, Bandar Pinggiran Subang, Seksyen 1, 40150 Shah Alam, Selangor.

4.3 SUBSIDIARIES AND ASSOCIATED COMPANIES**4.3.1 BKVI****(I) Background/History**

BKVI was incorporated in Malaysia under the Companies Act, 1965 on 22 November 1991 as a private limited company under its present name.

(II) Principal Activities and Products/Services

BKVI is involved in the manufacturing of Rebuilt and Reconditioned Commercial Vehicles and Bodyworks, trading of Commercial Vehicle accessories, parts and components, and value added reseller of new chassis cab and equipment.

(III) Substantial Shareholders

The substantial shareholders of BKVI are as follows:-

Name	Direct Interest		Indirect Interest	
	No. of Ordinary Shares of RM1.00 Each	%	No. of Ordinary Shares of RM1.00 Each	%
BKG	11,673,640	100.00	-	-
Goh Boon Koon	-	-	*11,673,640	100.00
Goh Boon Leong	-	-	*11,673,640	100.00

Note:-

- * Deemed interested by virtue of their shareholdings of not less than 15% in BKG pursuant to Section 6A of the Act.

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

The authorised share capital of BKVI is RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of BKVI is RM11,673,640 comprising 11,673,640 ordinary shares of RM1.00 each.

The changes in BKVI's issued and paid-up share capital since incorporation are as follows:-

Date Issued	No. of Shares Allotted	Par Value RM	Type of Issue	Cumulative Issued and Paid-Up Share Capital RM
22.11.1991	3	1.00	Subscribers' shares	3
04.01.1995	99,997	1.00	Cash	100,000
24.11.1997	400,000	1.00	Cash	500,000
22.12.1999	7,448,840	1.00	Issue of shares as consideration for acquisition of long leasehold land*	7,948,840
30.12.2000	2,794,800	1.00	Issue of shares as consideration for acquisition of long leasehold land*	10,743,640
31.12.2001	930,000	1.00	Issue of shares as consideration for acquisition of freehold land	11,673,640

Note:-

* The long leasehold land with the tenure of 999 years and was converted into freehold land by the Land Office.

(V) Subsidiary/Associated Company

BKVI does not have any subsidiary or associated company.

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4. INFORMATION ON THE GROUP (Cont'd)**4.3.2 FPC****(I) Background/History**

FPC was incorporated in Malaysia under the Companies Act, 1965 on 21 May 1983 as a private limited company under its present name. In 1998, FPC was acquired by BKVI to provide financing services to BKG Group's customers and external customers. Subsequently from 2000 onwards, FPC also provides insurance services.

(II) Principal Activities and Products/Services

FPC is involved in the provision of financing and insurance services.

(III) Substantial Shareholders

The substantial shareholders of FPC are as follows:-

Name	Direct Interest		Indirect Interest	
	No. of Ordinary Shares of RM1.00 Each	%	No. of Ordinary Shares of RM1.00 Each	%
BKG	299,200	100.00	-	-
Goh Boon Koon	-	-	*299,200	100.00
Goh Boon Leong	-	-	*299,200	100.00

Note:-

* Deemed interested by virtue of their shareholdings of not less than 15% in BKG pursuant to Section 6A of the Act.

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

The authorised share capital of FPC is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of FPC is RM299,200 comprising 299,200 ordinary shares of RM1.00 each.

The changes in FPC's issued and paid-up share capital since incorporation are as follows:-

Date Issued	No. of Shares Allotted	Par Value RM	Type of Issue	Cumulative Issued and Paid-Up Share Capital RM
21.05.1983	2	1.00	Subscribers' shares	2
06.08.1983	315,998	1.00	Cash	316,000
05.11.1983	70,000	1.00	Cash	386,000
22.12.1983	100,000	1.00	Cash	486,000
24.12.1983	110,000	1.00	Cash	596,000
19.06.1984	400,000	1.00	issue of shares as consideration for acquisition of landed property	996,000
17.08.1992	(796,800)	1.00	Capital reduction	199,200
20.11.1998	100,000	1.00	Cash	299,200

(V) Subsidiary/Associated Company

FPC does not have any subsidiary or associated company.

4.3.3 BKM**(I) Background/History**

BKM was incorporated in Malaysia under the Companies Act, 1965 on 19 July 1995 as a private limited company under the name of Boon Koon Development Sdn Bhd. On 20 November 2001 it changed its name to its present name.

(II) Principal Activities and Products/Services

BKM's principal activity since its date of incorporation until the financial year ended 31 December 2000 was that of a property developer. However, during the above financial periods, BKM remained dormant. During the financial year ended 31 December 2001, BKM ceased its principal object as a property developer and commenced a new principal activity on 3 December 2001 as sole distributor of BKVI's Rebuilt Commercial Vehicles in East Malaysia.

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

The substantial shareholders of BKM are as follows:-

Name	Direct Interest		Indirect Interest	
	No. of Ordinary Shares of RM1.00 Each	%	No. of Ordinary Shares of RM1.00 Each	%
BKG	65,000	65.00	-	-
Tan Poo Chuan	25,000	25.00		
Tan Giek Ee	10,000	10.00		
Goh Boon Koon	-	-	*65,000	65.00
Goh Boon Leong	-	-	*65,000	65.00

Note:-

* Deemed interested by virtue of their shareholdings of not less than 15% in BKG pursuant to Section 6A of the Act.

(IV) Share Capital

The authorised share capital of BKM is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of BKM is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

The changes in BKM's issued and paid-up share capital since incorporation are as follows:-

Date Issued	No. of Shares Allotted	Par Value RM	Type of Issue	Cumulative Issued and Paid-Up Share Capital RM
19.07.1995	3	1.00	Subscriber's shares	3
21.11.2001	99,997	1.00	Cash	100,000

(V) Subsidiary/Associated Company

BKM does not have any subsidiary or associated company.

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4. INFORMATION ON THE GROUP (Cont'd)

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

After experiencing sluggish growth in 2001, the Malaysian economy rebounded strongly in 2002. Higher growth in 2002 bolstered optimism for a stronger economic performance in 2003 in anticipation of an improved world economic outlook. The prospect for a global economic recovery was, however, affected by recent geopolitical developments, in particular the war in Iraq, sporadic incidences of militancy and outbreak of the Severe Acute Respiratory Syndrome ("SARS"). During the second quarter, consumer and business sentiments in regional economies were particularly affected by the anxiety of a probable prolonged and widespread SARS epidemic that curtailed transport and tourism-related activities besides trade and investment flows.

Against this adverse global environment and concerns of further weakening of the already sluggish global economy, the Government has put in place a package of broad-based pro-growth measures in May 2003. The Package of New Strategies, apart from providing immediate relief for the SARS-affected sectors, was to address structural and organisational issues towards sustaining economic growth in the medium and longer term. The strategic measures introduced boosted confidence necessary to stimulate domestic consumption and investment. In addition, the short war in Iraq and the quick containment of SARS provided the much-needed relief for the economy to ride over the difficult times and remain on track to a firmer growth trajectory.

Malaysia's sound economic fundamentals and expansionary fiscal and accommodative monetary policies, supplemented by the Government's proactive stimulus package, have helped to sustain high growth in the real gross domestic product ("GDP"). After expanding 4.5% in the first half and with prospects of sustained growth in the second half, the economy is set to achieve its targeted growth of 4.5% this year, higher than the 4.1% achieved in 2002.

The economy is expected to be driven by stronger domestic demand reinforced by a modest pick-up in external demand in the second half of the year. Exports will continue to be buoyed by global economic recovery and the upturn in electronics, especially in information technology-related products and equipment. On the domestic front, consumer spending continues to pick up, on account of favourable export earnings and high commodity prices, positive wealth effect from better stock market performance as well as rising consumer confidence. All sectors registered positive growth with manufacturing and services driving the economy.

With exports expanding faster than imports, trade balance in July 2003 remains in surplus for 69 consecutive months since November 1997. International reserves continued to increase to a record high of USD38.67 billion at end-August, sufficient to finance 6 months of retained imports and 4.3 times the short-term external debt. Malaysia remains a high net saver with gross national savings constituting about one-third of gross national product ("GNP"), ranking third among the other high savers in the world.

4. INFORMATION ON THE GROUP (Cont'd)

The corporate and financial sectors continued to strengthen further. With the emergence of stronger and larger capitalised banks amidst an improved economic environment, non-performing loans have declined with the risk-weighted capital ratio sustaining way above the Basle requirement. The stock market began its upward trend after the announcement of the Package of New Strategies as investor confidence started to build up in response to the measures laid out by the Government. In the absence of price pressures, the general price level remains stable while the labour market was ready at full employment level.

The concerted efforts of the Government to broaden the economic base and develop new sources of growth have resulted in a gradual shift from over-dependence on a narrow range of export-earning products. The manufacturing sector remains the second largest contributor to GDP growth. Electrical and electronic still accounts for the major share of about 39% of manufacturing sector, of which about 30% comprises semiconductors.

The world growth and trade are expected to improve with most economic activities returning to normalcy. Business confidence and sentiment will, however, be cautiously optimistic against the backdrop of threats from terrorist attacks. World growth is still hinged on the modest performance of the US economy with the euro area still marked by relative weakness although Japan, the world's second largest economy, is showing signs of a more definite path of sustained positive growth. Overall, indications point towards an improved outlook and higher optimism for 2004, despite the downside risks. Upbeat stock market activities across major bourses into the second half of 2003 should bolster optimism for a firmer global economic recovery. Thus, world economy is expected to post a higher growth of 4% with the US, euro area and Japan registering growth of 3.6%, 2.3% and 1%, respectively in 2004.

(Source : *Economic Report 2003/2004*).

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4. INFORMATION ON THE GROUP (Cont'd)

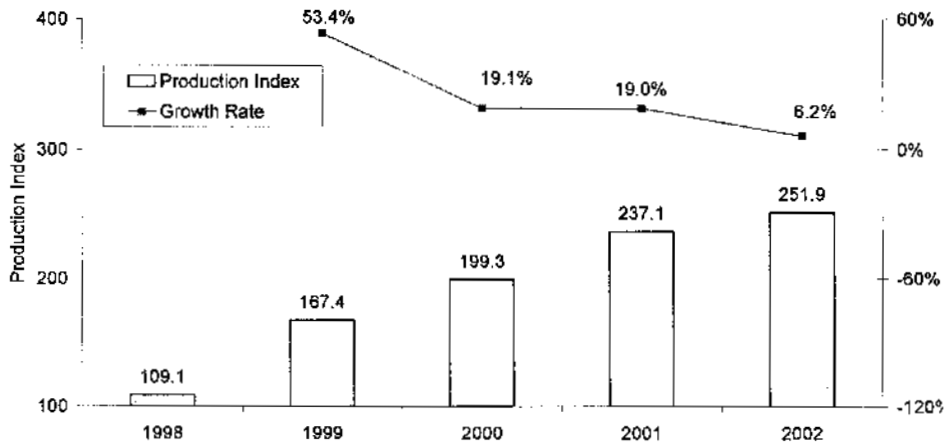
4.4.2 Transport Equipment Sector

Data on production index of the Transport Equipment Sector used include the manufacture of motor vehicle, shipbuilding and repairing, manufacture of motor-cycles and bicycles, manufacture of aircraft, manufacture of transport (not elsewhere classified).

The sub-sectors within the manufacture of motor vehicles include the following:-

- i) manufacture of motor vehicle bodies;
- ii) manufacture and assembly of motor vehicles comprising the assembly, rebuilding and major alterations of complete motor vehicles such as passenger automobiles, commercial cars, buses, lorries and truck trailers; and
- iii) manufacture of motor vehicle parts and accessories.

The Production Index of Transport Equipment is as follows:-



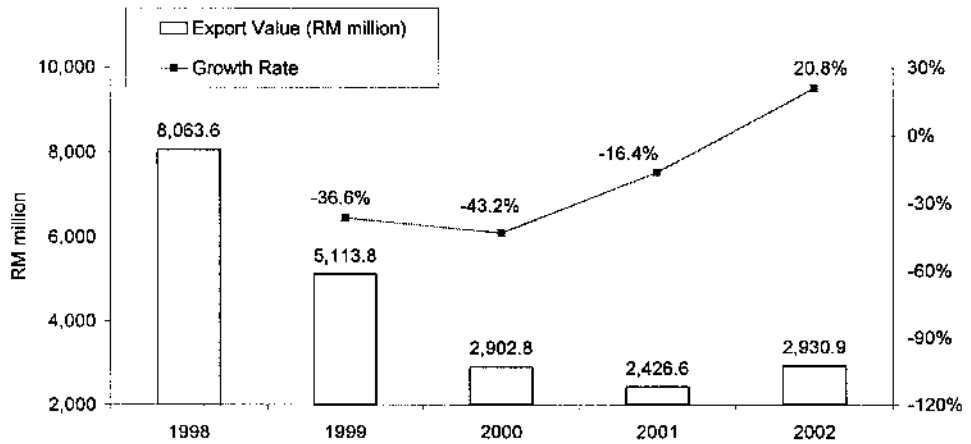
Between 1998 and 2002, the Transport Equipment production index increased by an average rate of 23.3% per annum. In 2002, the Transport Equipment production index grew by 6.2%, from 237.1 points in the previous year to reach 251.9 points.

The strong output of Transport Equipment was attributed to higher assembly of motor vehicle parts and accessories.

For a large part of the year, demand for automobiles remained strong due to the low interest rates and attractive incentives offered by manufacturers. However, car sales moderated towards the end of the year due to the uncertainty over future prices of cars when Malaysia effects tariff reductions for import of cars under the Asean Free Trade Area (AFTA) agreement. Consequently, growth in output of Transport Equipment also moderated in the second half of 2002.

4. INFORMATION ON THE GROUP (Cont'd)

The Gross Export of Transport Equipment is as follows:-



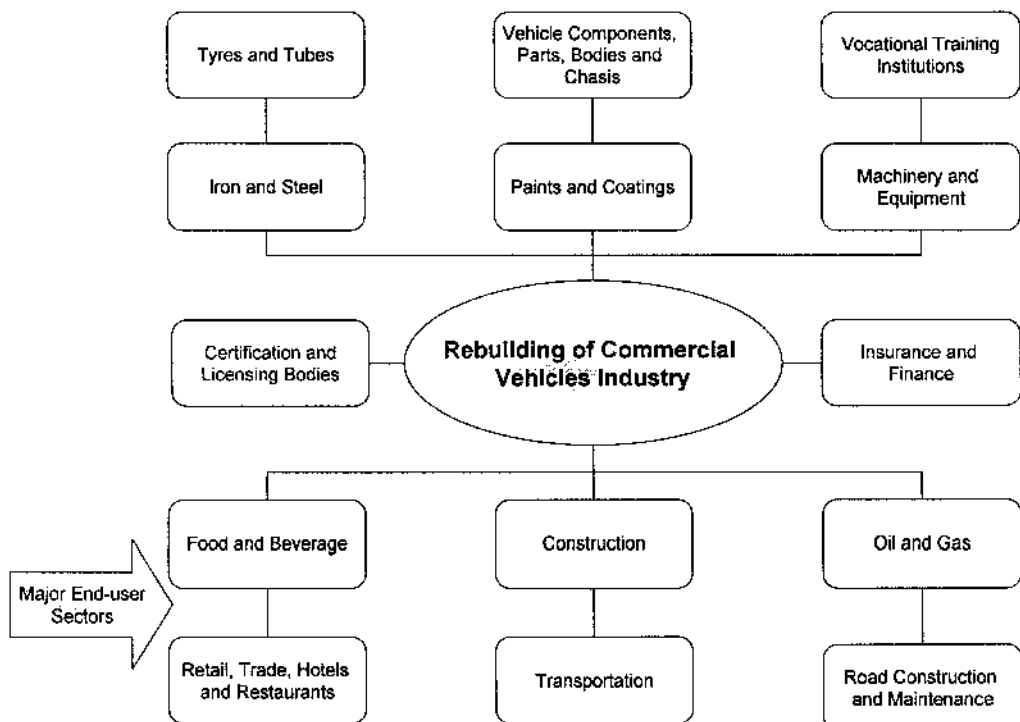
Gross export value of Transport Equipment declined by an average annual rate of 22.4% from 1998 to 2002. In 2002, gross export value of Transport Equipment increased by 20.8% to RM2.9 billion.

The five-year growth trend of Transport Equipment production index will trigger greater demand for Transport Equipment such as Rebuilt Commercial Vehicles. This will directly lead to potential business opportunities to operators within the Rebuilt Commercial Vehicle Industry.

(Source: *Assessment of the Rebuilt Commercial Vehicle Industry, Vital Factor Consulting Sdn Bhd*)

4.4.3 Performance of the Industry

The Rebuilding of Commercial Vehicle Industry has extensive linkages to its upstream and downstream activities. They are depicted in the figure below:-



4. INFORMATION ON THE GROUP (Cont'd)

The Rebuilding of Commercial Vehicle Industry has extensive linkages to many other dependent industries. As one of the significant contributors to Malaysia's Manufacturing Industry, the Rebuilding of Commercial Vehicle Industry will act as a catalyst for economic activities, employment and creation of wealth. As part of the Automotive Industry, the Rebuilt Commercial Vehicle Industry also plays an important role in creating demand for automotive parts, components and accessories, and replace imports.

Service Industry

In 2002, the Service sector was the largest contributor to GDP, accounting for 56.6% of total GDP. This was followed by the overall Manufacturing Industry, recording a 30.1% share of the total GDP. Transport, Communication and Storage sector contributed 8.6% of the total GDP.

Manufacturing Industry

Between 1998 and 2002, the Manufacturing Industry grew at an average annual growth rate of 6.8% in real terms. In 2002, the industry experienced growth of 4.1%. In 2003, this industry is forecasted to grow by 5.0% in real terms.

The continuing growth within the Manufacturing Industry would help drive economic activities and provide opportunities for operators in the Rebuilt Commercial Vehicle Industry to support growth within the Manufacturing Industry and the economy in general.

Agriculture, Forestry and Fishing

Between 1998 and 2002, the Agriculture, Forestry and Fishing sector experienced an average annual growth rate in real terms of 1.2%. In 2002, the Agriculture, Forestry and Fishing sector increase in real term by 0.3% over the previous year.

Wholesale and Retail Trade, Hotels and Restaurants

Between 1998 and 2002, the Wholesale and Retail Trade, Hotels and Restaurants sector grew in real terms at average rate of 2.7% per annum. In 2002, the performance of the Wholesale and Retail Trade, Hotels and Restaurants sector increased in real terms by 2.5% over the previous year.

Construction

Between 1998 and 2002, the Construction sector increased at an annual average growth rate of 0.3%. In 2002, the Construction sector grew by 2.3% in real terms. The improvement of the sector was attributed to the fiscal stimulus program, privatisation of infrastructure projects and housing development.

Public Bus Transport Services

Between 1992 and 2000, the value of gross output of Public Bus Transport Services grew at an average annual rate of 3.9%. The value of gross output grew by 1.4 times from RM799.5 million in 1992 to RM1.1 billion in 2000. In 2000, Gross Output of Public Bus Transport Services was highest over the past nine years, amounting to RM1.1 billion.

(Source: *Assessment of the Rebuilt Commercial Vehicle Industry, Vital Factor Consulting Sdn Bhd*)

4. INFORMATION ON THE GROUP (Cont'd)

4.4.4 Future Growth of the Industry

The outlook of the Rebuilt Commercial Vehicle Industry is favourable. This is mainly substantiated by the following analysis and observations:-

Growth Trends of Commercial Vehicles in General

- (i) Between 1998 and 2002, the production quantity of manufacture and assembly of Commercial Vehicles grew strongly at an average annual growth rate of 38.4%. Production grew by 3.7 times from 19,693 units in 1998 to 72,327 units in 2002.
- (ii) In 2002, the production of manufacture and assembly of Commercial Vehicles was highest over the past five years reaching 72,327 units, a significant growth of 15.3% over the previous year.
- (iii) The strong growth indicated the robustness of the sector and a sustained demand for Commercial Vehicles from local as well as overseas buyers.
- (iv) In 2002, the sales quantity of Commercial Vehicles amounted to 75,020 units, representing an increase of 10.0% over the previous year. *(Note: Sales of Commercial Vehicles include the manufacture and assembly of Commercial Vehicles).*
- (v) Sales of Commercial Vehicles were predominantly contributed by the assembly of Commercial Vehicles, with a share of 76.4% or 57,313 units in 2002. The remainder of the total sales of Commercial Vehicles was derived from Commercial Vehicles manufacturing.
- (vi) In 2002, sales quantity of Commercial Vehicles accounted for 17.2% of the Automotive sub-sector. Sales of the Automotive sub-sector totalled 434,954 units, and have also experienced an increase of 9.7% over the previous year. The increase of sales of this sub-sector was attributed to the following factors:-
 - (a) introduction of new models by manufacturers and assemblers;
 - (b) aggressive promotion by the industry; and
 - (c) easy accessibility to financing.
- (vii) Latest statistics released indicated that between January and November 2003, production quantity of Commercial Vehicles increased by 10.8% to 74,619 units from 67,319 units for the same period in 2002.

Growth Trends of Specific Commercial Vehicles

- (i) Between 1998 and 2001, production quantity of new Lorries grew by an average annual rate of 78.7%.
- (ii) Between 1998 and 2001, production quantity of new Vans grew by an average annual rate of 38.16%.
- (iii) Between 1998 and 2001, production quantity of new Trucks grew by an average annual rate of 92.1%.

(Source: Assessment of the Rebuilt Commercial Vehicle Industry, Vital Factor Consulting Sdn Bhd)

4. INFORMATION ON THE GROUP (Cont'd)

DRIVERS OF GROWTH

Some of the drivers of growth for the Rebuilt Commercial Vehicle Industry are:-

- (i) Under the Second Industrial Master Plan (1996-2005), the Government has identified the Automotive Industry among other industries, which can be developed into industry clusters of the future. Hence, any development within the Automotive Industry such as supporting Automotive Components and Parts sector and investments in the industry will spur growth for operators within the Rebuilt Commercial Vehicles Industry;
- (ii) Economic development, and demographic changes such as population growth, improving per capita Gross National Product (GNP) and household incomes, will in turn continue to influence and stimulate demand for goods. This will spur transportation of raw materials, semi-finished and finished goods which ultimately increase business opportunities for operators within the Rebuilt Commercial Vehicle Industry;
- (iii) With the implementation of the Asean CEPT (Common Effective Preferential Tariff) scheme by 2005 for the Automotive Industry, whereby intra-regional tariffs will be reduced to between 0% and 5%, the lower tariffs will present greater export opportunities for Rebuilt Commercial Vehicles. This is particularly so in less developed nations as Commercial Vehicles are crucial in the development of infrastructure facilities of these nations. All these factors will augur well for Rebuilt Commercial Vehicle Industry;
- iv) The liberalisation of the Malaysian Haulage Industry resulting in the growth of haulage companies from 5 to 30 haulage licence holders will continue to increase demand for Rebuilt Commercial Vehicles in order to enhance the growth of the country's Transportation Industry;
- v) The development of the Malaysian economy is largely driven by the growth of the Manufacturing Industries. As these industries strive toward becoming more competitive in the face of globalisation and liberalisation, the development of an efficient Transportation Industry which encompasses the Rebuilt Commercial Vehicle Industry is essential in supporting further growth of Manufacturing Industries; and
- vi) Greater growth and flexibility of loans disbursement by financial institutions in providing accessibility to credit facilities is a growth factor to the development of the Rebuilt Commercial Vehicle Industry.

(Source: *Assessment of the Rebuilt Commercial Vehicle Industry, Vital Factor Consulting Sdn Bhd*)

4. INFORMATION ON THE GROUP (Cont'd)

4.4.5 Players and Competition

(I) Competitive Nature

The Rebuilt Commercial Vehicle Industry operates primarily under oligopoly conditions. As at 31 January 2004 (being the latest practicable date prior to the printing of this Prospectus), there were three (3) operators in Malaysia, including BKG Group, which are able to Rebuild Commercial Vehicles for on-road use.

However, apart from BKG Group, the other two (2) companies have been granted Letters of Approval in July and August 2003 for probation periods of six (6) months to undertake Rebuilding of Commercial Vehicles. As at 31 January 2004 (being the latest practicable date prior to the printing of this Prospectus), the status of the other two (2) companies remains the same.

(II) Competitive Intensity

BKG Group primarily faces competition from new, used and reconditioned Commercial Vehicles.

Competition within the Rebuilt Commercial Vehicle Industry in Malaysia is low to moderate based on the following observations:-

Factors that Increase Competitive Intensity

Competition arising from new Commercial Vehicles. According to the Malaysian Industrial Development Authority, as at 1 December 2003, there were four (4) manufacturers and nine (9) assemblers of motor vehicles within the Automotive Industry.

Some of the assemblers are large operators with established brands such as Nissan, Isuzu and Volvo. These global brand names would exert strong competitive pressure.

Reconditioned Commercial Vehicles are also imported. However, imported reconditioned Commercial Vehicles have restrictions. Only reconditioned prime movers, tippers and specialised Commercial Vehicles are allowed to be imported into Malaysia through the Approval Permit ("AP") system. Imported prime movers are not allowed to be transferred to another owner for a minimum of four (4) years and imported tippers are not allowed to be modified. Rigid Commercial Vehicles are not allowed to be imported.

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4. INFORMATION ON THE GROUP (Cont'd)

Factors that Moderate Competitive Intensity

With the current duties levied on imported Completely Built-Up ("CBU") and Completely Knocked-Down ("CKD") Commercial Vehicles, competition intensity from import as well as assembly of Commercial Vehicles is reduced due to high duties.

Rebuilt Commercial Vehicles are priced significantly lower than new Commercial Vehicles. In addition, Rebuilt Commercial Vehicles are treated as equivalent to new Commercial Vehicles as their odometers are reset to zero and their dates of manufacture are set as the dates of completion of rebuilding. As such, Rebuilt Commercial Vehicles have significant price advantage over new Commercial Vehicles.

Rebuilt Commercial Vehicles target end-users that are unable to afford the high price of new Commercial Vehicles. As such, this group of end-users have only the used and Rebuilt Commercial Vehicles to choose from. With only two (2) new entrants into the Rebuilt Commercial Vehicle Industry, most of the immediate competition to BKG Group would come from used or Reconditioned Commercial Vehicles for on-road usage.

Reconditioned and Rebuilt Commercial Vehicles are generally priced competitively at approximately 30% to 50% below the price of comparable new Commercial Vehicles.

(Source: *Assessment of the Rebuilt Commercial Vehicle Industry, Vital Factor Consulting Sdn Bhd*)

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4. INFORMATION ON THE GROUP (Cont'd)

4.4.6 Laws and Regulations

(I) Government Laws, Regulations And Policies

(A) Key Regulatory Framework for Rebuilding of Commercial Vehicles

There are significant Government laws, regulations and policies that impact on the Rebuilding of Commercial Vehicle Industry. The main regulatory framework for the Rebuilding of Commercial Vehicles is the issuance of:-

- Manufacturing licence by the Malaysian Industrial Development Authority and MITI.
- Certificate of Recognition for Rebuilding Commercial Vehicles that enables the Rebuilt Commercial Vehicles to be registered under RTD for on-road usage.

To-date, only BKG Group through its subsidiary, BKVI has been awarded the Certificate of Recognition for Rebuilding Commercial Vehicles. Generally, without a Certificate of Recognition for Rebuilding Commercial Vehicles, the Rebuilt Commercial Vehicles will not be registered by the RTD, thus will not be allowed to be operated on State and Federal roads.

(B) Government Regulations

According to the Industrial Co-ordination Act 1975, companies which are involved in the following activities are required to apply for a manufacturing licence with the Malaysian Industrial Development Authority:-

- (i) reconditioning of commercial vehicles;
- (ii) commercial vehicle body building;
- (iii) fabrication of commercial vehicles;
- (iv) fabrication of commercial vehicle-related components and parts; and
- (v) activities relating to the conversion of commercial vehicles.

Upon approval of a manufacturing licence, the MITI will be the authority for the issuance of a manufacturing licence to the applicant of such a licence.

The BKG Group through BKVI has a manufacturing licence for the Reengineering and Reassembling of Used Commercial Vehicles effective from 6 July 2001.

4. INFORMATION ON THE GROUP (Cont'd)**(C) Licensing and Vehicle Inspection Requirements**

It is mandatory under the Road Transport Act 1987 that all motor vehicles to be registered and licensed with the RTD according to the following conditions:-

- (i) an unregistered motor vehicle which is owned by and in the possession of a dealer for the purpose of sale;
- (ii) a motor vehicle which is lawfully used under the authority of a motor vehicle trade licence granted to a manufacturer or repairer or dealer in motor vehicles;
- (iii) motor vehicle which is being driven to or from any place specified by a road transport officer for inspection or testing, or while it is being tested by a road transport officer, or while it is being driven to or from any place specified by a road transport officer for the purpose of registration and while being so driven or tested is carrying a mean of identification in accordance with the Road Transport Act 1987;
- (iv) motor vehicle lawfully brought into Malaysia; and
- (v) motor vehicle registered in any foreign country, which by virtue of any international agreement is authorised to operate in Malaysia under a licence issued in accordance with the Commercial Vehicles Licensing Board Act 1987.

The licensing requirements vary and depend on the type of vehicle. The conditions and requirements for the application of a licence are as follows:-

Types of Licensing Application		Application Conditions
Bus (new and change of conditions)	-	Approval letter from Trading Vehicle Licensing Board;
	-	Specification form;
	-	Inspection report from Puspakom*;
	-	Certificate/Vehicle Registration Declaration ; and
	-	Copy of Commercial Vehicles Licensing Board permit for vehicles (Heavy Lorry/Bus/Taxi Only).
New Heavy Lorry	-	Approval letter from Trading Vehicle Licensing Board;
	-	Specification form;
	-	Inspection report from Puspakom;
	-	Vehicle Weight Letter; and
	-	Certificate/Vehicle Registration from JPJ.
Vehicle Change Lorry	Engine for Heavy	-
		Inspection report from Puspakom*;
		JPJ form;
		Engine purchase letter/receipt;
		Customs letter; and
		Certificate/Vehicle Registration Declaration.

Note:-

- * Puspakom is the body which has been authorised by the Government to conduct vehicle inspection and is involved in the issuance of vehicle safety certification.

4. INFORMATION ON THE GROUP (Cont'd)

On 5 April 1997, BKVI has obtained a Workshop Registration license with the RTD for the construction and technical modification of motor vehicles.

On 24 July 2001, BKVI has been certified by the RTD for the Rebuilding of Commercial Vehicles. As at 31 January 2004 (being the latest practicable date prior to the printing of this Prospectus), BKVI was still the sole holder of such certification. This means that Rebuilt Commercial Vehicles manufactured by BKG Group can be registered to operate on State and Federal roads.

In addition, any person, being a manufacturer, repairer of, or dealer in motor vehicles is required to apply for a motor vehicle trade licence under the Road Transport Act 1987. Some of the conditions of motor vehicle trade licensing include:-

- a) A person or applicant is entitled to hold two(2) or more motor vehicle trade licences upon the approval of such licences;
- b) A motor vehicle trade licence shall not be assigned or transferred; and
- c) A motor trade licence shall not be granted until the applicant has produced evidence, to the satisfaction of the Director of Road Transport, that during the period of validity of such licence there will be in force such policy of insurance or such security as complies with the requirements of Part IV of the Road Transport Act 1987 specifying the provisions against third party risks arising out of the use of motor vehicles.

Based on the Road Transport Act 1987, no person shall use or cause or permit to be used a motor vehicle belonging to the class or category of motor vehicles required to undergo periodic inspection unless there is in force an inspection certificate issued.

Motor vehicles are required to undergo periodic inspection for the purpose of determining that the vehicles comply with the requirements as to construction equipment and use, and the frequency of such inspection in respect of a particular class or category of vehicles.

Every inspection certificate issued under Section 66C shall be fixed to and exhibited on the motor vehicles.

Previously, motor vehicle inspection services were conducted by the RTD. The Government has privatised the vehicle inspection services and has authorised Puspakom to undertake vehicle inspection in determining vehicle roadworthiness.

4. INFORMATION ON THE GROUP (Cont'd)

Puspakom is a member of DRB-HICOM Berhad and was incorporated on 6 January 1994. The organisation is led by a team of highly qualified professionals with the aim to expand and improve the quality of vehicle inspection services previously carried out by the RTD.

Some of the vehicle inspection tests conducted by Puspakom include:-

- (i) vehicle identification;
- (ii) smoke emission test;
- (iii) suspension test;
- (iv) headlight test;
- (v) under carriage check complete with axle-play detector;
- (vi) above carriage inspection;
- (vii) slide slip test;
- (viii) brake test;
- (ix) speedometer test; and
- (x) integrated and computer analysed result.

On 9 September 1999, BKVI has obtained an approval from the RTD allowing inspection of Rebuilt Commercial Vehicles to be conducted by Puspakom

(D) Dealers Licensing of Second-hand Goods

The Second-hand Dealers Act 1946 under Laws of Malaysia Act 189 specifies that any person who deals exclusively in the goods categorised in the Second Schedule (Section 6) of the Second-hand Dealers Act 1946 must apply for a licence in the form of the Third Schedule (Section 6) of the Second-hand Dealers Act 1947. The Second-hand Dealers Act 1946 is an act to provide for the control and licensing of dealers in second-hand goods.

Operators that are involved in the sales and purchases of used or second-handed motor vehicles or vehicle parts and components are required to apply for a Second-hand Dealers licence. The Second-hand Dealers licence is issued by the licensing officer of the area wherein the person licensed carries on business, on payment of the prescribed fee.

The expiration of the licence is on the thirty-first day of December in the year in which it is issued and the licence is not transferable except with the consent of the Chief Police Officer and on payment of the prescribed fee.

4. INFORMATION ON THE GROUP (Cont'd)

All licensed dealers are required to keep the licence posted in a conspicuous place in the dealers' shops. In addition, all licensed dealers are required to keep the following items in their shops:-

- i) a book, legibly written in the National Language or in English, in which he or she shall enter the particulars of all goods bought by him or her, with the date of the purchase, the price paid for them and the name and address of the person from whom he or she bought them and such other particulars as may be prescribed; and
- ii) a book, legibly written, in the National Language or in English in which he or she shall enter the particulars of all goods sold by him or her with the date of sale, the price received for them and the name and address of the person to whom he or she sold them and such other particulars as may be prescribed.

The above-mentioned books must be produced for examination at any time on demand by a Magistrate or by a police officer not below the rank of sergeant.

BKVI has obtained a Second-hand Dealers Licence for activities involving the purchases and sales of used or second-handed motor vehicles. The licence was issued by the Chief Police Officer in Penang on 27 January 2004.

(II) Government Incentives

Generally, the Malaysian Government provides incentives for companies involved in promoted activities/products under the Promotion of Investments Act 1986 including:-

- i) Pioneer Status;
- ii) Investment Tax Allowance; and
- iii) Reinvestment Allowance.

Commercial Vehicle Rebuilding is listed as a promoted activity/product classified under the Manufacture of Transport Equipment, Components and Accessories which is eligible for consideration of Pioneer Status and Investment Tax Allowance under the Promotion of Investments Act 1986. Eligibility for either the Pioneer Status or Investment Tax Allowance will be determined by factors such as the promoted products or activities undertaken by the company, level of value added, technology and industrial linkages.

Currently, BKVI is granted with Reinvestment Allowance from the investment in plant, machinery and factory building.

4. INFORMATION ON THE GROUP (Cont'd)

Other incentives to the Rebuilding of Commercial Vehicle Industry, which are tariff related, are exemption from Sales Tax on Acquisition of Imported or Local Raw Materials or Components and drawback of Import Duty and Sales Tax on Machinery and Equipment.

Under the Customs Act 1967, Sales Tax Act 1972 and Excise Act 1976, an exemption from sales tax on acquired materials and components for use in the manufacture of goods for export and local markets is eligible for applicant of a corporation or an unincorporated organisation based on any one of following conditions:-

- i) to acquire taxable goods from a licensed manufacturer;
- ii) to import taxable goods; and
- iii) to acquire taxable goods which are deposited or kept in a custom's warehouse or warehouse licensed under Section 65 of the Customs Act 67.

Full exemption from import duty on direct raw materials and components, effective from 1 January 1999, is granted to the manufacturers of goods for domestic and export markets.

BKG Group is currently eligible for full exemption from import duty on direct raw materials and components for use in the manufacture of goods for local market. The imported raw materials and components which are exempted for the fabrication of commercial vehicle body include:-

- i) crane;
- ii) curtain sider;
- iii) airbrake system;
- iv) landing gear/leg assembly;
- v) suspension (air);
- vi) brake chamber;
- vii) parking brake;
- viii) container lock;
- ix) 5th wheel coupler;
- x) hose coupler;
- xi) socket;
- xii) push/pull valve;
- xiii) keeper and cam; and
- xiv) twist lock.

Under the Customs Act 1967, Sales Tax Act 1972 and Excise Act 1976, most machinery and equipment not produced locally are not subjected to import duty and sales tax. However, machinery and equipment with import duty and sales tax can be considered for exemption if they are used directly in the manufacturing process and if the equipment is used for environmental control, recycling, maintenance and quality control.

Currently, there are tariffs imposed on the import of motor vehicles. With the implementation of the AFTA for the Automotive Industry by 2005, approximately 20% tax will be implemented, as opposed to previous 40% for imported motor vehicles that comply with the 40% local content.

4. INFORMATION ON THE GROUP (Cont'd)

(III) Environmental Regulations

The disposal of lubricant wastes and sludge resulting from the Commercial Vehicle rebuilding process will fall under the 'Spent Oil or Grease Used for Lubricating Industrial Machines' of Scheduled Wastes from Non Specific Sources in the Environmental Quality Act 1974 and the Environmental Quality (Scheduled Wastes) Regulations 1989. The transport and treatment of lubricant wastes and sludge is undertaken by approved contractors of the Department of Environment ("DOE").

BKG Group uses a licensed contractor called Syarikat Li Tat Enterprises to regularly dispose its lubricant wastes and sludge.

(Source: Assessment of the Rebuilt Commercial Vehicle Industry, Vital Factor Consulting Sdn Bhd)

4.4.7 Demand and Supply

Demands for Rebuilt Commercial Vehicles are primarily dependent on the needs for the transportation of goods. This in turn will depend on the well-being of the nation to drive local consumption and global economic performances to stimulate demand for Malaysian goods.

Some of the major user-sectors of Rebuilt Commercial Vehicles as well as Bodyworks include:-

- (I) **Wholesale and retail trade, hotels and restaurants** such as the transportation of goods from factories to warehouses, retail shops, supermarkets, hotels and restaurants;
- (II) **Agriculture, forestry and fishing** such as the transportation of timber, crude palm oil, rubber, cocoa beans, fruits, vegetables, livestock and seafood;
- (III) **Building and construction** such as the transportation of cement, concrete, structural steel, bricks and aggregates;
- (IV) **Manufacturing industries** where goods produced from the factories would be required to be moved to various locations locally, neighbouring countries like Thailand and Singapore, and to various ports in Malaysia for shipment overseas;
- (V) **Bus transport services** such as private and public bus transport services including excursion services; and
- (VI) **Road haulage services** such as the provision of long haul freight transport services and the transportation of containerised cargo.

4.4.8 Substitute Products/ Services

BKG Group faces the following threats of substitutes to its Rebuilt Commercial Vehicles:-

- (i) Locally assembled and imported new Commercial Vehicles; and
- (ii) Locally manufactured and imported Reconditioned Commercial Vehicles.

4. INFORMATION ON THE GROUP (Cont'd)

BKG Group's mitigating factors against threats from new Commercial Vehicles are as follows:-

- (a) BKG Group's Rebuilt Commercial Vehicles are lower costs and are targeted at different segments of the market compared to new Commercial Vehicles;
- (b) BKG Group's Rebuilt Commercial Vehicles are in fact a substitute to new Commercial Vehicles; and
- (c) During an economic downturn, potential buyers of new Commercial Vehicles are likely to switch to Rebuilt Commercial Vehicles to conserve capital investments.

BKG Group's mitigating factors against threats from other Reconditioned Commercial Vehicles are as follows:-

- (a) Imported Reconditioned (through Approval Permit) Commercial Vehicles are limited to Prime Movers, Tippers and Specialised Commercial Vehicles. However, conditions are attached to imported Reconditioned Commercial Vehicles. Imported Prime Movers are not permitted to be transferred for a minimum of four (4) years and no modifications are allowed to be made on Tipper Commercial Vehicles. In contrast, BKG Group's Rebuilt Commercial Vehicles do not have such restrictions; and
- (b) Rigid Commercial Vehicles are not permitted to be imported. In contrast, BKG Group provides Rebuilt Rigid Commercial Vehicles.

(Source: *Assessment of the Rebuilt Commercial Vehicle Industry, Vital Factor Consulting Sdn Bhd*)

4.5 MAJOR CUSTOMERS

BKG Group primarily services two (2) types of customers:-

- i) direct; and
- ii) indirect.

Rebuilt and Reconditioned Commercial Vehicles as well as Bodyworks are sold directly through its head office in Penang and branch office in Kuala Lumpur, and indirectly through authorised dealers.

BKG Group's authorised dealers service the entire Malaysia and resell or distribute the Rebuilt Commercial Vehicles to end-users. In East Malaysia, Rebuilt Commercial Vehicles are sold indirectly through the distributor, BKM. BKG Group uses indirect channels to maximise its coverage in Malaysia without significantly investing in developing and maintaining a wide distribution, warehousing and logistic network.

The Group's direct customers comprise mainly logistics, haulage and transportation companies who are the major buyers of Rebuilt and Reconditioned Commercial Vehicles and Bodyworks. BKG Group also sells directly to a wide range of other end-users.

4. INFORMATION ON THE GROUP (Cont'd)

Based on the Group's audited financial statements for the 10 months period ended 31 October 2003, the top ten (10) customers of the Group are as follows:-

	Customer Name	Products Sold	Amount RM'000	% of BKG Group Revenue	Length of Relationship (No. of years)
1	Fast Fit Motor Sdn Bhd	Rebuilt Commercial Vehicles	6,993	11.1	2
2	Nisho Equipment Sdn Bhd	Rebuilt Commercial Vehicles	3,440	5.5	2
3	SSM Commercial Vehicles Sdn Bhd	Rebuilt Commercial Vehicles	2,007	3.2	4
4	Benua Haulage Sdn Bhd	Bodyworks	1,269	2.0	1
5	LTS Logistics Sdn Bhd	Rebuilt Commercial Vehicles/ Bodyworks	1,062	1.7	5
6	Sin Hock Soon Transport Sdn Bhd	Used Reconditioned Vehicles	862	1.4	1
7	Asmo Motor Sdn Bhd	Rebuilt Commercial Vehicles	759	1.2	2
8	Sri Sungai Dua Sdn Bhd	Rebuilt Commercial Vehicles/ Bodyworks	747	1.2	7
9	S.R. Automobile Centre Sdn Bhd	Rebuilt Commercial Vehicles	635	1.0	4
10	Transware Sdn Bhd	Bodyworks	617	1.0	1
	Total		18,391	29.3	

Note:- Revenue of BKG Group for the 10 months period ended 31 October 2003 amounted to RM62.9 million excluding inter-company transactions.

For the 10 months period ended 31 October 2003, the top 10 customers of BKG Group accounted for approximately RM18.4 million and this represented 29.3% of the Group's total revenue. The remaining 70.7% of the Group's total revenue is spread across approximately 390 customers.

The top 3 customers of BKG Group accounted for 19.8% of its total turnover for the 10 months period ended 31 October 2003. The top customer, Fast Fit Motor Sdn Bhd accounted for 11.1% of the Group's total revenue for the 10 months period ended 31 October 2003. The Group's second largest was Nisho Equipment Sdn Bhd, with sales representing 5.5% of its total revenue for the 10 months period ended 31 October 2003. Its third largest customer, SSM Commercial Vehicles Sdn Bhd, accounted for 3.2% of its total sales for the 10 months period ended 31 October 2003.

As such, BKG Group is not overly dependent on any single or a small number of customers. Furthermore, BKG Group has a well-established customer base where 52% of its top 20 customers have been dealing with the Group for three (3) or more years.

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

Based on the Group's audited financial statements for the 10 months period ended 31 October 2003, the top ten (10) suppliers of the Group are as follows:-

	Suppliers	Products/ Services Purchased	Amount RM'000	% of BKG Group Purchases	Length of Relationship (No. of years)
1	Rentas Potensi Sdn Bhd	Used Components	15,190	34.7	4
2	Syarikat Ban Aik Auto Supply Sdn Bhd	Spare Parts / Components	2,431	5.6	9
3	Simex Marketing Sdn Bhd	Tyres	1,049	2.4	5
4	Excel Logistics (Malaysia) Sdn Bhd	Used Chassis	749	1.7	1
5	Choo Bee Hardwares Sdn Bhd	Metal Steels, Beams & Pipes	378	0.9	3
6	Minufa Automobile Sdn Bhd	New Chassis	357	0.8	4
7	Fuwa Engineering (S) Pte Ltd*	Axles	355	0.8	1
8	T.W.R. Industries (M) Sdn Bhd	New Rims	232	0.5	4
9	Seng Huat Brothers Car Accessories	Air Conditioning/ Radio Cassette	229	0.5	3
10	Silverstone Berhad	Tyres	223	0.5	6
	Total		21,193	48.4	

Notes:-

* Singaporean company

Purchases of BKG Group for the 10 months period ended 31 October 2003 amounted to RM43.7 million excluding inter-company transactions.

The Group is not over dependent on any single supplier save for Rentas Potensi Sdn Bhd for the 10 months period ended 31 October 2003. Rentas Potensi Sdn Bhd was the largest supplier, accounting for 34.7% of BKG Group's total purchases for the 10 months period ended 31 October 2003. Although this amount is high, there are many alternative suppliers locally that BKG Group could source, if required. The main reason for higher purchases from Rentas Potensi Sdn Bhd is to obtain volume discounts and to develop strong supplier relationship to gain priority in obtaining parts and components.

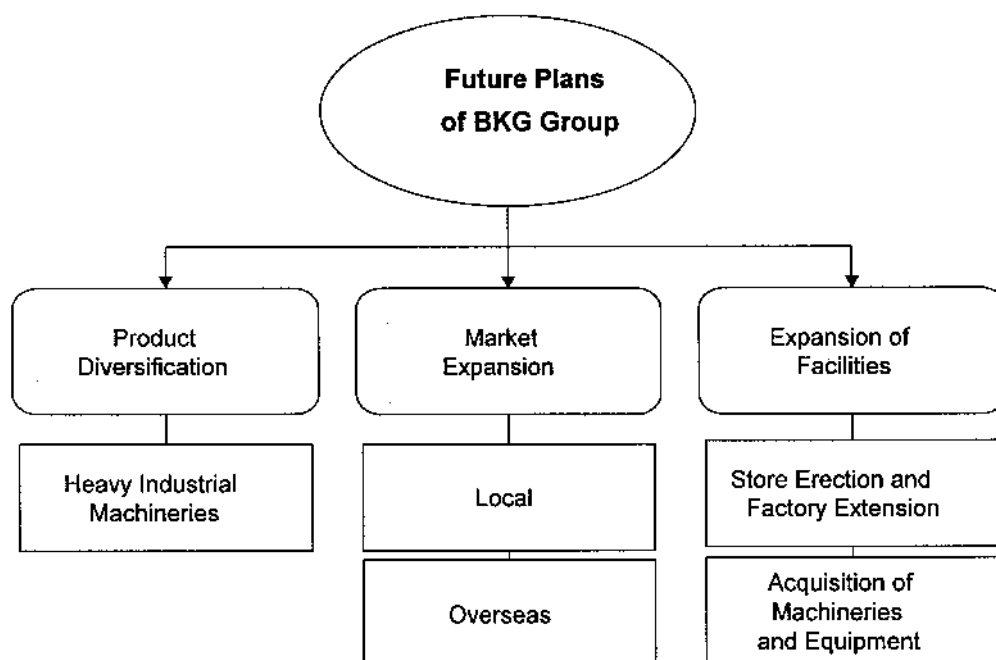
As vehicle components, parts and chassis cabs are the main raw materials used by the Group, most of the top 10 suppliers of BKG Group are focussed in these areas.

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4. INFORMATION ON THE GROUP (Cont'd)

4.7 FUTURE PLANS

The future plans of BKG Group are focused in three (3) key areas as depicted in the figure below:-

**(i) Product Diversification**

The BKG Group believes that the expansion of its current product range is important for its next stage of growth.

As such, the Group is planning to expand into the Rebuilding of Heavy Industrial Machineries.

With some minor modifications, the existing production lines have the capability of rebuilding the industrial machineries, including, among others, the following:-

- (i) forklift;
- (ii) tractors;
- (iii) crane trucks;
- (iv) concrete mixer trucks;
- (v) road sweepers; and
- (vi) garbage compactors.

The expansion into Heavy Industrial Machineries will complement the Group's existing Commercial Vehicles range as well as to enable the Group to address the opportunities in other end-user sectors currently not served by the Group.

4. INFORMATION ON THE GROUP (Cont'd)

There are synergies where buyers of Rebuilt Commercial Vehicles are also target buyers of Heavy Industrial Machineries. Some of these include the following end-user sectors:-

- (i) building and construction;
- (ii) road construction and maintenance;
- (iii) manufacturing;
- (iv) port management;
- (v) agriculture; and
- (vi) mining.

By capitalising on its existing production facilities, the Group will continue to actively research, develop and introduce new range of Heavy Industrial Machineries to keep abreast with customer needs.

In addition, the Group will provide continuous technical and skill development to its pool of employees in ensuring competency and capability to realise its plans to undertake Rebuilding Heavy Industrial Machineries.

BKG Group expects to commence Rebuilding of Heavy Industrial Machineries in 2005.

(II) Market Expansion

In line with the Group's plans to further expand its coverage, BKG Group will undertake local and overseas market expansion:-

(A) Local Market

Part of the Group's market expansion plan is focused on addressing new markets and strengthening weak markets.

The Group plans to focus its sales and distribution efforts in the following states:-

Existing Markets	New Market
Johor	Labuan
Malacca	
Pahang	
Terengganu	
Kelantan	

In view of the Group's current strong presence in the northern and central regions of Peninsular Malaysia, as well as Sabah and Sarawak, it is an opportune time for the Group to expand its customer base to include Labuan. Additionally, BKG Group is relatively weak in the southern region and Pahang. As such, BKG Group will start to improve its distribution in the Johor, Malacca, Pahang, Terengganu and Kelantan.

BKG Group's strategy to expand its local market coverage will be mainly through its indirect distribution channels of authorised dealers. BKG Group intends to cover Labuan in 2006 while increasing focus in other states will be done on a progressive manner.

4. INFORMATION ON THE GROUP (Cont'd)

(B) Export Markets

Rebuilt Commercial Vehicles

Besides the local market, the Group's future plan to focus on export opportunities in growth markets within the ASEAN region. From that perspective, the Group has started to export its Rebuilt Commercial Vehicles to Myanmar and intends to develop dealership for the distribution and sales of its Rebuilt Commercial Vehicles in the following countries:-

- i) Bangladesh;
- ii) Indonesia; and
- iii) Vietnam.

The Group's reputation for quality and reliable products and services has been an important factor in attracting and retaining customers.

In view of its extensive business experiences and the general acceptance of Rebuilt Commercial Vehicles in the local market, the Group believes these factors will serve as important reference points particularly in overseas markets that have similar environment. Similar environment conditions include transport rules, business practices, as well as countries experiencing high infrastructure and utility developments.

The Group will also be undertaking a feasibility study to assess the potential of developing dealership in these countries. The study includes the identification of customers' requirements, government regulations and business incentives.

The timeframe for the respective expansion plans are as follows:-

- a) Bangladesh by 2005;
- b) Indonesia by 2005; and
- c) Vietnam by 2006.

Used Parts, Accessories and Equipment

The Group aims to further diversify into downstream activities to include the export of local and imported used parts, accessories and equipment for the use in Commercial Vehicles. Used parts are residue from the purchase of used components for the Rebuilt processes.

At present, BKG Group is already involved in the use and trading of new as well as used parts, accessories and equipment. As such, it already has the supply base in place to expand into exports. The Group plans to sell the used parts, accessories and equipment overseas whereby Reconditioning is being undertaken by the Group prior to exporting them to meet differing overseas standards and specifications.

4. INFORMATION ON THE GROUP (Cont'd)

Used equipment, which the Group plans to target the export markets, include the following:-

- (aa) diesel engines;
- (bb) marine engines;
- (cc) mobile cranes; and
- (dd) hydraulic systems.

Diversification into export of used parts, accessories and equipment is expected to commence in 2005.

(III) Expansion Of Facilities

(A) Construction of Store and Factory Extension

In view of expanding its market coverage and product range, there is a need for BKG Group to plan for expansion of its current facilities to include:-

- i) building the storage area; and
- ii) extension of present factory area.

The Group will embark on its facility expansion plan in 2004.

(B) Acquisition of Machineries and Equipment

In view of expanding its production capacity, BKG Group plans to acquire new equipment and machineries. This is mainly for the operations of Rebuilt Commercial Vehicles and Bodyworks.

The Group will be expanding its production facilities through the acquisition of machineries and equipment including:-

- i) overhead cranes.
- ii) sandblasting system.
- iii) oven painting booth system.
- iv) testing devices including:-
 - a) headlight tester/aligner;
 - b) speedometer tester;
 - c) axle play detector;
 - d) suspension tester; and
 - e) laser tracking devices.
- v) engine testing devices including:-
 - a) engine dynamometer; and
 - b) fuel injection pump tester.
- vi) on Chassis engine analyser including:-
 - a) Chassis spring tester (hydraulic press type); and
 - b) hydraulic pressbrakes.
- vii) mig welders.