

P R O S P E C T U S



KEIN HING INTERNATIONAL BERHAD

(Company Number 616056-T)
(Incorporated in Malaysia under the Companies Act, 1965)

- I. OFFER FOR SALE OF 7,800,000 ORDINARY SHARES OF RM0.50 EACH AT AN OFFER PRICE OF RM0.65 PER ORDINARY SHARE PAYABLE IN FULL ON APPLICATION COMPRISING :
- 3,800,000 ORDINARY SHARES OF RM0.50 EACH FOR APPLICATION BY ELIGIBLE DIRECTORS AND EMPLOYEES OF KEIN HING INTERNATIONAL BERHAD AND ITS SUBSIDIARIES; AND
 - 4,000,000 ORDINARY SHARES OF RM0.50 EACH BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INVESTORS
- II. PUBLIC ISSUE OF 7,800,000 NEW ORDINARY SHARES OF RM0.50 EACH AT AN ISSUE PRICE OF RM0.65 PER NEW ORDINARY SHARE PAYABLE IN FULL ON APPLICATION COMPRISING :
- 6,000,000 NEW ORDINARY SHARES OF RM0.50 EACH AVAILABLE FOR APPLICATION BY THE MALYSIAN PUBLIC; AND
 - 1,800,000 NEW ORDINARY SHARES OF RM0.50 EACH BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INVESTORS

IN CONJUNCTION WITH THE LISTING OF KEIN HING INTERNATIONAL BERHAD ON THE SECOND BOARD OF BURSA MALAYSIA SECURITIES BERHAD (FORMERLY KNOWN AS MALAYSIA SECURITIES EXCHANGE BERHAD)

Adviser, Managing Underwriter and Placement Agent

CIMB

Commerce International Merchant Bankers Berhad
Company Number 18417-M



THE SUBSCRIPTION FOR THE ORDINARY SHARES TO BE OFFERED/ISSUED PURSUANT HERETO INVOLVES A CERTAIN DEGREE OF RISK. FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" IN PART IV HEREIN

This Prospectus Is Dated 17 September 2004



KEIN HING INTERNATIONAL BERHAD

(Company Number 616056-T)

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF KEIN HING INTERNATIONAL BERHAD ("THE COMPANY") AND THE OFFERORS, AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM, HAVING MADE ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING. THE DIRECTORS OF THE COMPANY HEREBY ACCEPT FULL RESPONSIBILITY FOR THE CONSOLIDATED PROFIT FORECAST INCLUDED IN THIS PROSPECTUS AND CONFIRM THAT THE PROFIT FORECAST HAS BEEN PREPARED BASED ON ASSUMPTIONS MADE.

COMMERCE INTERNATIONAL MERCHANT BANKERS BERHAD, BEING THE ADVISER, MANAGING UNDERWRITER AND PLACEMENT AGENT, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE OFFER FOR SALE OF 7,800,000 ORDINARY SHARES OF RM0.50 EACH IN THE COMPANY AND PUBLIC ISSUE OF 7,800,000 NEW ORDINARY SHARES OF RM0.50 EACH IN THE COMPANY AND IS SATISFIED THAT THE CONSOLIDATED PROFIT FORECAST (FOR WHICH THE DIRECTORS OF THE COMPANY ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THIS PROSPECTUS HAS BEEN STATED BY THE DIRECTORS OF THE COMPANY AFTER DUE AND CAREFUL ENQUIRY AND HAS BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

THE SECURITIES COMMISSION ("SC") HAD ON 7 MAY 2004 APPROVED THIS OFFER FOR SALE AND PUBLIC ISSUE IN RESPECT OF THE PUBLIC OFFERING AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC OFFERING. THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

THE BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS CORRECTNESS OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST OF THE SECOND BOARD OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INVITATION, THE COMPANY OR OF ITS ORDINARY SHARES.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. A COPY OF THIS PROSPECTUS, TOGETHER WITH THE FORM OF APPLICATION, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES ("ROC"), AND NEITHER THE SC NOR THE ROC TAKES ANY RESPONSIBILITY FOR ITS CONTENTS.

INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for the Company's entire enlarged issued and paid-up share capital on the Second Board of Bursa Securities is set out below:

Event	Date
Issuance of Prospectus	17 September 2004
Opening of applications	17 September 2004
Closing of applications*	24 September 2004
Balloting date	28 September 2004
Date of dispatch of notice of allotment to successful applicants	5 October 2004
Listing date	6 October 2004

Note:

- * *The application for the Offer Shares and Public Issue Shares will close at the time and date stated, or at such later date or dates as the Directors of the Company, Offerors and the Managing Underwriter may in their absolute discretion mutually decide. Should the closing date of the application be extended, the notice of extension of the closing date will be published in a Bahasa Malaysia and English newspaper which is widely circulated in Malaysia and the dates for the dispatch of notice of allotment, and the listing of and quotation for the entire issued and paid-up share capital of KHIB on the Second Board of Bursa Securities will be extended accordingly.*

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DEFINITIONS

In this Prospectus, unless otherwise stated, the following abbreviations shall have the following meanings and shall apply throughout:

“Acquisition of HKH”	:	The acquisition by KHIB of 49% of the issued and fully paid-up share capital of HKH comprising 490,000 ordinary shares of RM1.00 each in HKH from KHI for a total purchase consideration of RM1.00 satisfied by cash
“Acquisition of KHA”	:	The acquisition by KHIB of 66% of the issued and fully paid-up share capital of KHA comprising 329,999 ordinary shares of RM1.00 each in KHA (comprising 254,999 ordinary class A shares of RM1.00 each and 75,000 ordinary class B shares of RM1.00 each) from KHI for a total purchase consideration of RM263,795 satisfied by cash
“Acquisition of KHI”	:	The acquisition by KHIB of the entire issued and fully paid-up share capital of KHI comprising 4,000,000 ordinary shares of RM1.00 each in KHI for a total purchase consideration of RM48,672,315 satisfied wholly by the issuance of 91,199,998 KHIB Shares, at approximately RM0.534 per KHIB Share
“Acquisition of KHMV”	:	The acquisition by KHIB of 51% of the legal capital of KHMV of USD612,000 from KHI for a total purchase consideration of USD612,000 satisfied by cash
“Acquisitions”	:	The Acquisition of KHI, Acquisition of KHA, Acquisition of KHMV and Acquisition of HKH collectively
“ADA”	:	Authorised Depository Agent
“ADA Code”	:	ADA (Broker) Code
“AFTA”	:	ASEAN Free Trade Area
“Application”	:	The application for the Issues Shares by way of Application Forms or by way of Electronic Share Application
“Application Form”	:	The printed application form for the application of the Issues Shares accompanying this Prospectus
“Application Monies”	:	The monies received from applicants in respect of the Offer for Sale and the Public Issue pursuant to their applications
“ASEAN”	:	Association of South East Asian Nations
“ATM”	:	Automated Teller Machine
“BNM”	:	Bank Negara Malaysia
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (165570-W) <i>(formerly known as Malaysian Central Depository Sdn Bhd)</i> , a subsidiary of Bursa Securities
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (635998-W) <i>(formerly known as Malaysia Securities Exchange Berhad)</i>
“CDS”	:	Central Depository System
“CIMB”	:	Commerce International Merchant Bankers Berhad (18417-M)

DEFINITIONS (CONT'D)

“CNC”	:	Computer numerical controlled
“CRT”	:	Cathode ray tube
“Electronic Share Application”	:	Application for the Issues Shares through a Participating Financial Institution’s ATM
“EPS”	:	Earnings per share
“Factory A”	:	TCY Holdings’ factory located at Lot 1837, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan
“Factory B”	:	KHI’s factory located at Lot 1863 and 1864, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan
“Factory C”	:	KHI’s factory located at No. 2, 4, 6 and 8, Jalan Indah 2/16, Taman Universiti Indah, 43300 Seri Kembangan, Selangor Darul Ehsan
“Factory D”	:	KHI’s factory located at Lot 44, Jalan 6/2, 43300 Seri Kembangan, Selangor Darul Ehsan
“Factory E”	:	KHI’s factory located at Lot 33, Jalan 6/2, 43300 Seri Kembangan, Selangor Darul Ehsan
“FIC”	:	Foreign Investment Committee
“HKH”	:	Hirotao Kein Hing Sdn Bhd (467021-X), a 49%-owned associated company of KHIB
“Independent Market Researcher”	:	Infocredit D&B (Malaysia) Sdn Bhd (527570-M)
“Independent Market Researcher Report”	:	Independent Market Researcher’s Industry Report dated 12 September 2003 (updated on 4 August 2004)
“ISO 9000”	:	International Organisation for Standardisation 9000
“ISO 14001”	:	International Organisation for Standardisation 14001
“ISO/TS 16949”	:	International Organisation for Standardisation/Technical Specification 16949
“Issues”	:	The Offer for Sale and Public Issue, collectively
“Issues Shares”	:	The Offer Shares and Public Issue Shares, collectively
“KHA”	:	Kein Hing Appliances Sdn Bhd (560198-X), a 83%-owned subsidiary of KHIB
“KHI”	:	Kein Hing Industry Sdn Bhd (68403-W), a wholly-owned subsidiary of KHIB
“KHIB” or the “Company”	:	Kein Hing International Berhad (616056-T)
“KHIB Group” or the “Group”	:	KHIB and its subsidiaries, namely KHI, KHA and KHMV
“KHIB Shares”	:	Ordinary shares of RM0.50 each in KHIB
“KHMV”	:	Kein Hing Muramoto (Vietnam) Co. Ltd, a 51%-owned subsidiary of KHIB

DEFINITIONS (CONT'D)

“Listing”	:	The admission and the listing of and quotation for the entire enlarged issued and paid-up share capital of KHIB comprising 99,000,000 KHIB Shares on the Official List of the Second Board of Bursa Securities
“Market Day”	:	Any day between Monday and Friday, both days inclusive, which is not a public holiday and on which Bursa Securities is open for the trading of securities
“MAICSA”	:	Malaysian Association of The Institute of Chartered Secretaries and Administrators
“MI”	:	Minority interests
“MIDFCCS”	:	MIDF Consultancy and Corporate Services Sdn Bhd (11324-H)
“MIMB”	:	Malaysian International Merchant Bankers Berhad (10209-W)
“MITI”	:	Ministry of International Trade and Industry
“MNC”	:	Multi-national companies
“NBV”	:	Net book value
“NTA”	:	Net tangible assets
“Offer for Sale”	:	The offer for sale by the Offerors of 7,800,000 Offer Shares comprising 3,800,000 Offer Shares to the eligible Directors and employees of KHIB and its subsidiaries, and 4,000,000 Offer Shares by way of private placement, to identified investors payable in full upon application and subject to the terms and conditions of this Prospectus
“Offer Price”	:	The offer price of RM0.65 per Offer Share pursuant to the Offer for Sale
“Offer Shares”	:	The KHIB Shares to be offered by the Offerors pursuant to the Offer for Sale
“Offerors”	:	The shareholders of KHIB making the Offer for Sale as follows:

Shareholders	No. of Offer Shares	Percentage of enlarged issued and paid-up share capital of KHIB %
Yap Toon Choy	5,500,000	5.56
Yong Elaine	2,300,000	2.32
Total	7,800,000	7.88

“Participating Financial Institutions”	:	Participating financial institutions for Electronic Share Application as listed in Part XVIII of this Prospectus
“PAT”	:	Profit after taxation

DEFINITIONS (CONT'D)

“PBT”	:	Profit before taxation
“PE multiple”	:	Price earnings multiple
“Promoters”	:	The promoters of KHIB, namely Yap Toon Choy and Yong Elaine
“Public Issue”	:	The public issue of 7,800,000 Public Issue Shares comprising 6,000,000 Public Issue Shares to the Malaysian public and 1,800,000 Public Issue Shares by way of private placement, to identified investors payable in full upon application and subject to the terms and conditions of this Prospectus
“Public Issue Price”	:	The issue price of RM0.65 per Public Issue Share pursuant to the Public Issue
“Public Issue Shares”	:	The new KHIB Shares to be issued pursuant to the Public Issue
“R&D”	:	Research and development
“RM”	:	Ringgit Malaysia
“ROC”	:	Registrar of Companies
“S&Y”	:	S&Y Metal Stamping Sdn Bhd (322100-U), a 28%-owned associated company of KHI
“SC”	:	Securities Commission
“SC Guidelines”	:	Policies and Guidelines on Issue/Offer of Securities issued by the SC
“SGD”	:	Singapore Dollar
“sq. ft.”	:	Square feet
“sq. m.”	:	Square metre
“TCY Holdings”	:	T.C. Yap Holdings Sdn Bhd (113270-M)
“USA”	:	United States of America
“USD”	:	United States Dollar
“Y.A.M. Tengku Syarif”	:	Y.A.M. Tengku Syarif Temenggong Perlis Dato’ Seri Diraja Syed Amir Abidin Jamalullail

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation.

Unless otherwise indicated, any reference in this Prospectus to any legislation, statute or statutory provision is a reference to that legislation, statute or statutory provision as for the time being amended or re-enacted and to any repealed legislation, statute or statutory provision which it re-enacts (with or without modifications).

Any reference to a time of day in this Prospectus shall be a reference to Malaysian time, unless otherwise stated.

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I. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Nationality	Occupation
Y.A.M. Tengku Syarif <i>(Non-Independent Non-Executive Chairman)</i>	No. 5, Jalan Cemerlang Taman Duta 50480 Kuala Lumpur	Malaysian	Director
Yap Toon Choy <i>(Group Managing Director)</i>	3A-09-01 Saujana Bungaraya Condo 40150 Shah Alam Selangor Darul Ehsan	Malaysian	Director
Yong Elaine <i>(Executive Director)</i>	3A-09-01 Saujana Bungaraya Condo 40150 Shah Alam Selangor Darul Ehsan	Singaporean	Director
Liew Choon Fong <i>(Executive Director)</i>	No. 20C-2, Block F 3rd Floor, Jalan 18/14 Taman Sri Serdang 43300 Seri Kembangan Selangor Darul Ehsan	Malaysian	Director
Shigeaki Sugiyama <i>(Executive Director)</i>	M-300-4-9, Taman Desa OBD Tower, Jalan Klang Lama 58100 Kuala Lumpur	Japanese	Director
Darsan Singh a/l Balwant Singh <i>(Independent Non-Executive Director)</i>	No. 1, Jalan Perkasa 8 Taman Maluri, Cheras 55100 Kuala Lumpur	Malaysian	Advocate and Solicitor
Swee Soo Mang <i>(Independent Non-Executive Director)</i>	No. 4, Lorong Hujan Emas Dua Taman Overseas Union 58200 Kuala Lumpur	Malaysian	Director
Tan Teik Soon <i>(Independent Non-Executive Director)</i>	No. 6, Jalan Payang 2 Taman Sri Bahtera 56100 Kuala Lumpur	Malaysian	Accountant

AUDIT COMMITTEE

Name	Designation	Directorship
Swee Soo Mang	Chairman of the Committee	Independent Non-Executive Director
Tan Teik Soon	Member of the Committee	Independent Non-Executive Director
Liew Choon Fong	Member of the Committee	Executive Director

I. CORPORATE DIRECTORY (CONT'D)

- COMPANY SECRETARY** : Ng Yim Kong (LS0008343)
97, Jalan USJ 2/4R
UEP Subang Jaya
47600 Subang Jaya
Selangor Darul Ehsan
- REGISTERED OFFICE** : Lot 1863, Jalan Kolej
43300 Seri Kembangan
Selangor Darul Ehsan
- Telephone no.: 603-8942 4650
Facsimile no.: 603-8948 9261
- HEAD/MANAGEMENT OFFICE** : Lot 1863 and 1864, Jalan Kolej
43300 Seri Kembangan
Selangor Darul Ehsan
- Telephone no.: 603-8942 4649
Facsimile no.: 603-8948 9989
E-mail: keinhing@tm.net.my/keinhing@keinhing.com
Website: <http://www.keinhing.com>
- AUDITORS AND REPORTING ACCOUNTANTS** : KPMG
Chartered Accountants
Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur
- Telephone no.: 603-2095 3388
Facsimile no.: 603-2095 0971
- SOLICITORS FOR THE LISTING EXERCISE** : Jeff Leong, Poon & Wong
A-11-3A, Level 11
Megan Avenue II
Jalan Yap Kwan Seng
50450 Kuala Lumpur
- Telephone no.: 603-2166 3225
Facsimile no.: 603-2166 3227
- PRINCIPAL BANKERS** : OCBC Bank (Malaysia) Bhd
Ground/Mezzanine Floor
Wisma Lee Rubber
Jalan Melaka
50100 Kuala Lumpur
- Telephone no.: 603-2692 0344
- Public Bank Bhd
Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur
- Telephone no.: 603-2176 6000

I. CORPORATE DIRECTORY (CONT'D)

ISSUING HOUSE	:	MIDF Consultancy and Corporate Services Sdn Bhd 12th Floor, MIDF Building 195A, Jalan Tun Razak 50400 Kuala Lumpur Telephone no.: 603-2161 3355 Facsimile no.: 603-2164 7995
REGISTRAR	:	Epsilon Registration Services Sdn Bhd 312, 3rd Floor, Block C Kelana Square 17 Jalan SS7/26 47301 Petaling Jaya Selangor Darul Ehsan Telephone no.: 603-7806 2116 Facsimile no.: 603-7806 1261
ADVISER, MANAGING UNDERWRITER AND PLACEMENT AGENT	:	Commerce International Merchant Bankers Berhad 7th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Telephone no.: 603-2084 8888 Facsimile no.: 603-2095 5522
UNDERWRITERS	:	Commerce International Merchant Bankers Berhad 7th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Malaysian International Merchant Bankers Berhad 21st Floor, Wisma Cyclecarri 288 Jalan Raja Laut 50350 Kuala Lumpur
INDEPENDENT VALUER	:	Konsortium Perunding Hartanah Sdn Bhd 3-2, Jalan 109E, Desa Business Park Off Jalan Klang Lama 58100 Kuala Lumpur Telephone no.: 603-7984 6113 Facsimile no.: 603-7984 6119
INDEPENDENT MARKET RESEARCHER	:	Infocredit D&B (Malaysia) Sdn Bhd Level 9-3A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur Telephone no.: 603-2718 1000 Facsimile no.: 603-2718 1001
LISTING SOUGHT	:	Second Board of Bursa Securities

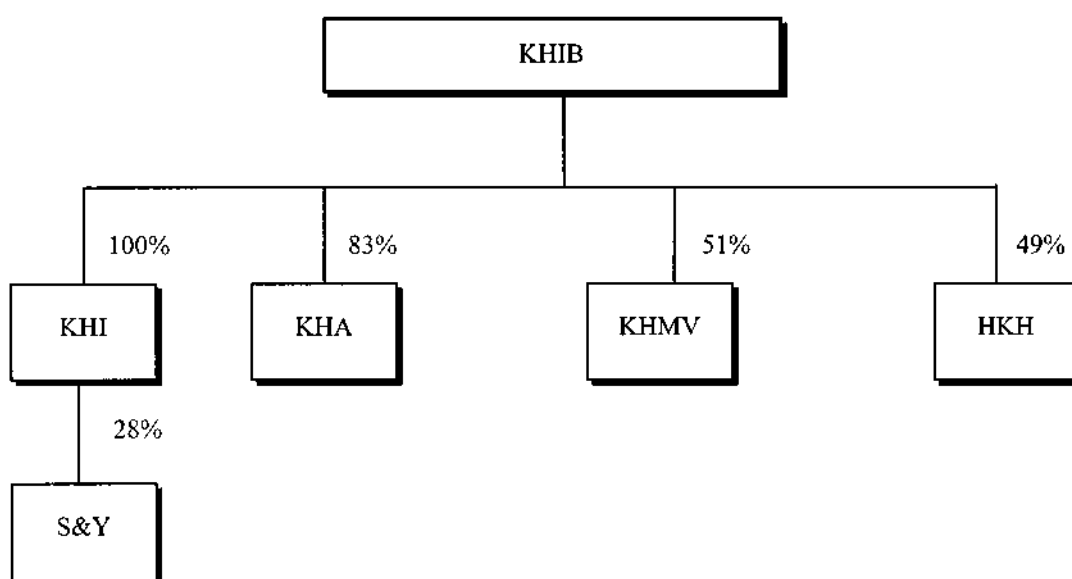
II. INFORMATION SUMMARY

THIS SECTION OF THE PROSPECTUS REPRESENTS ONLY A SUMMARY OF THE SALIENT INFORMATION IN RELATION TO THE KHIB GROUP AND OF THE ISSUES. INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST IN THE ISSUES SHARES.

1. HISTORY AND BUSINESS

KHIB was incorporated in Malaysia as a private limited company under the Companies Act, 1965 on 23 May 2003 under the name of Kein Hing International Sdn Bhd. It was converted to a public limited company on 22 August 2003 and assumed its present name.

The corporate structure of the KHIB Group is as follows:



The Company is principally involved in investment holding whilst the principal activities of its subsidiaries and associated companies are as follows:

Company	Principal activities
<i>Subsidiaries</i>	
KHI	Sheet metal forming, precision machining and components assembly
KHA	Trading in electrical and electronic products, and home appliances
KHMV	Sheet metal forming, precision machining and components assembly
<i>Associated company</i>	
HKH	Car components manufacturer
<i>Associated company of KHI</i>	
S&Y	Precision metal stamping

Further information on the history and business of the Company and its subsidiaries and associated companies are set out in Parts VI and VIII of this Prospectus, respectively.

II. INFORMATION SUMMARY (CONT'D)

2. OWNERSHIP AND MANAGEMENT

2.1 Promoters

The Promoters and their respective shareholdings in KHIB after the Issues are as follows:

Promoters	After Issues			
	Direct		Indirect	
	No. of KHIB Shares	Percentage of share capital %	No. of KHIB Shares	Percentage of share capital %
Yap Toon Choy	32,841,620	33.17	-	-
Yong Elaine	20,400,820	20.61	-	-

2.2 Substantial Shareholders

The substantial shareholders of KHIB and their respective shareholdings in KHIB after the Issues are as follows:

Substantial shareholders	Designation	After Issues			
		Direct		Indirect	
		No. of KHIB Shares	Percentage of share capital %	No. of KHIB Shares	Percentage of share capital %
Y.A.M. Tengku Syarif	Non-Independent Non-Executive Chairman	19,813,200	20.01	-	-
Yap Toon Choy	Group Managing Director	32,841,620	33.17	-	-
Yong Elaine	Executive Director	20,400,820	20.61	-	-

II. INFORMATION SUMMARY (CONT'D)

2.3 Directors

The Directors of KHIB and their respective shareholdings in KHIB after the Issues are as follows:

Directors	Designation	After Issues			
		*Direct		*Indirect	
		No. of KHIB Shares	Percentage of share capital %	No. of KHIB Shares	Percentage of share capital %
Y.A.M. Tengku Syarif	Non-Independent Non-Executive Chairman	19,813,200	20.01	-	-
Yap Toon Choy	Group Managing Director	32,841,620	33.17	-	-
Yong Elaine	Executive Director	20,400,820	20.61	-	-
Liew Choon Fong	Executive Director	363,250	0.37	-	-
Shigeaki Sugiyama	Executive Director	363,250	0.37	-	-
Darsan Singh a/l Balwant Singh	Independent Non-Executive Director	-	-	-	-
Swee Soo Mang	Independent Non-Executive Director	-	-	-	-
Tan Teik Soon	Independent Non-Executive Director	-	-	-	-

Note:

- * The direct and/or indirect shareholdings are based on the assumption that the Offer Shares allocated to the eligible Directors and employees of KHIB and its subsidiaries pursuant to the Offer for Sale are fully taken up by the respective Directors and employees.

II. INFORMATION SUMMARY (CONT'D)

2.4 Key Management

The key management personnel of the KHIB Group and their respective shareholdings in KHIB after the Issues are as follows:

Key management	Designation	After Issues			
		*Direct		*Indirect	
		No. of KHIB Shares	Percentage of share capital %	No. of KHIB Shares	Percentage of share capital %
Lim Teik Cheng	Corporate Planner	20,000	0.02	-	-
Loong Ding Tong	Financial Controller	110,000	0.11	-	-
Ting Kian Sing	Senior Accounts Manager	40,000	0.04	-	-
Ee Chu Waa	Sales and Marketing General Manager	200,000	0.20	-	-
Chong Meow Chin	Production Department Assistant General Manager	180,000	0.18	-	-
Chan Woon To	R&D Assistant General Manager	110,000	0.11	-	-
Low Kok Hang	Sales Department Senior Manager	80,000	0.08	-	-
Ana Low	Purchasing Department Senior Manager	60,000	0.06	-	-
Peh Soo Hui	Information Technology Senior Manager	50,000	0.05	-	-
Liaw Soo Hui	Senior Environment Manager	40,000	0.04	-	-
Tang Yuen San	Quality Control and Quality Management Senior Manager	50,000	0.05	-	-
Haris Bin Ghazali	Production Control Senior Manager	60,000	0.06	-	-
Teh Siaw Lian	Supply Chain Management Manager	30,000	0.03	-	-
Badlaisah Bin Sani	Production Engineering Manager	30,000	0.03	-	-

Note:

* The direct and/or indirect shareholdings are based on the assumption that the Offer Shares allocated to the eligible Directors and employees of KHIB and its subsidiaries pursuant to the Offer for Sale are fully taken up by the respective Directors and employees.

II. INFORMATION SUMMARY (CONT'D)

Detailed information on the Promoters, substantial shareholders and Directors of the Company and the key management of the Group is set out in Part VII of this Prospectus.

3. LICENCES

The KHIB Group have licences from various authorities. Further details on the Group's major licenses are set out in Section 6.7 of Part VI of this Prospectus.

4. FINANCIAL HIGHLIGHTS

4.1 Proforma Consolidated Income Statements

The table below sets out a summary of the proforma consolidated income statement of the KHIB Group for the past 5 financial years ended 30 April 2004, prepared based on the audited financial statements of the Group and on the assumption that the current structure of the KHIB Group has been in existence throughout the financial years under review. The proforma consolidated income statement of the KHIB Group is presented for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report as set out in Part XII of this Prospectus:

	<----- Financial years ended 30 April ----->				
	2000 RM 000	2001 RM 000	2002 RM 000	2003 RM 000	2004 RM 000
Revenue	72,282	83,774	78,018	90,202	98,417
Operating profit	12,027	14,056	16,385	16,567	16,469
Interest income	113	139	95	129	85
Interest expense	(1,541)	(1,637)	(2,440)	(2,335)	(1,775)
Depreciation	(3,253)	(4,003)	(5,359)	(6,109)	(6,833)
Consolidated PBT	7,346	8,555	8,681	8,252	7,946
Taxation	(1,879)	(1,650)	(1,846)	(1,681)	(1,856)
Consolidated PAT	5,467	6,905	6,835	6,571	6,090
MI	-	-	-	6	89
Consolidated profit attributable to shareholders	5,467	6,905	6,835	6,577	6,179
Number of KHIB Shares assumed in issue (000) ⁽¹⁾	91,200	91,200	91,200	91,200	91,200
Gross EPS (sen) ⁽²⁾	8.05	9.38	9.52	9.05	8.71
Net EPS (sen) ⁽³⁾	5.99	7.57	7.49	7.21	6.78

Notes:

- (1) The assumed issued and paid-up share capital of 91,200,000 KHIB Shares is based on the issued and paid-up share capital of KHIB after the Acquisitions but prior to the Issues.
- (2) The gross EPS is computed based on the consolidated PBT divided by the number of KHIB Shares assumed in issue.
- (3) The net EPS is computed based on the consolidated PAT and MI divided by the number of KHIB Shares assumed in issue.

There were no exceptional or extraordinary items during the financial years under review.

Further details on the proforma consolidated income statement of the KHIB Group are set out in Section 1.1 of Part XI of this Prospectus.

II. INFORMATION SUMMARY (CONT'D)

4.2 Proforma Consolidated Balance Sheets as at 30 April 2004

The table below sets out a summary of the proforma consolidated balance sheets of the KHIB Group as at 30 April 2004 to show the effects of the Acquisitions, Offer for Sale, Public Issue and proposed utilisation of proceeds from the Public Issue in conjunction with the Listing, on the assumption that the Listing will be completed by 30 April 2004. The proforma consolidated balance sheets of the KHIB Group are presented for illustrative purposes only and should be read in conjunction with the notes and assumptions to the proforma consolidated balance sheets of the KHIB Group as set out in Sections 9 and 10 of Part XI of this Prospectus:

	Audited financial statement as at 30 April 2004 RM 000	Proforma I After Acquisitions RM 000	Proforma II After Proforma I, Issues and utilisation of proceeds RM 000
Property, plant and equipment	-	71,969	71,969
Investment in associate companies	-	725	725
Other investments	-	616	616
Inventories	-	11,515	11,515
Trade receivables	-	14,706	14,706
Other receivables and prepayments	586	3,522	2,936
Cash and cash equivalents	*	2,805	6,461
Current assets	586	32,548	35,618
Trade payables	-	9,701	9,701
Other payables and accruals	590	3,317	3,317
Borrowings	-	15,086	15,086
Provision for taxation	-	841	841
Current liabilities	(590)	(28,945)	(28,945)
Net current (liabilities)/assets	(4)	3,603	6,673
	(4)	76,913	79,983
Represented by:			
Share capital	*	45,600	49,500
Reserves	(4)	3,751	2,921
(Deficit in)/shareholders' funds	(4)	49,351	52,421
MI	-	2,180	2,180
Deferred tax liabilities	-	8,147	8,147
Borrowings	-	17,235	17,235
	(4)	76,913	79,983
NTA per share (RM)	(2,000)	0.54	0.53

II. INFORMATION SUMMARY (CONT'D)

*Notes:** *Less than RM1,000.*** *KHMY was only established/incorporated on 28 August 2003 and as such there were no audited financial statements to be used in the calculation of the proforma consolidated balance sheets of the KHIB Group as at 30 April 2004.***4.3 Audit Qualifications of the Audited Financial Statements**

The present financial year end of KHI and KHA is 30 April. The financial statements of KHI and KHA for the financial years ended from 30 April 2000 to 30 April 2002, were audited by another firm of accountants.

The audited financial statements of the Company, KHI and KHA were not subject to any audit qualifications or emphasis of matter for the past 5 financial years.

5. PRINCIPAL STATISTICS**5.1 Share Capital**

	RM
<i>Authorised</i>	
100,000,000 KHIB Shares	50,000,000
<i>Issued and fully paid-up as at the date of this Prospectus</i>	
91,200,000 KHIB Shares	45,600,000
<i>To be issued pursuant to the Public Issue</i>	
7,800,000 new KHIB Shares	3,900,000
	49,500,000
<i>To be offered for sale by the Offerors pursuant to the Offer for Sale</i>	
7,800,000 KHIB Shares	3,900,000

5.2 Classes of Shares and Rights

There is only one class of shares in the Company, being ordinary shares of RM0.50 each. The Offer Shares and Public Issue Shares will rank *pari passu* in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and will be entitled to all rights and dividends and distributions that may be declared subsequent to the date of this Prospectus.

Further information on principal statistics relating to the Offer for Sale and Public Issue is set out in Section 3 of Part III of this Prospectus.

5.3 Offer Price or Public Issue Price

The Offer Price or Public Issue Price for each Offer Share or Public Issue Share	RM0.65
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II. INFORMATION SUMMARY (CONT'D)

5.4 Proforma Consolidated NTA as at 30 April 2004

Proforma consolidated NTA (RM 000) <i>(after the Acquisitions, Issues and deducting the total estimated listing expenses of RM2,000,000)</i>	52,421
Proforma consolidated NTA per KHIB Share (RM) <i>(based on the enlarged issued and paid-up share capital of 99,000,000 KHIB Shares)</i>	0.53

5.5 Consolidated Profit Forecast

The consolidated profit forecast of the Group for the financial year ending 30 April 2005 is as follows:

	RM 000
Consolidated revenue	<u>105,469</u>
Consolidated PBT	8,410
Taxation	<u>(1,160)</u>
Consolidated PAT but before MI	7,250
MI	<u>451</u>
Consolidated PAT and MI	7,701
Less pre-acquisition profit	<u>(1,813)</u>
Consolidated profit attributable to shareholders	<u>5,888</u>
Gross EPS* (sen)	8.49
Net EPS** (sen)	7.78
Gross PE Multiple (times)***	7.66
Net PE Multiple (times)***	8.35

Notes:

* Computed based on the consolidated PBT divided by the 99,000,000 KHIB Shares in issue on the assumption that the Issues will be completed by October 2004.

** Computed based on the consolidated PAT after MI divided by 99,000,000 KHIB Shares in issue on the assumption that the Issues will be completed by October 2004.

*** Based on the Offer Price or Public Issue Price of RM0.65 per Offer Share or Public Issue Share.

The principal bases and assumptions upon which the consolidated profit forecast of the Group has been made are set out in Section 5 of Part XI of this Prospectus.

II. INFORMATION SUMMARY (CONT'D)

5.6 Dividend Forecast

The Company expects to declare a tax-exempt dividend of 2 sen per KHIB Share for the financial year ending 30 April 2005.

Tax-exempt dividend per ordinary share (sen)	2.00
Tax-exempt dividend yield <i>(based on the offer/issue price of RM0.65 per Offer/Public Issue Share)</i>	3.08%
Net dividend cover (times)	3.89

6. PROCEEDS FROM THE PUBLIC ISSUE AND THE UTILISATION THEREOF

The total gross proceeds receivable by KHIB from the Public Issue of RM5.070 million is expected to be fully utilised by the Group for its core business by April 2006 in the following manner:

	RM 000
Working capital	3,070
Estimated listing expenses	2,000
	5,070

No part of the gross proceeds from the Offer for Sale of RM5.070 million is receivable by the Company. The gross proceeds from the Offer for Sale shall accrue entirely to the Offerors.

The estimated expenses and fees, including brokerage, placement fees, professional fees and underwriting commission relating to the Public Issue Shares, incidental to the Listing amounting to approximately RM2.0 million shall be borne by the Company.

Details of the utilisation of proceeds are set out in Section 7 of Part III of this Prospectus.

7. MATERIAL LITIGATION, CONTINGENT LIABILITIES, MATERIAL COMMITMENTS, BORROWINGS AND WORKING CAPITAL

7.1 Material Litigation

As at 6 September 2004, neither the Company nor any of its subsidiaries is engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries, and the Board of Directors of KHIB is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Company or its subsidiaries.

7.2 Contingent Liabilities

As at 6 September 2004, the Board of Directors of KHIB is not aware of any material contingent liabilities incurred by the Group which, upon becoming enforceable, may have a material impact on the financial position of the Group.

II. INFORMATION SUMMARY (CONT'D)

7.3 Material Commitments

Save as disclosed below, as at 6 September 2004, the Board of Directors of KHIB is not aware of any material commitments for capital expenditure contracted or known to be contracted by the Company or its subsidiaries, which may have a material impact on the financial position of the Group.

	RM 000
Approved and contracted for	<u>(1)2,000</u>
Approved but not contracted for	<u>(2)7,663</u>

Notes:

- (1) *The amount is in relation to the acquisition and construction of factory located at Lot 1866 and 1867, Mukim and District of Petaling, Selangor Darul Ehsan and the factory in Vietnam.*
- (2) *The amount is in relation to the acquisition of plant and machinery.*

7.4 Borrowings

The total outstanding interest-bearing borrowings of the Group as at 6 September 2004 are as follows:

Outstanding interest-bearing borrowings	Payable within 12 months RM 000	Payable after 12 months RM 000
Bank overdrafts, trust receipts and bankers' acceptances and revolving credit	2,980	-
Term loans	5,348	12,123
Hire-purchase	3,314	2,794
Total	<u>11,642</u>	<u>14,917</u>

The Group has not defaulted in payment of either interest or principal or both for any of its borrowings throughout the past one financial year and the subsequent financial period thereof, immediately preceding the date of this Prospectus.

As at 6 September 2004, the Group has USD476,532 included in its revolving credit which is utilised by KHMV as temporary financing for the purchase of plant and machinery and as progressive payment for its factory.

7.5 Working Capital

The Board of Directors of KHIB is of the opinion that after taking into consideration the cashflow position and banking facilities available and the net proceeds from the Public Issue, the Group will have adequate working capital for a period of 12 months from the date of this Prospectus.

II. INFORMATION SUMMARY (CONT'D)

8. RISK FACTORS

An investment in shares listed/to be listed on Bursa Securities involves a number of risks. Investors should rely on their own evaluations and carefully consider the risk factors, together with other information contained in this Prospectus before subscribing or applying for any of the Issues Shares which are the subject of this Prospectus.

The following are some of the main risk factors (which may not be exhaustive), as summarised from Part IV of this Prospectus, which applicants for the Issues Shares, should carefully consider, in addition to other information contained elsewhere in this Prospectus, before applying for the Issues Shares:

- (i) Delay in or Failure of the Listing;
- (ii) No Prior Market for **KHIB** Shares;
- (iii) Delay in Settlement and Trading;
- (iv) Ability to Realise Dividends from Its Subsidiaries;
- (v) Business Risk;
- (vi) Foreign Operations;
- (vii) Competition;
- (viii) Control by Certain Substantial Shareholders;
- (ix) Dependency on Major Customers and Major Suppliers;
- (x) Dependency on Key Personnel;
- (xi) Adequacy of Insurance Coverage;
- (xii) Risks Associated with Bank Borrowings and Restrictive Covenants under Borrowing Facility Agreements;
- (xiii) Foreign Market Risks and Foreign Exchange Risks;
- (xiv) Fluctuation in Raw Material and Selling Prices;
- (xv) Dependency on Particular Industries and Sector;
- (xvi) Risks Associated with Technological Change;
- (xvii) Political, Economic and Regulatory Considerations;
- (xviii) Related Party Transactions and Conflict of Interests;
- (xix) Operational Risks;
- (xx) Security Threat and System Disruption;
- (xxi) Investment Risks;
- (xxii) Profit Forecast;
- (xxiii) Implementation of AFTA; and
- (xxiv) Forward-Looking Statements.