

VI. INFORMATION ON THE KHIB GROUP

1. INCORPORATION AND PRINCIPAL ACTIVITIES

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 into a public limited company on 22 August 2003 and assumed its present name.

KHIB is principally involved in investment holding. The principal activities of its subsidiaries and associated companies are detailed in Sections 1 and 2 of Part VIII of this Prospectus, respectively.

2. LISTING EXERCISE

In conjunction with, and as an integral part of the Listing, the Company implemented a restructuring exercise which was approved by the SC and, SC (on behalf of FIC) on 7 May 2004, MITI on 31 October 2003 and 19 January 2004 and BNM on 16 June 2004 which involved the following inter-conditional transactions (where applicable):

2.1 Initial Acquisition of S&Y

On 6 May 2003, KHI entered into a share sale agreement with Sim Kooi Wah, Yap Kim Hok and Chan Jun Fai to acquire 14% of the issued and fully paid-up share capital of S&Y comprising 28,000 ordinary shares of RM1.00 each in S&Y for a total purchase consideration of RM246,400 satisfied by cash ("Initial Acquisition of S&Y").

Prior to the Initial Acquisition of S&Y, KHI had a 14% investment in S&Y. The Initial Acquisition of S&Y was completed on 14 July 2004. Upon completion of the Initial Acquisition of S&Y, S&Y is a 28%-owned associated company of KHI.

Disposal

In addition, on 6 May 2003, Yap Toon Choy and Yong Elaine entered into a share sale agreement with Sim Kooi Wah, Yap Kim Hok and Chan Jun Fai to dispose of 0.49% of the issued and fully paid-up share capital of KHI comprising 19,700 ordinary shares of RM1.00 each in KHI for a total sale consideration of RM246,400 satisfied by cash ("Disposal").

	← Proforma shareholdings in KHI as at 6 May 2003 →			
	← Before Disposal →		← After Disposal →	
	No. of ordinary shares of RM1.00 each held	Percentage of share capital %	No. of ordinary shares of RM1.00 each held	Percentage of share capital %
Yap Toon Choy	1,920,000	48.00	1,910,150	47.76
Yong Elaine	1,120,000	28.00	1,110,150	27.75
Sim Kooi Wah	-	-	11,300	0.28
Yap Kim Hok	-	-	5,600	0.14
Chan Jun Fai	-	-	2,800	0.07
	3,040,000	76.00	3,040,000	76.00

The Disposal was completed on 14 July 2004. Upon completion of the Disposal, Sim Kooi Wah, Yap Kim Hok and Chan Jun Fai have become shareholders of KHI.

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2.2 Initial Acquisition of KHA

On 10 September 2003, KHIB entered into a share sale agreement with Yap Toon Choy and Liew Choon Fong to acquire 17% of the issued and fully paid-up share capital of KHA comprising 85,001 ordinary shares of RM1.00 each in KHA (comprising 1 ordinary class A share of RM1.00 each ("Class A Share") held by Yap Toon Choy and 85,000 ordinary class B shares of RM1.00 each ("Class B Shares") held by Liew Choon Fong) for a total purchase consideration of RM67,947 satisfied by cash ("Initial Acquisition of KHA").

Prior to the Initial Acquisition of KHA, KHA was a 66%-owned subsidiary of KHI. The Initial Acquisition of KHA was completed on 14 July 2004. Upon completion of the Initial Acquisition of KHA, KHIB has a 17% investment in KHA.

2.3 Acquisition of KHI

On 10 September 2003, KHIB entered into a share sale agreement with the shareholders of KHI to acquire 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.

The shareholders of KHI, their respective shareholdings therein and the number of KHIB Shares issued to them pursuant to the Acquisition of KHI are as follows:

Shareholders of KHI	←Shareholdings in KHI→		No. of KHIB Shares issued as consideration
	No. of ordinary shares of RM1.00 each held	Percentage of share capital %	
Y.A.M. Tengku Syarif	869,000	21.73	19,813,200
Yap Toon Choy	1,681,650	42.04	38,341,618
Yong Elaine	995,650	24.89	22,700,820
Azlan Meah Bin Haji Ahmed Meah	160,000	4.00	3,648,000
Azhar Bin Abdul Hamid	160,000	4.00	3,648,000
Ruslan Bin Rawi	114,000	2.85	2,599,200
Sim Kooi Wah	11,300	0.28	257,640
Yap Kim Hok	5,600	0.14	127,680
Chan Jun Fai	2,800	0.07	63,840
Total	4,000,000	100.00	91,199,998

The total purchase consideration of RM48,672,315 was arrived at based on the audited consolidated NTA of KHI as at 30 April 2003 of RM48,672,315.

The Acquisition of KHI was completed on 23 August 2004. Upon completion of the Acquisition of KHI, KHI is a wholly-owned subsidiary of KHIB.

2.4 Acquisition of KHA

On 25 August 2004, KHIB acquired 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 Class A Shares and 75,000 Class B Shares) for a total purchase consideration of RM263,795 satisfied by cash.

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The purchase consideration of RM263,795 was arrived at based on 66% of the audited NTA of KHA as at 30 April 2003 of RM399,690.

Prior to the Acquisition of KHA, KHIB had a 17% investment in KHA. The Acquisition of KHA was completed on 25 August 2004. Upon completion of the Acquisition of KHA, KHA is a 83%-owned subsidiary of KHIB.

2.5 Acquisition of KHMV

On 25 August 2004, KHIB acquired 51% of the legal capital of KHMV of USD612,000 for a total purchase consideration of USD612,000 satisfied by cash.

The purchase consideration of USD612,000 was arrived at based on the Joint-Venture Agreement entered into between KHI and Muramoto Asia (S) Pte Ltd on 23 July 2003 of USD612,000.

The Acquisition of KHMV was completed on 6 September 2004. Upon completion of the Acquisition of KHMV, KHMV is a 51%-owned subsidiary of KHIB.

2.6 Acquisition of HKH

On 25 August 2004, KHIB acquired 49% of the issued and fully paid-up share capital of HKH comprising 490,000 ordinary shares of RM1.00 each in HKH for a total purchase consideration of RM1.00 satisfied by cash.

The purchase consideration of RM1.00 was arrived at based on the audited net liability of HKH as at 31 December 2002 of RM298,440.

The Acquisition of HKH was completed on 25 August 2004. Upon completion of the Acquisition of HKH, HKH is a 49%-owned associated company of KHIB.

2.7 Offer for Sale and Public Issue

Thereafter, to facilitate the Listing, the Offerors and the Company will undertake the following:

- (i) Offer for Sale by the Offerors of 7,800,000 Offer Shares at the Offer Price comprising:
 - (a) 3,800,000 Offer Shares to the eligible Directors and employees of KHIB and its subsidiaries; and
 - (b) 4,000,000 Offer Shares by way of private placement to identified investors; and
- (ii) Public Issue of 7,800,000 Public Issue Shares at the Public Issue Price comprising:
 - (a) 6,000,000 Public Issue Shares to the Malaysian public; and
 - (b) 1,800,000 Public Issue Shares by way of private placement to identified investors.

Details of the Issues Shares as well as the proposed utilisation of proceeds are set out in Sections 2 and 7 of Part III of this Prospectus, respectively.

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2.8 Listing

The admission and the listing of and quotation for the entire enlarged issued and paid-up share capital of KHIB of RM49,500,000 comprising 99,000,000 KHIB Shares on the Official List of the Second Board of Bursa Securities will be sought.

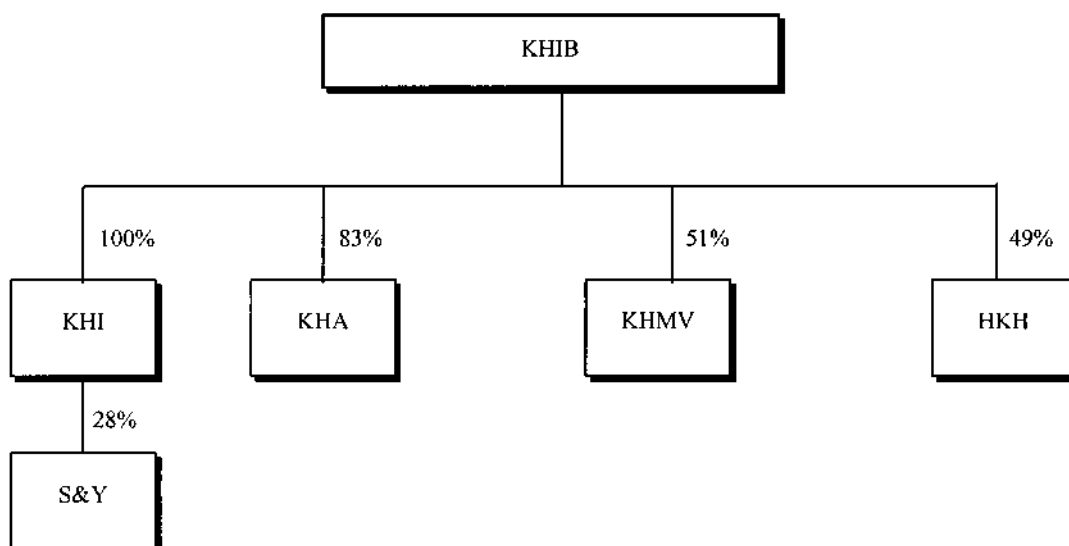
3. HISTORY AND BUSINESS OVERVIEW

3.1 History and Business

KHI was incorporated in 1981 and in the early years of establishment, it produced casings for florescent lamps and air conditioner parts. KHI's capacity expansion continued with the setting up of an additional 4,100 sq. m. production facility in Seri Kembangan, Selangor Darul Ehsan. Over the years, KHI has managed to carve a niche in the areas of sheet metal forming, precision machining and components assembly. Notably, KHI was also one of the pioneer local companies to venture into precision cold forging technology as part of its horizontal diversification plan.

The KHIB Group supplies to major industries such as the automotive, electronic components, home appliances, and audio-visual equipment industries. The Group operates 5 factories (inclusive of Factory A, a rented property) in Malaysia with a total land area of approximately 18,000 sq. m. whereby the production area occupies approximately 13,000 sq. m. As part of its aggressive expansion plan, the Group is currently developing an additional piece of land measuring approximately 8,195 sq. m. for the construction of an additional factory located at Lot 1866 and 1867, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan in view of the expansion of KHIB Group's business, which will have an aggregate land area of 26,195 sq. m..

The corporate structure of the KHIB Group is as follows:



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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

3.2 Principal Products and Principal Markets

The Group's products are used to form products which can be categorised into 5 main categories i.e. home appliances, components and devices, automobile, electrical and audio visual. The Group currently focuses on the manufacturing of component parts and engineering/design support. It will manufacture finished products, namely home appliances such as general fans, gas cooker and hand dryer if specifically requested by its customers.

As at 6 September 2004, the Group's current and future products consist of the following:

Category	Current Products
Home appliances	Components for washing machine, refrigerator, gas cooker, food processor, electric iron, blender ceiling fan, electric fan, ventilation fan, vacuum cleaner, blower motors, room air-conditioning and air-conditioning compressor.
Components and devices	Cathode ray tube components for television and computer monitor.
Automobile	Components for radiator, car air conditioning, engine control unit, condenser, relay, car compressor, car shock absorber and pump shaft.
Electrical	Components for industrial and household circuit breakers.
Audio Visual	Chassis and frame for audio products

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Category	Future Products
Automobile	Components for safety belt system, steering wheel and air bags.

As part of its product diversification strategy, the Group intends to expand horizontally into the automotive product lines in the future.

The majority of KHIB Group's revenue was contributed by domestic revenue, which collectively accounted for 97% of its revenue in the financial year ended 30 April 2004. The remaining 3% of revenue in the financial year ended 30 April 2004 was contributed by export revenue. However, the bulk of its products are sold to foreign customers based in Malaysia with their country headquarters located mainly in Japan and Singapore such as Matsushita Electric Co (M) Sdn Bhd and Muramoto Asia (S) Pte Ltd. The KHIB Group's current principal markets include Malaysia and Singapore.

The high precision-machined components and other metal parts manufactured by the Group differ in shape, size, production method and aesthetic appearance. It is targeted at customers mainly in the home appliances and components device sectors, followed by the automotive sector.

The majority of KHIB Group's revenue was contributed by sheet metal forming, precision machining and components assembly, which collectively accounted for 98% of its revenue in the financial year ended 30 April 2004. The remaining 2% of revenue in the financial year ended 30 April 2004 was contributed by trading in electrical and electronic products, and home appliances.

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3.3 Production Capacity

The combined 5 existing factories of the Group in Malaysia have an average of one to two production shifts per day. The average annual production capacity and output of the Khib Group as at 6 September 2004 are as follows:

Factory	Average production capacity per annum (in machine hours)	Average production output per annum (in machine hours)	Average total production shift per day
FACTORY A:			
- Line 4	24,724,336	20,942,575	1
- Line 3	8,041,852	6,304,157	1
- Line 2	6,386,016	4,841,171	1
- Line 1	3,389,568	2,146,217	1
- Yoke & Cover	9,936,836	7,387,300	1
- Coil Ring	5,227,588	4,152,062	1
Total	57,706,196	45,773,482	
FACTORY B:			
- CRT Press	29,152,032	19,535,417	1
- CRT Progressive	43,134,000	29,062,336	1
Total	72,286,032	48,597,753	
FACTORY C:			
- Water Eva	71,652,382	44,278,277	1
- Switch Assy	2,896,251	809,498	1
- Auto Lathe	4,800,000	2,995,639	2
- CNC	5,000,000	2,049,248	2
Total	84,348,633	50,132,662	

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Factory	Average production capacity per annum (in machine hours)	Average production output per annum (in machine hours)	Average total production shift per day
FACTORY D :			
Welding machine			
-Kimura	360,000	312,000	1
-Panasonic	1,440,000	1,215,000	2
Metal Forming			
-Aida 150T	1,800,000	1,530,000	2
-Amada 150T	960,000	816,000	1
-Amada 200T	2,250,000	1,912,500	2
Degreasing machine			
-Kansai (Line 1)	2,025,000	1,710,000	2
-Kansai (Line 2)	1,080,000	912,000	1
-Kansai (Line 3)	2,250,000	1,935,000	2
Shot Blasting machine			
-Sinto	5,400,000	4,590,000	2
CRT Band	10,657,920	4,308,056	1
CRT Inner Magnetic Shield			
-Press	7,949,760	7,124,648	1
-Weld	3,216,480	1,681,680	1
-Degreasing	13,741,728	7,204,704	1
Total	53,130,888	35,251,588	
FACTORY E:			
- CNC Horizontal Chuck Type Lathe With Accessories	882,300	765,000	2
- CNC Automatic Lathe With Standard Accessories	540,300	516,900	2
- High Frequency Heat Treatment	429,000	429,000	1
- Palmary Centreless Grinder	2,152,800	1,934,400	1
- Unify Machine	780,000	624,000	1
Total	4,784,400	4,269,300	

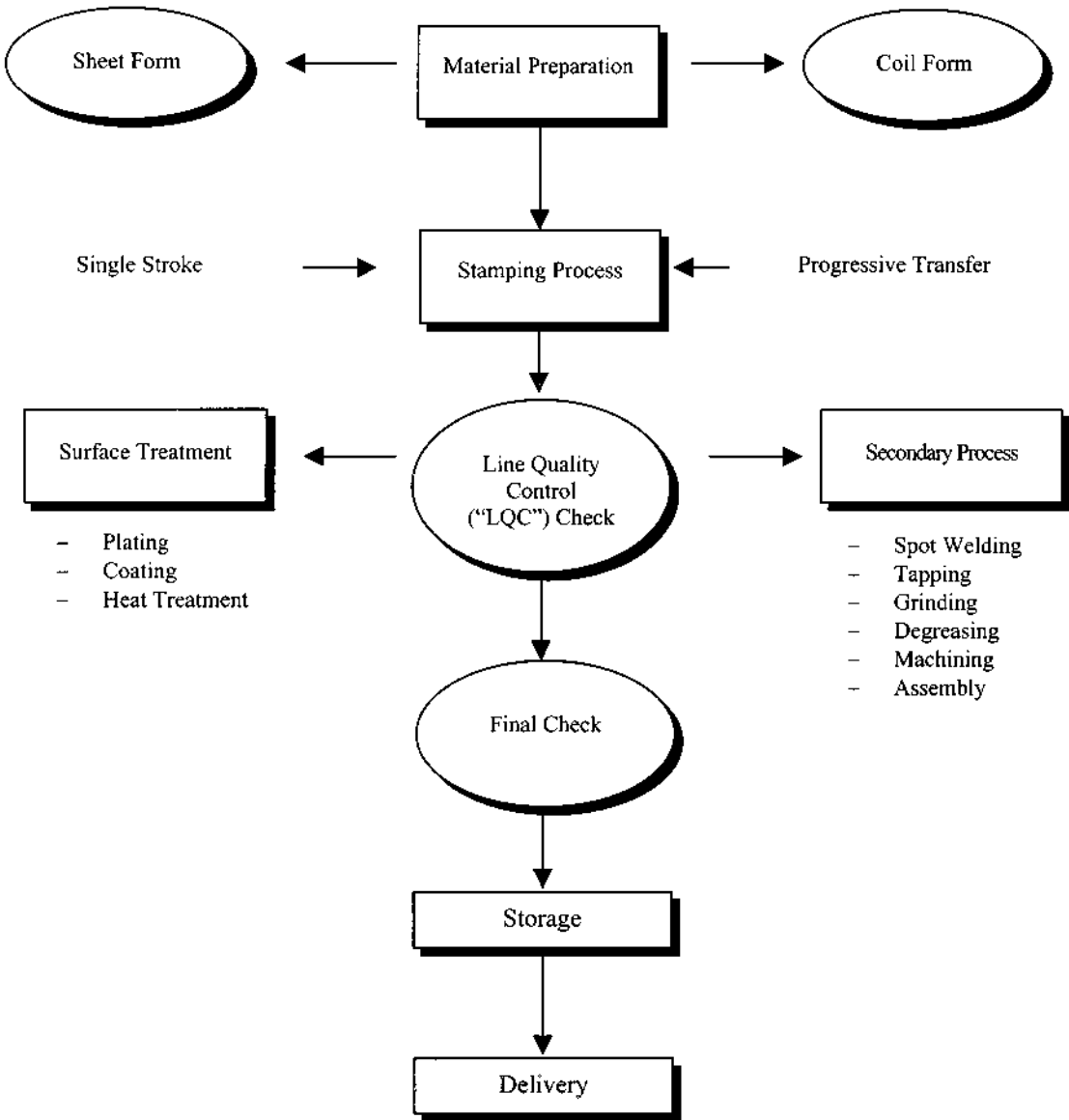
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3.4 Production Processes

The main production processes are as follows:

Process	Description
Stamping process	Metal is formed into products
Machining process	Uses cutting tools to perform metal chip removal
Cold forging process	Process of forming metal into intended shapes and sizes at normal room temperature
Washing machine "spinner shaft unit" process	Forming and assembly of a major component of a washing machine
Switch assembly line	Produces switches for the electric fan

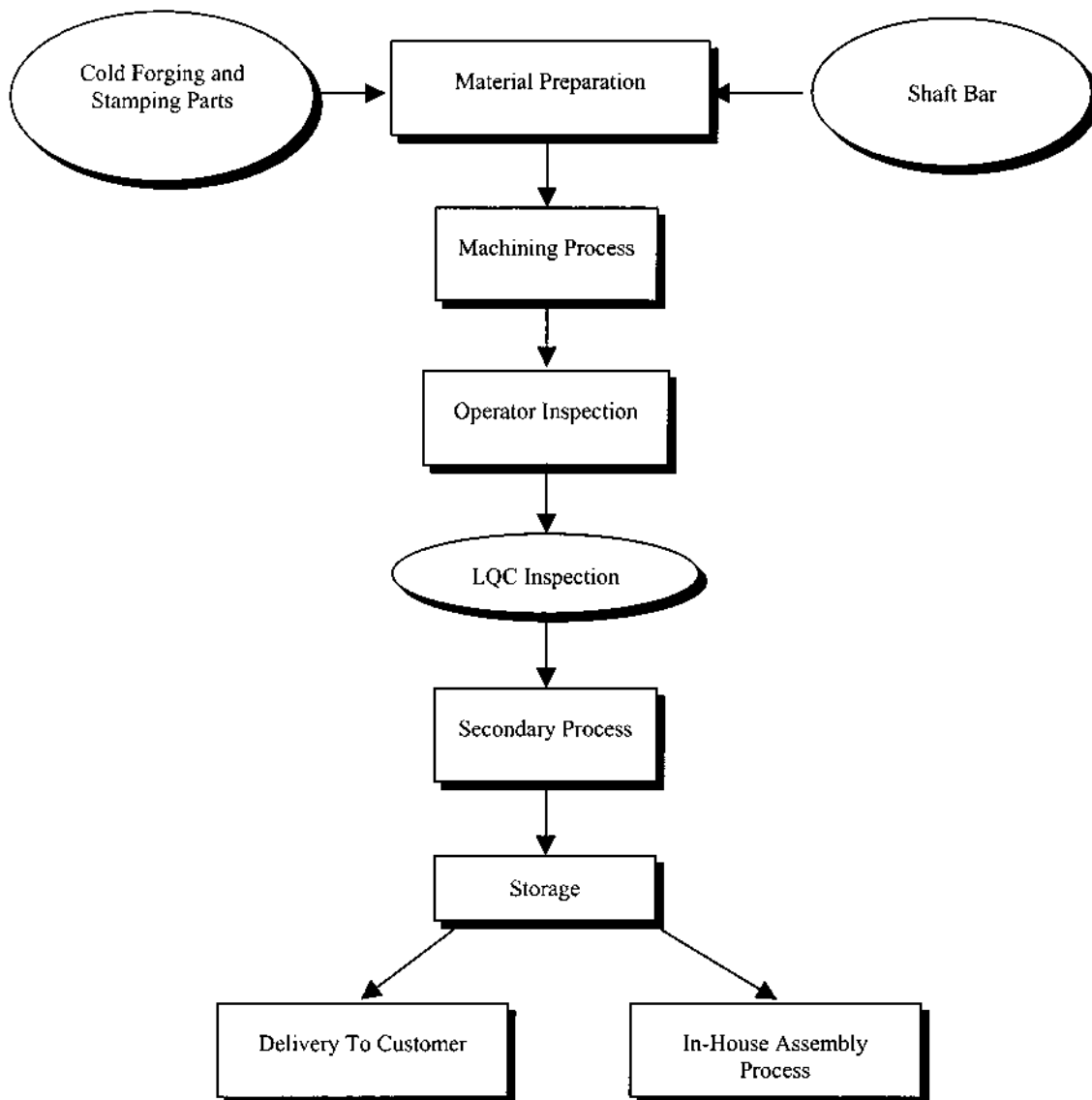
3.4.1 Stamping Process



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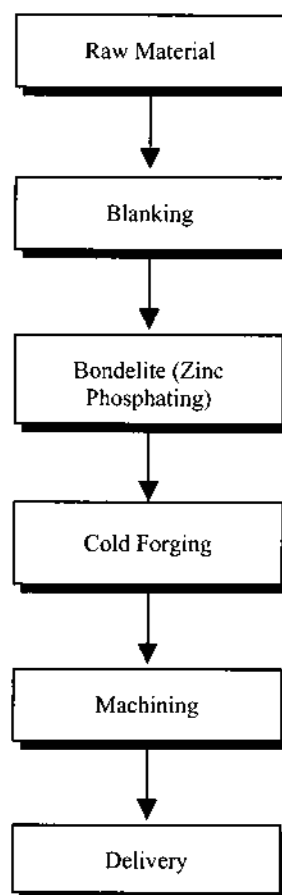
The materials, in sheet or coil form, are sent for stamping process that runs under single stroke mode (manual process) or progressive transfer mode (automated process). The semi-finished product will then go through a LQC check before it is sent to the secondary processes section and surface treatment for finishing. The final product will have to go through a final check to ensure quality level and to eliminate any defect items before it is stored and delivered to customers.

3.4.2 Machining Process



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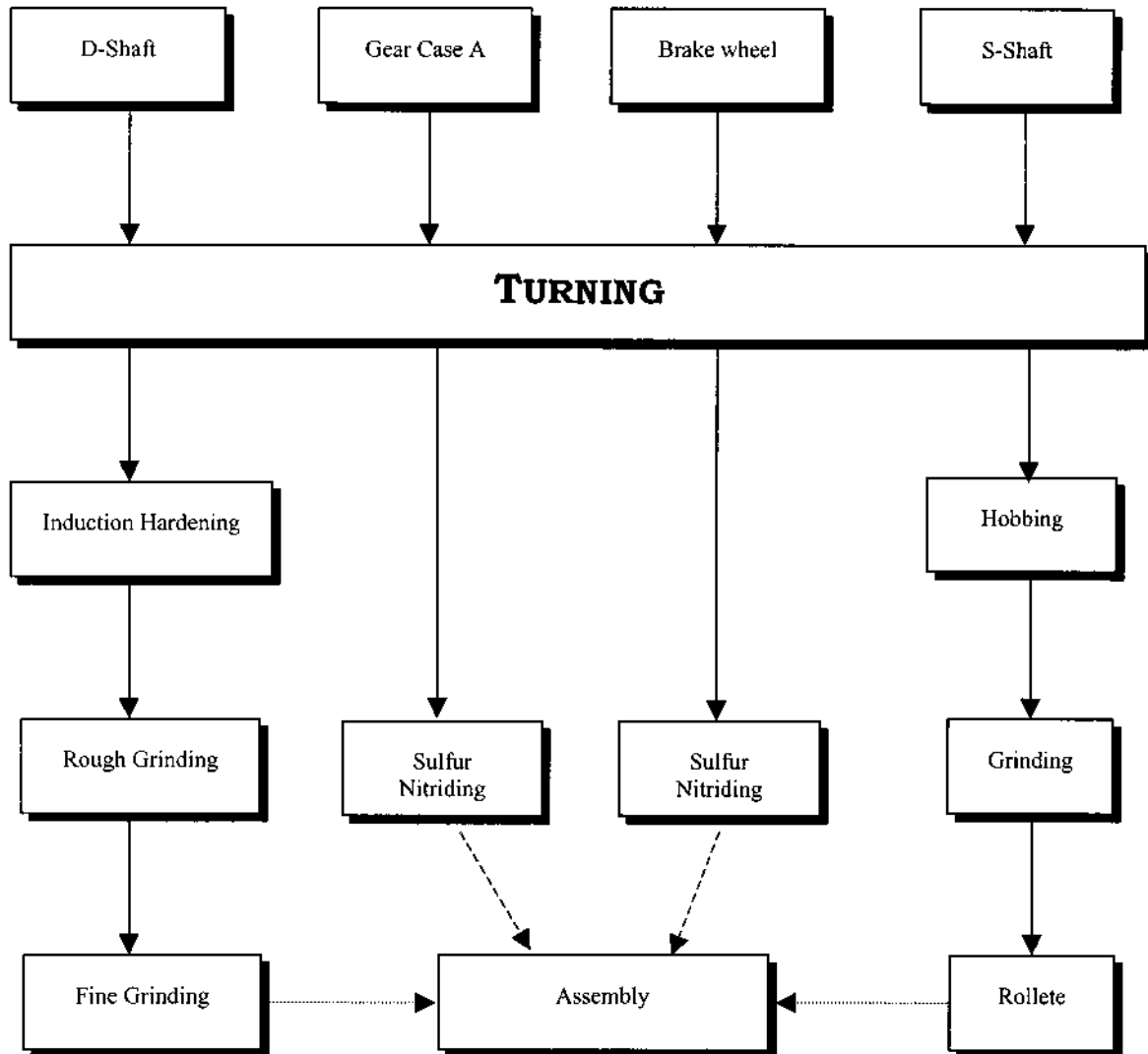
Machining process uses cutting tools to perform metal chip removal according to the engineering tolerance level. This process involves two phases. The primary stage involves outer diameter, rough turning, inner diameter rough turning, outer diameter finishing, outer diameter grooving, external threading, side-milling, inner diameter boring, parting, tapping and drilling. An inspection operator will conduct a quality control check before passing through other secondary processes. Following the production line are the secondary processes that consist of heat treatment, precision grinding and electro-plating. The finished products are then sent for storage before final delivery to the customers.

3.4.3 Cold Forging Process

The cold forging process involves blanking of raw materials of hot rolled steel. The blanking process cuts the steel into smaller pieces suitable for the next operation in forming process. The blanked materials will be sent for bondelite process to coat the materials with a protective layer before it undergoes cold forging process. The process forms metal into intended shapes and sizes at normal room temperature. This process reduces cycle time and makes machine tools more productive. It also has advantage of making complicated surface contours to gain excellent surface finishing when formed by the die. After the cold forging process, the forged parts go through piercing, trimming, sand blasting and condenser welding process. The parts are then sent for plating before going through a final quality control inspection. After inspection, the parts are ready to be delivered to customers.

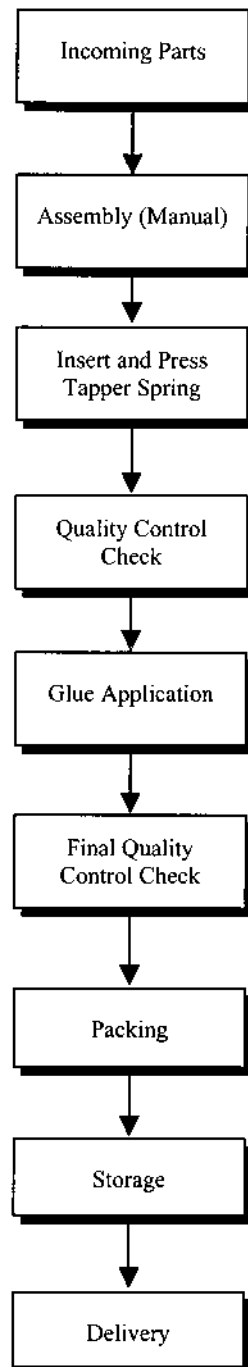
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3.4.4 Washing Machine "Spinner Shaft Unit" Process



The spinner shaft unit forms a major component of a washing machine. The KHIB Group assembles four of the main components of the spinner shaft unit that consists of D-Shaft, gear case A, brake wheel and S-Shaft units. The other parts are sourced from other suppliers and final assembly is done in Factory E. All components need to go through a turning process.

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3.4.5 Switch Assembly Line

The switch assembly line for electric fan undergoes a manual assembly of incoming parts before it is sent to the insert and press tapper spring. The semi-finished product will have to pass through quality check to ensure it complies with the standard set. The verified products will be passed on for glue application before going for the second and final quality check. It will then be packed and stored at the warehouse before delivery.

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3.5 Material Sourcing

Raw materials are mostly procured and sourced by Khib Group. Some major MNC customers have assisted the Group in obtaining favourable terms under their global bulk purchase arrangement with suppliers. The ability of the Khib Group in meeting suppliers' payment terms increased its credibility and its relationship with suppliers to enjoy more favourable terms.

Approximately 5% or RM2.3 million of raw materials for the financial year ended 30 April 2004 are sourced from foreign countries such as Japan. These materials are imported in consideration of their high quality or they are not readily available locally. The main raw materials sourced overseas are cold rolled steel and hot rolled steel.

The availability and cost of raw materials are dependent on the world market condition. Purchases of raw materials are dependent on product demand. For example, mid year normally sees higher demand for materials for air-conditioners components and purchases of raw materials for audio components generally increase by year-end.

The Khib Group has taken steps to maintain good relationship with its suppliers. It adheres to the 30 days credit term period despite having sales term between 60 and 90 days. This has rendered the Khib Group an added advantage in terms of trade discounts. Supplier assessment and audit checks are routinely carried out to ensure the best quality of raw materials, timely delivery and fulfilment of orders from suppliers

3.6 Quality Control

The Khib Group realises that quality control ("QC") is essential to ensuring customer satisfaction and expectation. The Khib Group practices a strict quality management system that complies with international standards. Stringent quality control standards and procedures are designed and applied throughout the entire production process. The production process is under supervision of qualified production technicians. The Khib Group aspires to become an "A Class" manufacturing company in the same category, offering high quality products, throughout South East Asia region.

The Khib Group adopts the Matsushita Consulting Company ("MCC") quality system and is in the process of obtaining ISO9001:2000 and ISO/TS16949:2002 certification. The objectives for MCC quality system is to help to reduce rejection rate, upgrade product quality and achieving zero defects. The MCC quality system consists of 2 divisions namely:

Divisions	Description
MCC Customer	Handles complaints and rejections from customers
MCC LQC	Controls internal rejection from line quality control to production

To further enhance quality control, the Khib Group owns an in-house test facility. The facility is equipped with highly sophisticated and advanced measuring equipment from Japan. Equipments such as contracers, roughness testers, microscopes, hardness-tester and profile projectors are made readily available for the use by QC personnel.

The Khib Group uses an appraisal system, which is aimed at rewarding staff contributing to quality and productivity improvement.

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3.7 Group R&D Activities

The R&D department is one of the key departments that contribute directly towards the enhancement of the Group's manufacturing process and product quality. The Group places strong emphasis on R&D to ensure that its products are of high quality and conform to the stringent standards set by its customers. Emphasis is placed on ongoing R&D activities to enhance productivity and improve its products in order to meet the stringent requirements imposed by the MNCs and the export-oriented markets.

The total number of R&D staff for the 5 financial years ended 30 April 2004 are as follows:

Financial year ended 30 April	Number of R&D staff
2000	8
2001	9
2002	8
2003	8
2004	7

The R&D department is headed by Chan Woon To, the R&D Assistant General Manager and had 7 staff during the financial year ended 30 April 2004 carrying out activities on an on-going basis, in-line with the KHIB Group's continuous improvement to enhance product quality. The R&D department is equipped with state-of-the-art two dimensional and three dimensional computer aided design/computer aided manufacturing software and other software applications.

Through the Production Engineering division, R&D activities are extended to design, improve and develop tooling through eight steps involving enquiry, feasibility study, new item meeting, tooling/testing, sample submission, approval meeting, pilot production and final delivery. These activities have rendered the KHIB Group added advantage in improving productivity and product quality.

In ensuring the consistency and persistence of R&D efforts, the department has drawn its policy and focuses on five major areas, namely safety, technology, cost, delivery and quality.

The R&D department utilises its resources in handling various types of metal forming design mainly in areas of tight tolerance in piercing, ironing, 3-D forming, thin-walled deep drawing, deep drawing and cold forging. The department has the resources and means of developing reliable and durable tooling ranging from progressive tooling to robotic tooling and transferred tooling. The department also handles product development and production process improvement of various components for home appliances, components device, automobile, audio-visual and other electrical tools.

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The R&D department has successfully developed and introduced improvements in various processes or production lines over the years as follows:

Products	Achievements
Gas Cooker Part	Designed and developed tooling for producing complex and difficult parts
Lid Heating, Lower Cap	Reduced the number of stamping processes from 2 toolings for 2 processes to 1 tooling for 2 processes
Coil Ring	Upgraded from drilling process to stamping process to reduce time, manpower and machine hour

The Group's total R&D expenses for the 3 financial years ended 30 April 2004 were as follows:

Financial years ended 30 April	RM	Percentage of turnover %
2002	492,443	0.6
2003	552,622	0.6
2004	572,051	0.6

3.8 Mode of Distribution

The KHIB Group supplies metal forming parts and components to its customers in the automotive, consumer electronics, household appliances and component and devices industries. Most MNC customers have maintained an average of 11 years relationship with KHI. Its key customer, Matsushita Electric Co (M) Sdn Bhd, has had a long business relationship with KHI for 23 years.

The sales and marketing division of the KHIB Group consists of 7 personnel. Sales and customers base are segregated geographically, divided into the Central, Northern and Southern regions. The KHIB Group places utmost importance in warranting customer satisfaction. The marketing division is given the important task in ensuring that KHIB Group's customers get the best customer service. The division conducts periodic Customer Satisfaction Surveys to benchmark its performances against customers' expectations.

The KHIB Group participates in exhibitions to expand its market opportunities in Malaysia and to establish presence in other countries within South East Asia region. Details of the exhibitions are listed as follows:

Exhibition/Seminar Name	City/Country	Year
Vietnam International Trade Fair	Hanoi/Vietnam	2002
MITI (Industrial Excellence) and National Productivity Corporation, Malaysia (Productivity Award) Exhibition	Kuala Lumpur/Malaysia	2002
Small and Medium Industries Development Corporation Annual Showcase (SMIDEC) 2003 and Japanese Chamber of Trade & Industry, Malaysia Seminar (Malaysia – Japan Partnership Exhibition)	Kuala Lumpur/Malaysia	2003

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3.9 Major Customers

The major customers of the Khib Group include Matsushita Electric Co (M) Sdn Bhd, Muramoto Technics (M) Sdn Bhd and Muramoto Asia (S) Pte Ltd which contributed approximately 58.14% of the Khib Group's revenue for the financial year ended 30 April 2004. Customers' orders are largely customised with well-defined specifications and requirements. Most customers are located in Malaysia and the Khib Group does not rely on external demand since the metal forming sector is primarily a domestic oriented industry. Sanden International (S) Ltd is the major export customer from Singapore with a total sales contribution of 2.83% for the financial year ended 30 April 2004. The types of components exported are mainly electrical and mechanical components.

The top 10 customers of the Khib Group including those which contributes to 10% or more of the Group's total revenue for the financial year ended 30 April 2004 are as follows:

No	Customer name	Country headquarters	Percentage of total revenue %	Length of relationship years
1	Matsushita Electric Co (M) Sdn Bhd	Japan	35.95	23
2	Muramoto Technics (M) Sdn Bhd	Japan	15.12	7
3	Muramoto Asia (S) Pte Ltd	Japan	7.07	7
4	Sanden International (M) Sdn Bhd	Singapore	5.87	16
5	Denso (Malaysia) Sdn Bhd	Japan	5.20	19
6	Terasaki Electric (M) Sdn Bhd	Japan	4.25	13
7	HKH	Malaysia	4.15	2
8	Sanden International (S) Pte Ltd	Singapore	2.83	11
9	Kayaba (M) Sdn Bhd	Japan	2.59	9
10	Matsushita Electronic Motor Sdn Bhd	Japan	1.83	4

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3.10 Major Suppliers

Sumiputeh Steel Centre (M) Sdn Bhd is the single largest supplier with approximately 37.01% share of the total purchases for the financial year ended 30 April 2004. There are another 3 suppliers which account for more than 5% purchases each. The Group's top 4 suppliers constitute 68.61% of the total purchases of the KHIB Group. The KHIB Group constantly reviews its supplier portfolio and shall diversify its supplier base to reduce its dependency on the top suppliers.

The majority of suppliers are steel manufacturers and agents. Competition among suppliers is stiff as there are a large number of suppliers in the market place. The KHIB Group is thus able to bargain for the best price. With abundant supply of raw materials at competitive pricing, it is not necessary to enter into long-term purchase contracts with any suppliers. The Directors of the Company are confident that the long-term relationship with its suppliers will enable it to source its raw materials effectively.

The top 10 suppliers of the KHIB Group including those which contributes to 10% or more of the Group's total purchases for the financial year ended 30 April 2004 are as follows:

No	Supplier name	Country headquarters	Percentage of total purchases %	Length of relationship years
1	Sumiputeh Steel Centre (M) Sdn Bhd	Japan	37.01	20
2	Matsushita Electric Co (M) Sdn Bhd	Japan	14.34	23
3	OYL Steel Centre Sdn Bhd	Japan	8.74	2
4	Kawasho Steel Processing Centre Sdn Bhd	Japan	8.52	14
5	Terasaki Electric (M) Sdn Bhd	Japan	4.60	9
6	Umetoku (Malaysia) Sdn Bhd	Japan	4.25	4
7	Nicom Steel Centre (M) Sdn Bhd	Japan	3.24	20
8	HK Lamination (Malaysia) Sdn Bhd	Korea	2.39	2
9	Token Material Inc	Japan	2.18	14
10	S&Y	Malaysia	2.17	10

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4. SHARE CAPITAL

The authorised, and issued and fully paid-up share capital of the Company as at the date of this Prospectus are as follows:

	No. of shares	Par value RM	Amount RM
Authorised			
Ordinary shares	100,000,000	0.50	50,000,000
Issued and fully paid-up			
Ordinary shares	91,200,000	0.50	45,600,000

The details of the changes in the issued and fully paid-up share capital of KHIB since its incorporation until the date of this Prospectus are as follows:

Date of allotment	No. of KHIB Shares	Type of issue/Consideration	Issued and paid-up share capital RM
23.05.03	2	Subscribers' shares	1
16.07.04	91,199,998	Issued pursuant to the Acquisitions	45,600,000

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VI. INFORMATION ON THE Khib Group (CONT'D)

5. LANDED PROPERTIES

5.1 Landed Properties Owned by the Group

A summary of the information on landed properties owned by the Group in Malaysia is as follows:

Title/ Location/ Address	Registered/ Beneficial owner	Existing use/ Description of property	Express condition/ Restriction in interest	Encumbrances	Land area sq. m.	Built-up area sq. m.	Tenure years	Approximate age of building years	NBV as at 30 April 2003 RM	Market value as at 18 February 2004 RM
Factory B Title No. GM 249 and 250 ⁽¹⁾ , Lot No. 1863 and 1864 Mukim and District of Petaling Selangor Darul Ehsan	KHI	Factory/ Industrial; Single-storey factory with a 3- storey office and factory annexe	Manufacturing; This land cannot be transferred without the prior approval of the State Authority	1. Charge in favour of United Overseas Bank (Malaysia) Berhad having a presentation no. 273/1993 and registered on 21 January 1993	7,891	6,116	Freehold	7	8,857,092	8,900,000
Lot 1863 and 1864 Jalan Kolej 43300 Seri Kembangan Selangor Darul Ehsan				2. Charge in favour of United Overseas Bank (Malaysia) Berhad having a presentation no. 7582/1993 and registered on 27 December 1993						
				3. Charge in favour of United Overseas Bank (Malaysia) Berhad having a presentation no. 1697/1996 and registered on 9 April 1996						
				4. Charge in favour of United Overseas Bank (Malaysia) Berhad having a presentation no. 2000/1997 and registered on 30 April 1997						

VI. INFORMATION ON THE KHIB GROUP (CONT'D)

5.1 Landed Properties Owned by the Group (Cont'd)

Title/ Location/ Address	Registered/ Beneficial owner	Existing use/ Description of property	Express condition/ Restriction in interest	Encumbrances	Land area sq. m.	Built-up area sq. m.	Tenure years	Approximate age of building years	NBV as at 30 April 2003 RM	Market value as at 18 February 2004 RM
				5. Vesting Order by the Court involving Charge No. 273/1993 and 7582/1993 from Overseas Union Bank Limited to Overseas Union Bank (Malaysia) Berhad having a presentation no. 2637/1997 and registered on 30 April 1997						
				6. Charge in favour of United Overseas Bank (Malaysia) Berhad having a presentation no. 6538/2000 and registered on 7 December 2000						
				7. Vesting Order by the Court involving Charge No. 273/1993, 7582/1993, 1697/1996, 2000/1997, 6538/2000 from Overseas Union Bank (Malaysia) Berhad to United Overseas Bank (Malaysia) Berhad having a presentation no. 2662/2002 and registered on 10 July 2002						
				8. Private caveat in favour of Public Bank Berhad having a presentation no. 2721/2004 which was presented on 16 August 2004						

VI. INFORMATION ON THE Khib Group (CONT'D)

5.1 Landed Properties Owned by the Group (Cont'd)

Title/ Location/ Address	Registered/ Beneficial owner	Existing use/ Description of property	Express condition/ Restriction in interest	Encumbrances	Land area sq. m.	Built-up area sq. m.	Tenure years	Approximate age of building years	NBV as at 30 April 2003 RM	Market value as at 18 February 2004 RM
Factory C										
Title No. H.S.(D) 31750 and 31751, 31748 and 31749 ⁽²⁾⁽¹⁶⁾ Lot No. PT2202 and 2203, PT 2200 and PT 2201 Mukim and District of Petaling Selangor Darul Ehsan	KHI	Factory/ Industrial*; 1½ storey terrace factories	Heavy manufacturing; No restriction in interest	1. Charge in favour of United Overseas Bank (Malaysia) Berhad having a presentation no. 27171/1993 and registered on 27 July 1993 2. Charge in favour of United Overseas Bank (Malaysia) Berhad having a presentation no. 14146/1996 and 14145/1996 and registered on 10 April 1996 3. Charge in favour of United Overseas Bank (Malaysia) Berhad having a presentation no. 20188/1997 and 20192/1997 and registered on 30 April 1997 4. Charge in favour of United Overseas Bank (Malaysia) Berhad having a presentation no. 72544/2000 and 72540/2000 and registered on 7 December 2000 5. Vesting Order by the Court involving Charge No. 27171/1993, 14146/1996, 14145/1996, 20188/1997, 20192/1997, 72544/2000 and 72540/2000 from Overseas Union Bank (Malaysia) Berhad to United Overseas Bank (Malaysia) Berhad having a presentation no. 28719/2002 and registered on 12 July 2002	734	563	Freehold	11	787,411	900,000
No. 2 and 4, 6 and 8, Jalan Indah 2/16 Taman Universiti Indah 43300 Seri Kembangan Selangor Darul Ehsan										

VI. INFORMATION ON THE KHIB GROUP (CONT'D)

5.1 Landed Properties Owned by the Group (Cont'd)

Title/ Location/ Address	Registered/ Beneficial owner	Existing use/ Description of property	Express condition/ Restriction in interest	Encumbrances	Land area sq. m.	Built-up area sq. m.	Tenure years	Approximate age of building years	NBV as at 30 April 2003 RM	Market value as at 18 February 2004 RM
Factory D										
Geran No. H.S.(M) 26921 ⁽³⁾ (6) Lot PT1174, Mukim and District of Petaling Selangor Darul Ehsan	KHI	Factory/ Industrial; Single storey semi-detached storey office annexe	Manufacturing; This land cannot be transferred, leased or charged without the prior approval of the State Authority	Charge in favour of OCBC Bank (Malaysia) Berhad having a presentation no. 2865/2004 and 2866/2004 and registered on 1 June 2004	988	795	Leasehold interest 99 years expiring on 7 November 2099	8	1,069,257	1,150,000
Lot 44, Jalan 6/2 43300 Seri Kembangan Selangor Darul Ehsan										
Factory E										
Title No. H.S.(M) 13707 ⁽⁴⁾ Lot No. PT 3469 Mukim and District of Petaling Selangor Darul Ehsan	KHI	Manufacturing/ Industrial; Single storey storey office annexe	Manufacturing; This land cannot be transferred, leased or charged without the prior approval of the State Authority	Charge in favour of Malayan Banking Berhad having a presentation no. 4277/2000 and registered on 24 August 2000	4086	2,123	Leasehold interest 99 years expiring on 10 January 2089	3	4,125,778	4,000,000
Lot 33, Jalan 6/2, 43300 Seri Kembangan Selangor Darul Ehsan				Charge in favour of Malayan Banking Berhad having a presentation no. 2465/2001 and registered on 22 May 2001						
				Charge in favour of Malayan Banking Berhad having a presentation no. 5100/2003 and registered on 9 October 2003						

VI. INFORMATION ON THE KHIB GROUP (CONT'D)

5.1 Landed Properties Owned by the Group (Cont'd)

Title/ Location/ Address	Registered/ Beneficial owner	Existing use/ Description of property	Express condition/ Restriction in interest	Encumbrances	Land area sq. m.	Built-up area sq. m.	Tenure years	Approximate age of building years	NBY as at 30 April 2003 RM	Market value as at 19 February 2004 RM
Factory/M										
Title No. GM 391 and 392 ⁽⁵⁾ Lot No. 1866 and 1867 Mukim and District of Petaling Selangor Darul Ehsan	KHI***	Factory/ Industrial; Construction in progress of a 3- storey factory with 4-storey office cum car park block	Manufacturing; No restriction in interest	1. Charge in favour of Malaysian Industrial Development Finance Berhad having a presentation no. 3141/2003 and registered on 3 July 2003	8,195	8,179	Freehold	N/A	4,242,969	8,500,000 (70% complete) 10,500,000 (completed)
Lot 1866 and 1867 Jalan Kolej 43300 Seri Kembangan Selangor Darul Ehsan										
Agriculture										
G.M. 3538 Lot No. P.T. 7896 Tempat Batu 5 Jalan Kuala Lumpur Mukim Bentong Daerah Bentong Pahang Darul Makmur	KHI	Agriculture; Fruit orchard and vacant land	Agriculture land; This land shall be used as an orchard	None	3,471 Hectares	N/A	Freehold	N/A	**None	N/A

VI. INFORMATION ON THE KHB GROUP (CONT'D)

5.1 Landed Properties Owned by the Group (Cont'd)

Title/ Location/ Address	Registered/ Beneficial owner	Existing use/ Description of property	Express condition/ Restriction in interest	Encumbrances	Land area sq. m.	Built-up area sq. m.	Tenure years	Approximate age of building years	NBV as at 30 April 2003 RM	Market value as at 18 February 2004 RM
Residential										
HS(M) 7595, PT 7710 Mukim Peiaing Daerah Ulu Langat Selangor Darul Ehsan	KHI [†]	Residential; Single storey wooden house	Residential; This land cannot be transferred, leased or charged without the prior approval of the State Authority	None	297.6	250	Leasehold interest 60 years expiring on 28 October 2046	20	**None	N/A
S153, Serdang Jaya 43300 Seri Kembangan Selangor										

Notes:

- * The 4 plots of terrace industrial lots comprises 2 adjoining units of 1½ storey terrace factories that have been renovated into a single unit. The building has been renovated for joint usage with the party wall removed.
- ** The properties were purchased after 30 April 2003 at a purchase consideration of RM236,425 for lot PT 7896 and RM150,000 for lot PT 7710.
- *** Presentation of the discharge of charge by United Overseas Bank (Malaysia) Berhad is currently still pending.
- # The sale and purchase agreement was entered into for the purchase of property from Lee Seng on 25 February 2003. Pending extraction of land title from the land office.
- N/A Not applicable.
- (1) The municipal council of Petaling Jaya had on 20 December 1996 issued a certificate of fitness for occupation ("CFO") to KHI which was approved on 27 November 1996.
- (2) The municipal council of Petaling Jaya had on 4 September 1992 issued a CFO to KHI which was approved via its letter (MDP 286/6/101).
- (3) The municipal council of Petaling Jaya had on 28 March 1995 issued a CFO to KHI which was approved on 18 February 1995.
- (4) The municipal council of Subang Jaya had on 12 October 2001 issued a CFO to KHI which was approved on 11 October 2001.
- (5) The municipal council of Subang Jaya had on 26 August 2004 issued a CFO to KHI which was approved on 26 August 2004.
- (6) These properties have extended structures which do not have the relevant approvals. KHB has undertaken that KHI will use its best endeavours to rectify the extended structures within 12 months from the date of the Securities Commission's letter dated 7 May 2004.

The above valuations do not require the approval of the SC. The total revaluation surplus comparing the net book value as at 30 April 2003 and the market value as at 18/19 February 2004 amounts to RM4,367,493 which will not be incorporated in the books of the KHB Group.

VI. INFORMATION ON THE KHIB GROUP (CONT'D)

5.2 Landed Properties Purchased during the Preceding 2 years

Details of properties purchased which are still owned by the Group during the 2 years preceding the date of this Prospectus are as follows:

	Title/Location	Vendor	Purchaser	Date of sale and purchase agreement	Acquisition price RM
(i)	G.M. 3538 Lot No. P.T. 7896 Tempat Batu 5 Jalan Kuala Lumpur Mukim Bentong Daerah Bentong Pahang Darul Makmur	Lee Ah Moi Liaw Tzu Chiang Liaw Yoke Min	KHI	⁽¹⁾ 08.01.03	236,425
(ii)	H.S.(M) 7595, PT 7710 Mukim Petaling Daerah Ulu Langat Selangor Darul Ehsan	Lee Seng	KHI	⁽²⁾ 25.02.03	150,000

Notes:

- (1) *Sale and Purchase Agreement entered into between KHI and Lee Ah Moi, Liaw Tzu Ching, Liaw Yoke Min for the purchase of G.M. 3538, Lot No. P.T. 7986, Tempat Batu 5, Jalan Kuala Lumpur, Mukim Bentong, Daerah Bentong, Pahang Darul Makmur at a total purchase consideration of RM236,425.*
- (2) *Sale and Purchase Agreement entered into between Lee Seng and KHI for the purchase of H.S.(M) 7595, PT 7710 Mukim Petaling, Daerah Ulu Langat, Selangor Darul Ehsan at a total purchase consideration of RM150,000.*

6. OTHER INFORMATION

6.1 Management and Employees

The management team of the KHIB Group is spearheaded by its Directors namely, Yap Toon Choy and Shigeaki Sugiyama who each have experience in the precision metal forming industry ranging from 20 to 30 years. They are supported by a team of qualified management staff who bring with them vast experience in their respective fields. Their expertise and effective management styles, coupled with their diligence and in-depth understanding of the industry, contribute significantly to the progress of the KHIB Group. The employees do not belong to any labour union and enjoy a cordial relationship with the management.

As at 6 September 2004, the Group has a total workforce of 711 employees, all employed on a permanent basis, out of which 59 are foreign employees. The breakdown of the total number of employees and average number of years of service are as follows:

Category	Total number of employees	Average number of years of service
Managerial/Professional	42	7.5
Technical/Supervisory	90	5.4
Clerical and Related occupation	99	4.0
Factory workers	421	5.0
Foreign workers	59	2.0
Total	<u>711</u>	

The Group's employee training programmes are conducted through three channels, namely on-the-job training, external training and in-house training programmes. In addition, the Group has its own "Intranet System" which enables its employees quick and easy access to the latest information on the Company's business and activities.

VI. INFORMATION ON THE KHIB GROUP (CONT'D)

The training and development programmes undertaken by the KHIB Group as at 6 September 2004 are as follows:

Type of programme	←-----No. of Programmes-----→	
	Completed	On-going/Planned
Technical	25	-
Managerial	53	19
Others	36	5
Total	114	24

The Group undertakes on-going human resource development, comprising both external (including overseas visitation and training) and in-house training of its employees. The Group will continue with its human resource development programmes into the future, and in view of the expansion plan, it is anticipated that the training cost will also increase in line with the number of staff.

6.2 Interruption in Business Operations

There was no interruption in the business which had a significant effect on the operations of the Group in the 12 months preceding the date of this Prospectus.

6.3 Key Certification and Corporate Awards Obtained by KHI

KHI, a wholly owned subsidiary of KHIB, has obtained a string of awards since 1989 and one of its key achievements, thus far, is being awarded the first position in the Enterprise 50 Award 2001 from Accenture/Small and Medium Industry Development Corporation ("SMIDEC") in 2001. In recognition of its production quality, KHI has been accredited with numerous awards from its customers including giant corporations such as Matsushita Electric Co (M) Berhad, Sanden International (S) Pte Ltd and Hitachi Air Conditioning Products (M) Sdn Bhd. The various criteria considered for the grant of these awards include, inter alia, the overall performance of KHI, delivery performance, quality of products and ability to achieve high volume capacity by meeting customer's requirements. The table below sets out the list of accreditation and awards obtained by KHI as at 6 September 2004:

Year	Awarded by	Accreditation/Awards
1989	Matsushita Industrial Corp Sdn Bhd/ Matsushita Compressor & Motor Sdn Bhd	Recognition of outstanding performance
1990	Matsushita Electric Co (M) Berhad	1 millionth set fridge production achievement
1993	Matsushita Electric Co (M) Berhad	1 millionth set washing machine production achievement
1995	Matsushita Electric Co (M) Berhad	1 millionth set gas cooker production achievement

VI. INFORMATION ON THE KHIB GROUP (CONT'D)

Year	Awarded by	Accreditation/Awards
1996	Denso (Malaysia) Sdn Bhd	Grade 'A' Vendor
	Clipsal Manufacturing (M) Sdn Bhd	Best Vendor Award
1997	Andersen Consulting/SMIDEC	Enterprise 50 Award (26th position)
	Hitachi Air Conditioning Products (M) Sdn Bhd	Best Quality Award
1998	Denso (Malaysia) Sdn Bhd	Best Overall Performance Award
	Andersen Consulting/SMIDEC	Enterprise 50 Award (35th position)
1999	Denso (Malaysia) Sdn Bhd	Best Delivery Award
	Matsushita Electric Co (M) Berhad	2 millionth set gas cooker production achievement
	Sanden International (S) Pte Ltd	Preferred supplier
	Andersen Consulting/SMIDEC	Enterprise 50 Award (4th position)
2000	Andersen Consulting/SMIDEC	Enterprise 50 Award (26th position)
	Kayaba (M) Sdn Bhd	Supplier Partnership Programme- Good Performance
	Hitachi Air Conditioning Products (M) Sdn Bhd	Quality Improvement
2001	American Japanese American Registrars	ISO 14001 (for the certification of metal stamping parts and component with primary and secondary processes)
	Accenture /SMIDEC	Enterprise 50 Award (1st position)
	MITI/National Productivity Corporation	Quality Management Excellence Award (Categories: RM25- RM200 Million)
2002	Ministry of Human Resource, Malaysia	A caring employer
	Sanden International (S) Pte Ltd	Preferred supplier
2003	Denso Corporation	Global Cooperation Award

6.4 Corporate Philosophy

The KHIB Group aims to be a reputable organisation with proven capabilities, good track record and technological expertise to meet the expectations of its clients. In cultivating a healthy spirit within the employees of the Group, the Directors of the Company believe that each of the employees should place their family first followed by their work and their friends and associates. The Group also values the contribution of its staff and believes that their contributions are vital and instrumental to the ultimate success of the KHIB Group as a whole.

VI. INFORMATION ON THE KHIB GROUP (CONT'D)

6.5 Health and Environmental

KHI has obtained ISO14001 (for the certification of metal stamping parts and component with primary and secondary processes) which guides an organisation to implement a management structure that will ensure, among others, that hazardous waste or chemical reduction programmes will be implemented and environmental targets established and achieved.

KHIB Group's Environmental Management Department implements the Safety, Health and Environment Management System to ensure safety and appropriate implementation of chemical control systems such as chemical reduction programmes and chemical control training.

KHIB Group practices the "5S" Japanese management policy as described below, whereby machinery, facilities and production areas must be cleaned at scheduled intervals. The Group also implements a "5S" patrol programme to promote and encourage cleanliness in the workplace and consistent awareness of the "5S" policy.

5S	Japanese term	Meaning in English
1S	Seiri	Sort and discard all unnecessary items in the workplace
2S	Seiton	Arrange necessary materials, parts, jigs, tools, measuring instruments and other essential items for easy retrieval and usage
3S	Seiso	Cleanliness at the work place, which include, production floor, machinery, equipment and tools so that there is no dust
4S	Seiketsu	Maintain a high standard of housekeeping and workplace organisation at all times
5S	Shitsuke	Follow good housekeeping discipline autonomously

KHI has in October 2002 published its first in-house newsletter with the name "Green Motion" highlighting environmental issues and promoting steps to curb environmental pollution such as recycling and waste handling. The newsletter also covers outdoor activities organised by KHI to promote and create a healthy environment for its employees.

6.6 Location of Principal Place of Business, Production Facilities and Principal Assets

The location of principal place of business, production facilities and principal assets of the KHIB Group are as follows:

Location	Company	Description
Lot 1837, Jalan Kolej 43300 Seri Kembangan Selangor Darul Ehsan	*KHI	Factory A, principal place of production facilities and assets
Lot 1863 and 1864, Jalan Kolej 43300 Seri Kembangan Selangor Darul Ehsan	KHIB/KHI	Corporate office/Factory B, principal place of business and production facilities
No. 2, 4, 6 and 8 Jalan Indah 2/16 Taman Universiti Indah 43300 Seri Kembangan Selangor Darul Ehsan	KHI	Factory C, principal place of production facilities and assets
Lot 44, Jalan 6/2 43300 Seri Kembangan Selangor Darul Ehsan	KHI	Factory D, principal place of production facilities

VI. INFORMATION ON THE KHIB GROUP (CONT'D)

Location	Company	Description
Lot 33, Jalan 6/2, 43300 Seri Kembangan Selangor Darul Ehsan	KHI	Factory E, principal place of production facilities
Lot 1866 and 1867, Jalan Kolej 43300 Seri Kembangan Selangor Darul Ehsan	KHI	Factory M, principal place of production facilities
Plot B2, Thang Long Industrial Park Dong Anh District Hanoi, Vietnam	**KHMV	Principal place of production facility

Note:

- * This factory is rented from TCY Holdings, a related party.
- ** This factory is rented from Hanoi Steel Center Co., Ltd.

The certificate of fitness for occupation (“CFO”) for the property located at Lot 1837, Jalan Kolej, 43300 Seri Kembangan, Selangor Darul Ehsan, otherwise known as Factory A, has not been obtained as the factory is an old building and has been in operation for more than 18 years. Factory A is a property rented from TCY Holdings, a related company (please refer to Section 1 of Part X of this Prospectus for further details). The Company had on 20 June 2003 applied for a business licence from the Majlis Perbandaran Subang Jaya (“MPSJ”). Simultaneously, TCY Holdings has commenced the process of application for CFO from the MPSJ. As at 6 September 2004, approval in-principle has been received for planning permission from the MPSJ conditional upon certain conditions which TCY Holdings is in the process of complying with. New building plans have been drafted and will be submitted to the building department of the MPSJ as part of the process to obtain the CFO. The Board of Directors of KHIB is of the opinion that if KHIB is required to relocate or renovate the factory to satisfy the CFO requirement in the future, it will not have a material impact on the operations or financial condition of the KHIB Group.

VI. INFORMATION ON THE KHIB GROUP (CONT'D)

6.7 Major Approvals, Licences and Permits

As at the date of this Prospectus, KHIB and its subsidiaries have obtained the approvals, licences and permits described in the table below which sets out the details of such approvals, licences and permits, the equity conditions imposed and the status of compliance by the respective companies. Other than these approvals, licences and permits, KHIB and its subsidiaries do not have or require any other approvals, major licences or permits.

Company	Authority	Type of licence	Date of issuance/ Date of expiry	Equity, employment and/or other major conditions imposed	Status of compliance
KHI	MITI	Manufacturing Licence for production of stamped metal parts for electrical appliances, motorcycles and metal working industries (Licence No. A004067)	12.12.85 (effective from 28.05.85)/ none	All the company's shares must be bought and held by Malaysian citizens including at least 30% of which is reserved and the company must consult MITI before the distribution of the reserved shares.	Met
KHI	Royal Customs Malaysia (formerly known as <i>Royal Customs and Excise Malaysia</i>)	Sales tax licence for products: vacuum cleaner components, blender components, gas cooker, rice cooker, slow cooker, electric iron components, television components, air-condition automobile components, ventilation and exhaust fan components, articles of brass, iron, steel and aluminium, audio-video components, circuit breaker component, refrigerator, washing machine components, socket components, seat and steering wheel components (Licence No. B10-02000189-2002)	28.02.03 (effective from 01.05.81)/ none	<ol style="list-style-type: none"> A new licence is required when: <ol style="list-style-type: none"> a partner withdraws or a new partner is added to a partnership; or a registered company takes over a licensed business or company which is not a registered company; or when a business is leased. In the case of any alteration to the name of the licensed business or company the licence should be forwarded to the Senior Officer of Sales Tax in-charge of the district in which KHI's principal place of business is located for amendment. 	To be complied (if applicable)

VI. INFORMATION ON THE KHIB GROUP (CONT'D)

6.7 Major Approvals, Licences and Permits (Cont'd)

Company	Authority	Type of licence	Date of issuance/ Date of expiry	Equity, employment and/or other major conditions imposed	Status of compliance
KHI	Majlis Perbandaran Subang Jaya ("MPSJ")	Factory B Business Licence for metal stamping works factory, non fluorescent advertisement (Licence No. 1868677A)	24.12.03/ 31.12.04	Nil	Not applicable
KHI	MPSJ	Factory C Business Licence for metal factory, non-fluorescent advertisement (Licence No. 18683573)	24.12.03/ 31.12.04	Nil	Not applicable
KHI	MPSJ	Factory E Business Licence for electronic/ electrical equipment manufacturing factory, non-fluorescent advertisement (Licence No. 18686839A)	24.12.03/ 31.12.04	Nil	Not applicable
KHI	MPSJ	Factory D Business Licence for metal stamping works factory, non-fluorescent advertisement (Licence No. 18686870A)	24.12.03/ 31.12.04	Nil	Not applicable
KHA	MPSJ	Business Licence for sale of electronic/electrical equipments, non- fluorescent advertisement, non- fluorescent advertisement (Licence No. 186871204B)	24.12.03/ 31.12.04	Nil	Not applicable

VI. INFORMATION ON THE KHIB GROUP (CONT'D)

6.7 Major Approvals, Licences and Permits (Cont'd)

Company	Authority	Type of licence	Date of issuance/ Date of expiry	Equity, employment and/or other major conditions imposed	Status of compliance
KHMV	The Hanoi Industrial And Export Processing Zones Authority	Investment Licence No.50/GPDC1- KCN-HN This Investment Licence is also valid as the Business Registration Certificate and Charter Registration Certificate of KHMV and comes into effect from the signing date of the Investment Licence	06.09.2004/ 27.08.2047	1. At least 80% of KHMV's products shall be exported, the remaining products shall be sold in the Vietnam market 2. The operational term of KHMV is 44 years from 28 August 2003 3. In case of importing used equipment, KHMV must abide by all relevant regulations under Vietnamese Law	To be complied.

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