

**XIV. VALUATION CERTIFICATE**

*(Prepared for inclusion in this Prospectus)*



**KONSORTIUM PERUNDING HARTANAH SDN BHD**

(278260-K)

PROPERTY INVESTMENT CONSULTANTS • VALUERS • ESTATE AGENTS • PROPERTY AND PROJECT MANAGERS

**VALUATION CERTIFICATE**

Our Ref: V/TD/04/2156 to 2160  
Date : 13 September 2004

The Directors  
Kein Hing International Berhad  
Lot 1863, Jalan Kolej  
43000 Seri Kembangan  
Selangor Darul Ehsan

This Certificate of Valuation has been prepared for inclusion in the Prospectus of Kein Hing International Berhad (KHIB) to be issued in relation to its listing on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities").

In accordance with the instructions from KHIB, we have assessed the Market Value of the landed properties of KHIB and its subsidiaries in conjunction with the listing of KHIB on the Second Board of the Bursa Securities. Details of the valuations are set out in our reports bearing Reference Nos. V/TD/04/2156 to 2160 dated 1<sup>st</sup> March 2004.

The valuations had been carried out in accordance with the Guidelines on Asset Valuations for submission to the Securities Commissions issued by the Securities Commissions and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents Malaysia and with the necessary professional responsibility and due diligence.

The basis of valuation is the Market Value as at 18<sup>th</sup> February 2004 and 19<sup>th</sup> February 2004. The Comparison, Cost and Investment Methods of valuation were adopted in arriving at the Market Value.

The Certificate of Valuation is to be read in conjunction with Section 5.1 of Part VI of the Prospectus. Details and the Market Value of the subject properties are shown in Schedule 1 as attached.

Yours faithfully

**KONSORTIUM PERUNDING HARTANAH SDN BHD**

**LIM POH HUI m.i.s.m.**  
Registered Valuer (V371)

3-2, Jalan 109E, Desa Business Park, Off Jalan Klang Lama, 58100 Kuala Lumpur.  
TEL: 603-79846113 FAX: 603-79846119  
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## XIV. VALUATION CERTIFICATE (CONT'D)

## KONSORTIUM PERUNDING HARTANAH SDN BHD

PROPERTY IDENTIFICATION		GENERAL DESCRIPTION OF PROPERTY				MARKET VALUE					
Reference No. Date of valuation/ Date of inspection/	Title / Location	Registered owner or leaseholder/ Malay Reservation	Land Use/ Tenure	Type	Total land area/ floor area (sq. metres)	Planning Details / Existing user/ Remarks	Age/ Occupancy status	Certificate of Fitness for Occupation/ Remarks	Method of valuation	"As Is" Market value (RM)	Assumption Market value (RM)
V/TD/04/2156 19th February 2004/ 19th February 2004	GM Nos. 391 & 392, Lot Nos. 1866 & 1867, Mukim & District of Petaling, Selangor. Lots 1866 & 1867, Jalan Kolej, 43300 Seri Kembangan, Selangor	Kein Hing Industry Sdn Bhd/ Nil	Industrial/ Freehold	a 3-storey factory and a 4-storey office cum car park block (u/construction)	8,194.87/ 8,179.31	Industrial/ To be used as a factory/	under construction/ To be Occupied by KHI	Not yet issued/	Comparison Method and Cost Method	8,500,000.00 (70 % completed which was est- mated to be com- pleted by Jun-04)	10,500,000.00 (upon completion)
V/TD/04/2157 18th February 2004/ 18th February 2004	GM Nos. 249 & 250,* Lot Nos. 1863 & 1864, Mukim & District of Petaling, Selangor. Lots 1863 & 1864, Jalan Kolej, 43300 Seri Kembangan, Selangor	Kein Hing Industry Sdn Bhd/ Nil	Industrial/ Freehold	Single-storey factory with a 3-storey office and factory annexe	7891.34/ 6,115.99	Industrial/ Factory	7/ Occupied by KHI	Issued on 20th December 1996	Comparison Method and Investment Method	8,900,000.00 (existing use)	-
V/TD/04/2158 18th February 2004/ 18th February 2004	H.S.(M) No. 13707, P.T. No. 3469, Mukim & District of Petaling, Selangor Lot 33, Jalan 6/2, Sri Serdang Industrial Area 43300 Seri Kembangan Selangor	Kein Hing Industry Sdn Bhd/ Nil	Industrial/ Leasehold 99 years, expiring on 10/1/89	Single-storey factory with a 2 1/2 - storey office annexe	4086/ 2,122.55	Industrial/ Factory	3/ Occupied by KHI	Issued on 12th October 2001	Comparison Method and Investment Method	4,000,000.00 (existing use)	-
V/TD/04/2159 18th February 2004/ 18th February 2004	H.S.(M) No. 26921,* P.T. No. 174, Mukim & District of Petaling, Selangor Lot 44, Jalan 6/2, Sri Serdang Industrial Area 43300 Seri Kembangan Selangor	Kein Hing Industry Sdn Bhd/ Nil	Industrial/ Leasehold 99 years, expiring on 7/11/99	Single-storey semi-detached factory with a 2-storey office annexe	988/ 794.59	Industrial/ Factory	8/ Occupied by KHI	Issued on 28th March 1995	Comparison Method and Investment Method	1,150,000.00 (existing use)	-
V/TD/04/2160 18th February 2004/ 18th February 2004	H.S.(D) Nos.31751, 31750, 31749& 31748,* Mukim & District of Petaling, Selangor Nos. 2 & 4 and 6 & 8, Jalan Indah 2/16, Taman Universiti Indah, 43300 Seri Kembangan, Selangor	Kein Hing Industry Sdn Bhd/ Nil	Industrial/ Freehold	2 units of 1 1/2-storey terrace factories	732.82/ 562.62	Industrial/ Factory	11/ Occupied by KHI	Issued on 4th Sept. 1992	Comparison Method and Investment Method	900,000.00 (existing use)	-

Note :

\* These properties have extended structures which do not have the relevant approvals.

**XV. DIRECTORS' REPORT**

*(Prepared for inclusion in this Prospectus)*



**KEIN HING  
INTERNATIONAL BERHAD**

(Company No: 616056 - T)

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國 公  
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CORPORATE OFFICE : LOT 1863 & 1864, JALAN COLLEGE, 43300 SERI KEMBANGAN, SELANGOR, MALAYSIA. TEL: 603-89424650 FAX: 603-89489261

**Registered Office**

Lot 1863 Jalan Kolej  
43300 Seri Kembangan  
Selangor Darul Ehsan

13 September 2004

**To : The shareholders of Kein Hing International Berhad ("KHIB")**

Dear Sir/Madam,

On behalf of the Board of Directors of KHIB, I wish to report after due inquiry that during the period from 30 April 2004 (being the date to which the last audited consolidated accounts of KHIB and its subsidiaries ("Group") have been made up) to 6 September 2004 (being a date not earlier than 14 days before the issue of this Prospectus):

- (i) the business of the Group, in the opinion of the Board of Directors of KHIB, has been satisfactorily maintained;
- (ii) in the opinion of the Board of Directors of KHIB, no circumstances have arisen subsequent to the last audited consolidated accounts of the Group which have adversely affected the trading or the value of the assets of the Group;
- (iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) no contingent liabilities have arisen by reason of any guarantees or indemnities given by KHIB or any of its subsidiaries;
- (v) there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in respect of the Group in which the Board of Directors of KHIB is aware subsequent to the last audited consolidated accounts of the Group; and
- (vi) save as disclosed in Section 4.2 of Part II, Sections 9 and 10 of Part XI and Part XII of this Prospectus, there have been, since the date of the last audited accounts of the Group, no material changes in the published reserves or any unusual factors affecting the profits of the Group.

Yours faithfully  
For and on behalf of  
the Board of Directors of KHIB

Yap Toon Choy  
Group Managing Director

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**XVI. STATUTORY AND GENERAL INFORMATION**

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**1. SHARE CAPITAL**

- (i) No shares will be allotted or issued on the basis of this Prospectus later than 12 months after the date of the issue of this Prospectus.
- (ii) There are no founder, management or deferred shares in the Company. There is only one class of shares in the Company namely the ordinary shares of RM0.50 each, all of which rank pari passu with one another.
- (iii) Save for the Public Issue Shares and as disclosed in Section 4 of Part VI of this Prospectus, no shares or debentures of the Company or its subsidiaries have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the 2 years preceding the date of this Prospectus.
- (iv) Save as disclosed in Section 2 of Part II of this Prospectus, no person including Directors of the Company or employees of KHIB and its subsidiaries has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or its subsidiaries nor has any options to subscribe for securities been granted or exercised by any Directors of the Company or employees of KHIB and its subsidiaries during the last financial year.
- (v) Other than the Offer Shares reserved for the eligible Directors and employees of KHIB and its subsidiaries as disclosed in Section 2 of Part II and Sections 1.2 and 3.2 of Part VII of this Prospectus, there is currently no other scheme for or involving Directors of the Company and the employees of KHIB and its subsidiaries in the share capital of the Company or its subsidiaries.
- (vi) As at the date of this Prospectus, the Group does not have any outstanding convertible debt securities.
- (vii) Save as disclosed in Section 8 of Part IV of this Prospectus, there are no persons who, directly or indirectly, jointly or severally, exercise control over KHIB.

**2. ARTICLES OF ASSOCIATION**

The following provisions are reproduced from the Listing Requirements of Bursa Securities ("Listing Requirements"), the Companies Act, 1965, the Rules of the Bursa Depository and the Articles of Association of the Company ("Articles").

**2.1 Transfer of Securities**

The provisions in the Articles, Listing Requirements, Companies Act, 1965 and Rules of the Bursa Depository in respect of the arrangements for transfer of the securities and restrictions on their free transferability are as follows:

**(i) Articles*****Article 27 – Transferor's Right***

The instrument of transfer of any security shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain the holder of the security until the name of the transferee is entered in the Record of Depositors in respect thereof.

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**XVI. STATUTORY AND GENERAL INFORMATION (CONT'D)**

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***Article 28 – Refusal to register transfers***

The Bursa Depository may refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and the Rules, no security shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

***Article 29 – Closing of registers***

The registration of transfers may be closed at such times and for such periods as the Directors may from time to time determine, provided always that it shall not be closed for more than 30 days in any year. The Company shall give Bursa Securities prior written notice and publication in a daily newspaper circulating in Malaysia of the period of the intended closure and the purposes thereof, which notice shall be at least 12 Market Days or such number of days as may be prescribed by Bursa Securities. In relation to the closure, the Company shall give written notice in accordance with the Rules to prepare the appropriate Record of Depositors.

***Article 30 – Transfer of securities***

The transfer of any listed securities or class of listed securities of the Company which have been deposited with the Bursa Depository, shall be by way of book entry by the Bursa Depository in accordance with the Rules of the Bursa Depository and, notwithstanding sections 103 and 104 of the Companies Act, 1965, but subject to subsection 107C(2) of the Companies Act, 1965, and any exemption that may be made from compliance with subsection 107C(1) of the Companies Act, 1965, the Company shall be precluded from registering and effecting any transfer of such listed securities.

***Article 31 – Instrument of transfer***

Subject to the provisions of the Central Depositories Act and the Rules, every instrument of transfer shall be in writing and in the form approved in the Rules and shall be presented to the Bursa Depository with such evidence (if any) as the Bursa Depository may require to prove the title of the intending transferor and that the intended transferee is a qualified person.

***(ii) Companies Act, 1965***

The provisions within the Companies Act, 1965 on the transferability of securities are as follows:

***Section 103 – Instrument of transfer***

- (1) Notwithstanding anything in its articles a company shall not register a transfer of shares or debentures unless a proper instrument of transfer in the prescribed form has been delivered to the company, but this subsection shall not prejudice any power to register as a shareholder or debenture holder any person to whom the right to any shares in or debentures of the company has been transmitted by operation of law.



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**XVI. STATUTORY AND GENERAL INFORMATION (CONT'D)**


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- (1A) Nothing in this section shall be construed as affecting the validity of any instrument which would be effective to transfer shares or debentures apart from this section; and any instrument purporting to be made in any form which was common or usual in use, or in any other form authorised or required for that purpose apart from this section before the commencement of the Companies Act, 1965, shall be sufficient, whether or not it is completed in accordance with the prescribed form, if it complies with the requirements as to execution and contents which apply to a transfer.

Provided that a company shall be precluded from registering a transfer of shares or debentures, the title of which is evidenced by a certificate that is issued on or after the date of coming into operation of this subsection unless a proper instrument of transfer in the prescribed form has been delivered to the company.

***Section 107C – Transfer of securities is by way of book entry***

- (1) On or after the coming into operation of this section, the transfer of any securities or class of securities of a company whose securities or any class of whose securities have been deposited with a central depository shall be by way of book entry by the central depository in accordance with the rules of the central depository and, notwithstanding Sections 103 and 104, such company shall be precluded from registering and effecting any transfer of securities or class of securities which have been deposited.
- (2) Subsection (1) shall not apply to a transfer of securities to a central depository or its nominee company.

**(iii) *Rules of Bursa Depository***

The rules within Bursa Depository (“Rules”) on the transferability of securities are as follows:

***Rule 8.01 (2) – Rejection of transfer***

The Bursa Depository may, in its absolute discretion, reject a transfer request made by a depositor thereunder, where the reason for the said transfer does not fall within any of the approved reasons stipulated under Rule 8.03(1)(c).

***Rule 8.05A – Transfer from the principal or nominee account***

Transfer made by the authorised depository agent from the agent’s principal or nominee account shall be subject to the Rules in this chapter.

***Rule 9.03(2) – Documents to lodge***

It shall be the responsibility of the authorised depository agent, in processing the transfer between two securities accounts belonging to different depositors (hereinafter the transfer is referred to as “the inter-account transfer”), to check and ensure the completeness, accuracy and/or genuineness of the documents lodged as follows:

- (a) the prescribed Form FTF010 (request for ordinary transfer of securities form) or Form FTF015 (request for express transfer of securities form) fully and properly completed in triplicate;

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**XVI. STATUTORY AND GENERAL INFORMATION (CONT'D)**


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- (b) the Transferring Depositor has executed the Transferor portion on the said form duly witnessed by another person (other than the depositor's spouse);
- (c) the Transferring Depositor has stated his reason for the transfer and that the reason is or are amongst any of the approved reasons as stated herein below:
  - (i) transmission and transfer of securities arising from the provisions of any written law or an order of court of competent jurisdiction;
  - (ii) rectification of errors;
  - (iii) pledge, charge or mortgage;
  - (iv) mandatory offer pursuant to the provisions of the Malaysian Code On Takeover and Mergers, 1998;
  - (v) any other circumstances as deemed fit by the Bursa Depository after consultation with the SC;
- (d) documents to support the reason for the transfer;
- (e) such other accompanying documents duly processed in such manner as the Bursa Depository may from time to time determine in its Procedures Manual.

**(iv) Listing Requirements**

The provisions of the Listing Requirements on the transferability of securities are as follows:

***Paragraph 7.13 - Transfers of securities***

The transfer of any listed security or class of listed security of the company, shall be by way of book entry by the Bursa Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Companies Act 1965, but subject to Subsection 107C(2) of the Companies Act 1965, and any exemption that may be made from compliance with Subsection 107C(1) of the Companies Act 1965, the Company shall be precluded from registering and effecting any transfer of the listed securities.

***Paragraph 7.14 - Transmission of securities from Foreign Register***

- (1) Where:
  - (a) the securities of a Company are listed on a stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) (Exemption)(No. 2) Order 1998 ("An Approved Market Place"); and
  - (b) such Company is exempted from compliance with Section 14 of the Securities Industry (Central Depositories) Act, 1991 or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules of the Central Depository in respect of such securities;

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**XVI. STATUTORY AND GENERAL INFORMATION (CONT'D)**

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such Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the company in Malaysia (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in the ownership of such securities.

- (2) For the avoidance of doubt, no company which fulfils the requirements of subparagraphs (1)(a) and (b) above shall allow any transmission of securities from the Malaysian Register into the Foreign Register.

**2.2 Remuneration of Directors**

The provisions in the Articles dealing with the remuneration of the Directors of the Company are as follows:

***Article 86 – Directors' remuneration***

The fees payable to the Directors shall from time to time be determined by the Company in general meeting, and such fees shall be divided among the Directors in such proportions and manner as that Directors may determine provided always that:

- (i) fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- (ii) salaries payable to Directors who do hold an executive office in the Company may not include a commission on or percentage of turnover;
- (iii) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting;
- (iv) any fee paid to an Alternate Director shall be such amount as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

The Directors may also be paid all travelling, hotel, and other expenses properly incurred by them in attending and returning from meeting of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company. Any Director who is appointed to any executive office including the office of Chairman or who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary percentage of profits or otherwise as the Directors may determine but not a commission on or percentage of turnover. Any such extra remuneration payable to a non-executive Director shall not include a commission on or a percentage of profits or turnover.



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**XVI. STATUTORY AND GENERAL INFORMATION (CONT'D)**

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***Article 124 – Remuneration of Managing Director***

A Managing Director or Deputy Managing Director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, commission, or participation in profits or partly in one way and partly in another) but shall not include a commission on or a percentage of turnover as the Directors may determine.

**2.3 Voting and Borrowing Powers of Directors**

The provisions in the Articles dealing with the voting and borrowing powers of the Directors of the Company including voting powers in relation to proposals, arrangements or contracts in which they are interested are as follows:

***Article 92 – Director’s borrowing powers***

The Directors may exercise all the powers of the Company to borrow or raise money for the purpose of the Company’s or any of its related corporations’ businesses on such terms as they think fit and may secure the repayment of the same by mortgage or charge upon the whole or any part of the Company’s undertaking and property (both present and future) including its uncalled or unissued capital and may issue bonds, debentures and other securities whether charged upon the whole or part of the assets of the Company or otherwise but the Directors shall not borrow any money or mortgage or charge any of the Company’s or any of the subsidiary companies’ undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

***Article 106 – Directors’ power to vote***

Subject to these Articles, any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes subject to Article 105, the Chairman of the meeting shall have a second or casting vote. Where 2 Directors form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only 2 Directors are competent to vote on the question at issue, shall not have a second or casting vote.

***Article 107 – Restriction on voting***

A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest and if he shall do so his vote shall not be counted.

**2.4 Changes in Share Capital and Variation of Class Rights**

The provisions in the Articles as to changes in the share capital and variation of class rights, which are as stringent as those provided in the Companies Act, 1965 are as follows:

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**XVI. STATUTORY AND GENERAL INFORMATION (CONT'D)**

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***Article 4 – Allotment of shares***

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the provisions of these Articles and the Companies Act, 1965 and to the provisions of any resolution of the Company every issue of shares or options in the Company shall be approved by the members in general meeting and such shares may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:

- (i) no shares shall be issued at a discount except in compliance with the provisions of section 59 of the Companies Act, 1965;
- (ii) in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles and in the resolution creating the same;
- (iii) no issue of shares shall be made which will have the effect of transferring a controlling interest in the Company to any person, company or syndicate without the prior approval of the members of the Company in general meeting;
- (iv) no Director shall participate in such issues of shares to employees unless the members in general meeting have approved the specific allotment to be made to such Director.

***Article 9 – Rights of preference shareholders***

Subject to the Companies Act, 1965, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are or will be liable, to be redeemed but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time and the Company shall not issue preference shares ranking in priority to the preference shares already issued, but may issue preference shares ranking equally therewith. Preference shareholders must be entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts, and attending general meetings of the Company and shall also have the right to vote at any meeting convened in each of the following circumstances:

- (i) when the dividend or part of the dividend on the preference shares is in arrears for more than 6 months;
- (ii) on a proposal to reduce the Company's share capital;
- (iii) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
- (iv) on a proposal that affects rights attached to the preference shares;
- (v) on a proposal to wind up the Company; and
- (vi) during the winding up of the Company.

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**XVI. STATUTORY AND GENERAL INFORMATION (CONT'D)**

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***Article 10 – Repayment of preference capital***

Notwithstanding Article 11 of the Articles, the repayment of preference share capital other than redeemable preference shares, or any alteration of preference shareholders' rights shall only be made pursuant to a special resolution of the preference shareholders concerned, provided always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of  $\frac{3}{4}$  of the preference capital concerned within 2 months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

***Article 11 – Modification of class rights***

Subject to the provisions of section 65 of the Companies Act, 1965, all or any of the rights, privileges or conditions for the time being attached or belonging to any class of shares for the time being forming part of the share capital of the Company may from time to time be modified, affected, varied, extended or surrendered in any manner with the consent in writing of the holders of not less than  $\frac{3}{4}$  of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the members of that class. To every such separate meeting all the provisions of these Articles as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be 2 members of the class holding or representing by proxy,  $\frac{1}{3}$  of the share capital paid or credited as paid on the issued shares of the class, and every holder of shares of the class in question shall be entitled on a poll to 1 vote for every such share held by him. To every such special resolution the provisions of section 152 of the Companies Act, 1965 shall with such adaptation as are necessary apply.

***Article 15 – Share buy back***

The Company shall have the power, subject to and in accordance with the provisions of the Companies Act, 1965 and any rules, regulations and guidelines thereunder issued by Bursa Securities and any other relevant authorities in respect thereof for the time being in force, to purchase its own shares and thereafter to deal with the shares purchased in accordance with the provisions of the Companies Act, 1965 and any rules, regulations and guidelines thereunder issued by Bursa Securities and any other relevant authorities in respect thereof.

***Article 25 – Payment of calls***

The Directors may, from time to time, make arrangements on the issue of shares for a difference between the holders of such shares in the amount of calls to be paid and in the time of payment of such calls.

***Article 26 – Advance on call***

The Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the money uncalled and unpaid upon any shares held by him, and upon all or any part of the money so advanced may (until the same would, but for the advance, become payable) pay interest at such rate (unless the Company in general meeting shall otherwise direct) as may be agreed upon between the Directors and the member paying the sum in advance, in addition to the dividend payable upon such part of the share in respect of which such advance has been made as is actually called up. Such capital paid on shares in advance of calls shall not, whilst carrying interest, confer a right to participate in profits. Except in liquidation, sums paid in advance of calls shall not, until the same would but for such advance have become payable, be treated as paid-up on the shares in respect of which they have been paid.

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**XVI. STATUTORY AND GENERAL INFORMATION (CONT'D)**

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***Article 46 – Power to increase capital***

The Company may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.

***Article 47 – Offer of unissued original shares***

Subject to any direction to the contrary that may be given by the Company in general meeting, any original shares for the time being unissued and not allotted and all new shares or other convertible securities from time to time to be created shall, before they are issued be offered to such persons, as at the date of the offer, are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, shall be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Article.

***Article 48 – Issue of securities***

Notwithstanding the foregoing and subject to the Companies Act, 1965 and the Listing Requirements, the Company must ensure that it shall not issue any shares or convertible securities if the nominal value of the those shares or convertible securities, when aggregated with the nominal value of any such shares or convertible securities issued during the preceding 12 months, exceeds 10% of the nominal value of the issued and paid-up capital of the Company, except where the shares or convertible securities are issued with the prior approval of the shareholders in general meeting of the precise terms and conditions of the issue.

***Article 49 – Company may alter its capital in certain ways***

The Company may by ordinary resolution:

- (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; or
- (ii) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum and Articles of Association and the Companies Act, 1965; provided that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that as between the resulting shares one or more of such share may, by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares, and
- (iii) cancel any shares not taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.



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**XVI. STATUTORY AND GENERAL INFORMATION (CONT'D)**

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*Article 50 – Capital raised by the creation of new shares*

Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered as part of the original capital, and shall be subject to the provisions contained in the Articles with reference to payment of calls and instalments, transfer and transmission, forfeiture, lien, surrender and otherwise. Unless otherwise provided in accordance with these Articles the new shares shall be ordinary shares.

*Article 51 – Reduction of capital*

The Company may by special resolution reduce its share capital and any capital redemption reserve fund or any share premium account in any manner authorised and subject to any conditions prescribed by the Companies Act, 1965.

**3. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

- (i) The names, addresses and occupations of the Board of Directors of KHIB are set out in Part I of this Prospectus.
- (ii) A Director of the Company is not required to hold any qualification shares in the Company unless otherwise so fixed by the Company at general meeting.
- (iii) None of the Directors, senior executive officers of the Company (which includes key management of the Group as set out in Section 3 of Part VII of this Prospectus) or person nominated to become a Director or senior executive officer of the Company is or was involved in the following events (whether in or outside Malaysia):
  - (a) a petition under any bankruptcy or insolvency laws filed against such person or any partnership in which he is or was a partner or any corporation of which he is or was a director or senior executive officer;
  - (b) conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
  - (c) the subject of any order, judgement or ruling of any court, tribunal or government body of competent jurisdiction permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.



**XVI. STATUTORY AND GENERAL INFORMATION (CONT'D)**

(iv)

The substantial shareholders of the Company and their respective shareholdings in the Company, based on the Register of Substantial Shareholders and Register of Members of the Company, before and after the Issues as at 6 September 2004 are as follows:

Substantial shareholders	Designation	Nationality	Before Issues			After Issues		
			No. of KHIB Shares	Percentage of share capital %	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	Malaysian	19,813,200	21.73	-	19,813,200	20.01	-
Yap Toon Choy	Group Managing Director	Malaysian	38,341,620	42.04	-	32,841,620	33.17	-
Yong Elaine	Executive Director	Singaporean	22,700,820	24.89	-	20,400,820	20.61	-

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## XVI. STATUTORY AND GENERAL INFORMATION (CONT'D)

(v) The Directors of the Company and their respective shareholdings in the Company, based on the Register of Directors' Shareholdings of the Company, before and after the Issues as at 6 September 2004 are as follows:

Directors	Designation	Nationality	Before Issues			After Issues				
			No. of KHIB Shares	Percentage of share capital %	Indirect No. of KHIB Shares	Percentage of share capital %	*Direct No. of KHIB Shares	*Indirect No. of KHIB Shares	Percentage of share capital %	
Y. A. M Tengku Syarif	Non-Independent Non-Executive Chairman/	Malaysian	19,813,200	21.73	-	-	19,813,200	20.01	-	-
Yap Toon Choy	Group Managing Director	Malaysian	38,341,620	42.04	-	-	32,841,620	33.17	-	-
Yong Elaine	Executive Director	Singaporean	22,700,820	24.89	-	-	20,400,820	20.61	-	-
Liew Choon Fong	Executive Director	Malaysian	-	-	-	-	363,250	0.37	-	-
Shigeaki Sugiyama	Executive Director	Japanese	-	-	-	-	363,250	0.37	-	-
Darsan Singh a/1 Bahwant Singh	Independent Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-
Swee Soo Mang	Independent Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-
Tan Teik Soon	Independent Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-

**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.

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**XVI. STATUTORY AND GENERAL INFORMATION (CONT'D)**

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- (vi) Save as disclosed in Section 6 of Part VII of this Prospectus, there are no existing or proposed service agreements between the Directors of the Company and key management of the Group, and the Company or its subsidiaries, excluding agreements expiring or terminable by the employing company without payment or compensations (other than statutory compensation) within 1 year.
- (vii) Save as disclosed in this Prospectus, none of the Directors of KHIB is aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public which could materially affect the profits of the Group.

**4. GENERAL INFORMATION**

- (i) The nature of the Company's business is described in Part VI of this Prospectus. Other than those mentioned in Part VIII of this Prospectus, there is no corporation which is deemed to be related to the Company by virtue of Section 6 of the Companies Act, 1965.
- (ii) The name and address of the Auditors and Reporting Accountants of the Company are set out in Part I of this Prospectus.
- (iii) Save for the remuneration payable to the Directors of the Company as set out in Section 1.4 of Part VII of this Prospectus, no amount or benefit has been paid or given within the 2 years preceding the date of this Prospectus, nor is it intended to be so paid or given, to any promoter.
- (iv) Save as disclosed in this Prospectus, the financial performance, position and operations of the Company or its subsidiaries are not affected by any of the following:
  - (a) known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of the Group;
  - (b) other material commitments for capital expenditure;
  - (c) unusual or infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Group;
  - (d) substantial increase in revenue and the extent to which the increase is attributable to prices, volume of goods or services being sold, the introduction of new products or services or any other factors; and
  - (e) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.
- (v) Save for KHMV, which is incorporated in Vietnam, the Company and its other subsidiaries have not established a place of business outside Malaysia as at the date of this Prospectus.
- (vi) The date and time of the opening and closing of the applications for the Issues are set out in Section 4 of Part III of this Prospectus.
- (vii) The amount payable in full on application is RM0.65 per Issues Share.

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**XVI. STATUTORY AND GENERAL INFORMATION (CONT'D)**

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- (viii) Save for the Issues, there is no intention on the part of the Board of Directors of KHIB to issue any part of the authorised but unissued share capital of the Company as at the date of this Prospectus.

**5. EXPENSES AND COMMISSIONS**

- (i) The estimated expenses and fees, including brokerage, placement fees, managing underwriting commission and underwriting commission relating to the Public Issue Shares, incidental to the Listing amounting to RM2,000,000 will be borne by the Company.
- (ii) Save as disclosed in Section 8 of Part III of this Prospectus, no commissions, discounts, brokerages or other special terms were granted by the Company within the 2 years preceding the date of this Prospectus in connection with the issue or sale of any capital of the Company or its subsidiaries.

**6. PUBLIC TAKE-OVERS**

During the last financial year and the current financial year up to the date of this Prospectus, there were no:

- (i) public take-over offers by third parties in respect of the Company's shares; and
- (ii) public take-over offers by the Company in respect of other companies' shares.

**7. MATERIAL AGREEMENTS**

Save as disclosed below, there are no subsisting material agreements which are or have been entered into by the Company and its subsidiaries in the ordinary course of business:

- (i) The Group has purchased material insurance policies from various insurers as follows:
- (a) various insurance policies from Am Assurance Berhad for an aggregate sum of approximately RM25.707 million as follows:
- fire insurance for KHI's building known as Factory A and Factory B;
  - fire insurance for KHI's building constructed as class 1A at Factory D;
  - fire insurance for KHI on plant and machinery, stock in trade, fixture and fittings and factory buildings of both Factory A, Factory B and Factory D;
  - all risks insurance for KHI on machinery and equipment; and
  - various insurance policies on motor vehicles for KHI.

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**XVI. STATUTORY AND GENERAL INFORMATION (CONT'D)**


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- (b) various insurance policies from American Home Assurance, Malaysia for an aggregate sum of approximately RM10.442 million as follows:
- general insurance on motor vehicles for KHI;
  - all risks insurance for KHI on machinery and equipment; and
  - fire insurance for office equipment, machinery, furniture, fixture and fittings, stock and material in trade at the premises of KHA;
  - crime insurance for KHA in respect of trading of electrical products upon physical properties and stock-in-trade against the risks of burglary and robbery; and
  - general insurance on motor vehicle for KHA.
- (c) fire insurance policy for KHI from Mayban General Assurance Berhad for Factory E for a sum of RM1.500 million; and
- (d) various insurance policies from Universal General Insurance Berhad, Malaysia for an aggregate sum of approximately RM6.620 million as follows:
- fire insurance policy for KHI on building including foundations, auxiliary gutter, drain and other surrounding area and electrical installations occupied as manufacturer of vehicle spare parts at Factory B;
  - fire insurance policy for KHI on 2 single-storey factory and office building known as Factory C; and
  - fire insurance policy for KHI on plant, machinery, equipment and stock in trade at Factory B and Factory C.
- (e) various insurance policies from Berjaya General Insurance Berhad for an aggregate sum of approximately RM0.536 million as follows:
- general insurance on motor vehicles for KHI; and
  - all risks insurance for KHI on machinery and equipment.
- (f) various insurance policies on motor vehicles for KHI from Hong Leong Assurance Berhad for a sum of RM0.792 million; and
- (g) various insurance policies from Overseas Assurance Corporation (Malaysia) Berhad for an aggregate sum of RM2.145 million as follows:
- general insurance on motor vehicles for KHI; and
  - all risks insurance for KHI on machinery and equipment.
- (ii) The Group has obtained various credit facilities from various financial institutions as follows:
- (a) term loans, overdraft and revolving credit facilities for KHI from Malayan Banking Berhad for an aggregate loan amounting to RM5.440 million to part finance the purchase of industrial land and the construction of factory cum office known as Factory E;



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**XVI. STATUTORY AND GENERAL INFORMATION (CONT'D)**


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- (b) term loans, overdraft and revolving credit facilities for KHI from United Overseas Bank (Malaysia) Berhad for an aggregate and credit limit amounting to RM6.522 million for the purchase and part finance of the land and construction, renovation and extension of Factory B and for working capital;
- (c) overdraft and revolving credit facilities for KHI from OCBC Bank Berhad for an aggregate credit limit amounting to RM6.000 million for working capital;
- (d) credit facilities for KHI from Citibank Berhad for an aggregate amount of RM10.607 million to part finance the purchase of machinery and equipment;
- (e) credit facilities for KHI from Bank Industri Malaysia Berhad for the amount of RM2.500 million to part finance the purchase of machinery and equipment;
- (f) credit facilities for KHI from Malaysian Industrial Development Finance ("MIDF") for an aggregate amount of RM11.456 million for the purchase and part finance of land and construction of factory at Lot No. 1866 and 1867, Mukim Petaling, District of Petaling, Selangor Darul Ehsan and to finance the purchase of machinery and equipment;
- (g) credit facility for KHMV from Oversea-Chinese Banking Corporation Limited in the sum of USD660,000 for working capital;
- (h) foreign exchange forward contract from Public Bank Berhad in the amount of RM3.0 million for forward hedging of foreign currency exchange exposure in line with the business of KHI;
- (i) credit facilities for KHI from Public Bank Berhad for an aggregate amount of RM11.0 million for the purposes of:
- refinancing existing facilities granted by United Overseas Bank, Malaysia;
  - trade financing;
  - issuance of tender, performance and financial guarantees in line with the business of KHI; and
  - securing credit facilities to be granted by VID Public Bank, Vietnam for working capital to facilitate the operation of KHMV in Vietnam.
- (iii) KHI has entered into various hire purchase agreements for an aggregate sum of approximately RM9.712 million with OCBC Bank, Southern Finance Berhad, Affin-ACF Finance Berhad, Mayban Finance Berhad, MIDF, Orix Credit Malaysia Sdn Bhd, Public Finance Berhad, Public Leasing & Factoring Sdn Bhd, SB Leasing (Malaysia) Sdn Bhd and Sime Credit (M) Sdn Bhd for the hire purchase of vehicles and machineries;
- (iv) Purchase Agreement dated 1 April 2003 entered into between KHI and Matsushita Electronic Motor (M) Sdn Bhd for the supply of materials and parts by KHI to Matsushita Electronic Motor (M) Sdn Bhd. This agreement is valid for 1 year and is renewable every year upon mutual consent by both parties;
- (v) Purchase Agreement dated 14 July 1993 entered into between KHI and Matsushita Industrial Corp. Sdn Bhd for the supply of production materials for the production of air-conditioners by KHI to Matsushita Industrial Corp. Sdn Bhd. This agreement will be terminated upon notice in writing from Matsushita Industrial Corp. Sdn Bhd;

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**XVI. STATUTORY AND GENERAL INFORMATION (CONT'D)**

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- (vi) Purchase Agreement dated 1 February 1997 entered into between KHI and Matsushita Compressor And Motor Sdn Bhd for the supply of production materials for the production of air-conditioners by KHI to Matsushita Compressor And Motor Sdn Bhd. This agreement will be terminated upon notice in writing from Matsushita Compressor And Motor Sdn Bhd;
- (vii) Purchase Agreement dated 20 August 1999 entered into between KHI and Matsushita Air-Conditioning Corp. Sdn Bhd for the supply of production materials for the production of air-conditioners by KHI to Matsushita Air-Conditioning Corp. Sdn Bhd. This agreement will be terminated upon notice in writing from Matsushita Air-Conditioning Corp. Sdn Bhd;
- (viii) Agreement dated 1 December 2002 entered into between KHI and Yamaha Electronics Manufacturing (M) Sdn Bhd ("Yamaha") for the manufacture of parts by KHI for Yamaha as specified in the special condition attachment to the said agreement. This agreement is on a yearly basis and will only be terminated if either party gives at least 1 month's notice;
- (ix) Factoring Agreement dated 15 February 2002 entered into between KHA and ACS Credit Service (M) Sdn Bhd ("ACS") where in consideration of ACS agreeing to provide factoring facilities, KHA agrees to offer to sell to ACS all debts from time to time owing to KHA by customers of KHA within an easy payment scheme. This agreement shall continue to be in force until determined by either party giving to the other not less than 3 months written notice;
- (x) Agreement for the Appointment of Authorised Service Dealer dated 14 November 2002 between KHA and Nasional Panasonic (Malaysia) Sdn Bhd ("NPM") to undertake the service and/or repair of various NPM products both under warranty and out of warranty. The parties agreed that the authorised service dealer would set up a service workshop to carry out the service and repair of NPM Products. The agreement shall continue to be in force until terminated by either party giving 3 months written notice. NPM is given the right to terminate this agreement at any time immediately upon giving written notice of such termination and the happening of certain events; and
- (xi) KHI entered into various Loan Agreements with Matsushita Electric Co. (M) Sdn Bhd ("MAICO") under which MAICO agreed to loan machineries to KHI for the purpose of manufacturing of parts supplied to MAICO.

**8. MATERIAL CONTRACTS**

Save as disclosed below, there are no contracts which are or may be material, not being contracts entered into in the ordinary course of business, which have been entered into by the Company and its subsidiaries during the 2 years preceding the date of this Prospectus:

- (i) Joint Venture Agreement dated 21 February 2003 entered into between KHI and Hirota Holdings Berhad ("HHB") to establish a joint venture company known as HKH to carry out and promote the business of metal stamping, tooling dies and related parts, machining, broaching and any other business from time to time agreed between the parties. KHI will be responsible for the overall day-to-day operations and management of the manufacturing activities of HKH. The shareholding ratio for the joint venture was agreed on a 51:49 basis between HHB and KHI;

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**XVI. STATUTORY AND GENERAL INFORMATION (CONT'D)**


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- (ii) Sale and Purchase Agreement dated 6 May 2003 entered into between KHI and Sim Kooi Wah, Yap Kim Hok and Chan Jun Fai for the acquisition of 28,000 ordinary shares of RM1.00 each in S&Y representing 14% of the issued and paid-up share capital of S&Y from Sim Kooi Wah, Yap Kim Hok and Chan Jun Fai. This agreement is conditional upon the approval of the SC, SC (on behalf of FIC), MITI and all such other relevant authorities for the listing of the entire enlarged issued and fully paid-up share capital of KHIB on the Second Board of Bursa Securities;
- (iii) Memorandum of understanding dated 14 June 2003 entered into between KHI and Muramoto Asia (S) Pte Ltd, Singapore, to establish a joint venture company known as KHMV on a 51:49 basis respectively to undertake the business of parts manufacturing and assembly of metal components in Vietnam;
- (iv) Joint Venture Agreement (“JVA”) dated 23 July 2003 entered into between KHI and Muramoto Asia (S) Pte Ltd, Singapore (“Muramoto Singapore”), for the incorporation of a joint venture company known as KHMV in Vietnam to undertake the business of sheet metal forming, precision machining and components assembly. KHMV will be a 100% foreign-owned enterprise, enjoying judicial person status under the Vietnamese Law. The total investment capital of KHMV shall be USD4 million and the legal capital shall be USD1.2 million. The parties agreed that KHI shall contribute USD612,000 representing 51% of the Legal Capital and Muramoto Singapore shall contribute USD588,000 representing 49% of the Legal Capital subject to and condition upon the satisfaction of the conditions precedent set out in the JVA. This JVA is conditional upon the receipt of all necessary permits and approvals from all relevant authorities in Vietnam, including the Investment Licence (issued by the Hanoi Industrial & Export Processing Zone Authority, Vietnam) and all permits and approvals for the implementation of the business;
- Muramoto acknowledges that KHI is participating in a listing exercise and as part of the listing exercise, KHI proposes to transfer its portion of the Legal Capital to a new company known or to be known as KHIB. Muramoto consents to the transfer by KHI of its Legal Capital to KHIB and the Parties agreed that upon such transfer, KHI shall procure KHIB to enter into an agreement with Muramoto whereunder KHIB agrees to be bound by the terms of the JVA;
- (v) Sale and Purchase Agreement dated 10 September 2003 entered into between KHIB and Yap Toon Choy and Liew Choon Fong for the acquisition of 85,001 ordinary shares of RM1.00 each in KHA representing the 17% of the issued and paid-up share capital of KHA for a total purchase consideration of RM67,947 satisfied by cash;
- (vi) Sale and Purchase Agreement dated 10 September 2003 entered into between KHIB and the shareholders of KHI for the acquisition of 4,000,000 ordinary shares of RM1.00 each in KHI representing the entire issued and paid-up share capital of KHI for a total purchase consideration of RM48,672,315 satisfied by the issuance of 91,199,998 KHIB Shares at an issue price of approximately RM0.534 per KHIB Share;
- (vii) An Underwriting Agreement dated 25 August 2004 entered into between KHIB, the Offerors, CIMB, as underwriter and managing underwriter and MIMB as joint underwriter in relation to the underwriting of 9,800,000 KHIB Shares at the managing underwriting fee of 0.50% and underwriting commission of 2.00%, respectively of the Offer Price or Public Issue Price;
- (viii) Service Contract dated 10 September 2004 entered into between KHIB and Yap Toon Choy for him to be the Group Managing Director of KHIB on 9 August 2004. This Service Contract governs the terms of employment with KHIB and is for a term of 3 years from 9 August 2004 and subject to renewal every year thereafter unless terminated pursuant to the terms and conditions set out in the Service Contract. KHIB shall remunerate Yap Toon Choy a monthly salary of RM66,000, annual bonus, incentive bonus and other incentives during the continuance of his services under the contract;



**XVI. STATUTORY AND GENERAL INFORMATION (CONT'D)**

- (ix) Service Contract dated 10 September 2004 entered into between KHIB and Yong Elaine for her to be an Executive Director of KHIB on 9 August 2004. This Service Contract governs the terms of employment with KHIB and is for a term of 3 years from 9 August 2004 and subject to renewal every year thereafter unless terminated pursuant to the terms and conditions set out in the Service Contract. KHIB shall remunerate Yong Elaine a monthly salary of RM13,000, annual bonus and other incentives during the continuance of her services under the contract;
- (x) Service Contract dated 10 September 2004 entered into between KHIB and Liew Choon Fong for her to be an Executive Director of KHIB on 9 August 2004. This Service Contract governs the terms of employment with KHIB and is for a term of 3 years from 9 August 2004 and subject to renewal every year thereafter unless terminated pursuant to the terms and conditions set out in the Service Contract. KHIB shall remunerate Liew Choon Fong a monthly salary of RM11,500, annual bonus and other incentives during the continuance of her services under the contract;
- (xi) Service Contract dated 10 September 2004 entered into between KHIB and Shigeaki Sugiyama for him to be an Executive Director of KHIB on 9 August 2004. This Service Contract governs the terms of employment with KHIB and is for a term of 3 years from 9 August 2004 and subject to renewal every year thereafter unless terminated pursuant to the terms and conditions set out in the Service Contract. KHIB shall remunerate Shigeaki Sugiyama a monthly salary of RM26,200, annual bonus and other incentives during the continuance of his services under the contract; and
- (xii) Capital Assignment Agreement dated 25 August 2004 entered into between KHI, Muramoto Singapore and KHIB for the assignment of KHI's legal capital of 51% interest ("Partial Interest") in KHMV to KHIB subject to the terms and conditions set out in the agreement. Pursuant to the agreement, KHI has agreed to sell and transfer all of its Partial Interest in KHMV to KHIB and KHIB shall take all responsibilities of KHI in KHMV. Upon assignment taking effect, KHI is to be released and discharged from the JVA dated 23 July 2003 entered into between KHI and Muramoto Singapore and Muramoto Singapore has agreed to release and discharge KHI upon the terms of KHIB's assumption of all rights powers, benefits, interests, titles and entitlements of KHI under the JVA and be bound by the terms of the JVA in place of KHI. The purchase price for the Partial Interest is USD612,000. The Board of Management of KHMV has agreed to the sale of the Partial Interest by KHI to KHIB based on a written resolution of the Board of Management of KHMV dated 25 August 2004.

**9. MATERIAL LITIGATION**

As at 6 September 2004, being the latest practicable date prior to the printing of this Prospectus, neither KHIB nor its subsidiaries is engaged in any litigation and/or arbitration, either as plaintiff or defendant, which have 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 may materially and adversely affect the position or business of the Company or its subsidiaries.

**10. LETTERS OF CONSENTS**

- (i) The written consents of the Principal Bankers, Solicitors for the listing exercise, Registrar, Issuing House, Adviser, Managing Underwriter and Underwriters, Placement Agent and the Company Secretary to the inclusion in this Prospectus of their names in the context and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

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**XVI. STATUTORY AND GENERAL INFORMATION (CONT'D)**

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- (ii) The written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of its name, Accountants' Report and letters relating to the consolidated profit forecast for the financial year ending 30 April 2005 and proforma consolidated balance sheets as at 30 April 2004 in the context and form in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.
- (iii) The written consent of the Independent Market Researcher to the inclusion of its name and the Executive Summary Report in the context and form in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.
- (iv) The written consent of the Independent Valuer to the inclusion of its name and the Valuation Certificate in the context and form in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at the registered office of the Company during normal office hours for a period of 12 months from the date of this Prospectus:

- (i) Memorandum and Articles of Association of KHIB and its subsidiaries;
- (ii) Audited financial statements of KHIB for the financial period from 23 May 2003 (date of incorporation) to 30 April 2004;
- (iii) Audited financial statements of KHI for the 5 financial years ended 30 April 2004;
- (iv) Audited financial statements of KHA for the financial period from 29 September 2001 (date of incorporation) to 30 April 2002 and the 2 financial years ended 30 April 2004;
- (v) Audited financial statement of HKH for the 5 financial years ended 31 December 2003;
- (vi) Audited financial statements of S&Y for the 5 financial years ended 31 December 2003;
- (vii) The Reporting Accountants' Letters relating to the consolidated profit forecast for the financial year ending 30 April 2005 and proforma consolidated balance sheets as at 30 April 2004 as included in Sections 4 and 9 of Part XI, respectively, of this Prospectus;
- (viii) The Accountants' Report and Directors' Report as included in Parts XII and XV, respectively, of this Prospectus;
- (ix) The Executive Summary Report referred to in Part XIII of this Prospectus and the Independent Market Researcher Report by the Independent Market Researcher;
- (x) The valuation reports dated 1 March 2004 and the Valuation Certificate referred to in Part XIV of this Prospectus;
- (xi) The material contracts referred to in Section 8 of Part XVI of this Prospectus;
- (xii) The material agreements referred to in Section 7 of Part XVI of this Prospectus; and
- (xiii) The letters of consent referred to in Section 10 of Part XVI of this Prospectus.



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**XVI. STATUTORY AND GENERAL INFORMATION (CONT'D)**

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**12. RESPONSIBILITY STATEMENT**

- (i) CIMB 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 and Public Issue 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.
  
- (ii) This Prospectus has been seen and approved by the Directors and Promoters of 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.

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