
4. INFORMATION ON THE EHB GROUP

4.1 History

The history of EHB Group began in 1976 with Fatt Sin Cushion, helmed by Mr Lew Fatt Sin with a staff force of three (3) persons, which manufactured sofas and cushions for sale to furniture traders and resellers. In 1984, Mr Lew incorporated Fatt Sin Cushion (M) Sdn Bhd (which is now known as ECS), the flagship company of the EHB Group, which took over the business of Fatt Sin Cushion. By then, the staff force had increased to sixty (60) persons and the business activities had expanded to include the supply of office chairs. The Group had also developed its own dealer network, supplying to both the private sector and government sector.

In 1987, the Group created the brand name "Euro Chairs" in a move to stamp its identity and mark of excellence on its products and started to market its products under the said brand. During that year, the Group made its maiden foray into the international market by exporting office chairs to Saudi Arabia. The foray into the international market continued with subsequent exports to Hong Kong, South East Asia, New Zealand, Australia and the rest of the Gulf States. Meanwhile, on the local front, the Group enjoyed its first major breakthrough in 1993 when it secured a contract to supply chairs to the Turf Club in Sungai Besi, Kuala Lumpur, which paved the way for the Group to bid directly for other corporate projects.

As business expanded, the Group recognised the need to equip its production facilities with advanced machinery and equipment in order to ensure consistent high quality products and to improve production efficiency. In 1995, the Group moved into its new factory cum office in Rawang, Selangor with new machinery and set up its in-house R&D team to add impetus to the development of new products and design innovation. In 1996, the Group commenced production and supply of system furniture to the domestic market. In 1997, the Group attained the ISO 9002 quality system certificate and invested in new plant and equipment using the latest advance technologies to modernise its production lines. The Group's production capacity was further boosted with the completion of its second factory, also located in Rawang, Selangor.

In 2001, in response to changes in the business environment and customers' needs, the Group transformed its business methodology to offer 'Total Office Solutions' to customers. By this time, the Group had already penetrated the export market for its office furniture in Iceland, Finland, South America, India, Pakistan and Bangladesh. In the following year, the Group started to export to Central America. In 2003, as a testament of its commitment to continuously improve its quality, the Group's quality system was upgraded to ISO 9001:2000 Management System Certificate.

Today, through its technical competency and service orientation and backed by 28 years of in-depth furniture manufacturing experience and know-how, the Group prides itself as an original brand manufacturer of office furniture with integrated manufacturing facilities and the Directors believe that the EHB Group is one of the reputable leading manufacturers of ergonomic seating, system furniture and related office furniture products. The Group has an established network of sales agents in India, Japan, Central America, South America, USA and Hong Kong. It operates from two (2) factories located in the Rawang Industrial Estate and has a total staff force of 397. As its motto says, "Euro delivers the promise of an effective work environment", the Group focuses on providing optimal solutions that enable customers and their consultants to create work environments that harmoniously integrate architecture, furniture and technology.

Meanwhile, in line with its expansion plan, the Group intends to construct a new factory on a parcel of leasehold land located at Lot 11, Jalan Perusahaan Satu, Kawasan Perindustrian Batu 20, Jalan Rawang, 48000 Rawang, Selangor Darul Ehsan, with a total area of 122,407 sq. ft. to house the production facilities for metal products fabrication. Construction is scheduled to commence in July 2005 and the total cost of construction for the new factory is estimated at RM5 million. The new factory is scheduled to be completed in March 2006 and operational by July 2006. Upon completion of the new manufacturing plant, the production capacity of the Group is anticipated to increase by another 50%.

4. INFORMATION ON THE EHB GROUP (Cont'd)

4.2 Share Capital

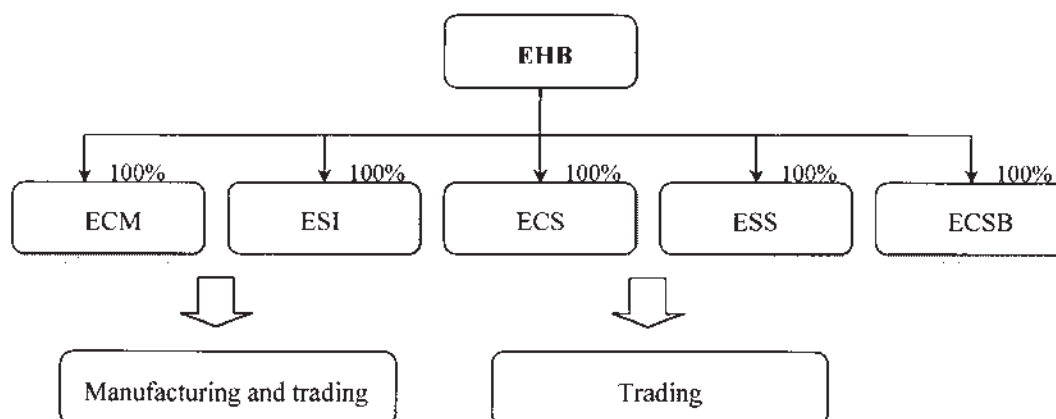
The present authorised share capital of EHB is RM50,000,000 comprising 100,000,000 Shares. The issued and paid-up share capital is RM30,375,000 comprising 60,750,000 Shares as at the date of this Prospectus. The changes in the issued and paid-up share capital of EHB since its incorporation up to the date of this Prospectus are as follows:

Date of allotment	No. of Shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
24.03.2004	4	0.50	Subscribers' shares	2
01.10.2004	46,590,781	0.50	Shares issued pursuant to the Acquisitions	23,295,393
02.11.2004	14,159,215	0.50	Shares issued pursuant to the Rights Issue	30,375,000

The principal activities of the Company's subsidiaries are as follows:

Subsidiaries	Date / Country of incorporation	% effective equity interest	Issued & paid-up capital RM	Principal activities
ECM	02.10.1987 Malaysia	100	800,048	Manufacturing and marketing of furniture
ECS	19.06.1984 Malaysia	100	660,012	Trading of furniture, furniture fabric material and other furniture components
ESS	29.02.1996 Malaysia	100	200,000	Trading of office furniture
ESI	17.08.1983 Malaysia	100	2,000,000	Manufacturing and trading of office furniture, partition, chairs and panels
ECSB	21.09.1990 Malaysia	100	2	Holds the industrial designs and trademarks of the Group

The Group's corporate structure as at the date of this Prospectus is depicted as follows:



4. INFORMATION ON THE EHB GROUP *(Cont'd)*

4.3 Listing Scheme

As an integral part of the listing and quotation for the entire issued and paid-up capital of the Company on the Second Board of Bursa Securities, the Company undertook a restructuring scheme, which was approved by the following:

- (a) SC vide its letter dated 13 September 2004 and 16 December 2004;
- (b) FIC, through the SC's letter dated 13 September 2004; and
- (c) MITI vide its letters dated 29 May 2004 and 2 November 2004.

Approval-in-principle has been obtained from Bursa Securities on 18 October 2004 for the admission of EHB to the Official List of the Second Board of Bursa Securities and for the listing of and quotation for the entire enlarged issued and paid-up ordinary shares of EHB on the Second Board of Bursa Securities.

The restructuring scheme entails the following:

(i) Acquisitions

On 19 April 2004, EHB entered into the following conditional sale and purchase agreements in respect of the following:

- (a) acquisition of 800,048 ordinary shares of RM1.00 each representing the entire equity interest in ECM for a purchase consideration of RM1,820,235 to be fully satisfied by the issuance of 3,578,620 new EHB Shares at approximately RM0.51 per Share;
- (b) acquisition of 660,012 ordinary shares of RM1.00 each representing the entire equity interest in ECS for a purchase consideration of RM10,080,899 to be fully satisfied by the issuance of 19,819,259 new EHB Shares at approximately RM0.51 per Share;
- (c) acquisition of 200,000 ordinary shares of RM1.00 each representing the entire equity interest in ESS for a purchase consideration of RM5,334,373 to be fully satisfied by the issuance of 10,487,489 new EHB Shares at approximately RM0.51 per Share;
- (d) acquisition of 2,000,000 ordinary shares of RM1.00 each representing the entire equity interest in ESI for a purchase consideration of RM6,462,501 to be fully satisfied by the issuance of 12,705,413 new EHB Shares at approximately RM0.51 per Share; and
- (e) acquisition of 2 ordinary shares of RM1.00 each representing the entire equity interest in ECSB for a cash consideration of RM2.

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4. INFORMATION ON THE EHB GROUP (Cont'd)

The aggregate purchase consideration of RM23,698,010 for the Acquisitions was arrived at based on the audited NTA of the acquiree companies as at 31 December 2003 as follows:

Company	% acquired by EHB	Audited NTA as at 31 Dec 2003 RM	Purchase consideration RM	To be satisfied by		Issue price per EHB Share RM
				Cash RM	No. of consideration shares in EHB	
ECM	100	1,820,235	1,820,235	-	3,578,620	0.51
ECS	100	10,080,899	10,080,899	-	19,819,259	0.51
ESS	100	5,334,373	5,334,373	-	10,487,489	0.51
ESI	100	6,462,501	6,462,501	-	12,705,413	0.51
ECSB	100	(12,665)	2	2	-	-
		<u>23,685,343</u>	<u>23,698,010</u>	<u>2</u>	<u>46,590,781</u>	

The consideration shares in EHB which were issued pursuant to the Acquisitions were allotted to the vendors in the following manner:

	No. of shares held in acquiree company	%	No. of consideration shares in EHB	%
Vendors of ECM				
- Law Sim Shee	¹ 720,048	90.00	2,029,377	4.35
- Lew Hin	80,000	10.00	357,840	0.77
- Teh Hock Toh	² -	-	1,191,403	2.56
			<u>3,578,620</u>	<u>7.68</u>
Vendors of ECS				
- Dato' Mohd Haniff Bin Abd Aziz	198,004	30.00	5,945,790	12.76
- Lew Fatt Sin	462,002	70.00	13,873,289	29.78
- Tan Poh Yong	6	*-	180	*-
			<u>19,819,259</u>	<u>42.54</u>
Vendors of ESI				
- Lew Fatt Sin	³ 1,200,000	60.00	1,524,650	3.27
- Law Sim Shee	800,000	40.00	5,082,165	10.91
- Teh Hock Toh	⁴ -	-	6,098,598	13.09
			<u>12,705,413</u>	<u>27.27</u>
Vendors of ESS				
- Dato' Mohd Haniff Bin Abd Aziz	80,000	40.00	4,194,995	9.00
- Lew Fatt Sin	50,000	25.00	2,621,873	5.63
- Law Sim Shee	70,000	35.00	3,670,621	7.88
			<u>10,487,489</u>	<u>22.51</u>
Grand Total			<u>46,590,781</u>	<u>100.00</u>

* Negligible.

1. Includes 266,354 shares held in trust for Teh Hock Toh.

4. INFORMATION ON THE EHB GROUP (Cont'd)

2. Beneficial interest in 266,354 shares held in trust by Law Sim Shee. The 1,191,403 consideration shares in EHB held in trust by Law Sim Shee for Teh Hock Toh have subsequently been transferred to Teh Hock Toh on 24 November 2004.
3. Includes 960,000 shares held in trust for Teh Hock Toh.
4. Beneficial interest in 960,000 shares held in trust by Lew Fatt Sin. The 6,098,598 consideration shares in EHB held in trust by Lew Fatt Sin for Teh Hock Toh have subsequently been transferred to Teh Hock Toh on 24 November 2004.

The above Acquisitions were completed on 1 October 2004. All the new EHB Shares issued pursuant to the Acquisitions ranked pari passu in all respects with the existing EHB Shares in issue.

Upon completion of the Acquisitions, the issued and paid-up share capital of EHB increased from RM2 comprising 4 EHB Shares to RM23,295,393 comprising 46,590,785 EHB Shares.

(ii) Rights Issue

On 2 November 2004, EHB implemented a renounceable rights issue of 14,159,215 new EHB Shares at par on the basis of approximately 3.04 new Shares for every 10 Shares held after the Acquisitions, as follows:

Shareholders	EHB Shares held after Acquisitions		Entitlements under Rights Issue	Renunciation of rights shares (to)/from		EHB Shares held after Rights Issue	
	No. of Shares	%		No. of Shares	No. of Shares	No. of Shares	%
Choong Man Tang	2	*-	-	-	2	*-	
Tan Hong Teng	2	*-	1	(1)	2	*-	
Dato' Mohd Haniff Bin Abd Aziz	10,140,785	21.77	3,081,845	(1,072,630)	12,150,000	20.00	
Lew Fatt Sin	18,019,812	38.68	5,476,327	(5,476,327)	18,019,812	29.66	
Law Sim Shee	10,782,163	23.14	3,276,763	(3,276,763)	10,782,163	17.75	
Lew Hin	357,840	0.77	108,750	(108,750)	357,840	0.59	
Tan Poh Yong	180	*-	55	(55)	180	*-	
Teh Hock Toh	#7,290,001	15.64	2,215,474	(2,215,474)	#7,290,001	12.00	
NASB	-	-	-	^12,150,000	12,150,000	20.00	
	46,590,785	100.00	14,159,215	-	60,750,000	100.00	

Notes:

* Negligible.

^ These Shares were renounced to NASB in order for EHB to meet the National Development Policy requirement of 30% Bumiputera equity participation in the Company. NASB is a single purpose vehicle in which Dato' Mohd Haniff Bin Abd Aziz is a legal and beneficial owner, holding 99% equity interest. Further information on NASB is provided in Section 5.1.2 of this Prospectus.

This comprises of 1,191,403 Shares and 6,098,598 Shares held in trust by Law Sim Shee and Lew Fatt Sin respectively for Teh Hock Toh. The said Shares have subsequently been transferred to Teh Hock Toh on 24 November 2004.

All the new EHB Shares issued pursuant to the Rights Issue ranked pari passu in all respects with the existing EHB Shares in issue.

Upon completion of the Rights Issue, the issued and paid-up share capital of EHB increased from RM23,295,393 comprising 46,590,785 EHB Shares to RM30,375,000 comprising 60,750,000 EHB Shares.

4. INFORMATION ON THE EHB GROUP *(Cont'd)*

(iii) Public Issue

Following the completion of the Acquisitions and Rights Issue and in conjunction with the listing of EHB on the Second Board of Bursa Securities, the Company is implementing a Public Issue of 20,250,000 new EHB Shares at an issue price of RM0.75 per Share to the Malaysian public.

The 20,250,000 new EHB Shares to be issued pursuant to the Public Issue which represent 25% of the enlarged share capital of EHB are to be issued to the following parties:

- (a) 3,000,000 new EHB Shares representing 3.7% of the enlarged share capital will be reserved for eligible employees and business associates of the EHB Group;
- (b) 6,000,000 new EHB Shares representing 7.4% of the enlarged share capital will be reserved for application by Malaysian citizens, companies, co-operatives, societies and institutions, of which at least 30% is to be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions; and
- (c) 11,250,000 new EHB Shares representing 13.9% of the enlarged share capital will be placed to identified investors by the placement agent.

Any excess new EHB Shares in item (a) above which are not subscribed for by the eligible employees and business associates of the EHB Group will be made available for placement to identified places.

The 20,250,000 new EHB Shares to be issued pursuant to the Public Issue will, upon allotment and issue, rank *pari passu* in all respects with the existing EHB Shares in issue except that they shall not rank for any dividends, rights, allotments and/or distributions declared or paid prior to the allotment thereof.

Upon completion of the Public Issue, the issued and paid-up share capital of EHB will increase from RM30,375,000 comprising 60,750,000 EHB Shares to RM40,500,000 comprising 81,000,000 EHB Shares.

(iv) Listing

Thereafter, EHB will seek admission to the Official List of Bursa Securities and the listing of and quotation for its entire enlarged issued and paid-up share capital of EHB of RM40,500,000 comprising 81,000,000 EHB Shares on the Second Board of Bursa Securities.

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4. INFORMATION ON THE EHB GROUP (Cont'd)

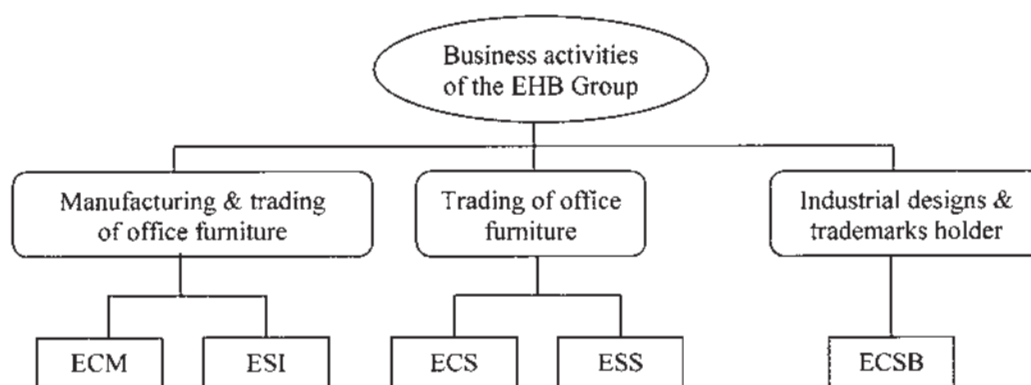
4.4 Business Overview

4.4.1 Principal Activities

The core activity of the EHB Group is manufacturing and sale of office furniture. The Group prides itself as an original brand manufacturer of office furniture with integrated manufacturing facilities.

The Group has two (2) factories located in the Rawang Industrial Estate which are fully equipped with metal stamping presses, welding machines and CNC machines to handle ironworks and wooden works, as well as upholstery and assembly lines. This allows end-to-end manufacturing of office furniture, giving the Group control over virtually the entire manufacturing and assembly of its office furniture. Together with an in-house research and development team, which oversees development of new designs and prototypes, as well as improvements to production technologies and processes, the Group is able to chart the course of its line of furniture, from design inception to final assembly, and ensure that these live up to the high standards of quality and excellence which the Euro brand is synonymous with.

The principal activities of the Group are structured according to their core activities and principal markets as follows:



The manufacturing activities of the Group are carried out by ECM and ESI. ECM and ESI are principally involved in the manufacturing of office furniture which includes chairs, tables, workstations, panels and partitions.

The trading arm of the Group comprises ECS and ESS, both of which concentrate solely on the Malaysian market. Over the years, both ECS and ESS have established a firm reputation and track record to take on large-scale projects involving furnishing or refurbishment of office buildings in Malaysia.

ECSB houses the intellectual properties of the Group, which consist of six (6) industrial designs, to facilitate a more efficient management of those intellectual properties. As at the date of this Prospectus, ECSB has filed an additional industrial design and six (6) trademarks with the Registry of Industrial Design, Malaysia and Registry of Trade Marks, Malaysia, respectively. Further information on these industrial designs and trademarks are set out in Section 4.4.4 of this Prospectus.

4. INFORMATION ON THE EHB GROUP (Cont'd)

4.4.2 Products

The Group offers a complete range of office furniture products encompassing chairs, tables, workstations and cabinets.

The Group's current products can be broadly categorised as follows:

Category	Range	Distinctive features
1. Chairs	Mesh	Dynamically postured backrest with elastic mesh fabric finishing
	G2	Lightweight perforated plastic backrest
	Contour	Designed to encourage dynamic posture
	Protocol President	High-end luxurious leather chair
	E-com	Classic executive chair with permanent contact mechanism and exclusive upholstery
	Generation	Specially-designed backrest
	Basic 2	Impressive lines and good value-for-money
	Caddy	Multi-purpose and multi-tasking stackable chair
	Altitude	Combines design and ergonomic features, embodies an airy transparency
	Memo	An ergonomically designed office chair to provide maximum posture comfort
Solo	Versatile and adapts to any environment, be it a reception or lounge area	
2. System Furniture (includes tables, chairs, storage, open plan system and others such as screens and partitions)	Space III	Simple configuration and easy-to-upgrade feature allows flexibility of add-ons to cater for increased workload and business growth. Suitable for individual and executive workstations.
	Space Panel	Flexible, mobile and adaptable workplace structure. Suitable for clerical workstations.
	Space Desking	Integrates effective cable management, equipment extensions and height adjustments. Suitable for call centres.
	Space Evolution	Geometrical design solution which uses one pole for every 30 degree angle and 12 directions. Suitable for individual and executive workstations.
	Space Shuttle	Made up of independent freestanding elements with simple forms to accommodate a wide variety of different functions and style preferences. A total space saving functional working office suitable for individual and group workstations

Most of the chairs come equipped with a host of features, carefully studied and researched, which offer aesthetically pleasing designs and maximum comfort. These features include special positioning of the headrest, height adjustable mechanisms for headrest, armrest, lumbar support and seat angle for optimal seating comfort. The Group offers a wide selection of choices to customers in terms of plastic backrest or fabric upholstery, colours, with or without armrest, frame finish and other accessories to suit different preferences and requirements.

4. INFORMATION ON THE EHB GROUP (Cont'd)

The Group offers a myriad of styles, concepts and configurations for its range of system furniture which allows for personalisation or the creation of the ideal working environment. The Group's system furniture are designed to provide maximum flexibility and mobility through the innovative use of add-on panels, off-module connectors, perforated open shelves, height-adjustable leg stands, sensible cable management system, additional fix-on hanging cabinets and a host of other elements which can be quickly and easily changed on-site. The ability to quickly and effortlessly adapt and modify the system furniture to suit changing / growing space requirements is especially important in a dynamic business environment.

Despite the wide variety of system furniture available, the common underlying theme is a system which will enhance professional performance, efficiency and corporate image.

The awards which the Group has won over the years bear testimony to the Group's flair for concepts and creativity, as follows:

Year	Awards
1996	Best Booth Display at the Dhaka International Trade Fair
1997	Third Prize for Renovated Booth under the Best Display Category at the Malaysian International Furniture Fair ("MIFF")
2003	2nd Merit Award for Best Presentation under the Bare Space Category at the MIFF
2004	BestBrands Award 2004 under the category of Best Malaysian Brand for the brand "Euro"

4.4.3 Technology

The Group believes in using technology as a tool to improve production costs and efficiency, and to ensure consistent quality of its products. The machines used by the Group in its production are imported from Italy, Germany and Japan.

The Group has eight (8) CNC machines used for cutting metal sheets and particle boards according to pre-determined dimensions and specifications. The use of the CNC machines helps to boost production efficiency by reducing production time and wastage.

The Group also has three (3) units of computerised robotic welding machines, one (1) unit of hi-tech progressive automated metal stamping system and four (4) units of progressive automated metal stamping process.

To keep abreast of the latest technology in the furniture sector, the key management of the Group attends international trade fairs and exhibition for machinery. Two (2) such international fairs which the Group has attended were the Ligna Machinery Exhibition in Hannover, Germany and SASMIL Machinery and Component Fair in Milan, Italy.

4. INFORMATION ON THE EHB GROUP (Cont'd)

4.4.4 Industrial Designs and Trademarks

The Group holds the following industrial designs and trademarks:


(i) Industrial Designs

Description	Registrant	Country / Registration No.	Date of Issuance
1. Design "A" Shape Leg and Design Spider Leg	ECSB	Malaysia /MY 01-00494	06.09.2001
2. Design of Furniture Pole	ECSB	Singapore / D2002/221/G	28.02.2002
3. Design of Caddy Chairs	ECSB	Malaysia / 02-00775	19.12.2002
4. Design of Chairs	ECSB	United Kingdom / 2056943	07.06.1996 - 07.06.2016
5. Design of Armrest	ECSB	United Kingdom / 2056944	07.06.1996 - 07.06.2016
6. Design of Furniture Pole	ECSB	Malaysia / MY 02-00044	16.04.2003
7. Design of Chair - Altitude/ Memo /Solo	ECSB	*	*

* The application was filed with the Registry of Industrial Design, Malaysia on 2 July 2004 and is currently pending registration.

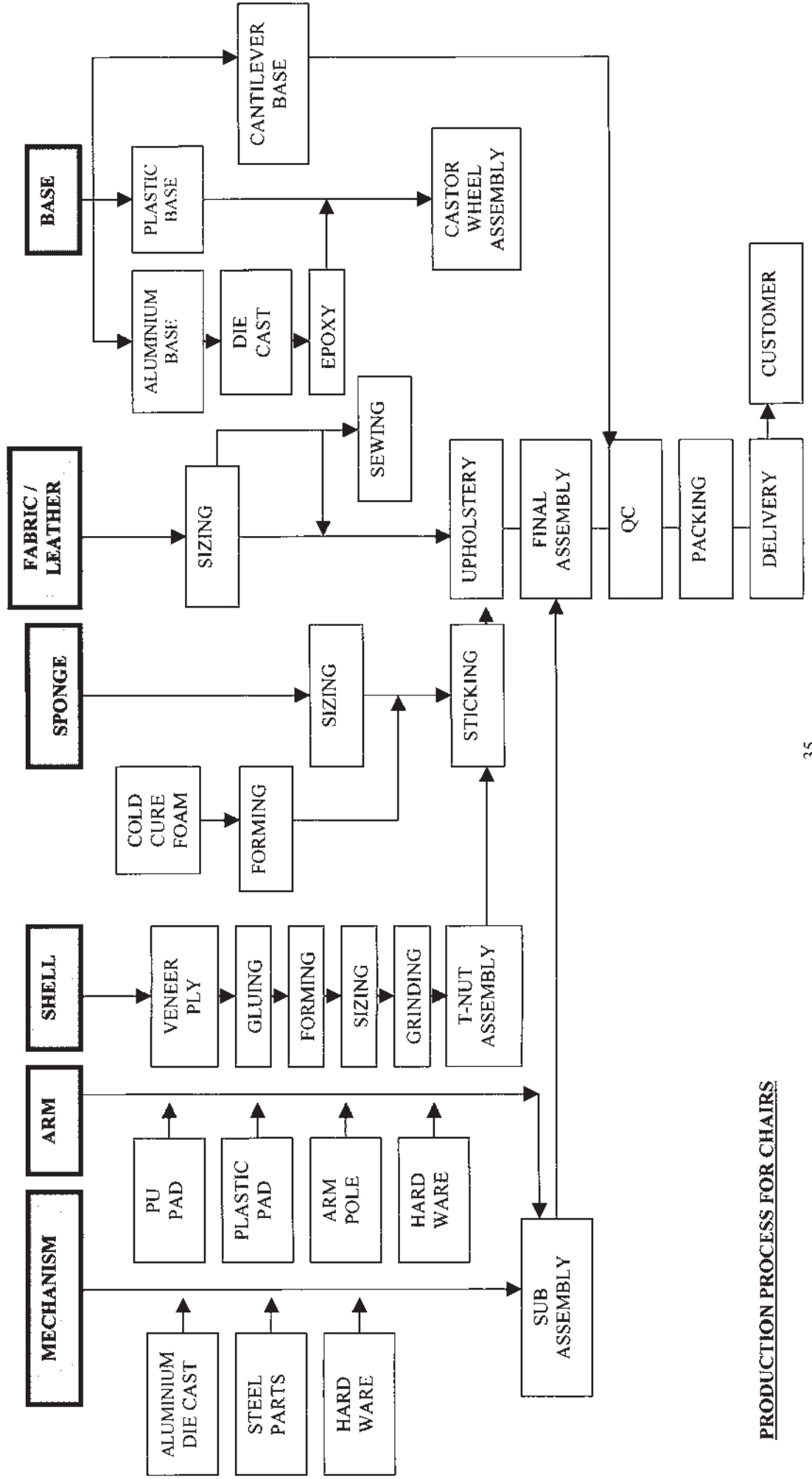
(ii) Trademarks

The following trademarks have been filed with the Registry of Trade Marks, Malaysia on 29 September 2004 and are currently pending registration:

No.	Brand	Registrant	Country / Application No.
1.	EURO chairs	ECSB	Malaysia / 04014698
2.	Inspiration at work	ECSB	Malaysia / 04014699
3.		ECSB	Malaysia / 04014700
4.	EURO space	ECSB	Malaysia / 04014701
5.	EURO	ECSB	Malaysia / 04014702
6.	EURO inspiration at work	ECSB	Malaysia / 04014703

4. INFORMATION ON THE EHB GROUP (Cont'd)

4.4.5 Production Process



PRODUCTION PROCESS FOR CHAIRS

4. INFORMATION ON THE EHB GROUP *(Cont'd)*

4.4.5 Production Process *(Cont'd)*

Chairs

A completed office chair is made up of a few main components such as seat rest, back rest, arm rest, tilting mechanism, gas spring, base and castor wheel. Hence, the manufacturing process for chairs begins with the manufacturing of the various key components, as follows:

(i) **Seat and back shell**

The main raw material used for the seat and back shell is natural wood veneer. The veneer ply is first cut to size and dried. The dried veneer ply is then glued together with urea glue before going through the forming process where the ply is formed into the required shape by using a high frequency hot forming machine. The raw-shape formed shell is then cut and grinded into the desired shape using an auto copy shaper. Holes are then drilled into the shell and T-nuts are inserted before the shell is sent for foam-sticking and upholstery.

(ii) **Arm rest**

The main raw material used for the arm pad is polyurethane. The polyurethane is moulded into shape by using a high pressure polyurethane machine whilst the plastic part is produced using a high pressure injection moulding machine.

(iii) **Mechanism**

The body of the mechanism is made of die-cast aluminium which is mould-casted by using a high pressure aluminium die-cast machine. The aluminium die-casted body is then drilled and tapped using a multi-borer machine before undergoing the powder coating process. All steel parts are fabricated in the metal production section using various types of power press capacity and tooling, i.e. blanking, punching or forming, depending on the process involved. These metal parts are then subject to the welding process by using either the manual Metal Inert Gas ("MIG") welding or MIG CNC robotic welding machine before they are finished with a powder epoxy coating.

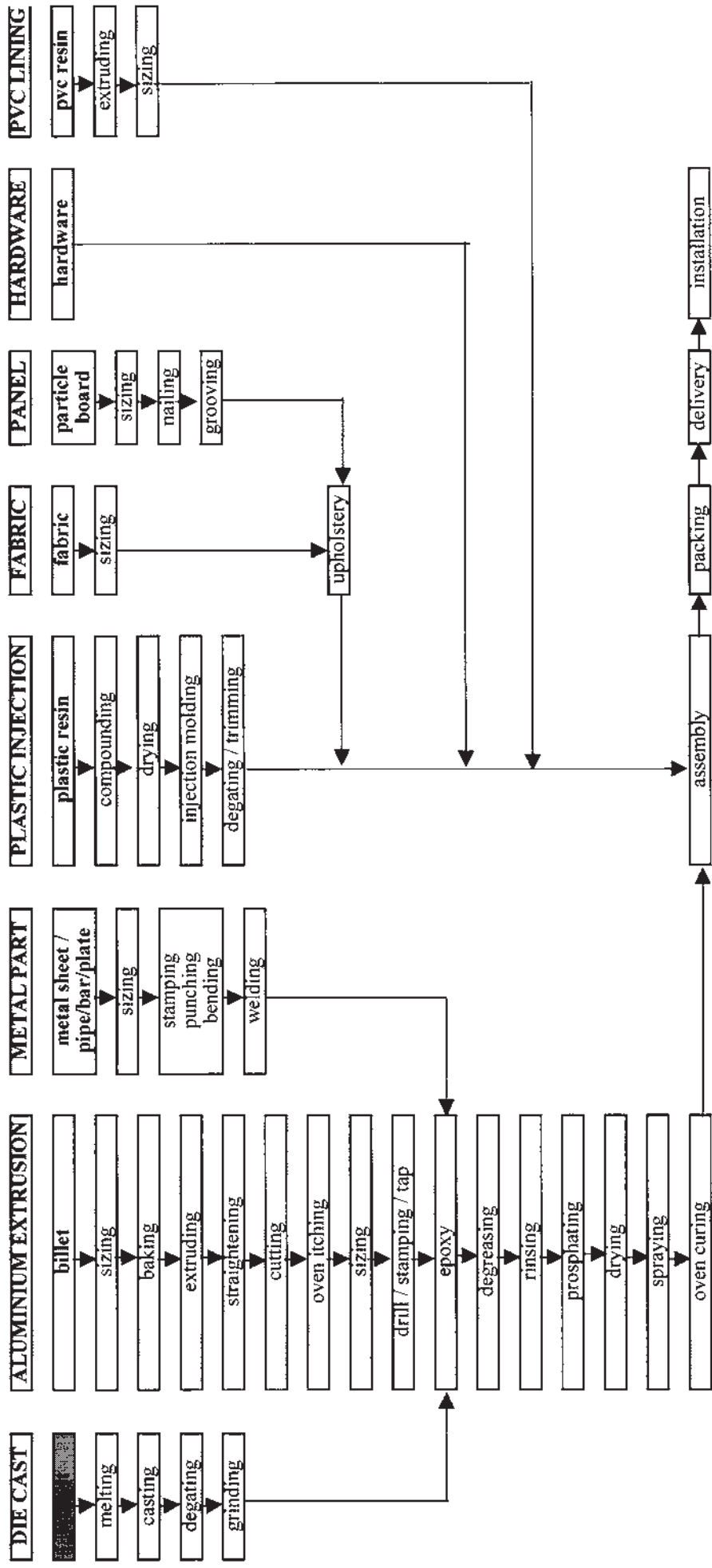
(iv) **Bases**

The two materials used to produce the chair base are plastic and aluminium. Raw plastic resin goes through a high pressure plastic injection machine to form the plastic base whilst the raw aluminium billets are subject to a high pressure aluminium die-cast machine to become the aluminium die-cast base.

All the parts are then completed and fabricated with their respective specific finishing and consequently ready for sub-assembly. This is followed by the final assembly of the arm, shell and base into the final product. The final product is subject to visual inspection and testing prior to packing for delivery to customers.

4. INFORMATION ON THE EHB GROUP (Cont'd)

4.4.5 Production Process (Cont'd)



PRODUCTION PROCESS FOR SYSTEM FURNITURE

4. INFORMATION ON THE EHB GROUP *(Cont'd)*

4.4.5 Production Process *(Cont'd)*

System Furniture

System furniture primarily consists of panels arranged in different configurations and a work surface to form a workstation. Aluminium capping and other accessories, plastic components or laminated boards are added-on to enhance the overall finishing, appearance and functionality of the end product. The main raw materials used are aluminium rods, metal sheets and pipes, plastic resin, fabric, particle boards and Polyvinyl chloride ("PVC") resin.

The manufacturing process of the panels involves the fabrication and assembly of various components into the final product. Steel sheets for the metal components such as its base, power console, shelf support, book divider, embossed sheet and wall brackets are first cut to size by using a guillotine shear. The cut steel sheets are then subject to various stamping and bending processes such as notching, piercing, forming and flanging using machines such as the CNC turret punch, power presses with different tonnage and CNC back gauge hydraulic press brakes.

All tubular sections and aluminium profiles are cut to the required sizes using pipe and aluminium cutting machines before they go through the drilling and pipe bending processes.

Formed metal sheet, vertical channels and horizontal tubular sections are precisely-jigged together and welded by robotic machines to provide rigidity to the entire panel structure. The welded panel frames, other stamped and flanged components are then cleaned and coated with epoxy for the desired finishing.

Metal tiles, which are processed from electro-galvanised sheets, are upholstered in the upholstery section before they are assembled to the coated frames to form a complete panel. The upholstery process starts with the cutting to size of the chosen fabrics which are then sprayed with adhesive and subsequently glued together.

The work surface, which is made of laminated particle boards, is cut into the required size using CNC machines. This is followed by the drilling of holes and routing to the desired shape and dimension before the product is finally sent for PVC-edging finish.

The assembled panels, work surfaces and other brackets together with the various securing fasteners are then packed and sent to customers' sites where they are installed to form the workstation.

4.4.6 Estimated Market Coverage / Position

Based on the latest financial results available from the CCM, the 18 selected companies (including EHB Group) recorded an estimated revenue of RM359.5 million in 2003. Based on the research compiled by Infocredit D&B (Malaysia) Sdn Bhd, the top 3 players in 2003 are EHB Group, TA Furniture Sdn Bhd and Merryfair Chair System Sdn Bhd with an estimated market share of 14.72%, 12.10% and 11.76% respectively.

(Source: Infocredit D&B (Malaysia) Sdn Bhd)

4. INFORMATION ON THE EHB GROUP (Cont'd)

4.4.7 Product Development

The Group's sales team works closely with the in-house R&D team in the conceptualisation of furniture designs. Prior to the creation of a design, the R&D team carries out extensive research and evaluation on the latest market trend, materials selection, process engineering, ergonomics and economic assessment. Before each design is finalised, the sales team, drawing from its experience with customers, provides feedback and suggests improvements to the R&D team in relation to the feasibility of each design. This is followed by production of a prototype or product sample for further testing and improvement before commercial production commences.

The EHB Group will continue to focus on its core competency in the manufacturing of office chairs and system furniture. Efforts will be concentrated on researching and developing new innovative designs for its office chairs and system furniture to cater to different and changing customer preferences, tastes and requirements, as well as the latest trends in the industry. In this respect, the Group expects that it will continue to launch new series of chairs and system furniture on an annual basis.

4.4.8 Principal Markets, Marketing and Distribution

The EHB Group caters to the medium to higher-end segment of the market for office furniture which appreciates well-designed and quality-built office furniture. The Group's customers include multinational companies, the government sector, listed companies and well-known corporate players.

The Group has a strong presence in Malaysia, having established itself as one of the leading office furniture manufacturers since the 1980s. The Group actively sources for new project tenders and is often invited to submit quotations for tender bids. In 2003, project sales made up close to 88% of total local sales. Among the major projects undertaken by the Group in 2003 were Putrajaya and Telekom Malaysia.

Besides the domestic market, the Group has also made strong forays into the export market, particularly in India, USA, Japan, South East Asia and South America. Export sales have witnessed a CAGR of 49% from 1999-2003 whilst contribution from export sales have surged to 41% of total sales in 2003, from 18% in 1999. The growth in exports have been fuelled by the Group's success in penetrating new growth markets such as India and USA, particularly in the information technology sector, where the Group has received orders from multinational corporations such as SAP, Covansys which have set up operations there. The Group also continues to receive orders from its traditional export markets such as Singapore, the Philippines and Thailand, whilst efforts are also underway to establish a presence in the African region, Holland, Belgium, Luxembourg and Germany.

4.4.9 Source and Availability of Raw Materials

The main raw materials used by the Group are medium density fibreboard, steel sheets, tubes, iron and steel pipes, plastic, sponge and fabrics. Other raw materials used include glue, nuts, screws and other ancillary items for the furniture fittings. All the raw materials used by the Group are sourced locally except for certain fabrics which are imported from United Kingdom, Taiwan and the USA.

The Group sources its raw materials at competitive prices from a pool of suppliers with established business relationships with the Group. Due to the Group's track record for its prompt payment commitments, the Group enjoys a good working relationship with its suppliers and expects that its suppliers will be able to support any increase in raw material requirements arising from the anticipated increase in the future output of the Group.

4. INFORMATION ON THE EHB GROUP (Cont'd)

4.4.10 Quality Control

The Directors of EHB consider the consistent high quality of products as an essential attribute in retaining existing customers and attracting prospective customers, besides maintaining its reputation as one of the leading companies in the manufacture of office chairs and system furniture. The Group is committed to ensuring that the quality of its products is maintained at the highest standards which its customers would expect from the "Euro" or "Euro Chairs" brand of office furniture.

In order to meet these stringent quality requirements, the Group has implemented a series of checks throughout the production process, starting from the inspection of raw materials to the final assembly and packing. The raw materials and, subsequently, the work-in-progress are carefully inspected and tested by the line leaders after each major process to ensure they meet pre-specified criteria and standards.

ECM attained the ISO 9002 quality system certificate in 1997. This was subsequently upgraded to the ISO 9001:2000 in 2003 for quality management system. The ISO certification represents an endorsement of the quality management practices of the Group, in particular its policies, procedures, resources, methods and training.

4.4.11 R&D

The EHB Group places strong emphasis on R&D to ensure that its products are innovative and of high quality, and conform to the stringent standards set by its customers. In order to stay ahead of competition and maintain its market reputation, the EHB Group established its in-house R&D team in 1995 to focus on product innovation and development, and process improvements.

The EHB Group's R&D team is entrusted with the following tasks:

- (i) development of new and innovative products;
- (ii) conduct market study and research;
- (iii) review and recommend process improvements to optimise operational efficiency; and
- (iv) sourcing of new materials to improve product quality and economics.

The EHB Group's R&D activities are headed by the Technical Director, Mr Kor Hong Beng who has over fourteen (14) years of experience in product R&D for the furniture industry. Mr Kor is supported by a team of nine (9) experienced personnel. The R&D team is responsible for performing market research on the latest trends and products in the office furniture industry, receiving customer feedback through the sales and marketing team, and brainstorming to generate ideas for new product designs and concepts. The R&D team uses the AutoCAD software to simulate 3-dimensional models of their designs of chairs and system furniture. Designs which show promise are transformed into prototypes which are subject to tests and visual inspections to assess their ergonomics, aesthetics, functionality, style, comfort and economics before being approved for commercial production. This formula has worked well for the EHB Group which has successfully launched new series of products annually since 1996, as follows:

4. INFORMATION ON THE EHB GROUP (Cont'd)

Year	Product Series	Product Type
1996	XS1	Office System Furniture
	Contour	Office Seating
	Protocol	Office Seating
1997	Matrix	Desking System
1998	Generation	Office Seating
	Contact	Office Seating
1999	Space	Office System Furniture
2000	Space II	Office System Furniture
	G2	Office Seating
	Mesh	Office Seating
2001	Space Desking	Desking System
	Space Panel	Office System Furniture
	Space Shuttle	Desking System
	E-Com	Office Seating
	G2 – Permanent Contact	Office Seating
	Mobile Privacy Screens	Office System Furniture
2002	Evolution System	Office System Furniture
	Caddy Chair	Multiple Seating
	Value added accessories i.e. mobile privacy screens, metal hanging cabinets, mobile white boards	Office System Furniture
2003	Space III	Office System Furniture
	Caddy Link Chair	Multiple Seating
	Square Pole System	Wall System Furniture
	Mobile Storages	Office System Furniture
	Wall Cabinets	Office System Furniture
2004	Solo	Reception Seating
	Memo	Office Seating
	Altitude	Office Seating

Apart from product development, the R&D team periodically reviews the production layout, process flows, as well as the production methods and technology employed to maximise production efficiency. Furthermore, the R&D team also actively sources for new materials through trade journals and expeditions to international trade fairs and exhibitions which can enhance the quality, durability and aesthetics of the end products.

The Group has spent approximately RM500,000, RM650,000 and RM1,000,000 on product development and R&D or approximately 1.8%, 1.4% and 1.9% of turnover for the financial years ended 31 December 2001, 2002 and 2003 respectively.

4.4.12 Interruptions in Operations

The EHB Group did not experience any disruption in business which has a significant effect on its operations for the twelve (12) month period prior to the date of this Prospectus.

4. INFORMATION ON THE EHB GROUP (Cont'd)

4.4.13 Information on Employees

As at 6 December 2004, the Group has a total of 397 employees (including 5 Directors), none of whom belongs to any union and they enjoy a good relationship with the management of the Company. The total number of employees with the breakdown into categories and length of service as at 6 December 2004 is as follows:

Categories of staff	<-----Length of service----->				Total
	More than 10 years	5 to 10 years	2 to 5 years	Less than 2 years	
Directors	3	2	-	-	5
Management	3	3	2	-	8
Assistant Managers/ Section Heads	3	1	1	1	6
Executives	5	4	11	14	34
Supervisors	3	6	5	4	18
Non-Executives and Clerical	9	16	14	30	69
General Workers	4	10	64	179	257
	30	42	97	228	397

The Group undertakes on-going human resource development. Trainings are conducted periodically when required to ensure that the employees are updated with the development of the Group's products. Training and development programs undertaken by the Group include training for the implementation of ISO 9001:2000, product development orientation and familiarisation, productivity enhancement and finishing improvement, and safety awareness. From time to time, the production team, marketing team and R&D team would also be exposed to any new technological innovation in the industry, to ensure that they keep abreast of the latest market trends and product development.

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4. INFORMATION ON THE EHB GROUP (Cont'd)

4.4.14 Key Achievements / Milestones / Awards

The key milestones of the Group are set out as follows:

Year	Key Achievements / Milestones / Awards
1976	Fatt Sin Cushion began producing sofas and cushions which were sold to furniture traders and resellers
1978	Production was expanded to include office chairs and the business developed distribution networks to supply indirectly to the government sector
1984	Fatt Sin Cushion (M) Sdn Bhd was incorporated to take over the business of Fatt Sin Cushion
1984	The Group developed its own dealer network, expanding its reach to the private sector
1987	Creation of the brand name "Euro" or "Euro Chairs" for the Group's products
1987	Exported first batch of office chairs to the Middle East
1988	The Group penetrated the designers' network and direct project clientele base for the domestic market
1989	Began exports to Hong Kong and South East Asia
1992	Set up of the Group's first showroom cum sales office in Batu Caves
1992	Began exports to New Zealand
1992	Registered "Euro Chairs" as the Group's trademark
1993	First breakthrough in sizeable projects by securing the contract to supply chairs to the Turf Club in Sungai Besi
1993	Started supplying office chairs to Australia
1994	Started research and analysis of system furniture as a new product and business line
1995	Moved into a new factory cum corporate office at Wisma Euro in Rawang, Selangor
1995	Entered the Eastern Europe market
1995	Began actively promoting the Group's corporate image and brand through advertising and promotions
1995	Set up in-house research and development team to focus on new products and designs
1996	Started production and supply of system furniture to the domestic market
1997	Attained the ISO 9002 quality system certificate

4. INFORMATION ON THE EHB GROUP (Cont'd)

Year	Key Achievements / Milestones / Awards
1997	New export market in the Scandinavian countries e.g. Iceland, Finland, etc.
1997	Modernisation and advancement of production technologies and plant facilities by investing in new plant and equipment and production lines.
1997	EURO II, the Group's second factory cum office building was completed
1998	Went into Japan, South America and Europe
1998	Secured high value project supplying to Putrajaya
1999	Penetrated market in India by securing direct projects there
2000	Entered into new markets i.e. Pakistan and Bangladesh
2001	Inherent change in product offerings and business approach to emphasize office modernisation and provide Total Office Solutions to meet customers' needs.
2001	Developed new export market in West Africa
2002	Commenced exports to Central America
2003	ISO 9002 quality system certificate was upgraded to ISO 9001:2000 Management System Certificate
2004	BestBrands Award 2004 under the category of Best Malaysian Brand for the brand "Euro"

4.4.15 Modes of Marketing / Distribution / Sales

The Group's products are primarily marketed through its in-house marketing team and agents. As the Group mainly caters to customers from the medium to higher end spectrum, this direct mode of marketing allows for customised solutions and better response time which appeal to customers who are prepared to pay a premium for design aesthetics, value and comfort.

Moreover, as a significant portion of the Group's sales is derived from projects, both local and export, the Group's marketing team of 22 persons actively submits quotations for project tenders and works closely with building contractors, project managers, architects and interior designers to provide input and feedback on product design and specifications. The Group also enjoys repeat, replacement and/or new orders from customers.

In addition, the Group regularly participates in international and domestic furniture trade fairs and exhibitions in a continuous effort to build and promote the "Euro" or "Euro Chairs" brand of office furniture. Apart from serving as a platform for the Group to introduce and launch its latest range of chairs and office systems, these events allow the Group to interact with potential and existing customers, showcase its existing products and observe the latest trends in the furniture market.

4. INFORMATION ON THE EHB GROUP (Cont'd)

Some of the trade fairs and exhibitions which the Group has participated in are as follows:

- (i) Malaysian International Furniture Fair ("MIFF"), Malaysia;
- (ii) Malaysia Furniture Export Exhibition ("MAFEX"), Malaysia;
- (iii) Orgatec, Germany;
- (iv) NeoCon, USA; and
- (v) Index, United Arab Emirates.

The Group also makes it a practice to visit other international trade fairs to study the latest trends. Amongst the international trade fairs which the Group has attended in the past five (5) years are as follows:

- (i) Interzum Guangzhou Furniture Exhibition, China;
- (ii) Comfia Design Exhibition, Australia; and
- (iii) Interzum, Germany.

4.4.16 Production Capacity and Output

As at 6 December 2004 the Group operates from two (2) manufacturing plants in Rawang, Selangor. The factories operate one (1) nine (9)-hour shift with three (3) hours extra time.

Location	Built-up area sq. ft.	Estimated Annual Production Capacity	Annual Production Output
Lot 21, Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan	94,500	Office chair – 132,000 units Workstation – 44,000 units	Office chair – 95,000 units Workstation – 31,500 units
Lot 15, Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan	63,938		

In line with its expansion plan, the Group intends to construct a new factory on a parcel of leasehold industrial land located at Lot 11, Jalan Perusahaan Satu, Kawasan Perindustrian Batu 20, Jalan Rawang, 48000 Rawang, Selangor Darul Ehsan, with a total area of 122,407 sq. ft. to house the production facilities for metal products fabrication. Construction is scheduled to commence in July 2005 and the total cost of construction for the new factory is estimated at RM5 million. The new factory is scheduled to be completed in March 2006 and operational by July 2006, and will increase production capacity by another 50%.

4. INFORMATION ON THE EHB GROUP *(Cont'd)*

4.5 Subsidiaries

4.5.1 Information on ECM

(a) History and Business

ECM was incorporated in Malaysia on 2 October 1987 under the Act as a private limited company. The company commenced operation in 1987 and is principally involved in manufacturing and marketing of furniture.

(b) Share Capital

As at 6 December 2004, the authorised and issued and paid-up share capital of ECM are as follows:

	RM
Authorised	
Ordinary shares of RM1.00 each	1,000,000
Issued and paid-up	
Ordinary shares of RM1.00 each	800,048

(c) Changes in Share Capital

The changes in the issued and paid-up share capital of ECM since its incorporation up to 6 December 2004 are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued and paid-up share capital RM
02.10.1987	3	Subscribers' shares	3
30.12.1988	50,000	Cash	50,003
31.12.1993	50,003	Bonus issue on the basis of one (1) new share for each existing share held in the company	100,006
02.12.1994	100,006	Bonus issue on the basis of one (1) new share for each existing share held in the company	200,012
24.01.1996	600,036	Bonus issue on the basis of three (3) new shares for each existing share held in the company	800,048

4. INFORMATION ON THE EHB GROUP (Cont'd)

(d) Profit and Dividend Record

The audited profit and dividend record of ECM for the past five (5) financial years ended 31 December 1999 to 31 December 2003 and the six (6)-month period ended 30 June 2004 are summarised as follows:

	<----- Years ended 31 December ----->					6 months ended 30 June 2004
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	RM'000
Revenue	4,150	4,865	3,243	6,129	13,582	9,498
EBITDA	428	(330)	270	562	2,925	1,969
Finance cost	(566)	(626)	(565)	(450)	(367)	(161)
Depreciation	(597)	(512)	(530)	(493)	(506)	(348)
Amortisation	-	-	-	-	-	-
(Loss) before tax / PBT	(735)	(1,468)	(825)	(381)	2,052	1,460
Taxation	(64)	386	258	114	(559)	(189)
(Loss) after tax / PAT	(799)	(1,082)	(567)	(267)	1,493	1,271
No. of ordinary shares in issue ('000)	800	800	800	800	800	800
Gross EPS (RM)	(0.92)	(1.84)	(1.03)	(0.48)	2.57	*3.65
Net EPS (RM)	(1.00)	(1.35)	(0.71)	(0.33)	1.87	*3.18
Net dividend rate (%)	-	-	-	-	-	-

* Annualised

(e) Substantial Shareholder

ECM is a wholly-owned subsidiary of EHB.

(f) Subsidiary and Associated Company

ECM does not have any subsidiary or associated company as at 6 December 2004.

4. INFORMATION ON THE EHB GROUP *(Cont'd)*

4.5.2 Information on ECS

(a) History and Business

ECS was incorporated in Malaysia on 19 June 1984 under the Act as a private limited company. The company commenced operation in 1984 and is principally involved in trading of furniture, furniture fabric material and other furniture components.

(b) Share Capital

As at 6 December 2004, the authorised and issued and paid-up share capital of ECS are as follows:

	RM
Authorised	
Ordinary shares of RM1.00 each	1,000,000
Issued and paid-up	
Ordinary shares of RM1.00 each	660,012

(c) Changes in Share Capital

The changes in the issued and paid-up share capital of ECS since its incorporation up to 6 December 2004 are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued and paid-up share capital RM
19.06.1984	2	Subscribers' shares	2
22.04.1985	110,000	Otherwise*	110,002
31.12.1993	110,002	Bonus issue on the basis of one (1) new share for each existing share held in the company	220,004
24.01.1996	440,008	Bonus issue on the basis of two (2) new shares for each existing share held in the company	660,012

* *Shares issued pursuant to acquisition of Fatt Sin Cushion Partnership*

4. INFORMATION ON THE EHB GROUP *(Cont'd)*

(d) Profit and Dividend Record

The audited profit and dividend record of ECS for the past five (5) financial years ended 31 December 1999 to 31 December 2003 and the six (6)-month period ended 30 June 2004 are summarised as follows:

	<----- Years ended 31 December ----->					6 months ended 30 June 2004
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	RM'000
Revenue	15,229	6,529	9,269	14,641	17,280	6,403
EBITDA	3,367	1,209	1,306	1,819	2,043	401
Finance cost	(151)	(99)	(70)	(51)	(79)	(43)
Depreciation	(365)	(359)	(276)	(287)	(472)	(301)
Amortisation	-	-	-	-	-	-
PBT	2,851	751	960	1,481	1,492	57
Taxation	(30)	(280)	(297)	(528)	(457)	(64)
PAT	2,821	471	663	953	1,035	(7)
No. of ordinary shares in issue ('000)	660	660	660	660	660	660
Gross EPS (RM)	4.32	1.14	1.45	2.24	2.26	*0.17
Net EPS (RM)	4.27	0.71	1.00	1.44	1.57	*(0.02)
Net dividend rate (%)	-	-	-	-	-	-

* *Annualised*

(e) Substantial Shareholder

ECS is a wholly-owned subsidiary of EHB.

(f) Subsidiary and Associated Company

ECS does not have any subsidiary or associated company as at 6 December 2004.

4. INFORMATION ON THE EHB GROUP *(Cont'd)*

4.5.3 Information on ESI

(a) History and Business

ESI was incorporated in Malaysia on 17 August 1983 under the Act as a private limited company. The company commenced operation in 1998 and is principally involved in manufacturing and trading of office furniture, partition, chairs and panels.

(b) Share Capital

As at 6 December 2004, the authorised and issued and paid-up share capital of ESI are as follows:

	RM
Authorised	
Ordinary shares of RM1.00 each	5,000,000
Issued and paid-up	
Ordinary shares of RM1.00 each	2,000,000

(c) Changes in Share Capital

The changes in the issued and paid-up share capital of ESI since its incorporation up to 6 December 2004 are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued and paid-up share capital RM
17.08.1983	3	Subscribers' shares	3
31.07.1991	99,995	Cash	99,998
03.10.1997	2	Cash	100,000
23.10.1997	200,000	Cash	300,000
23.10.1997	1,700,000	Bonus issue on the basis of seventeen (17) new shares for each existing share held in the company	2,000,000

4. INFORMATION ON THE EHB GROUP *(Cont'd)*

(d) Profit and Dividend Record

The audited profit and dividend record of ESI for the past five (5) financial years ended 31 December 1999 to 31 December 2003 and the six (6)-month period ended 30 June 2004 are summarised as follows:

	<----- Years ended 31 December ----->					6 months
	1999	2000	2001	2002	2003	ended
	RM'000	RM'000	RM'000	RM'000	RM'000	30 June
Revenue	5,880	13,703	13,199	21,063	22,386	11,955
EBITDA	1,052	2,111	3,138	3,225	3,478	2,241
Finance cost	(645)	(619)	(490)	(524)	(516)	(182)
Depreciation	(515)	(617)	(638)	(768)	(950)	(510)
Amortisation	-	-	-	-	-	-
PBT	(108)	875	2,010	1,933	2,012	1,549
Taxation	-	(20)	(275)	(404)	(344)	(110)
PAT	(108)	855	1,735	1,529	1,668	1,439
No. of ordinary shares in issue ('000)	2,000	2,000	2,000	2,000	2,000	2,000
Gross EPS (RM)	(0.05)	0.44	1.01	0.97	1.01	*1.55
Net EPS (RM)	(0.05)	0.43	0.87	0.76	0.83	*1.44
Net dividend rate (%)	-	-	-	-	-	-

* *Annualised*

(e) Substantial Shareholder

ESI is a wholly-owned subsidiary of EHB.

(f) Subsidiary and Associated Company

ESI does not have any subsidiary or associated company as at 6 December 2004.

4. INFORMATION ON THE EHB GROUP *(Cont'd)*

4.5.4 Information on ESS

(a) **History and Business**

ESS was incorporated in Malaysia on 29 February 1996 under the Act as a private limited company. The company commenced operation in 1998 and is principally involved in trading of office furniture.

(b) **Share Capital**

As at 6 December 2004, the authorised and issued and paid-up share capital of ESS are as follows:

	RM
Authorised	
Ordinary shares of RM1.00 each	500,000
Issued and paid-up	
Ordinary shares of RM1.00 each	200,000

(c) **Changes in Share Capital**

The changes in the issued and paid-up share capital of ESS since its incorporation up to 6 December 2004 are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued and paid-up share capital RM
29.02.1996	2	Subscribers' shares	2
02.10.1998	199,998	Cash	200,000

4. INFORMATION ON THE EHB GROUP (Cont'd)

(d) Profit and Dividend Record

The audited profit and dividend record of ESS for the past five (5) financial years ended 31 December 1999 to 31 December 2003 and the six (6)-month period ended 30 June 2004 are summarised as follows:

	<----- Years ended 31 December ----->					6 months ended 30 June 2004
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	RM'000
Revenue	7,380	20,154	14,977	22,191	13,790	5,696
EBITDA	1,353	2,991	1,281	1,868	1,131	293
Finance cost	(18)	(131)	(112)	(152)	(119)	(43)
Depreciation	(35)	(113)	(222)	(299)	(331)	(204)
Amortisation	-	-	-	-	-	-
PBT	1,300	2,747	947	1,417	681	46
Taxation	-	(807)	(310)	(473)	(249)	(53)
PAT	1,300	1,940	637	944	432	(7)
No. of ordinary shares in issue ('000)	200	200	200	200	200	200
Gross EPS (RM)	6.50	13.74	4.74	7.09	3.41	*0.46
Net EPS (RM)	6.50	9.70	3.19	4.72	2.16	*(0.07)
Net dividend rate (%)	-	-	-	-	-	-

* *Annualised*

(e) Substantial Shareholder

ESS is a wholly-owned subsidiary of EHB.

(f) Subsidiary and Associated Company

ESS does not have any subsidiary or associated company as at 6 December 2004.

4. INFORMATION ON THE EHB GROUP (Cont'd)

4.5.5 Information on ECSB

(a) History and Business

ECSB was incorporated in Malaysia on 21 September 1990 under the Act as a private limited company. The company houses the intellectual properties of the Group, comprising industrial designs and trademarks.

(b) Share Capital

As at 6 December 2004, the authorised and issued and paid-up share capital of ECSB are as follows:

	RM
Authorised	
Ordinary shares of RM1.00 each	250,000
Issued and paid-up	
Ordinary shares of RM1.00 each	2

(c) Changes in Share Capital

There is no change in the issued and paid-up share capital of ECSB since its incorporation up to 6 December 2004.

(d) Profit and Dividend Record

The audited profit and dividend record of ECSB for the past five (5) financial years ended 31 December 1999 to 31 December 2003 and the six (6)-month period ended 30 June 2004 are summarised as follows:

	<----- Years ended 31 December ----->					6 months ended 30 June
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Revenue	-	-	-	-	-	-
Loss before interest, taxation, depreciation and amortisation	-	(10)	(1)	(1)	(1)	(2)
Finance cost	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Amortisation	-	-	-	-	-	-
Loss before tax	-	(10)	(1)	(1)	(1)	(2)
Taxation	-	-	-	-	-	-
Loss after tax	-	(10)	(1)	(1)	(1)	(2)

4. INFORMATION ON THE EHB GROUP (Cont'd)

	<----- Years ended 31 December ----->					6 months ended 30 June
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
No. of ordinary shares in issue	2	2	2	2	2	2
Gross loss per share (RM'000)	-	(5)	(0.5)	(0.5)	(0.5)	*(2)
Net loss per share (RM'000)	-	(5)	(0.5)	(0.5)	(0.5)	*(2)
Net dividend rate (%)	-	-	-	-	-	-

* *Annualised*

(e) Substantial Shareholder

ECSB is a wholly-owned subsidiary of EHB.

(f) Subsidiary and Associated Company

ECSB does not have any subsidiary or associated company as at 6 December 2004.

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4. INFORMATION ON THE EHB GROUP *(Cont'd)*

4.6 Industry Overview

4.6.1 The Global Economy

World output, projected to grow by 4.6% in 2004, is close to matching the strong global growth of 4.7% at the beginning of the new millennium, the highest in the last two decades. The global economy recovered from the adverse effects of the September 11 incident, which drove the world into recession in 2001, and the subsequent fallout from Severe Acute Respiratory Syndrome ("SARS") epidemic, as well as the war in Iraq to attain broad-based growth. This recovery was supported by the accommodative monetary and fiscal policies pursued by major economies which revived confidence to fuel global growth.

The continued strengthening of the global economy is mainly driven by sustained consumption and export growth in the USA and Japan economies. Elsewhere, the vibrant economies in the Asia-Pacific region, in particular China and to a lesser extent India, further supported the strengthening of global growth. Amidst this optimistic development, world inflation continued to remain benign despite concerns over rising oil prices.

The gradual pick-up in world trade contributed in a big way towards global growth. World trade, which practically came to a standstill in 2001, slowly gained strength in subsequent years, supported by strong import demand from developing Asia, the transition economies and the USA, to record a growth of 4.5% for 2003. World trade is projected to strengthen even further in 2004 at 6.8% as global growth becomes more broad-based.

The growth momentum in the global economy in 2005 is expected to decline slightly as major economies tighten monetary policy to contain inflationary pressures. Concerns over the possibility of higher oil prices and the slowing down of China's economy are other factors than can dampen growth. Against the backdrop, the growth in the USA is expected to moderate to 3.5% to 4.0%, other emerging markets and developing economies at 5.9%, while Japan is expected to grow by 2.4%. In contrast, recovery in Euro area is anticipated to strengthen further to post a real GDP growth of 2.3% with a gradual pick-up in domestic demand aided by favourable financing conditions. Overall, global growth is projected at 4.4% in 2005.

(Source: Economic Report 2004/2005)

4.6.2 The Malaysian Economy

Malaysia's growth momentum continues into 2004 after recording a strong growth in 2003. Unlike 2003, when the global economy was affected by the war in Iraq and SARS, the external environment in 2004 has improved markedly with upswing in the global electronics demand as well as favorable commodity prices. This enabled the Malaysian economy to expand steadily from 7.6% in the first quarter of 2004 to 8.0% in the second quarter of 2004, the highest since the third quarter of 2000.

The robust domestic economic activities, which supported growth in 2002 through to 2004, are further augmented by favourable external environment. Of significance, the domestic sector is buoyed by the expansion in private consumption and investment activities. Growth was broad-based, driven by strong domestic demand and a buoyant external sector, with the manufacturing and services sector as the key contributors to growth.

The built-up in international reserves arising from larger current account surplus and inflows of foreign capital continues to strengthen Malaysia's macroeconomic fundamentals. Given this favourable scenario, the Malaysian economy is set to surpass its earlier estimate of 6.0% to 6.5% and post a stronger growth of 7.0% in 2004 (2003: 5.3%).

4. INFORMATION ON THE EHB GROUP *(Cont'd)*

Entrenched domestic economic activities, coupled with a fairly favorable external environment, are expected to drive growth into 2005. Strong output growth is expected to emanate from all sectors, led by manufacturing and services with an increasingly higher contribution from private sector expenditure. Consequently, Malaysia is set to achieve another year of healthy growth at 6.0% in 2005.

(Source: Economic Report 2004/2005)

4.6.3 The Manufacturing Industry

Growth of the manufacturing sector accelerated since September 2003, underpinned by double-digit and broad-based growth in both export and domestic-oriented industries. After expanding higher by 12.3% in the first half of 2004, the manufacturing sector is estimated to grow by a sturdy 10.5% for the year (2003: 8.3%). The sector is expected to provide a strong impetus to the economy given the overall better world economic outlook, which fuelled higher demand for manufactured goods. Meanwhile, growth in domestic-oriented industries strengthened on the back of the improved economic performance.

Overall capacity utilisation of the manufacturing sector was sustained at a high level of 42.0% of the manufacturers producing at near-maximum capacity (81%-100%) during the second quarter of 2004 compared with 35.0% in the first quarter of the year. Following stronger demand, manufacturing sales for the first half of 2004 increased by 18.6% to reach RM192,559 million (January to June 2003: RM162,331 million).

Overall manufactured exports surged by 21.1% during the first seven (7) months of 2004 (January to July 2003: 6.1%), as most of the export-led industries benefited strongly from rising global demand. As in the past, manufactured goods are expected to contribute significantly to Malaysia's total export earnings and account for 82.6% of the total gross value of exports in 2004 (2003: 82%).

In 2005, the manufacturing sector is envisaged to expand strongly, propelled by strengthened domestic demand and sustained performance of the external sector. Overall production is expected to grow more than 10.0% while exports at 11.3%.

(Source: Economic Report 2004/2005)

4.6.4 The Furniture Industry

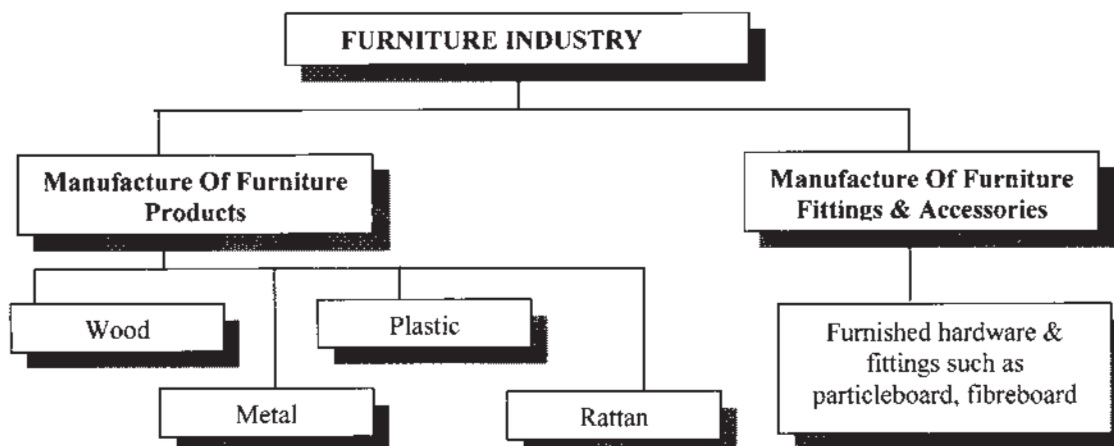
Furniture plays an important role in the everyday life of modern society. As the society becomes more sophisticated and advanced, the demand for furniture also increases. The furniture industry itself has gone through tremendous changes over the years, from home-based carpentry shops to big large manufacturers with more innovative designs and features. Today, the furniture industry is one of the fastest growing industries in the world.

According to the "World Furniture Outlook 2002" report by CSIL Milano, the world production of furniture is worth about USD200.0 billion in 2002. Based on the report, the seven (7) major industrial economies in terms of furniture production, the USA, Japan, Italy, Germany, Canada, France and the United Kingdom accounted for 64.0% in value of the world furniture production in 2002. Meanwhile, the furniture production of all developed countries (the US, Japan and Europe) combined, covers 80.0% of the world furniture total. In contrast, furniture production in emerging countries accounts for only 20.0% of the world total in value. China, Mexico and Poland are leaders in the production from emerging countries.

Italy remains as the leading furniture exporter in the world market, with exports amounting up to USD8.3 billion of furniture in 2002. Exports from Canada and from five (5) emerging countries – namely China, Poland, Malaysia, Indonesia, and Mexico increased substantially during the period from 1995 to 2002. Malaysia's furniture export was ranked number ten (10) among the top fifty (50) furniture exporting countries in the survey.

4. INFORMATION ON THE EHB GROUP (Cont'd)

The furniture industry can be grouped to two segments, namely manufacture of furniture products and manufacture of furniture fittings and accessories. Due to the broad coverage of different furniture products, the classification or grouping for the manufacturing of furniture products are based on type of materials used. The industry structure of the furniture industry is diagrammatically illustrated as below.



(Source: Infocredit D&B (Malaysia) Sdn Bhd)

4.6.5 Industry Growth

The furniture industry is one of the fastest growing industries amongst many manufacturing industries in Malaysia. Its performance has far exceeded industry expectations and has grown from strength to strength. The inclusion of the furniture industry as one of the “target” industry under the Industrial Master Plan 2 (IMP2 1996 –2005) is evident of its potential.

There are 232 furniture establishments in 2003, an increase of more than 100.0% since 1993 when there were only 78 establishments then. The number of establishments in the furniture industry tracked by the Department of Statistics has been growing at a CAGR of 11.5% annually in the past ten (10) years from 1993 to 2003. Most of the establishments in the furniture industry consist of SMEs which are concentrated on the West coast of Peninsular Malaysia, particularly in Muar, Kluang, Johor Bahru, Bukit Rambai, Senawang, Sungai Buloh, Klang, Pusing, Prai, Kulim and Sungai Petani.

As of 2003, total production value from the furniture industry amounted to RM3,947.0 million, an increase of RM3,403.1 million from RM543.9 million recorded in 1993. In terms of CAGR, total production value generated by the furniture industry has been growing at 21.9% annually from 1993 to 2003. The only exception to the strong production value was in 2001, where production value declined by 3.6% to RM3,173.3 million. The anomaly was mainly caused by the weaker global economy, particularly after the September 11 incident in USA. Despite the setback, the resilient furniture industry in Malaysia managed to sustain its double-digit growth in 2002, posting a growth of 13.1% in production value.

According to a report by The Malaysian Furniture Industry Council (“MFIC”) in February 2004, the Malaysian furniture industry has an estimated market share of 2.9% (RM191.9 billion) in the world. The report also noted that total annual export of the furniture industry is estimated to reach RM7.0 billion by 2005.

(Source: Infocredit D&B (Malaysia) Sdn Bhd)

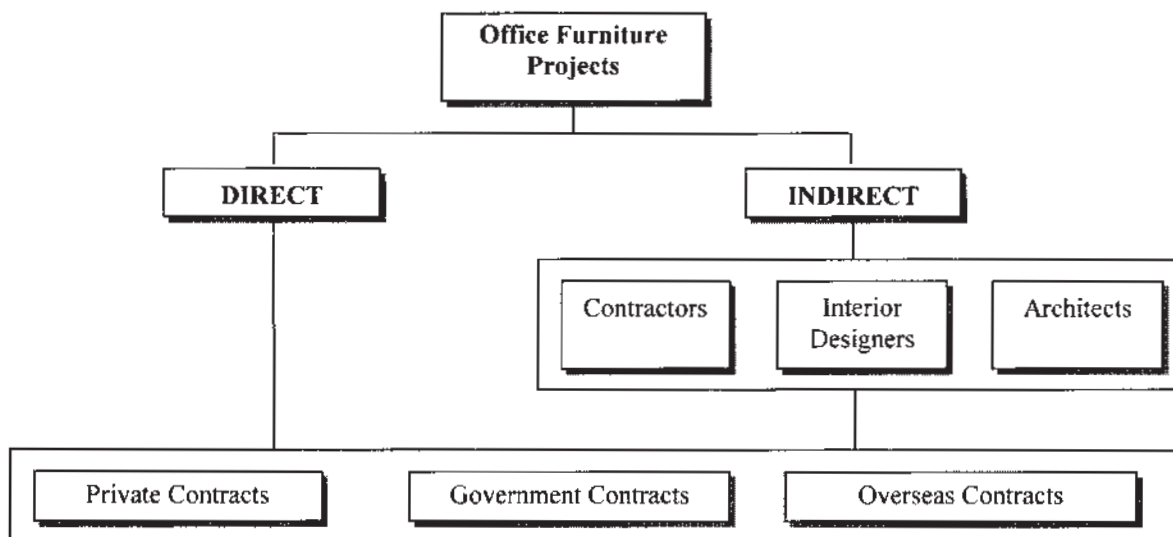
4. INFORMATION ON THE EHB GROUP (Cont'd)

4.6.6 The Office Furniture Industry

The office furniture industry comprises establishments engaged in the manufacturing of furniture designed specifically for office use, such as office chairs, office desks, office store fixtures (example: showcases, filing cabinets and furniture parts), frames such as screens and partitions.

The office furniture industry in Malaysia is a fast emerging sub-industry within the furniture industry. Its growing importance is closely related to the robust economic and business environment domestically and globally.

Project or contract based office furniture is a sub-segment of the broad office furniture industry structure. Its main difference lies in its distribution channel that relies on private, Government and overseas contracts as opposed to the normal distribution through furniture distributors/retailers. In addition, both types of projects can be awarded by the client based on a variety of specifications. The contracts can be secured either directly from the client or indirectly through the recommendation from specifiers such as contractors, interior designers or architects. The typical distribution channels of office furniture project companies are illustrated diagrammatically below:



Exports for the office furniture industry rebounded by 13.8% to RM355.3 million in 2003 from RM312.1 million after registering a drop of 1.3% in 2002. The Malaysian wooden office furniture export registered an increase of 9.4% or RM19.9 million to RM231.9 million in 2003 and is expected to continuously gain popularity amongst the many types of office furniture. Demand was inclined towards wooden office furniture which alone contributed an average 65.0% of the total office furniture exports over the last five (5) years. Major export countries include the USA, United Kingdom and Japan.

Total imports of office furniture increased by 7.4% to RM24.2 million in 2003 as compared to RM22.5 million in the previous year. The surge was mainly driven by higher demand for wood-based office furniture. However, a fluctuating trend is observed in office metal furniture imports. Imports of wooden office furniture accounted for approximately RM13.0 million in 2003 (2002: RM10.6 million). Although, imported office furniture constitute a small fraction of the whole office furniture industry, there are still many foreign players in the market serving niche target markets or offering unique designs and a broad range of imported products at very competitive prices.

(Source: Infocredit D&B (Malaysia) Sdn Bhd)

4. INFORMATION ON THE EHB GROUP *(Cont'd)*

4.6.7 Industry Players and Competition

There are approximately 150 office furniture manufacturers including smaller operators operating in Malaysia. Generally, office furniture manufacturers can be divided into three (3) separate groups, namely:

- (i) manufacturers producing limited range of office furniture products mainly for the local market;
- (ii) manufacturers producing a wide range of office furniture products serving the local and to a certain extent, the export market; and
- (iii) IOFM producing a wide range of office furniture products serving both the local and international markets, and are also involved in supplying its products through projects

The IOFM and office furniture project companies are categorised as high-end niche players in the office furniture industry due to its specialisation in securing and managing projects, as well its ability to supply a broader range of high quality office furniture products.

Players in the IOFM category compete based on design, innovation, experience and product quality, as they serve mainly the project markets, which are more demanding in product specifications. These players are also innovative in their furniture design and have shifted from the earlier OEM status to OBM status, due to the need to be competitive in both the local as well as the global market.

Based on the research conducted by Infocredit D&B (Malaysia) Sdn Bhd, there are an estimated eighteen (18) key players manufacturing office furniture products in Malaysia. However, only eight (8) players are involved in all categories of office furniture (referred to as "IOFM players"). However, some of the IOFM players are not involved in the office furniture projects market as they distribute their products through conventional distribution channels. Selected players in the office furniture projects market are Artwright Holdings Bhd, Bristol Industries Sdn Bhd, the EHB Group, Ilham Delta Sdn Bhd and Pelly Industry Sdn Bhd.

(Source: Infocredit D&B (Malaysia) Sdn Bhd)

4.6.8 Government Legislation, Policies and Incentives

The furniture industry are grouped under the wood-based industry grouping and has been identified as the "target" industry for further development under Industrial Master Plan 2 ("IMP2"). Two new strategies are emphasised under IMP2, namely "manufacturing plus-plus strategy" and cluster-based industrial development.

The manufacturing plus-plus strategy aims to shift the value chain from assembly-based and low value-added activities towards higher value-added activities such as R&D, product design, distribution and marketing. While the cluster development industrial development programme aims to develop a competitive industry through integration of key industries, suppliers, supporting industries, critical supporting business services, requisite infrastructure and institutions. In addition to that, cluster-based programme also aims to generate backward and forward linkages, domestic spin-offs and value added and development of domestic SMEs.

Among the investment incentives provided under the Promotions of Investment Act 1986 and the Income Tax Act 1967 include, amongst others, general incentives such as pioneer status, investment tax allowance and reinvestment allowance, double deduction of promotion for exports, industrial building allowance, incentives for R&D, drawback of custom duty. Other incentives include the Industrial Technical Assistance Fund to encourage the development of SMEs to be more cost efficient and competitive, the E-Commerce Grant which was introduced to assist SMEs transact and promote their products beyond domestic boundaries at minimal costs, and is given to manufacturers who use information technology, especially web-based technology, as part of their marketing tool.

(Source: Infocredit D&B (Malaysia) Sdn Bhd)

4. INFORMATION ON THE EHB GROUP *(Cont'd)*

4.6.9 Supply and Demand Conditions

Due to the nature of the office furniture industry, being a downstream industry and mostly relying on natural resources as input, it is dependent on the upstream resource based industries especially wood-based industry.

The overall climate of the domestic economy as well as the global economy will influence the demand and supply of office furniture. As the economy expands, new businesses will mushroom, as more investment will flow into the country either from foreign investors or domestic investors. The setting up of new businesses and offices in the country will lead to an increase in demand for office furniture. Additionally, the accommodative policy by the Government to encourage more investment into the country will augur well for the growth of the office furniture industry.

Depending on the level of activity a company is involved in, their ability to tap into different demand sectors is a common strategy to stabilise revenue. In the mid-term, the construction of hotels, shopping centres, department stores and high standard office buildings (including intelligent buildings) is expected to continue to provide extensive market potential for the high-end office furniture suppliers.

A robust economic outlook and positive business sentiment will augur well for the demand of office furniture. One key indicator of the office furniture market is the registration of companies in Malaysia which registered 36,142 in 2003 comprising 36,083 local and 41 foreign owned companies. The number of businesses registered is highly correlated to the economic cycle as evident by the large registered figures prior to the financial crisis in 1998.

(Source: Infocredit D&B (Malaysia) Sdn Bhd)

4.6.10 Prospects and Outlook of the Industry

The prospect and outlook for the office furniture industry in Malaysia looks promising especially in the office furniture, as this segment has been identified as the future growth area in the furniture manufacturing industry. As the economy is expected to expand further and large corporations outsource their operations to lower cost countries, the prospect for growth looks optimistic. This coupled with Government policies and incentives in promoting the office furniture industry augurs well for both the domestic and export market.

There will be more scope for expansion for the office furniture project companies as the business environment becomes more liberalised and open. For instance, the liberalisation of the Malaysia financial sector by 2007 will see more foreign financial institutions operating in Malaysia while the existing foreign financial institutions will expand their network of operations all over Malaysia.

The evolving trend in the corporate environment will also see more and more large corporations and multinational corporations outsourcing part of their operations to countries that are considered low labour cost such as India, China and Malaysia. The Government is currently aggressively trying to attract more business process outsourcing (“BPO”) projects to the country. Among the major players that have shifted their BPO to Malaysia are HSBC Bank, Siemens Technologies and Standard Chartered Bank. Due to the diversity in the culture and quality of education system in Malaysia, it is well positioned to be the main country for most corporations to outsource their operations here.

(Source: Infocredit D&B (Malaysia) Sdn Bhd)

4. INFORMATION ON THE EHB GROUP *(Cont'd)*

4.6.11 Industry reliance on and vulnerability to imports

According to a report by MFIC in February 2004, the Malaysian furniture industry has an estimated market share of 2.9% in the world. The report also noted that total annual export of the Malaysian furniture industry is estimated to reach RM7.0 billion by 2005.

Although Malaysia's furniture industry is catered to the overseas market, the industry still relies on furniture import to complement its supply of furniture in the domestic market. This is due to the rapid development of the economy and urbanisation of the population that demand for more unique and sophisticated furniture.

Total value of furniture imports as of 2002 was estimated at RM331.4 million, rose by 86.1% from RM178.1 million in 2001. From this total, import of wooden furniture accounted for 67.6% while import of metal furniture accounted for 18.2%. Total import value of wooden furniture was RM224.1 million in 2002 and RM60.3 million for metal furniture. During the period from 1993 to 2002, total import of furniture grew by 21.6% on a CAGR.

Wooden-based furniture remained as the most imported type of furniture. Its share compared to total furniture imports increased from 42.5% in 1993 to 67.6% in 2002. Overall wooden-based furniture imports increased by 28.0% CAGR from 1993 to 2002. The second largest type of furniture imported was metal furniture, it grew by 16.0% CAGR from 1993 to 2002. Meanwhile the share of metal furniture relative to the total furniture import grew to 27.6% in 2002 from 18.2% in 1993. Imports of rattan furniture and plastic furniture only constituted small shares of total furniture imports in 2002. Both types of furniture represented only 1.9% and 3.1% respectively of the total furniture imports in 2002.

(Source: Infocredit D&B (Malaysia) Sdn Bhd)

4.7 Major Customers

A list of the Group's top ten (10) customers as at 30 June 2004 is as follows:

Name of Customer	Country	% of Group sales*	Length of relationship (Year)
Putrajaya Holdings Sdn Bhd	Malaysia	15.0	7
Varl Office System Pte Ltd	Singapore	10.6	5
Tata Airlines Pte Ltd	India	4.3	1
Citimex, Inc	Philippines	4.1	2
Aico Co Ltd	Japan	3.8	4
SAP Labs India Pvt Ltd	India	3.3	2
Telekom Malaysia Berhad	Malaysia	2.5	3
1 Source Office Interiors, Inc	USA	2.2	2
Public Bank Berhad	Malaysia	2.1	11
Bangkok Franchise Co Ltd	Thailand	2.1	2

* Contribution from customers is dependent on projects awarded for the period and will differ from year to year.

4. INFORMATION ON THE EHB GROUP (Cont'd)

4.8 Major Suppliers

A list of the Group's top ten (10) suppliers as at 30 June 2004 is as follows:

Name of Supplier	Country	% of Group purchases	Length of relationship (Year)
Khong Plastics Industries Sdn Bhd	Malaysia	8.1	17
Nuworks International Private Limited	Taiwan	4.2	4
Diayo Die-Casting (M) Sdn Bhd	Malaysia	4.1	4
Petani Corporation Sdn Bhd	Malaysia	3.9	3
Soon Ye Steel Enterprise	Malaysia	3.8	1
Ban Hee Enterprise Sdn Bhd	Malaysia	3.6	8
Gang Yi Enterprise Sdn Bhd	Malaysia	3.3	8
HS Power Coating Sdn Bhd	Malaysia	2.9	1
Sky Supplies & Trading Sdn Bhd	Malaysia	2.6	8
Camel Foam Industries Sdn Bhd	Malaysia	1.9	7

4.9 Future Plans and Outlook

The EHB Group will leverage on its 28 years of experience, knowledge and understanding of the office furniture industry to introduce new, innovative products to cater to different customer requirements and tastes. The Group also intends to continue to promote recognition of the "Euro" or "Euro Chairs" brand through aggressive advertising and promotion efforts both on the domestic front and in the international arena.

The Group expects increased contribution in revenue from exports due to stronger presence in its existing export markets in Asia Pacific and penetration into newer markets such as North America, South and Central America, African region and Europe. Apart from the traditional markets, the Group will continue to explore new export markets to broaden its earning base further.

In line with its growth strategies, the Group intends to construct a new plant to boost its production capacity to meet the expected increase in demand for its products. The Group also recognises that human resources and R&D play a pivotal role in the Group's growth and success, and will continue to invest in staff training and development as well as R&D.

The Group expects that the outlook for the office furniture industry will be favourable in light of the positive economic growth indicators for Malaysia and globally. The Group believes that with its comprehensive range of quality office furniture products, marketing strength and strategies put in place by management, the Group is well-positioned to tap the demand growth and potential under such market conditions.

5. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

5.1 Promoters and Substantial Shareholders

5.1.1 Shareholdings of Promoters and Substantial Shareholders

The promoters and substantial shareholders (holding 5% or more in the share capital) of the EHB Group are as follows:

	Designation	Nationality / Place of Incorporation	After Public Issue			
			Direct		Indirect	
			No. of shares	%	No. of shares	%
<i>Promoters</i>						
Dato' Mohd Haniff Bin Abd Aziz	Non-Executive Chairman	Malaysian	12,150,000	15.00	*12,150,000	15.00
Lew Fatt Sin	Group Managing Director	Malaysian	18,019,812	22.25	-	-
Law Sim Shee	Executive Director	Malaysian	10,782,163	13.31	-	-
Teh Hock Toh	Executive Director	Malaysian	7,290,001	9.00	-	-
<i>Substantial shareholders</i>						
Dato' Mohd Haniff Bin Abd Aziz	Non-Executive Chairman	Malaysian	12,150,000	15.00	*12,150,000	15.00
Lew Fatt Sin	Group Managing Director	Malaysian	18,019,812	22.25	-	-
Law Sim Shee	Executive Director	Malaysian	10,782,163	13.31	-	-
Teh Hock Toh	Executive Director	Malaysian	7,290,001	9.00	-	-
NASB	-	Malaysia	12,150,000	15.00	-	-

* Deemed interest by virtue of Section 6A(4) of the Act held through NASB.

5.1.2 Information on NASB

NASB was incorporated in Malaysia on 16 September 2004 under the Act as a private limited company. The authorised share capital of the company is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM100 comprising 100 ordinary shares of RM1.00 each have been issued and fully paid-up as at 6 December 2004.

NASB is principally an investment holding company.

5. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

The details of the Directors and substantial shareholder of NASB and their respective shareholdings in NASB as at 6 December 2004 are as follows:

<i>Directors</i>	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Dato' Mohd Haniff Bin Abd Aziz	Malaysian	99	99	-	-
Azian Binti Mohamed Kassim	Malaysian	1	1	-	-
<i>Substantial shareholder</i>					
Dato' Mohd Haniff Bin Abd Aziz	Malaysian	99	99	-	-

5.1.3 Promoters' and Substantial Shareholders' Directorships and Substantial Shareholdings in other Public Companies for the Past Two (2) Years

Save as disclosed below, no other promoters or substantial shareholders of the Company has any directorship and substantial shareholdings in any public company for the past two (2) years up to 6 December 2004:

Name	Company	Directorship	Date Appointed	Date Resigned	No. of shares held as at 06.12.2004	
					Direct	%
Dato' Mohd Haniff Bin Abd Aziz	T.H. Hin Corporation Berhad	Non-Independent Non-Executive Director	24.11.1995	-	-	-
	Jerasia Capital Berhad	Executive Director	28.03.2000	-	10,980,002	13.38
	Samsung SDI (M) Berhad	Director	09.01.2001	-	-	-

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5. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.1.4 Changes in Substantial Shareholdings

The changes in the substantial shareholdings of EHB since its incorporation are as follows:

	As at incorporation			(I) After Acquisitions			(II) After (I) and Rights Issue		
	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%
Choong Man Tang	2	-	50	2	-	*-	2	-	*-
Tan Hong Teng	2	-	50	2	-	*-	2	-	*-
Dato' Mohd Haniff Bin Abd Aziz	-	-	-	10,140,785	-	21.77	12,150,000	-	20.00
Lew Fatt Sin	-	-	-	18,019,812	-	38.68	18,019,812	-	29.66
Law Sim Shee	-	-	-	10,782,163	-	23.14	10,782,163	-	17.75
NASB	-	-	-	-	-	-	12,150,000	-	20.00
Teh Hock Toh	-	-	-	*7,290,001	-	15.64	*7,290,001	-	12.00

Notes:

* Negligible.

^ Deemed interest by virtue of Section 6A(4) of the Act held through NASB.

This comprises of 1,191,403 Shares and 6,098,598 Shares held in trust by Law Sim Shee and Lew Fatt Sin respectively. The said Shares have subsequently been transferred to Teh Hock Toh on 24 November 2004.

5. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

5.2 Directors

5.2.1 Profile

Dato' Mohd Haniff Bin Abd Aziz, a Malaysian aged 50, was appointed as the Non-Executive Chairman of EHB on 1 October 2004. He holds a Bachelor of Economics (Honours) Degree from the University of Malaya which he obtained in 1975. He served MITI for 19 years until he opted for an early retirement in 1994. During his term at MITI, he served as Assistant Director of the Ministry from 1975 to 1978 before serving in the Permanent Mission of Malaysia to the United Nations in Geneva from 1978 to 1981 and was later reassigned as Malaysian Trade Commissioner to the Philippines from 1981 to 1987 and then to Thailand from 1987 to 1991. He was the Director of Malaysian External Trade Development Corporation from 1991 to 1994. Currently, he sits on the Boards of T.H. Hin Corporation Berhad, Jerasia Capital Berhad, Samsung SDI (M) Berhad and several other private companies.

Lew Fatt Sin, a Malaysian aged 50, was appointed as the Group Managing Director of EHB on 1 October 2004. He is the founder of the EHB Group and is a self-made entrepreneur with over 30 years of experience in the manufacturing, design and development of furniture. He began his career in the furniture industry in 1970 where he built his skills as a craftsman and acquired the propensity to develop in this field. In 1974, he joined a furniture factory producing sofas and settees as a supervisor. When the factory went into the red two (2) years later, he embarked on a management buy-out and revamped the production to cater to the domestic office chair and cushion industry. The business continued to grow and in 1984, Fatt Sin (M) Sdn Bhd was incorporated to take over the business of Fatt Sin Cushion. The company adopted its present name of ECS in 1987. In the same year, he also incorporated ECM which fully caters for the export market. Mr Lew has been the main driving force of the EHB Group and under his supervision, the EHB Group has grown to become one of the reputable leading manufacturers of ergonomic seating, system furniture and related office furniture products. He is now actively involved in the corporate affairs of the Group, R&D and design of new products and oversees the overall operation of the EHB Group.

Law Sim Shee, a Malaysian aged 51, was appointed as an Executive Director of EHB on 1 October 2004. She started her career as a general clerk for a factory producing sofas and settees in 1973. Upon the management buy-out of the factory in 1976, she became involved in the production and the running of the administrative affairs of the company which is now known as ECS. Currently, she oversees the Production, Materials Purchasing Department and the Human and Administrative Affairs of the EHB Group and is involved in the sourcing and procuring of raw materials, human resource planning and recruitment, employees' welfare as well as general office administration.

Lew Hin, a Malaysian aged 53, was appointed as an Executive Director of EHB on 1 October 2004. He started his career with a residential wooden furniture manufacturing company and ventured into other industry before becoming a renovation contractor in 1972. He joined the EHB Group in 1984 as a Sales Manager and was responsible for developing the Group's initial dealer network. In 1991, he left the Group to further explore the furniture industry before returning to the Group in 1995. Currently, he oversees the Group's overall production activities.

Teh Hock Toh, a Malaysian aged 39, was appointed as an Executive Director of EHB on 1 October 2004. He is also the General Manager of the EHB Group. He joined ECS in 1988 as a Sales Executive and was later promoted to Sales Manager in 1990. Thereafter in 1994, he assumed the position of General Manager. Having garnered 16 years of experience in the marketing of office furniture and equipment, his forte lies in identifying new market opportunities, product development and the marketing and developing of new markets. He is primarily responsible for the overall marketing strategies of the EHB Group and heads the Business Development Department and the Project Department.

5. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Foong Yein Teng, a Malaysian aged 34, was appointed as an Executive Director of EHB on 1 October 2004. She is also the Financial Controller of the Group. She is a Chartered Accountant with the Malaysian Institute of Accountants and is a member of Malaysian Institute of Certified Public Accountants. She started her career with PricewaterhouseCoopers in 1990 where she gained professional exposure in auditing, corporate finance and business advisory services. Thereafter in 1995, she left to join Land & General Berhad as an Assistant Manager, assisting the Chief Financial Officer in preparing the group's consolidation accounts and providing accounting support/advice to the subsidiaries of the group. In 1997, she joined the EHB Group and is currently primarily responsible for the Group's financial and accounting aspects.

Datuk Dr Syed Muhamad bin Syed Abdul Kadir, a Malaysian aged 57, was appointed as the Independent Non-Executive Director of EHB on 1 October 2004. He holds a Bachelor of Arts Degree from University of Malaya, a Master in Business Administration from University of Massachusetts, USA and a Doctorate in Business Management from Virginia Polytechnic Institute and State University, USA. Datuk Dr Syed Muhamad was the former Secretary General of Ministry of Human Resource, Malaysia from 2000 to 2003. Prior to this, he served as the Deputy Secretary General (Operations), Ministry of Finance from 1999 to 2000, Secretary of Tax Analysis Division, Ministry of Finance from 1997 to 1999, Deputy Secretary (Foreign and Domestic Borrowing, Debt Management) of Finance Division, Secretary of Higher Education Division, and Ministry of Education from 1988 to 1991. During his tenure with Ministry of Human Resource, he was a Board Member of National Institute of Public Administration Council, National Productivity Centre and Employees Provident Fund. Datuk Dr Syed Muhamad held various directorships and as committee member in several public agencies and companies, which include Pos Malaysia Berhad, Malayan Railway, Telekom Malaysia Berhad and University of Malaya. Currently, Datuk Dr Syed Muhamad holds several directorships in public and private limited companies.

Ng Wai Pin, a Malaysian aged 39, was appointed as an Independent Non-Executive Director of EHB on 1 October 2004. He graduated with a LLB Degree from University of Auckland in 1988 and was a barrister and solicitor attached to a leading legal firm in New Zealand for a number of years. He later joined Shook Lin & Bok, a legal firm in Kuala Lumpur and was admitted as an Advocate and Solicitor of the High Court of Malaya in 1993. He is currently a Partner of Yeo & Yeo, a legal firm in Kuala Lumpur.

Pua Kah Ho, a Malaysian aged 55, was appointed as an Independent Non-Executive Director of EHB on 1 October 2004. He completed his secondary education and commenced his career as a clerk with Overseas Union Bank (M) Bhd ("OUB") in 1969. He was promoted to the position of Credit Officer and Head of Operation in 1980. In 1990, he assumed the position of Branch and Business Development Manager with OUB until his retirement in 2002.

5.2.2 Directors' Shareholdings in EHB

The shareholdings of the Directors in EHB after the Public Issue are as follows:

Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Dato' Mohd Haniff Bin Abd Aziz	12,150,000	15.00	*12,150,000	15.00
Lew Fatt Sin	18,019,812	22.25	-	-
Law Sim Shee	10,782,163	13.31	-	-
Lew Hin	357,841	0.44	-	-
Teh Hock Toh	7,290,001	9.00	-	-

5. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Foong Yein Teng	-	-	-	-
Datuk Dr Syed Muhamad bin Syed Abdul Kadir	-	-	-	-
Ng Wai Pin	-	-	-	-
Pua Kah Ho	-	-	-	-

* Deemed interest by virtue of Section 6A(4) of the Act held through NASB.

5.2.3 Directors' Directorships and Substantial Shareholdings in other Public Companies for the Past Two (2) Years

Save as disclosed below, none of the Directors have any other directorships and/or substantial shareholdings (5% or more of the issued and paid-up share capital) in other public companies for the past two (2) years up to 6 December 2004:

Name	Company	Directorship	Date Appointed	Date Resigned	No. of shares held as at 06.12.2004	
					Direct	%
Dato' Mohd Haniff Bin Abd Aziz	T.H. Hin Corporation Berhad	Non-Independent Non-Executive Director	24.11.1995	-	-	-
	Jerasia Capital Berhad	Executive Director	28.03.2000	-	10,980,002	13.38
	Samsung SDI (M) Berhad	Director	09.01.2001	-	-	-
Datuk Dr Syed Muhamad bin Syed Abdul Kadir	Export-Import Bank of Malaysia Berhad	Director	13.09.2003	-	-	-
	Malaysia Export Credit Insurance Berhad	Director	13.09.2003	-	-	-
	Bumiputra-Commerce Bank Berhad	Director	09.04.2004	-	-	-
	Bumiputra-Commerce Finance Berhad	Director	09.04.2004	-	-	-
Pua Kah Ho	Chin Foh Berhad	Independent Non-Executive Director	28.03.2002	08.03.2004	-	-

5. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

5.2.4 Directors' Remuneration and Benefits

The remuneration and benefits paid to the Directors of the Company for services rendered in all capacities to the Company and its subsidiaries for the financial year ended 31 December 2003 amounted to approximately RM853,000. For the financial years ending 31 December 2004 and 31 December 2005, the amount payable to the Directors of the Company (in their capacity as Directors of the Group) is estimated at RM1,350,000 and RM1,900,000, respectively. The number of Directors of EHB in the various remuneration bands are set out as follows:

	No. of Directors	
	Year ending 31 Dec 2004	Year ending 31 Dec 2005
RM200,000 and below	*8	5
RM200,001 to RM400,000	2	3
RM400,001 to RM600,000	1	1

* Includes the two (2) First Directors of the Company which have subsequently resigned on 2 October 2004.

5.3 Audit Committee

EHB has set up an Audit Committee on 4 October 2004. The Committee comprises the following Board members:

Name	Designation	Directorship
Datuk Dr Syed Muhamad bin Syed Abdul Kadir	Chairman	Independent Non-Executive Director
Ng Wai Pin	Member	Independent Non-Executive Director
Foong Yein Teng	Member	Executive Director

The Audit Committee is responsible for the recommendations to the Board regarding the selection of the external auditors, reviewing the results and scope of the audit and other services provided by the Group's external auditors and reviews and evaluates the Group's internal audit and control functions. The Audit Committee is also responsible for the assessment of financial risk and matters relating to related party transactions and conflict of interests. The Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties.

5.4 Key Management

5.4.1 Profile

Kor Hong Beng, aged 43 joined ESS in 2000 as the Technical Director. He is in charge of the Group's product R&D process. He has ten (10) years of experience in the mechanical, engineering and fabrication industry where he built up his technical knowledge from 1980 to 1990. In 1990, he joined a furniture manufacturing company where he progressed from an executive to assume the position of Technical Director in 1996, heading the R&D team and overseeing the factory operation. He has designed various new system furniture and office chairs for the past fourteen (14) years and has extensive knowledge of the market place and its requirements for high quality office furniture. Currently, he is involved in product R&D and is responsible for new product development to keep the Group in the forefront of the office chairs and system furniture industry.

5. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Tan Hong Ket, aged 45, is the Business Development Manager – International Division of ESI. Upon graduation, he joined a wholesaler company in the business of importing and exporting beans as Sales-cum-Administrative Assistant. In 1986, he joined Family Circle (M) Sdn Bhd as a Sales Executive, overseeing the Malacca branch office. In 1990, he joined ESI as Sales Executive and was promoted to Assistant Sales Manager in 1993 for the domestic market. In 1997, he was made the Business Development Manager – International Division. Currently, he is responsible for developing new businesses in the global market and oversees the export sales division of the Group.

Cheong Chan Leong, aged 41, is the Business Development Manager – Local Marketing of ECS. He holds a diploma in Automobile Engineering and commenced his career as a technician with an engineering company. After two (2) years, he changed his career path to become a Sales Executive with a company supplying fabric. He joined ECS in 1989 as a Sales Executive and was promoted in 1992 to Assistant Sales Manager. He assumed his current position in 1995 and is responsible for developing new businesses in the domestic market for the EHB Group and achieving sales target set by the Group.

Chia Yoke Foon, aged 34 is the Business Development Manager – Local Marketing of ESS. She graduated with a Diploma in Interior Design from Saito Design Academy in 1993. She was a designer with TID Design Sdn Bhd (formerly known as Fumara Design Sdn Bhd), an interior design consultancy company from 1993 to 1994 and thereafter began her career in marketing when she joined Pacific Deco, a company in Kuala Lumpur trading in furniture as a Sales Executive. In 1996, she joined Titch Malaysia, a company supplying fabric and later left to join ESS in 1997. She has handled several mega projects in the office furniture industry and has worked closely with the interior designers, architects and clients representatives. She is primarily responsible for local business development and promotion of the Group's marketing activities locally including establishing new distribution networks and implementing marketing programmes.

Chai Kim Cheong, aged 36, is the Operations Manager of ESS. He graduated from The Queen's University in North Ireland with a Masters in Science specialising in Manufacturing Systems Engineering. He commenced his career with Carrier International Sdn Bhd in 1994 as a Manufacturing Engineer and joined Artwright Technology Bhd, a manufacturer of office furniture, in 1997 as Assistant Production Manager. In 2000, he moved on to another office furniture manufacturer company as Production Manager before joining ESS in 2000 as Operations Manager. His responsibilities include co-ordinating the marketing activities with the other functions within the EHB Group such as production, project / installation and logistic functions.

Tan Poh Yong, aged 43, is the Store and Purchasing Manager of ECS. She joined ECS in 1987 as an Accounts Clerk. During the past 17 years with the Group, she has assumed various positions including Production Planner, Logistic Manager, Store Manager and Purchasing Manager. Currently, she heads the Store and Purchasing Department. Her responsibilities include materials procurement and inventory control. She is also one of the key persons and the pioneer of the Group's ISO Committee and was instrumental in obtaining the ISO 9002 certification for ECM.

Lee Ong Kiat, aged 51, is the Project Manager of ESS. He obtained his Diploma in Management Development in 1977. He started his career with Singer Sewing Machine Company in 1971 where he served for 11 years and was responsible for the daily business operations. He left Singer Sewing Machine Company as a District Manager to join Menard Cosmetics (M) Sdn Bhd as a Regional Manager in 1982. In 1989, he took up the position of Regional Manager with Rediffusion Consumer Electronics Sdn Bhd, overseeing 15 branches in Malaysia. Subsequently in 1996, he joined Bristol Trading Sdn Bhd as a Sales Operation Manager, where he was responsible for the performance of the sales team and project management. In 1997, he joined ESS and is currently responsible for project management for the domestic market and co-ordination of sales team with site management and production.

5. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

Goh Ka Ting, aged 37, is the Finance Manager of ECS. She commenced her career with Lion Metals Industries Sdn Bhd as a production planner in 1986. Upon obtaining her Diploma in Computer Science from the Institute Informatics Computer Centre in 1991, she joined Graphics Engineering Sdn Bhd as an Information Executive to put her qualification into practice. Subsequently in 1993, she joined Super Box (M) Sdn Bhd as an Accounts Executive and was later promoted to Assistant Finance Manager in another company within the same group, Super Enterprise Sdn Bhd in 1995. In 1996, she joined ECS as a Finance Manager. She is now responsible in looking after the financial and accounting aspects of the Group.

5.4.2 Key Management's Shareholdings in EHB

The shareholdings of the key management after the Public Issue are as follows:

	*Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Kor Hong Beng	30,000	0.04	-	-
Tan Hong Ket	55,000	0.07	-	-
Cheong Chan Leong	55,000	0.07	-	-
Chia Yoke Foon	40,000	0.05	-	-
Chai Kim Cheong	30,000	0.04	-	-
Tan Poh Yong	55,180	0.07	-	-
Lee Ong Kiat	40,000	0.05	-	-
Goh Ka Ting	40,000	0.05	-	-

* Based on the assumption that all key management of the EHB Group will fully subscribe to their respective entitlements in respect of Public Issue Shares reserved for the eligible employees of the EHB Group pursuant to the Public Issue.

5.5 Declarations of Directors and Key Management

None of the Director or key management personnel is or was involved in the following events (whether inside or outside Malaysia):

- (i) A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel; or
- (ii) Conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (iii) The subject of any order, judgement or ruling of any court of competent jurisdiction 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.

5.6 Relationship

Save as disclosed below, there is no other relationship or associations amongst the substantial shareholders, promoters, Directors and the key management personnel:

- (i) Law Sim Shee is the spouse of Lew Fatt Sin; and
- (ii) Lew Hin is the brother of Lew Fatt Sin.

5.7 Service Agreement

As at the date of this Prospectus, none of the Directors or key management personnel has entered into any service agreement with the Group.