

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

5.1 Promoters and Substantial Shareholders

5.1.1 Shareholdings of Promoters and Substantial Shareholders

Our promoters and substantial shareholders (holding 5% or more in the share capital) and their shareholdings after the IPO are as follows:

Promoters / Substantial Shareholders	Designation	Nationality	< ----- After the IPO ----- >			
			Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Hsiao Chih Jen	Chairman / Managing Director	Taiwanese / Permanent Resident of Malaysia	24,747,171	11.00	-	-
Hsiao Chih Chien	Executive Director	Taiwanese / Permanent Resident of Malaysia	24,747,171	11.00	-	-
Hsiao Chih Che	Executive Director	Taiwanese	24,747,166	11.00	-	-
Hsiao Tsai Sheng	-	Taiwanese	24,747,166	11.00	-	-
Hsiao Liu Lee	-	Taiwanese	24,747,166	11.00	-	-

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

None of our promoters or substantial shareholders has any directorship and substantial shareholdings in other public corporations for the past two (2) years up to 31 May 2005.

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

5.1.3 Changes in Substantial Shareholdings

The changes in our substantial shareholdings since our incorporation are as follows:

	As at 22 May 2004 ¹		As at 17 March 2005 ²		After IPO	
	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares	Direct No. of Shares	Indirect No. of Shares
Subscribers' shares	2	100.00	-	-	-	-
Hsiao Tsai Sheng	-	-	38,247,166	18.90	24,747,166	11.00
Hsiao Liu Lee	-	-	38,247,166	18.90	24,747,166	11.00
Hsiao Chih Jen	-	-	38,247,171	18.90	24,747,171	11.00
Hsiao Chih Chien	-	-	38,247,171	18.90	24,747,171	11.00
Hsiao Chih Che	-	-	38,247,166	18.90	24,747,166	11.00

Notes:

1. Being our date of incorporation.
2. Being the date of transfer of subscribers' shares to Hsiao Chih Jen and Hsiao Chih Chien after Sub-division of Shares and Acquisitions.

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

5.2 Directors

5.2.1 Profile

Hsiao Chih Jen, a Taiwanese and permanent resident of Malaysia, aged 55, was appointed as our Managing Director on 19 March 2005. He began his career as an apprentice in 1964 with Sun New in Taiwan, a company jointly owned by his family members and was principally involved in the manufacturing of cookware. He was later promoted to Factory Manager where he gained the exposure and experience in manufacturing operations. With his in-depth knowledge of manufacturing operations and product development, he was subsequently promoted to Marketing Director where he was responsible for securing local and overseas customers, and business development. In 1990, he was responsible for relocating the entire manufacturing operations from Sun New to Malaysia. He was promoted to Managing Director of NHC upon its commencement of operations in 1991. With his leadership qualities, he successfully nurtured our Group to its present level of operations with market presence in USA, Europe, Japan, Hong Kong, Taiwan, South Korea and South East Asia. He is currently responsible for the overall business strategies and international business development of our Group.

Hsiao Chih Chien, a Taiwanese and permanent resident of Malaysia, aged 51, was appointed as our Executive Director on 19 March 2005. He graduated from Hua Xia Institute of Technology in Taiwan with a Bachelor Degree in Building Construction in 1974. He started his career with Sun New in 1976 and gained experience in the entire manufacturing operations of the business. He was later promoted to Factory Manager of Sun New where he was responsible for the daily factory operations. Upon the relocation of the manufacturing business from Taiwan to Malaysia, he assumed the position of General Manager of NHC. He is currently responsible for the overall day-to-day operations and R&D activities of our Group. He has successfully led our R&D team to develop new products such as the production of stainless steel convex mirrors, clad metals which are advanced composite materials and non-stick coating cookware and to design new production lines and methodologies to enhance production efficiency. With his technical knowledge, he has also successfully led our Group's product development for the OEM/ODM market. As our OEM/ODM customers are stringent in product quality and innovation, he is actively involved in product engineering and addressing technical challenges faced in the OEM/ODM market.

Hsiao Chih Che, a Taiwanese, aged 47, was appointed as our Executive Director on 19 March 2005. He graduated from Zhili Business College, Taiwan in 1979 with a Diploma in International Business. He joined Sun New after his graduation in 1982 as Marketing Manager, where he was responsible for promoting the company's products under the "Buffalo" brand. His responsibilities included exploring new markets, establishing sales leads, customer relationship management and formulating marketing strategies. He joined NHC in 1990 as General Manager of Marketing where he was responsible for developing markets for cookware under the "Buffalo" brand. He currently oversees the business development and marketing operations of our Group.

Ng Shwu Ching, a Malaysian, aged 37, was appointed as our Executive Director on 19 March 2005. She graduated from Cheng Chi University in Taiwan with a degree in Bachelor of Finance. She also holds a Diploma in Taxation from Help Institute and Master in Finance from RMIT University in 2002. She joined NHC as a Costing Assistant in 1992 after completing her training in KPMG as an Accounts Services Executive. She was promoted to Finance Manager in 1996 to oversee the Finance and Accounting department. She was also responsible for the Management Information System function of our Group and helped to set up a Manufacturing Resources Planning system. She was redesignated as Finance & Administration Manager in 2003 where she also oversees the human resource functions of our Group. She is currently responsible for the finance, accounting, secretarial, administrative and human resource functions of our Group.

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

Dato' Wong Pui Lam, a Malaysian, aged 63, was appointed as our Independent Non-Executive Director on 19 March 2005. Dato' Wong graduated with a degree in Bachelor of Social Science (Honours) from Universiti Sains Malaysia and Bachelor of Laws (Honours) from University of Wolverhampton, United Kingdom. He was also awarded the Certificate of Legal Practice by The Lembaga Kelayakan Profesion Undang-Undang, Malaysia. He is a Member of the Chartered Institute of Arbitrators, United Kingdom and Malaysia Branch. Dato' Wong is a former Senior Police Officer of the Royal Malaysian Police, having retired as the Deputy Chief Police Officer Kuala Lumpur in December 1996. He is currently an Advocate and Solicitor of the High Court of Malaya. He is a practising lawyer and a partner of a legal firm in Klang Valley. He also holds directorships in Kop Mantap Berhad and several private limited companies.

Chong Yew Kiang, a Malaysia, aged 56, was appointed as our Independent Non-Executive Director on 19 March 2005. He is a member of Malaysian Institute of Accountants and Canadian Institute of Chartered Accountants. He holds a Master's Degree in Science (Business Administration) from University of British Columbia, Vancouver, Canada and Bachelor of Economics (2nd Class Upper) from University of Malaya. He began his career as an officer at Bank Negara Malaysia in 1971. He was a lecturer in Accountancy at the University of Malaya and was the Head of Department before he left to join Grand United Holdings Berhad as the Corporate Planning Manager. Currently, Mr Chong is a Dealer's Representative with K&N Kenanga Berhad, a stockbroking company. He is also an Independent Non-Executive Director of Kumpulan H&L High-Tech Berhad, a company listed on the Second Board of Bursa Securities. He also holds directorships in several private limited companies.

5.2.2 Directors' Shareholdings

The shareholdings of our Directors before and after the IPO are as follows:

Directors	< ----- Before the IPO ----- >				< ----- After the IPO ----- >			
	Direct		Indirect		^Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Hsiao Chih Jen	38,247,171	18.90	-	-	24,747,171	11.00	-	-
Hsiao Chih Chien	38,247,171	18.90	-	-	24,747,171	11.00	-	-
Hsiao Chih Che	38,247,166	18.90	-	-	24,747,166	11.00	-	-
Ng Shwu Ching	-	-	-	-	800,000	0.36	-	-
Dato' Wong Pui Lam	-	-	-	-	100,000	0.04	-	-
Chong Yew Kiang	-	-	-	-	100,000	0.04	-	-

Note:

^ Assuming full subscription of the Public Issue Shares reserved for our Directors, eligible employees and business associates pursuant to the Public Issue.

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

5.2.3 Directors' Directorships and/or Substantial shareholdings in Other Public Corporations for the Past Two (2) Years

Save as disclosed below, none of our Directors has any other directorships and/or substantial shareholdings (5% or more of the issued and paid-up share capital) in other public corporations for the past two (2) years up to 31 May 2005:

Name	Company	Directorship	Date Appointed	Date Resigned	No. of shares held as at 31.5.2005	
					Direct	%
Dato' Wong Pui Lam	Kop Mantap Berhad	Director	02.02.2001	-	-	-
Chong Yew Kiang	Kumpulan H&L High-Tech Berhad	Independent Non-Executive Director	25.04.2001	-	-	-

5.2.4 Directors' Remuneration and Benefits

The remuneration and benefits paid to our Directors (in their capacity as Directors of our Group) for the financial year ended 31 December 2004 amounted to approximately RM569,000.

For the financial year ending 31 December 2005, the amount payable to our Directors (in their capacity as Directors of our Group) is forecasted at RM1,537,000. The number of Directors in the various remuneration bands is set out as follows:

	< ----- Financial year ended / ending 31 December ----- >					
	2004			2005		
	Executive Director	Non-Executive Director	Total	Executive Director	Non-Executive Director	Total
Below RM100,000	1	3	4	-	3	3
RM100,001 to RM200,000	-	-	-	-	-	-
RM200,001 to RM500,000	2	-	2	4	-	4

Note:

* Includes the two (2) First Directors of NHR who have resigned on 21 March 2005.

5.3 Audit Committee

We have set up an Audit Committee on 21 March 2005. The Committee comprises the following members:

Name	Designation	Directorship
Chong Yew Kiang	Chairman of Committee	Independent Non-Executive Director
Dato' Wong Pui Lam	Member of Committee	Independent Non-Executive Director
Ng Shwu Ching	Member of Committee	Executive Director

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

The Audit Committee is responsible for the recommendations to our Board regarding the selection of the external auditors, review of the results, scope of the audit and other services provided by our external auditors and the review and evaluation of our 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

Phuah Yew Hock, aged 29, is the Management Information System (MIS) Manager of NHC. He graduated with a Diploma in Information Technology from Informatics College. He has more than ten (10) years of experience in system design, system analysis, system integration and Enterprise Resource Planning project implementation. Prior to joining NHC, he worked in Bristol Trading Sdn Bhd as Assistant Information Technology (IT) Manager, where he was responsible for the overall IT project implementation and technical support. He joined NHC in 2000 and is now overseeing the MIS functions of our Group.

Lee Boon Hian, aged 29, is the Sales and Marketing Manager of NHC. He graduated from Tunku Abdul Rahman College with a Management Accounting Advanced Diploma and an Honours Degree in Business Administration from the University of Bolton. He commenced his career with Jerneh Asia Berhad as an Internal Auditor in 1998. He joined NHC in 1999 as an Assistant Project Officer where he was responsible for the coordination of new business projects undertaken by our Group. He was transferred to the Sales & Marketing Department as a Business Development Executive in 2000 to assist in sales and marketing. He was promoted to Sales & Marketing Manager in 2003 and is currently in charge of business development in USA and Europe, and implementing sales and marketing strategies of our Cookware Division.

Lim Kam Ten, aged 33, is the Sales and Marketing Manager of NHC. He graduated with a Bachelor of Arts in Commerce from the Takushoku University in Japan. Upon graduation in 1999, he joined our Group as Marketing Executive and is responsible for sales and marketing in Japan and the Asian markets. He has been instrumental in securing major contracts internationally.

Chia Hoon Ang, aged 30, is the Quality Assurance Manager of NHC. She graduated with a Bachelor of Science Degree from Universiti Putra Malaysia. While pursuing her tertiary education, she had undergone Industrial Training in NHC. Upon graduation, she joined NHC in 1999 as an Assistant Management Officer and became involved in various special projects, in particular, those related to quality control and process engineering. In 2000, she was appointed as Lead Auditor for the ISO9001 certification. During the past five (5) years whilst with our Group, she has assumed various positions including Quality Management Representatives and Secretary to General Manager. She has also handled several major projects, such as resetting the Operation in Quality Assurance Section and Shop Floor Re-engineering Project. She assumed her current position in May 2005, where she is in charge of our Quality Control Department. Her current responsibility is to help our Group achieve improved efficiency and effectiveness through process auditing and reengineering.

Low Meng Chai, aged 30, is the Production Manager of NHC. He holds an Advance Diploma in Business Administration. He started his career as a System Analyst Assistant with NHC in 1998. He was transferred to Factory Department as Production Controller in 2001, where he was responsible for resource planning and co-ordination of NHC's factory operations. He was then promoted to Assistant Factory Manager in 2003 where he was in charge of overall factory operations. He assumed his current position in 2005 and is currently heading our Production Department.

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

Ng Chin Chuan, aged 41, is the Production Engineering Assistant Manager of NHC. He is one of our technical personnel with vast experience in metal fabrication industry. He joined Sun New in Taiwan in 1987 as a Technical Executive. After Sun New relocated its manufacturing operation to Malaysia, he continued his service with NHC as Technical Supervisor in 1990. During the past fifteen (15) years whilst with our Group, he was exposed to the handling of various production processes of stainless steel cookware, including material preparation, forming and polishing. He was involved in various R&D projects involving new products and manufacturing process improvements. He was instrumental in the R&D of stainless steel convex mirror and the setting up of stainless steel convex mirror production line in NHC. Currently, he heads the Production Engineering Section of our R&D Department, where he is responsible for the product and process engineering, tooling design, fabrication and maintenance as well as related production technical support.

Hoo Yoke Fong, aged 33, is the Human Resource and Administration Assistant Manager of NHC. She graduated with a Diploma in Business Administration from Institute of Business Administration and Management, and Corporate Secretary Certificate conferred by Universiti Malaya. She joined NHC as a Production Assistant in 1991, and was promoted to the Secretary to Factory Manager in the following year. In 1996, she was further promoted to Secretary to the General Manager. In 2001, she assumed her current position, where she is responsible for our human resource and administration functions.

Hsiao Tung Hsin, aged 33, is the R&D Manager of NHC. He graduated from Feng Chia Private University, Taiwan with a degree in Bachelor of Chemical Engineering. He joined NHC as a Mould Designer in 1997 and has since participated in several major projects such as the Management Information System project and implementation of the Enterprise Resource Planning system. Currently, he is responsible for the development of new products for NHC.

Hsiao Tung Min, aged 32, is the General Manager of EGAM. He holds a Master of Business Administration Degree from University of Southern California in 2003. He started his career in 1997 when he joined NHC as an R&D Executive. While carrying out his duties in the R&D division, he gained valuable knowledge on production operations and new manufacturing technologies. He was promoted to General Manager of EGAM when EGAM was set up in 2001. EGAM has achieved steady growth under his leadership since establishment.

Ng Lee Choo, aged 30, is the Administration Manager of EGAM. She is a LCCI Diploma holder from Eu Institute. She joined NHC as an Accounts Assistant in 1997 and was promoted to Costing Assistant in 1999. She was further promoted to Finance Assistant in 2000 and thereafter transferred to EGAM as an Account cum Administrative Executive. She assumed her current position in 2004, where she is responsible for the human resource, accounts and purchasing functions of EGAM.

5.4.2 Key Management's Shareholdings

The shareholdings of our key management before and after the IPO are as follows:

Key Management	< ----- Before the IPO ----- >				< ----- After the IPO ----- >			
	Direct		Indirect		^Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Phuah Yew Hock	-	-	-	-	300,000	0.13	-	-
Lee Boon Hian	-	-	-	-	289,000	0.13	-	-
Lim Kam Ten	-	-	-	-	280,000	0.12	-	-
Chia Hoon Ang	-	-	-	-	70,000	0.03	-	-

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

	< ----- Before the IPO ----- >				< ----- After the IPO ----- >			
	Direct		Indirect		^Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Key Management								
Low Meng Chai	-	-	-	-	150,000	0.07	-	-
Ng Chin Chuan	-	-	-	-	280,000	0.12	-	-
Hoo Yoke Fong	-	-	-	-	300,000	0.13	-	-
Hsiao Tung Hsin	-	-	-	-	600,000	0.27	-	-
Hsiao Tung Min	-	-	-	-	421,000	0.19	-	-
Ng Lee Choo	-	-	-	-	421,000	0.19	-	-

Note:

[^] Assuming full subscription of the Public Issue Shares reserved for our Directors, eligible employees and business associates pursuant to the Public Issue.

5.5 Declarations of Directors and Key Management

None of our 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 was 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 our Promoters, substantial shareholders, Directors and key management personnel:

- (a) Hsiao Tsai Sheng is the husband of Hsiao Liu Lee;
- (b) Hsiao Tsai Sheng and Hsiao Liu Lee are the parents of Hsiao Chih Jen, Hsiao Chih Chien and Hsiao Chih Che;
- (c) Hsiao Chih Jen, Hsiao Chih Chien and Hsiao Chih Che are brothers; and
- (d) Hsiao Tung Min and Hsiao Tung Hsin are the sons of Hsiao Chih Jen.

5.7 Service Agreement

As at the date of this Prospectus, we do not have any existing or proposed service agreement with our Directors and any key management personnel.

6. APPROVALS AND CONDITIONS

6.1 Conditions of Approvals

The IPO was approved by the MITI on 2 September 2004, 22 February 2005 and 20 May 2005 and the SC (including approval under the Guidelines on the Acquisition of Interests, Take Overs and Mergers by Local and Foreign Interests) on 8 February 2005, subject to the conditions as set out below.

Bursa Securities had, vide its letter dated 23 August 2004, approved-in-principle our admission to the Official List of the Second Board of Bursa Securities, the listing of and quotation for our Shares and the listing of and quotation for our new Shares to be issued pursuant to the exercise of options under our ESOS on the Second Board of Bursa Securities.

**Authority /
Date of
approval**

Details of conditions imposed

Status of compliance

MITI / 02.09.04 & 22.02.05	<ul style="list-style-type: none"> (i) NHR is required to obtain the approval of the SC for the listing scheme and to comply with the Guidelines on the Acquisition of Interests, Mergers and Take-overs. (ii) The allocation of the entire 67,500,000 Offer Shares, representing 30% of the enlarged issued and paid-up share capital of NHR upon listing is subject to approval of the MITI and will be decided separately by the MITI after the SC's approval. (iii) NHR is required to inform the MITI upon completion of the implementation of the listing. 	<p>Complied. The approval of the SC was obtained on 8 February 2005.</p> <p>Complied. The approval of the MITI on the allocation of shares to Bumiputera investors was obtained on 20 May 2005.</p> <p>Noted and will be complied.</p>
MITI / 20.05.05	<ul style="list-style-type: none"> (i) The allocation of 67,500,000 Offer Shares to the approved Bumiputera investors is subject to the condition that not more than 30% of the shares allocated may be sold within three (3) months from the date of listing of NHR, while the remaining 70% may be sold in stages with prior approval of the MITI. However, this condition does not apply to the institutional investor and investors who were allocated less than 50,000 Shares. (ii) NHR is required to inform the MITI should any Bumiputera investor fail to take up the Offer Shares. NHR is required to submit to the MITI the relevant documentary evidences that the shares are registered under the names of the respective Bumiputera investors upon implementation. 	<p>Noted and will be complied. Hwang-DBS, on our behalf, has on 3 June 2005 sought the approval of the MITI to temporarily place such number of Offer Shares not taken up by the approved Bumiputera investors with DB Nominees (Asing) Sdn Bhd, being a stakeholder, until the Offer Shares are fully taken up by Bumiputera investors approved by the MITI. The approval of the MITI was obtained on 22 June 2005.</p> <p>Noted and will be complied.</p>

6. APPROVALS AND CONDITIONS *(Cont'd)*

Authority / Date of approval	Details of conditions imposed	Status of compliance
	(iii) NHR is required to inform the MITI of the shareholdings of the Bumiputera investors in NHR six (6) months after the date of the listing.	Noted and will be complied.
SC / 08.02.05	(i) NHR is required to ensure the following: <ul style="list-style-type: none"> (a) the net dividends to be distributed by NHC prior to its acquisition by NHR would not reduce NHC's adjusted consolidated NTA position below the audited level as at 31 December 2003, which is the basis used by NHR for the purchase consideration of NHC; and (b) upon the implementation of the acquisitions of NHC and EGAM by NHR, the adjusted consolidated NTA of NHC should not be less than its adjusted consolidated audited NTA as at 31 December 2003 and the NTA of EGAM should not be less than its audited NTA as at 31 December 2003, which are the bases used by NHR for the purchase consideration of NHC and EGAM respectively; 	Complied.
	(ii) With regard to the properties of the NHR Group: <ul style="list-style-type: none"> (a) NHR is required to rectify the non-approved structures within one (1) year from the date of the SC's approval letter; (b) NHR is required to provide quarterly updates to the SC on the status of rectification of the non-approved structures from the date of the SC's approval letter; and (c) Upon NHR's listing, NHR is required to make quarterly announcements to Bursa Securities on the status of rectification of the non-approved structures and update the SC when such announcements are made. 	Noted and will be complied.
	(iii) NHR is required to disclose the status of utilisation of proceeds from the public issue in the Company's quarterly and annual reports until such proceeds have been fully utilised;	Noted and will be complied.

6. APPROVALS AND CONDITIONS (Cont'd)

**Authority /
Date of
approval**

Details of conditions imposed

Status of compliance

- (iv) An extended moratorium is imposed on 101,250,005 Shares, representing 45% of the enlarged issued and paid-up capital of NHR held by the following shareholders, where they are not allowed to sell, transfer or assign their shareholdings under moratorium for one (1) year from the date of the admission of NHR to the Second Board of Bursa Securities, and thereafter, they are allowed to sell, transfer or assign only up to a maximum of one-third per annum (on a straight-line basis) of their respective shareholdings under moratorium:

	No. of Shares under moratorium	% of NHR's enlarged share capital
Hsiao Tsai Sheng	20,250,001	9.00
Hsiao Liu Lee	20,250,001	9.00
Hsiao Chih Jen	20,250,001	9.00
Hsiao Chih Chien	20,250,001	9.00
Hsiao Chih Che	20,250,001	9.00
	101,250,005	45.00

- (v) NHR is required to ensure that the 67,500,000 Shares are held by the Bumiputera investors approved by the MITI to comply with the National Development Policy ("NDP");
- Complied. The approval of the MITI on the Bumiputera investors was obtained 20 May 2005. Hwang-DBS, on our behalf, has on 3 June 2005 sought the approval of the MITI to temporarily place such number of Offer Shares not taken up by the approved Bumiputera investors with DB Nominees (Asing) Sdn Bhd, being a stakeholder, until the Offer Shares are fully taken up by Bumiputera investors approved by the MITI. The approval of the MITI was obtained on 22 June 2005.
- (vi) NHR is required to provide the SC with the status of compliance with the NDP requirement upon completion of the proposed flotation; and
- Hwang-DBS, on our behalf, has on 3 June 2005 sought the approval of the SC (Equity Compliance Unit) for an extension of time of six (6) months from our date of listing on Bursa Securities to comply with the NDP requirement. The decision will only be obtained upon determination of the actual shortfall in the 30% Bumiputera equity.

6. APPROVALS AND CONDITIONS (Cont'd)

Authority / Date of approval	Details of conditions imposed	Status of compliance
	(vii)NHR is required to fully comply with the relevant requirements of the SC Guidelines in relation to the implementation of the proposed flotation.	Complied and will be complied, where applicable.

The SC also noted that the effect of the equity structure in NHR upon the implementation of the listing exercise will be as follows:

Category	Before listing	After listing
	%	%
Bumiputera	-	30.00
Non-Bumiputera	100.00	15.00
Foreign	-	55.00
	100.00	100.00

6.2 Moratorium on the Sale of Shares

Pursuant to the SC's approval letter dated 8 February 2005, an extended moratorium is imposed on the disposal of 101,250,005 Shares held by the following Promoters amounting to 45% of our enlarged issued and paid-up capital. The said Promoters shall not be allowed to sell, transfer or assign their shareholdings under moratorium within one (1) year from the date of our admission to the Second Board of Bursa Securities and thereafter, they are allowed to sell, transfer or assign only up to a maximum of one-third per annum (on a straight-line basis) of their respective shareholdings under moratorium.

Details of the moratorium on the sale of shares are as follows:

	Shareholdings after the IPO		Shareholdings under moratorium	
	No. of Shares	%	No. of Shares	%
Hsiao Tsai Sheng	24,747,166	11.00	20,250,001	9.00
Hsiao Liu Lee	24,747,166	11.00	20,250,001	9.00
Hsiao Chih Jen	24,747,171	11.00	20,250,001	9.00
Hsiao Chih Chien	24,747,171	11.00	20,250,001	9.00
Hsiao Chih Che	24,747,166	11.00	20,250,011	9.00
	123,735,840	55.00	101,250,005	45.00

The moratorium has been fully accepted by our Promoters. The restriction is specifically endorsed on the share certificates representing the respective shareholdings of the Promoters which are under moratorium to ensure that our Registrar does not register any transfer which is not in compliance with the above restriction.

7. CONFLICT OF INTERESTS

7.1 Interest in Similar Business

Certain of our Directors and/or substantial shareholders are involved in businesses carrying on a similar trade as our Group, as follows:

- (a) Our Promoters/substantial shareholders, Hsiao Tsai Sheng and Hsiao Liu Lee, are also substantial shareholders of Sun New. Hsiao Chih Jen, Hsiao Chih Chien and Hsiao Chih Che, who are our Directors and Promoters/substantial shareholders, are also the directors and substantial shareholders of Sun New. Sun New is a company incorporated in Taiwan which is principally involved in the trading of cookware and kitchenware accessories in Taiwan. Currently, NHC supplies its cookware products to Sun New for distribution in Taiwan.

To mitigate any potential conflict of interest situation that may arise in the future, NHC had on 28 June 2004 entered into a Distributor Agreement with Sun New to appoint Sun New as the sole distributor for the resale and distribution of "Buffalo" brand of stainless steel kitchenware and cookware (including but not limited to such other "Buffalo" brand of products which the parties may agree in writing in future) manufactured or supplied by NHC ("Buffalo Products"), in Taiwan. Sun New has undertaken not to obtain the Buffalo Products for resale from any person, firm or company other than NHC, or be involved either directly or indirectly, in any way howsoever with the manufacturing or distribution in Taiwan of any goods which will potentially compete directly or indirectly with the Buffalo Products of NHC, or solicit customers, establish any branch or maintain any distribution depot outside Taiwan without the prior written approval of NHC, or be appointed as agent/ agents and/or distributor/ distributors and/or stockist/ stockists and/or be otherwise involved or hold any appointment with NHC's competitors or any person/company/firm/business which manufactures or distributes products which will potentially compete directly or indirectly with the Buffalo Products.

- (b) Our Directors and Promoters/substantial shareholders, Hsiao Chih Jen and Hsiao Chih Chien, are also the directors and substantial shareholders of Everpro. Hsiao Chih Che, who is our Director and Promoter/substantial shareholder, is also a director of Everpro. Everpro is principally involved in the distribution and marketing of stainless steel kitchenware, cookware and cookers. Currently, NHC supplies cookware products to Everpro for distribution in Malaysia and Singapore.

To mitigate any potential conflict of interest situation that may arise in the future, NHC had on 28 June 2004 entered into a Distributor Agreement with Everpro to appoint Everpro as the sole distributor for the resale and distribution of Buffalo Products in Malaysia and Singapore. Everpro has undertaken not to obtain the Buffalo Products for resale from any person, firm or company other than NHC, or be involved either directly or indirectly, in any way howsoever with the manufacturing or distribution in Malaysia and Singapore of any goods which will potentially compete directly or indirectly with the Buffalo Products of NHC, or solicit customers, establish any branch or maintain any distribution depot outside Malaysia and Singapore without the prior written approval of NHC, or be appointed as agent/ agents and/or distributor/ distributors and/or stockist/ stockists and/or be otherwise involved or hold any appointment with NHC's competitors or any person/company/firm/business which manufactures or distributes products which will potentially compete directly or indirectly with the Buffalo Products.

- (c) NHI is a wholly-owned subsidiary of Standardworld. Our Directors and Promoters/substantial shareholders, Hsiao Chih Jen, Hsiao Chih Chien and Hsiao Chih Che, are also directors and substantial shareholders of Standardworld. NHI is principally involved in the trading of consumer products in the People's Republic of China. The principal activities of NHI include distribution and marketing of cookware products since it becomes the sole distributor of NHC for the Buffalo products in the People's Republic of China.

7. CONFLICT OF INTERESTS *(Cont'd)*

To mitigate any potential conflict of interest situation that may arise in the future, NHC had on 28 June 2004 entered into a Distributor Agreement with NHI to appoint NHI as the sole distributor for the resale and distribution of Buffalo Products in the People's Republic of China. NHI has undertaken not to obtain the Buffalo Products for resale from any person, firm or company other than NHC, or be involved either directly or indirectly, in any way howsoever with the manufacturing or distribution in the People's Republic of China of any goods which will potentially compete with the Buffalo Products of NHC, or solicit customers, establish any branch or maintain any distribution depot outside the People's Republic of China without the prior written approval of NHC, or be appointed as agent/ agents and/or distributor/ distributors and/or stockist/ stockists and/or be otherwise involved or hold any appointment with NHC's competitors or any person/company/firm/business which manufactures or distributes products which will potentially compete directly or indirectly with the Buffalo Products.

Our Directors are of the view the above companies do not compete directly with the businesses of our Group in view that they are only involved in the distribution and/or trading of cookware and kitchenware products. Unlike us, these companies do not manufacture cookware and kitchenware products. Thus, our Directors are of the view that there is no conflict of interests between us and the abovementioned companies.

Our Promoters/substantial shareholders, namely, Hsiao Tsai Sheng, Hsiao Liu Lee, Hsiao Chih Jen, Hsiao Chih Chien and Hsiao Chih Che, have provided a written undertaking that they will not, amongst others, undertake/establish/create/acquire any business activity (other than the business as it is presently being conducted), or enter into joint venture, partnership or other form of business arrangement, which would result in a conflict of interest situation with our existing businesses without our prior approval.

7.2 Related Party Transactions

7.2.1 Transactions between our Group and our Directors and Promoters/Substantial Shareholders

Save as disclosed below and the transactions pursuant to the listing scheme as disclosed in Section 4.3 of this Prospectus, there are no other on-going or potential related party transactions and/or conflict of interests between our Group and our Directors, substantial shareholders and/or persons connected with such a director or substantial shareholder, as defined under Section 122A of the Act:

(a) NHC and Standardworld

Our Directors and Promoters/substantial shareholders, Hsiao Chih Jen, Hsiao Chih Chien and Hsiao Chih Che, are also directors and substantial shareholders of Standardworld. Standardworld is principally an investment holding company.

Pursuant to a Trademark License Agreement entered into with Standardworld on 21 August 2003, Standardworld allowed NHC to be the registered user of the "Buffalo" trademark for a period of ten (10) years. NHC will pay Standardworld an annual royalty fee of one point five percent (1.5%) of the Net Sale Price within thirty (30) days after receiving its signed NHC's audited financial statements for the preceding financial year. Net Sale Price refers to sale price received by NHC on the sale of goods under the "Buffalo" trade mark(s) net of insurance and carriage, so far as the same are separately invoiced, and of all rebates, discounts, and other reductions actually granted, and exclusive of any value added tax or other duty. Further details on the Trademark License Agreement are set out in Section 4.4.3 of this Prospectus. The royalty fee in respect of the financial year ended 31 December 2004 has been waived by Standardworld.

7. CONFLICT OF INTERESTS *(Cont'd)*

(b) NHC and EGAM

EGAM is our 51% subsidiary and is 49% owned by Standardworld. Our Directors and Promoters/substantial shareholders, Hsiao Chih Jen, Hsiao Chih Chien and Hsiao Chih Che, are also directors and substantial shareholders of Standardworld. Hsiao Chih Jen and Hsiao Chih Chien are also the directors of EGAM.

- (i) Pursuant to a Sale and Purchase Agreement entered into with EGAM on 28 June 2004, NHC agreed to purchase clad metals from EGAM at a price based on its price list, as may be revised from time to time, or as otherwise agreed between the parties in writing. EGAM agreed to avoid conflict of interests situation with NHC and to deal at arm's length with NHC, and all purchase prices agreed to by NHC shall be subject to review by our Audit Committee. The purchase of clad metals by NHC from EGAM for the financial year ended 31 December 2004 amounted to approximately RM8.3 million.
- (ii) NHC receives rental from EGAM for machinery at a monthly rental of RM19,700.
- (iii) NHC receives rental from EGAM for the rental of office and factory space situated at No. 47, Jalan Taming Dua, Taman Taming Jaya, 43300 Off Jalan Balakong, Selangor and the staff accommodation. The total rental paid by EGAM amounted to RM84,360 for the financial year ended 31 December 2004.

(c) NHC and Everpro

Our Directors and Promoters/substantial shareholders, Hsiao Chih Jen and Hsiao Chih Chien, are also the directors and substantial shareholders of Everpro. Hsiao Chih Che, who is our Director and Promoter/substantial shareholder, is also a director of Everpro.

- (i) Pursuant to a Distributor Agreement entered into with Everpro on 28 June 2004, NHC agreed to appoint Everpro as the sole distributor for the resale and distribution of the Buffalo Products in Malaysia and Singapore. The sale of cookware products to Everpro for the financial year ended 31 December 2004 amounted to approximately RM1.2 million.
- (ii) NHC receives rental from Everpro for the rental of factory space situated at No. 47, Jalan Taming Dua, Taman Taming Jaya, 43300 Off Jalan Balakong, Selangor at a monthly rental of RM11,000.

(d) NHC and NHI

NHI is a wholly-owned subsidiary of Standardworld. Our Directors and Promoters/substantial shareholders, Hsiao Chih Jen, Hsiao Chih Chien and Hsiao Chih Che, are also directors and substantial shareholders of Standardworld. NHI is principally involved in the trading of consumer products in the People's Republic of China.

- (i) Pursuant to a Sale and Purchase Agreement entered into with NHI on 28 June 2004, NHC agreed to purchase cookware and kitchenware accessories and parts from NHI at a price based on its price list, as may be revised from time to time, or as otherwise agreed between the parties in writing. NHI agreed to avoid conflict of interest situation and to deal at arm's length with NHC, and all purchase prices agreed to by NHC shall be subject to review by our Audit Committee. The purchase from NHI for the financial year ended 31 December 2004 amounted to approximately RM970,000.

7. CONFLICT OF INTERESTS *(Cont'd)*

- (ii) Pursuant to a Distributor Agreement entered into with NHI on 28 June 2004, NHC agreed to appoint NHI as the sole distributor for the resale and distribution of the Buffalo Products in People's Republic of China. The total sale to NHI for the financial year ended 31 December 2004 amounted to approximately RM496,000.

(e) NHC and Sun New

Our Promoters/substantial shareholders, Hsiao Tsai Sheng and Hsiao Liu Lee, are also the substantial shareholders of Sun New. Hsiao Chih Jen, Hsiao Chih Chien and Hsiao Chih Che, who are our Directors and Promoters/substantial shareholders, are also the directors and substantial shareholders of Sun New.

- (i) Pursuant to a Distributor Agreement entered into with Sun New on 28 June 2004, NHC agreed to appoint Sun New as the sole distributor for the resale and distribution of the Buffalo Products in Taiwan. The total sale to Sun New for the financial year ended 31 December 2004 amounted to approximately RM4 million.
- (ii) NHC purchases components and spare parts from Sun New. The total purchases amounted to approximately RM419,000 for the financial year ended 31 December 2004.

(f) NHC and Rigel Metalcraft (M) Sdn Bhd ("Rigel")

Our Director and Promoter/substantial shareholder, Hsiao Chih Chien is also a substantial shareholder of Rigel.

Pursuant to a Sale and Purchase Agreement entered into with Rigel on 28 June 2004, NHC agreed to purchase casting handles from Rigel and Rigel agreed to purchase scrap metals from NHC at a price based on both parties' price list, as may be revised from time to time, or as otherwise agreed between the parties in writing. Rigel agreed to avoid conflict of interest situation and to deal at arm's length with NHC, and all purchase prices agreed to by NHC shall be subject to review by our Audit Committee. The purchase from Rigel for the financial year ended 31 December 2004 amounted to approximately RM27,000 and the sale of scrap metals to Rigel for the financial year ended 31 December 2004 amounted to approximately RM170,000.

Our Directors are of the opinion that the transactions above have been entered into in the normal course of our business and have been established on terms that are not more favourable than those generally available to the public and are conducted on arm's length basis. The above transactions entered into with the related parties are intended to meet our business and technical needs at the best possible terms and are expected to be recurring in nature.

Furthermore, in order to avoid any potential conflict of interests, all related party transactions will be subject to the review by our Audit Committee.

7.2.2 Transactions between our Group and Key Management Personnel

There is no existing or potential related party transaction between our Group and our key management personnel.

7. CONFLICT OF INTERESTS (Cont'd)

7.2.3 Promotion of Assets

Save as disclosed in Section 7.2.1 of this Prospectus, none of our Directors or substantial shareholders has any interest, direct or indirect, in the promotion of any material assets acquired or proposed to be acquired or material assets disposed of or proposed to be disposed of by our Company or subsidiaries within the two (2) years preceding the date of this Prospectus.

7.2.4 Related parties loan

As at 31 May 2005, there is no outstanding loan or guarantee made by our Group for the benefit of any related party.

7.3 Declaration by Experts

Hwang-DBS, as our Adviser and Underwriter, is not aware of any existing or potential interest or any circumstances which would give rise to a conflict of interest in its capacity in respect of the IPO.

Messrs Soo Thien Ming & Nashrah is not aware of any existing or potential interest or any circumstances which would give rise to a conflict of interest in its capacity as our Solicitors in respect of the IPO.

Messrs KPMG is not aware of any existing or potential interest or any circumstances which would give rise to a conflict of interest in its capacity as our Auditors and Reporting Accountants in respect of the IPO.

Infocredit D&B (Malaysia) Sdn Bhd is not aware of any existing or potential interest or any circumstances which would give rise to a conflict of interest in its capacity as the Independent Market Researcher in respect of the IPO.

Henry Butcher Malaysia Sdn Bhd is not aware of any existing or potential interest or any circumstances which would give rise to a conflict of interest in its capacity as the Valuer in respect of the IPO.

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8. OTHER INFORMATION CONCERNING OUR GROUP

8.1 Licenses and Permits

We hold the following licenses and permits which are required for the purposes of conducting our business:

Company	Licenses	Authority	Date of issue	Validity period	Salient Conditions	Status of Compliance
NHC	Manufacturing license for stainless steel kitchenware	MITI	29.12.1989	Not applicable	<p>(a) The company is required to obtain approval from the relevant authorities, should the company invite the public to invest in the company.</p> <p>(b) Shares owned by non-Malaysians cannot be disposed of without prior written approval from MITI.</p> <p>(c) The composition of the Board should reflect the equity structure of the company, and NHC is required to notify MITI of any change in the Board.</p> <p>(d) The company must employ and train Malaysian citizens in order to reflect the multi-racial composition at all levels.</p> <p>(e) The company must obtain written approval from MITI and an approved independent valuer's report should the company plan to acquire used-machinery. Approval from MITI is also required for any modification, addition and reduction of machinery which has a material impact on the company's operations.</p> <p>(f) The company must obtain written approval from MITI prior to execution of technology transfer agreement with foreign parties, service agreement, management agreement, agreements on royalty, trademark and patent, except in relation to purchase of machinery that requires services of foreign technician.</p>	Met
						Met
						Met
						Met
						Met

8. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Company	Licenses	Authority	Date of issue	Validity period	Salient Conditions	Status of Compliance
					(g) The company shall appoint, where possible, locally owned companies for local distribution of its products, with the appointment of Bumiputera companies to distribute at least 30% of the local sales. Approval of MITI is required in selection of foreign-owned companies as distributors.	NHC had on 6 July 2004 informed MITI in writing that Everpro is the local distributor of NHC. Everpro has the following equity structure: <ul style="list-style-type: none"> - 30% held by Bumiputera Malaysian; - 40% held by Non-Bumiputera Malaysian; and - 30% held by foreigners.
EGAM	Manufacturing license for reflective safety products	MITI	28.04.2005	Not applicable	(h) The company shall export at least 80% of its production. (a) The company is required to notify MITI of any disposal of shares. (b) The company shall train, where possible, Malaysian citizens in order to transfer the technology knowledge and skills at all level.	Met Met Met
EGAM	Manufacturing license for clad metals	MITI	24.08.2002	Not applicable	(a) The composition of the Board should reflect the equity structure of the company, and EGAM is required to notify MITI of any change in the Board. (b) The company must employ and train Malaysian citizens in order to reflect the multi-racial composition at all levels.	Met Met

8. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Company	Licenses	Authority	Date of issue	Validity period	Salient Conditions	Status of Compliance
					(c) The company must obtain written approval from MITI and an approved independent valuer's report should the company plan to acquire used-machinery. Approval from MITI is also required for any modification, addition and reduction of machinery which has a material impact on the company's operations.	Met
					(d) The company must obtain written approval from MITI prior to execution of technology transfer agreement with foreign parties, service agreement, management agreement, agreements on royalty, trademark and patent, except in relation to purchase of machinery that requires services of foreign technician.	Not applicable

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8. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

8.2 Properties

The details of our properties as at the date of this Prospectus are set out below:

Name of registered owner/ Location	Description/ Existing use	Land area (sq. m.)	Built-up area (sq. m.)	Date of certificate of fitness	Approximate age of building/ Tenure	Audited NBV as at 31.12.2003 RM'000	Market value RM'000	Revaluation surplus RM'000	Audited NBV as at 31.12.2004 RM'000
NHC									
1. H.S.(D) 38402, PT 20620 (Formerly known as HS(D) 23490) Mukim of Kajang, District of Ulu Langat, State of Selangor	Industrial land with office building and factory	9,854	6,320	26.02.1991	14 years / Freehold	4,590	16,080*	3,147**	4,498
<i>Bearing postal address:</i> No. 45, Jalan Taming 2 Taman Taming Jaya Off Jalan Balakong 43300 Selangor Darul Ehsan						8,344			8,206
2. H.S.(D) 23491, PT 20621 Mukim of Kajang, District of Ulu Langat, State of Selangor	Industrial land with office building and factory	7,865	7,682	30.10.2002	7 years / Freehold				
<i>Bearing postal address:</i> No. 47, Jalan Taming 2 Taman Taming Jaya Off Jalan Balakong 43300 Selangor Darul Ehsan									
3. Unit No. 06, Block BB, 3 rd Floor Taman Taming Jaya Held under Strata Title Geran 34049/M2/4/102, Lot 19716 for Parcel No. 102, Level No. 4 Building No. M2, Mukim of Kajang, District of Hulu Langat State of Selangor	Flat / Residential (Staff accommodation)	Not applicable	62	13.01.1993	12	25	Not applicable	Not applicable	25

8. OTHER INFORMATION CONCERNING OUR GROUP (Cont'd)

Name of registered owner/ Location	Description/ Existing use	Land area (sq. m.)	Built-up area (sq. m.)	Date of certificate of fitness	Approximate age of building/ Tenure	Audited NBV as at 31.12.2003 RM'000	Market value RM'000	Revaluation surplus RM'000	Audited NBV as at 31.12.2004 RM'000
4. Unit No. 07, Block BB, 3 rd Floor Taman Taming Jaya Held under Strata Title Geran 34049/M2/4/103, Lot 19716 for Parcel No. 103 Level No. 4 Building No. M2, Mukim of Kajang, District of Hulu Langat State of Selangor ^{^^}	Flat / Residential (Staff accommodation)	Not applicable	62	13.01.1993	12	26	Not applicable	Not applicable	26
5. Unit No. 08, Block BB, 3 rd Floor Taman Taming Jaya forming part of the land held under Master Title H.S.(D) 16865, PT No. 17962, Mukim of Kajang District of Ulu Langat ^{^^} State of Selangor	Flat / Residential (Staff accommodation)	Not applicable	62	13.01.1993	12	26	Not applicable	Not applicable	26

Notes:

* Based on Valuation Report dated 7 May 2004 prepared by Henry Butcher Malaysia Sdn Bid. The date of valuation is 20 February 2004.

** Based on NBV as at 31 December 2003. The revaluation surplus shall be incorporated in the financial statements of NHC for the financial year ending 31 December 2005.

^ The properties have been charged to financial institutions for banking facilities granted to our Group.

^^ We have not revalued the three (3) units of flats as they are different class of property.

1. There are non-approved structures and covered terrace with a total gross built-up area of approximately 1,069 sq. m. erected on Lot Nos. PT 20620 and PT 20621. The SC had, vide its approval letter dated 8 February 2005, required us to rectify the non-approved structures and covered terrace within one (1) year from the date of its approval letter. Details on the said SC's condition and non-approved structures and covered terrace are set out in Section 6.1 and Section 11 of this Prospectus respectively. On 13 May 2005, we submitted an amended layout plan to Majlis Perbandaran Kajang seeking its approval for the non-approved structures and covered terrace.

2. None of the existing use of the abovementioned landed properties is in breach of the land-use conditions or permissible land-use. There are no restrictions in interest for the abovementioned landed properties.

9. FINANCIAL INFORMATION

9.1 Historical Financial Information

The following is a summary of our proforma consolidated results for the past five (5) financial years ended 31 December 2000 to 31 December 2004, and are provided for illustration purposes based on the audited financial statements of our subsidiaries, prepared on the assumption that our existing group structure had been in existence throughout the financial years under review:

	<----- Financial year ended 31 December ----->				
	2000	2001	2002	2003	2004
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	40,547	29,258	24,612	41,473	38,258
EBITDA	10,693	5,005	4,089	12,252	13,056
Depreciation	(2,498)	(2,554)	(2,797)	(2,818)	(3,336)
Interest expense	(489)	(356)	(180)	(224)	(315)
Interest income	524	367	56	149	106
Operating profit	8,230	2,462	1,168	9,359	9,511
Share of profit/(loss) of an associate	6	(50)	(47)	(8)	-
PBT	8,236	2,412	1,121	9,351	9,511
Tax expense*	(1,615)	(560)	(88)	(1,208)	(1,999)
PAT	6,621	1,852	1,033	8,143	7,512
MI	-	(28)	(393)	(1,918)	(1,379)
PAT after MI	6,621	1,824	640	6,225	6,133
No. of ordinary shares in issue ¹ ('000)	202,485	202,485	202,485	202,485	202,485
Gross EPS ² (sen)	4.1	1.2	0.4	3.7	4.0
Net EPS ² (sen)	3.3	0.9	0.3	3.1	3.0

Notes:

- * Tax expense has been adjusted for over/under provision in the respective years.
- 1. Based on the number of ordinary shares assumed in issue after the Acquisitions.
- 2. The gross and net EPS have been calculated by dividing PBT after MI and PAT after MI respectively for the financial years by the number of ordinary shares assumed in issue.
- 3. There were no exceptional or extraordinary items during the financial years under review.

Further details on our Group's historical performance are set out in Section 10 of this Prospectus.

9. FINANCIAL INFORMATION (Cont'd)

9.2 Segmental Analysis of Financial Information

	<----- Financial year ended 31 December ----->				
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000
Revenue					
▪ Cookware division					
- ODM/ OEM market	27,542	13,323	9,764	31,132	20,932
- Direct consumer market	12,607	15,193	11,740	6,195	10,513
	40,149	28,516	21,504	37,327	31,445
▪ Convex mirror division	398	742	3,096	2,812	5,367
▪ Clad metals division	-	-	12	1,334	1,446
	40,547	29,258	24,612	41,473	38,258
Operating profit					
▪ Cookware division					
- ODM/ OEM market	5,826	1,284	172	6,783	5,278
- Direct consumer market	2,667	1,465	208	1,350	2,651
	8,493	2,749	380	8,133	7,929
▪ Convex mirror division	(263)	(287)	786	744	1,093
▪ Clad metals division	-	-	2	482	489
	8,230	2,462	1,168	9,359	9,511

For the financial year ended 31 December 2000, our revenue increased by approximately 13% to RM40.5 million in 2000 mainly due to higher sales of stainless steel coil and circular plates arising from the increase in the selling price for stainless steel and increased cookware sales to overseas customers. Our Convex Mirror Division also recorded sales growth following the successful penetration into the Japanese and South Korean markets. As a result, our operating profit increased by approximately 28.8% to RM8.2 million during the year. The increase in our operating profit was also partly attributed to consistent sales of scrap materials on a regular basis. Our effective tax rate for the year was lower than the statutory tax rate due to the utilisation of reinvestment allowances.

Due to the slumping world economy coupled with the September 11 incident in 2001, our Group was unable to sustain our revenue and operating profit which decreased consecutively in 2001 and 2002 as the key export markets of our Cookware Division (consisting of USA, Japan, Europe, Taiwan and Hong Kong) experienced deterioration in their economic performance. Sales of all major products were on a downward trend and we had to reduce selling prices of most of our products to maintain competitiveness in the market. In response to the global economic crisis, we changed our business strategy by introducing induction cookware range for the overseas market and ceased the manufacturing of our loss making semi-finished kettle bodies. At the same time, we also shifted our business focus to manufacturing cookware products for established OEM/ODM customers with reputable brandnames, whom we believed would be able to provide more constant sales orders.

Our Convex Mirror Division recorded 317% growth in revenue in 2002 mainly due to more exports to South Korea and Japan. Operating profit from this division had also improved mainly attributed to improvement in production efficiency. In 2001 and 2002, our effective tax rate was lower than the statutory tax rate due to the utilisation of reinvestment allowances and pioneer status.

9. FINANCIAL INFORMATION *(Cont'd)*

In 2003, our revenue improved by 69% to RM41.5 million in tandem with the improved world economy. The increase in revenue was also due to the increased customer base and sales contracts from customers in Europe, Japan and USA in response to our management's aggressive marketing strategies and product diversification by introducing non-stick multi-ply cookware products. Our Clad Metals Division had also begun to contribute revenue from the supply of clad metals to overseas customers. Our effective tax rate for the year was lower than the statutory tax rate due to the utilisation of reinvestment allowances and pioneer status.

For the financial year ended 31 December 2004, our revenue decreased by approximately 8% to RM38.2 million mainly attributed to decline in orders from a major customer due to change in its product strategy, delay in orders by a major customer in anticipation of lower raw materials prices and deferral of orders delivery by a few of our customers to early 2005. Despite the decrease in cookware sale, our Convex Mirror Division recorded a sale growth of 91% following our successful penetration into the Japanese and South Korean markets during the year. Our operating profit increased marginally by approximately 1.6% to RM9.5 million mainly because of the increase in gross profit margin. Our effective tax rate for the year was lower than the statutory tax rate due to the utilisation of reinvestment allowances and pioneer status.

9.3 Factors Affecting Financial Performance, Position and Operations of our Group

Save as disclosed in Sections 3 and 9.2 of this Prospectus, our financial performance, position and operations are not materially affected by any of the following:

- (i) Known trends, demands, commitments, events or uncertainties that have had, will result in or are reasonably likely to have a material favourable or unfavourable impact on financial performance, position and operations of our Group;
- (ii) Material commitments for capital expenditure;
- (iii) Unusual or infrequent events or transactions or any significant economic changes that materially affected the financial performance, position and operations of our Group;
- (iv) Substantial increase in revenue attributed to prices, volume, or the introduction of new products services; and
- (v) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical statements not indicative of future financial performance and position.

9.4 Working Capital, Borrowings, Litigation, Contingent Liabilities and Material Capital Commitments

(i) Working Capital

Our Directors are of the opinion that after taking into account the cash flow position including the proceeds from the Public Issue and the banking facilities available, our Group has adequate working capital for a period of twelve (12) months from the date of this Prospectus.

(ii) Borrowings

As at 31 May 2005, the total bank borrowings of our Group comprising trade financing and hire purchase facilities, all of which are domestic borrowings and interest bearing, are as follows:

9. FINANCIAL INFORMATION (Cont'd)

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Trade financing facilities	3,181	-	3,181
Hire purchase	291	23	314
Total	3,472	23	3,495

Save as disclosed above, we do not have any other loan capital outstanding or created but unissued, mortgages or charges outstanding, convertible debt outstanding, guarantees or other borrowings on that date.

We have not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout the past financial year ended 31 December 2004 or the subsequent period thereof, immediately preceding the date of this Prospectus.

(iii) Material Litigations

As at 31 May 2005, neither our Company nor subsidiaries are engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of our Company or subsidiaries and our Directors have no knowledge of any proceedings pending or threatened against our Company and subsidiaries or any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of our Company and subsidiaries.

(iv) Contingent Liabilities

Save as disclosed below, as at 31 May 2005, our Directors are not aware of any contingent liabilities, which, upon becoming enforceable, may have a material impact on the profit or net assets value of our Group:

	RM'000
- Corporate guarantee given by NHC to licensed bank for credit facilities granted to EGAM	3,300
- Performance guarantee given by NHC to a supplier	220
	<u>3,520</u>

(v) Material Capital Commitments

Save as disclosed below, as at 31 May 2005, we have not contracted any capital commitments, which, upon becoming enforceable, may have a material impact on our profit or net assets value:

	RM'000
Purchase of machinery	<u>375</u>

9. FINANCIAL INFORMATION *(Cont'd)*

9.5 Consolidated Profit Forecast

Our Directors forecast that our consolidated PBT and PAT for the financial year ending 31 December 2005 will be as follows:

Financial year ending 31 December 2005	RM'000
Revenue	<u>50,788</u>
Consolidated PBT	12,150
Less: Taxation	<u>(1,399)</u>
Consolidated PAT	10,751
Less: MI	<u>(2,424)</u>
Consolidated PAT after MI	<u>8,327</u>

Based on the enlarged issued and paid-up share capital:

Net EPS ¹ (sen)	3.7
Net PE Multiple based on the issue price of RM0.33 per Share (times)	8.9

Based on weighted average number of shares in issue²:

Net EPS ³ (sen)	4.9
Net PE Multiple based on the issue price of RM0.33 per Share (times)	6.7

Notes:

1. *Based on the consolidated PAT after MI and the enlarged issued and paid-up share capital of 225,000,010 Shares.*
2. *On the assumption that the Public Issue will be completed in July 2005.*
3. *Based on the consolidated PAT after MI and the weighted average number of shares in issue of 171,426,000 Shares.*

The principal bases and assumptions upon which our consolidated profit forecast have been made are as follows:

- (i) There will be no material changes in present legislation or Government regulations, inflation rates and duties, levies and taxes, which may adversely affect the operations of our Group or the markets in which we operate.
- (ii) There will be no major breakdown or disruption in our operational and manufacturing facilities, industrial disputes, disruption on supplies of materials or other abnormal factors, both domestic and overseas, which may adversely affect our operations or disrupt the planned operations of our Group or that of our suppliers and customers.
- (iii) There will be no significant changes to the prevailing Malaysian and world economic environment and political and market conditions which may directly or indirectly have an adverse effect on our activities or performance and the business of major customers and suppliers.
- (iv) There will be no material changes in our existing accounting, management and operational policies.

9. FINANCIAL INFORMATION *(Cont'd)*

- (v) There will be no material changes in our current composition, structure and principal activities other than those planned.
- (vi) Our existing financing facilities will remain available. Expiring financing facilities will be renewed and interest rates will not change significantly from those presently prevailing. In addition, we will be able to obtain new financing facilities at the present prevailing rates. All borrowings will be drawdown and repaid as scheduled.
- (vii) All existing licenses and permits granted to us will not be withdrawn and will be renewed by the relevant authorities. We will be able to obtain all necessary licenses and permits for our future operations.
- (viii) There will be no major capital and revenue costs items variations that are beyond our control.
- (ix) We will not experience major changes in seasonal sales that will result in the delay of sales affecting the sales pattern forecasted.
- (x) There will be no major changes in our existing key personnel and management which will affect our marketing capability and level of activities. In addition, we will have adequate manpower resources to support our forecasted growth in business.
- (xi) There will be no significant changes in the availability and prices of major raw materials, labour and other operating costs including administration and overhead expenses which will adversely affect our profitability, other than as planned. Our management expects that increases in the price of major raw materials could be passed on to our customers to maintain the profit margin.
- (xii) There will be no significant changes in the pricing of our products and sales of products other than those planned.
- (xiii) Existing trading relationships with major suppliers and business partners will be maintained. There will be no limitation or delay in the supply of critical raw materials by suppliers and business partners that will materially affect our operations and performance.
- (xiv) We will be able to successfully market, sell and deliver our products as planned. Existing trading relationships with major customers will be maintained.
- (xv) There will not be any significant product liability that will materially affect our business.
- (xvi) Inflation rates will not change materially from its current level. The exchange rates assumed for the purpose of our consolidated profit forecast are not materially different from the following:

USD1:	RM3.80
YEN1:	RM0.04
SGD1:	RM2.32
EURO1:	RM5.05
- (xvii) Our consolidated revenue and gross margin as identified and scheduled by our Directors and management will materialise.

9. FINANCIAL INFORMATION (Cont'd)

- (xviii) Capital expenditure programme will be implemented and incurred on schedule with no material variation in costs. There will be no material acquisitions or disposals of property, plant and equipment other than those planned. The forecasted capital expenditure will be sufficient for our operations.
- (xix) There will be no shortage in terms of production capacity to meet the increase in production to meet our forecasted growth in revenue.
- (xx) There will be no material contingent liabilities arising during the forecast period which may materially affect our forecast. We will not be engaged in any material litigation and there will be no legal proceedings which will affect our activities or performance or give rise to additional contingent liabilities which will materially affect our results.
- (xxi) There will be no major incidence of bad and doubtful debts, other than those known bad and doubtful debts that have been adequately provided for.
- (xxii) There will be no significant changes in the rate and basis of taxation. All tax incentives claimed will be approved by the Inland Revenue Board.
- (xxiii) The gross proceeds arising from the Public Issue amounting to RM7,429,950, will be received in 2005, and utilised as follows:

	RM'000
Capital expenditure	3,615
Working capital purposes	2,315
Estimated share issue expenses	1,500
	<u>7,430</u>

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9. FINANCIAL INFORMATION (Cont'd)

9.6 Reporting Accountants' Letter on the Consolidated Profit Forecast (Prepared for inclusion in this Prospectus)



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The Board of Directors
Ni Hsin Resources Berhad
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Taman Taming Jaya
Off Jalan Balakong
43300 Selangor Darul Ehsan

Our ref: A3/NKT/SCT/CHUNG/CHCH (1)

14 June 2005

Dear Sirs

Reporting accountants' letter on the consolidated profit forecast for the financial year ending 31 December 2005

We have reviewed the consolidated profit forecast of Ni Hsin Resources Berhad (“NHR”) and its subsidiaries (hereinafter referred to as the “NHR Group”) for the year ending 31 December 2005 in accordance with the Standard on Auditing (ISA 810) applicable to the review of forecasts. The consolidated profit forecast has been prepared for inclusion in the prospectus to be dated 30 June 2005 in connection with the listing of NHR on the Second Board of Bursa Malaysia Securities Berhad and should not be relied on for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the consolidated profit forecast is, in all material respects, properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by NHR and its subsidiaries' in their audited financial statements for the year ended 31 December 2004, save for the adoption of the merger method of accounting as the basis of consolidation and the revaluation policy for its freehold land and factory buildings. The Directors of NHR are solely responsible for the preparation and presentation of the consolidated profit forecast and the assumptions on which the consolidated profit forecast is based.

Forecasts, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which a forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since the anticipated events frequently do not occur as expected and the variation could be material.



9. FINANCIAL INFORMATION (Cont'd)



Subject to the matter stated in the preceding paragraph:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the Prospectus, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and
- (ii) in our opinion, the consolidated profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by NHR and its subsidiaries' in their audited financial statements for the year ended 31 December 2004 save for the adoption of the merger method of accounting as the basis of consolidation and the revaluation policy for its freehold land and factory buildings.

Yours faithfully



KPMG

Firm Number: AF0758
Chartered Accountants



Ng Kim Tuck

Partner

Approval Number: 1150/03/06(J/PH)

9. FINANCIAL INFORMATION *(Cont'd)*

9.7 Directors' Commentary on Profit Forecast

For the financial year ending 31 December 2005, we forecast a total revenue of approximately RM50.8 million. This represents an increase of approximately RM12.6 million or approximately 33% over our total revenue achieved in the previous year of approximately RM38.2 million.

Our Cookware Division will continue to be the main contributor to our revenue, contributing approximately 78% of our total revenue. In addition to sales orders from existing customers, we envisage that new customers secured in 2004 will maintain or increase their sales orders for 2005 based on our marketing discussions with them. The revenue growth in 2005 is expected to be fueled by sales to OEM/ODM manufacturers which carry the international well-known cookware brands, and increased orders from the "Buffalo" distributors in Malaysia, Taiwan, Hong Kong, the People's Republic of China and USA.

Export sales are expected to remain as our main stream of revenue for our Cookware Division, which is forecasted to be approximately 94% of our total cookware sales for the financial year ending 31 December 2005. Our major export markets will be Japan, USA and Europe. Improvement for the Taiwanese and Hong Kong markets are expected in 2005 with an increase in consumer spending after the Severe Acute Respiratory Syndrome incident.

Our Clad Metals Division is forecast to register growth of approximately 176% due to our price competitiveness compared to overseas manufacturers and marketing strategies. Our Directors anticipate that sales for our Clad Metals Division will be secured from new customers in the People's Republic of China and USA.

Sales of convex mirrors are expected to register growth of approximately 37% during the year, mainly attributable to forecasted increase in sales orders from our existing distributors and new distributors of safety products in Japan. Japan and South Korea shall remain as our major markets for our Convex Mirror Division.

Our Board has reviewed the consolidated profit forecast for the financial year ending 31 December 2005 based on the assumptions referred to in Section 9.5 of this Prospectus. Our Board is of the opinion, after due and careful enquiry, that the consolidated profit forecast is fair and reasonable in light of the prospects of the industry in which we operate and our future plans, strategies and prospects as set out in Section 4.9 of this Prospectus. However, a forecast by its nature is subject to subjective judgments, inherent uncertainties and unexpected events which may occur beyond our/our directors' control. Accordingly, our Board does not guarantee the achievement of the consolidated profit forecast.

9.8 Sensitivity Analysis

The following sensitivity analysis is prepared based on the forecast assumptions as set out in Section 9.5 of this Prospectus and attempts to show the impact on our forecast consolidated profits assuming all other things remain unchanged except for 5% and 10% upward and downward variations in the selling price and raw materials cost. Notwithstanding the impact of the variations in revenue and raw materials cost, there may exist other factors which have not been taken into account, which variations may have a significant impact, either positively or negatively, on our financials. The sensitivity analysis is as follows:

9. FINANCIAL INFORMATION (Cont'd)

(a) Variation in selling price

	PBT	PAT
Financial year ending 31 December 2005	RM'000	RM'000
As forecast	12,150	8,327
Increase by 5%	15,239	10,176
Increase by 10%	18,329	12,081
Decrease by 5%	9,060	6,365
Decrease by 10%	5,971	4,460

(b) Variation in raw materials cost

	PBT	PAT
Financial year ending 31 December 2005	RM'000	RM'000
As forecast	12,150	8,327
Increase by 5%	9,916	7,720
Increase by 10%	7,682	6,776
Decrease by 5%	14,384	11,218
Decrease by 10%	16,618	13,039

Our Directors have assessed the sensitivity of our profit forecast taking into consideration the fluctuation in major variables as mentioned above. Our Directors are of the view that the sensitivity analysis of our profit forecast is fair and reasonable.

9.9 Dividend Forecast

Based on our consolidated profit forecast for the financial year ending 31 December 2005, our Directors anticipate that our Company will be in a position to propose a net dividend rate of 5% for the financial year ending 31 December 2005, based on our enlarged share capital of 225,000,010 Shares.

The intended appropriation of our forecast consolidated PBT for the financial year ending 31 December 2005 will be as follows:

	RM'000
Consolidated PBT	12,150
Less: Taxation	(1,399)
Consolidated PAT	10,751
Less: MI	(2,424)
Consolidated PAT after MI	8,327
Less: Proposed net dividend of 5%	(2,250)
	<u>6,077</u>
Enlarged issued and paid-up share capital ('000)	225,000
Net EPS (sen)	3.7
Gross dividend per Share (%)	6.9
Net dividend per Share (%)	5.0
Net dividend yield based on the Issue/Offer Price (%)	3.0
Net dividend cover (times)	3.7

9. FINANCIAL INFORMATION *(Cont'd)*

The declaration, amount and payment of dividend are subject to the approval of our Board. We will endeavour to pay reasonable dividends to allow shareholders to participate in our profits whilst ensuring that there are adequate reserves for our future growth. Any variation from the dividend forecast would depend on our financial performance, financial condition and other factors deemed relevant by our Board.

From financial year ending 31 December 2006 onwards, we will endeavour to pay annual dividend of not less than fifty percent (50%) of our PAT after MI to our shareholders.

Future dividends may be waived in the event of the following circumstances:

- (a) insufficient retained profits to declare as dividends;
- (b) insufficient tax credits to frank its dividends; or
- (c) insufficient cashflow to pay dividends.

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9. FINANCIAL INFORMATION (Cont'd)

9.10 Proforma Consolidated Balance Sheets

	Audited as at 31.12.2004 RM'000	After Proforma I RM'000	After Proforma II RM'000	After Proforma III RM'000
Property, plant and equipment	-	36,353	39,968	39,968
Current assets				
Inventories	-	14,887	14,887	14,887
Trade and other receivables	581	7,911	7,330	7,330
Tax recoverable	-	56	56	56
Cash and bank balances	*	1,765	4,080	15,218
	581	24,619	26,353	37,491
Current liabilities				
Trade and other payables	581	3,965	3,384	3,384
Borrowings	-	5,245	5,245	5,245
Taxation	-	638	638	638
	581	9,848	9,267	9,267
Net current assets	*	14,771	17,086	28,224
	*	51,124	57,054	68,192
Financed by:				
Capital and reserves				
Share capital	**	40,497	45,000	51,750
Share premium	-	-	1,427	5,815
Reserves	-	525	525	525
Shareholders' funds	*	41,022	46,952	58,090
Minority shareholders' interests	-	6,112	6,112	6,112
Long term and deferred liabilities				
Borrowings	-	144	144	144
Deferred taxation	-	3,846	3,846	3,846
	*	51,124	57,054	68,192
NTA per share (RM)	1.00	0.20	0.21	0.22

Notes:

* RM2.00.

** Issued and paid-up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each.

9. FINANCIAL INFORMATION *(Cont'd)*

Notes to the Proforma Consolidated Balance Sheets

1. The proforma consolidated balance sheets have been prepared for illustrative purposes only and are based on the audited financial statements of our Company and our subsidiaries as at 31 December 2004 after incorporating the revaluation of our freehold land and factory buildings.
2. The proforma consolidated balance sheets have been prepared on a basis consistent with the accounting policies adopted and disclosed by our subsidiaries' audited financial statements for the year ended 31 December 2004, save for the adoption of the merger method of accounting as the basis of consolidation and the revaluation policy for our freehold land and factory buildings.
3. The proforma consolidated balance sheets incorporate, on a proforma basis, the following transactions as though they have been effected on 31 December 2004.

3.1 Proforma I

Proforma I incorporates the financial statements of our Company as at 31 December 2004 and the effects of the following:

- (i) Sub-division of the par value of the existing ordinary shares in our Company from RM1.00 to RM0.20 per ordinary share. Pursuant to the sub-division of shares, our issued and paid-up ordinary share would be sub-divided from RM2.00 comprising 2 ordinary shares of RM1.00 each to RM2.00 comprising 10 ordinary shares of RM0.20 each.
- (ii) Distribution of final tax exempt dividend of RM6 million by NHC prior to acquisition of NHC by our Company.
- (iii) Acquisition of the entire issued and paid-up share capital of NHC by our Company, comprising 13,764,706 ordinary shares of RM1.00 each for a purchase consideration of RM40,497,356 which was satisfied by the issuance of 202,485,000 new ordinary shares of RM0.20 each in NHR at an issue price of approximately RM0.20 per ordinary share.
- (iv) Acquisition from NHC of its entire equity interest of 51% in EGAM for a cash consideration equivalent to the investment cost of EGAM of RM2,550,000.

3.2 Proforma II

Proforma II incorporates the effects of Proforma I and the following:

- (i) Public issue of 22,515,000 new ordinary shares in our Company to the Malaysian public, our Directors, eligible employees and business associates at an issue price of RM0.33 per ordinary share.
- (ii) The expenses therewith and incurred estimated at RM1,500,000 will be set off against the share premium account.

9. FINANCIAL INFORMATION (Cont'd)

- (iii) The gross proceeds arising from the Public Issue amounting to RM7,429,950 will be utilised in the following manner

	RM'000
Capital expenditure	3,615
Working capital purpose	2,315
Estimated share issue expenses	1,500
	<u>7,430</u>
Less: Amount retained in cash and cash equivalents	<u>2,315</u>
Net cash payments	<u>5,115</u>

3.3 Proforma III

Proforma III incorporates the effects of Proforma II and the exercise of options pursuant to the ESOS resulting in the issuance of 33,750,000 new ordinary shares of RM0.20 each in our Company, representing 15% of our enlarged issued and paid-up share capital, and assuming an issue price of RM0.33 per ordinary share.

4. Share capital, Share premium and Cash and cash equivalents

The movements in our issued and paid-up share capital, share premium and cash and cash equivalents accounts are as follows:

	Share capital RM'000	Share premium RM'000	Cash and cash equivalents RM'000
As at 31 December 2004	*	-	**
Acquisition of subsidiaries	40,497	-	1,765
After Proforma I	<u>40,497</u>	<u>-</u>	<u>1,765</u>
Public issue	4,503	2,927	7,430
Estimated share issue expenses	-	(1,500)	-
Utilisation of proceeds	-	-	(5,115)
After Proforma II	<u>45,000</u>	<u>1,427</u>	<u>4,080</u>
ESOS	6,750	4,388	11,138
After Proforma III	<u>51,750</u>	<u>5,815</u>	<u>15,218</u>

Notes:

* Issued and paid-up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each.

** RM2.00

9. FINANCIAL INFORMATION (Cont'd)

9.11 Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets (Prepared for inclusion in this Prospectus)



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43300 Selangor Darul Ehsan

Our ref: A3/NKT/SCT/CHUNG/CHCH (2)

14 June 2005

Dear Sirs


Reporting accountants' letter on the proforma consolidated balance sheets as at 31 December 2004


We have reviewed the presentation of the proforma consolidated balance sheets of Ni Hsin Resources Berhad ("NHR") and its subsidiaries (hereinafter referred to as the "NHR Group") as at 31 December 2004 together with the accompanying notes thereon which have been prepared for illustrative purposes only, for which the Directors are solely responsible, as set out in the Prospectus to be dated 30 June 2005 in connection with the listing of NHR on the Second Board of Bursa Malaysia Securities Berhad.

In our opinion,

- the proforma consolidated balance sheets together with the accompanying notes thereon have been properly compiled on the basis of preparation stated;
- such basis is consistent with the accounting policies of NHR Group save for the adoption of the merger method of accounting as the basis of consolidation and the revaluation policy for its freehold land and factory buildings; and
- the adjustments are appropriate for the purposes of the preparation of the proforma consolidated balance sheets.

Yours faithfully


KPMG
Firm Number: AF0758
Chartered Accountants


Ng Kim Tuck
Partner
Approval Number: 1150/03/06(J/PH)

