

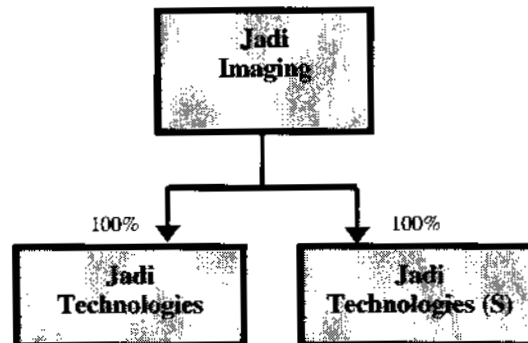
6. INFORMATION ON THE JADI IMAGING GROUP

6.1 HISTORY AND PRINCIPAL ACTIVITIES

Jadi Imaging was incorporated in Malaysia under the Act on 15 September 2000 as a private limited company under the name of Jadi Imaging Holdings Sdn Bhd. Subsequently, the Company changed its status to a public limited company under the name Jadi Imaging Holdings Berhad on 15 February 2001. On 12 July 2004, the Company converted into a private limited company under the name Jadi Imaging Holdings Sdn Bhd and later changed its status to public limited company on 5 February 2005 and assumed its present name.

Jadi Imaging is principally an investment holding company with two wholly-owned subsidiary companies namely Jadi Technologies and Jadi Technologies (S). The Jadi Imaging Group is principally involved in the manufacturing of Toners. Jadi Technologies currently operates in Hicom-Glenmarie Industrial Park, Shah Alam, which also functions as the head office of the Group. At present, Jadi Technologies (S) has yet to commence operations and is expected to do so in April 2006.

The Jadi Imaging Group's corporate structure is as follows:



The history of the Jadi Imaging Group began in 1993 when Liew Kim Siong founded a company by the name of Technitone (M) Sdn Bhd in a partnership with Pengkalen Holdings Berhad, a company listed on Bursa Securities then, to manufacture Toners for photocopying machines.

Subsequently in 1999, when Pengkalen Holdings Berhad underwent a corporate restructuring and rationalisation exercise, Liew Kim Siong incorporated Jadi Technologies to acquire all the assets of Technitone (M) Sdn Bhd.

Under the stewardship of Liew Kim Siong, the Jadi Imaging Group has grown from strength to strength over the years, from a company with one production line with an annual production capacity of approximately 460 tonnes to 3 production lines with an annual production capacity of approximately 2,300 tonnes.

To undertake the production of Toners for the Chinese market, which is the Group's biggest export market accounting for approximately 14.7% of the Group's total revenue for the FYE 31 December 2005, Jadi Technologies (S) has been incorporated in Suzhou, China and is expected to commence operations in April 2006. The setting up of Jadi Technologies (S) is expected to enable the Group to provide better service and directly reach its Chinese customers thus substantially increasing its sales volume with China, as well as allowing the Group to take advantage of the growing trend among European and American cartridge remanufacturers in outsourcing their production to Chinese companies.

On 2 September 2005, Jadi Technologies received the 2005 Enterprise 50 Award, an annual award programme organised by the Small and Medium Industries Development Corporation of Malaysia and Deloitte Malaysia to celebrate and highlight the achievements of enterprising home-grown companies that are well positioned for the future.

The Jadi Imaging Group adopts a customer-orientated approach which focuses on total customer satisfaction by providing consistently high quality products and services which meet or exceed customers' expectations.

6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)**6.2 SHARE CAPITAL**

The present authorised share capital of Jadi Imaging is RM100,000,000 comprising 1,000,000,000 Shares.

The present issued and paid-up share capital of Jadi Imaging after the completion of the Bonus Issue I and Rights Issue is RM30,400,000 comprising 304,000,000 Shares. Upon completion of the Public Issue, Offer for Sale and Bonus Issue II, the enlarged issued and paid-up share capital of Jadi Imaging will be RM45,000,000 comprising 450,000,000 Shares.

Details of the changes in the issued and paid-up share capital of Jadi Imaging since its incorporation are as follows:

Date of allotment	No. of Shares allotted	Par value (RM)	Consideration	Cumulative total (RM)
15.09.2000	2	1.00	Subscribers' shares	2
13.03.2002	7,000,000	1.00	Issued pursuant to acquisition of Jadi Technologies	7,000,002
12.07.2002	70,000,020	0.10	Split of par value	7,000,002
16.01.2006	77,000,000	0.10	Bonus Issue I	14,700,002
18.01.2006	156,999,980	0.10	Rights Issue	30,400,000

There are no outstanding warrants, options, convertible securities or uncalled capital in Jadi Imaging.

6.3 INFORMATION ON SUBSIDIARY COMPANIES

As at the date of this Prospectus, Jadi Imaging has two subsidiary companies namely, Jadi Technologies and Jadi Technologies (S). Jadi Imaging does not have any associated company. The details of Jadi Technologies and Jadi Technologies (S) are as follows:

Subsidiary company	Date and place of incorporation	Issued and paid-up share capital (RM)	Effective equity interest (%)	Principal activities
Jadi Technologies	22 July 1999 Malaysia	6,770,000	100	Manufacturing of Toners

Subsidiary company	Date and place of incorporation	Total registered capital (USD)	Effective equity interest (%)	Principal activities
Jadi Technologies (S)	2 September 2005 Suzhou, China	3,500,000 [^]	100	Manufacturing of Toners*

Notes:

[^] The paid-up registered capital to date is USD525,000.

* At present, Jadi Technologies (S) has yet to commence operations and is expected to do so in April 2006.

6. INFORMATION ON THE JADI IMAGING GROUP *(Cont'd)*

6.3.1 Jadi Technologies

(a) History and business

Jadi Technologies was incorporated in Malaysia under the Act on 22 July 1999 as a private limited company. Jadi Technologies is principally involved in the manufacturing of Toners.

Jadi Technologies is presently the manufacturing arm of the Group and it operates from its factory located in Hicom-Glenmarie Industrial Park, Shah Alam.

(b) Share capital

The present authorised share capital of Jadi Technologies is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each, of which RM6,770,000 comprising 6,770,000 ordinary shares of RM1.00 each have been issued and credited as fully paid-up.

The changes in the issued and paid-up share capital of Jadi Technologies since its incorporation are as follows:

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Cumulative total (RM)
22.07.1999	2	1.00	Subscribers' shares	2
01.12.2000	4,769,998	1.00	RM3,200,998 (Cash) RM1,569,000 (Share dividend)	4,770,000
20.02.2001	2,000,000	1.00	Bonus issue of approximately 21 new ordinary shares of RM1.00 each for every 50 ordinary shares of RM1.00 each held	6,770,000

There are no outstanding warrants, options, convertible securities or uncalled capital in Jadi Technologies.

(c) Subsidiary and associated companies

As at the date of this Prospectus, Jadi Technologies does not have any subsidiary or associated company.

6.3.2 Jadi Technologies (S)

(a) History and Business

Jadi Technologies (S) is a wholly-owned foreign enterprise incorporated in Suzhou, China. The establishment of Jadi Technologies (S) was approved by the Jiangsu Provincial Government and incorporated on 2 September 2005 with Jiangsu Provincial Administration of Industry and Commerce, mainly under the Law of Foreign Invested Enterprise of China and the Company Law of China. Jadi Technologies (S) is a limited liability company and is principally involved in the manufacturing of Toners.

Jadi Technologies (S) shall be the other manufacturing arm of the Group and shall operate from its factory located in Suzhou, China. At present, Jadi Technologies (S) has yet to commence operations and is expected to do so in April 2006.

6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)**(b) Share capital**

The total investment of Jadi Technologies (S) will be USD7,000,000, out of which Jadi Technologies (S) bears a limited liability of USD3,500,000 as its registered capital.

Of the USD3,500,000 registered capital, Jadi Imaging shall invest USD1,000,000 in the form of cash and the remaining USD2,500,000 in the form of equipment and office facilities. Jadi Imaging shall pay 15% of the registered capital within 3 months after incorporation ("1st instalment") and the rest within 36 months after incorporation (2nd instalment"), i.e. USD525,000 by 2 December 2005 and the remaining USD2,975,000 by 2 September 2008, according to the Articles of Association of Jadi Technologies (S).

The amounts paid by Jadi Imaging towards the registered capital of Jadi Technologies (S) are as follows:

Date of payment	Amount paid (USD)	Consideration	Cumulative total of amount paid (USD)
22.09.2005	50,000	Cash (part of the 1 st instalment)	50,000
19.10.2005	100,000	Cash (part of the 1 st instalment)	150,000
9.11.2005	175,000	Cash (part of the 1 st instalment)	325,000
23.11.2005	200,000	Cash (part of the 1 st instalment)	525,000

The paid amount of USD525,000 of the registered capital of Jadi Technologies (S) is not subject to any option, mortgage, charge, pledge, lien, hypothecation, security interest, title retention or any other encumbrance of any nature whatsoever.

There are no outstanding warrants, options, convertible securities or uncalled capital in Jadi Technologies (S).

(c) Subsidiary and associated companies

As at the date of this Prospectus, Jadi Technologies (S) does not have any subsidiary or associated company.

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6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

6.4 FLOTATION SCHEME

In conjunction with, and as an integral part of the Listing, the Company undertook the following exercises:

6.4.1 Bonus Issue I

On 16 January 2006, Jadi Imaging implemented a bonus issue of 77,000,000 new Shares to the existing shareholders of Jadi Imaging, on the basis of approximately 11 new Shares for every 10 Shares held. The Bonus Issue I was capitalised from the retained profits of Jadi Imaging:

Shareholders	Before Bonus Issue I		After Bonus Issue I	
	No. of Shares	%	No. of Shares	%
LTL	43,309,020	61.87	90,948,928	61.87
Eu Lan Eng	5,950,000	8.50	12,494,998	8.50
Liew Kim Foong	4,998,000	7.14	10,495,798	7.14
Lim Hock Guan	4,998,000	7.14	10,495,798	7.14
Lee Chee Keng	4,998,000	7.14	10,495,798	7.14
Mohd Salmi bin Mansor	1,750,000	2.50	3,675,000	2.50
Won Thean Sang	1,169,000	1.67	2,454,900	1.67
Won Thiam Foo	1,169,000	1.67	2,454,900	1.67
Won Tian Loong	1,162,000	1.66	2,440,200	1.66
Chan Kheng Hoe	497,000	0.71	1,043,700	0.71
Total	70,000,020	100.00	147,000,020	100.00

Upon completion of the Bonus Issue I, the issued and paid-up share capital of Jadi Imaging was increased from RM7,000,002 comprising 70,000,020 Shares to RM14,700,002 comprising 147,000,020 Shares.

The new Shares issued pursuant to the Bonus Issue I rank *pari passu* with the then existing issued ordinary shares of the Company.

6.4.2 Rights Issue

On 18 January 2006, Jadi Imaging implemented a rights issue of 156,999,980 new Shares at par on the basis of approximately 1,068 new Shares for every 1,000 Shares held after the Bonus Issue I:

Shareholders	Before Rights Issue		After Rights Issue	
	No. of Shares	%	No. of Shares	%
LTL	90,948,928	61.87	188,084,833	61.87
Eu Lan Eng	12,494,998	8.50	25,839,992	8.50
Liew Kim Foong	10,495,798	7.14	21,705,594	7.14
Lim Hock Guan	10,495,798	7.14	21,705,594	7.14
Lee Chee Keng	10,495,798	7.14	21,705,594	7.14
Mohd Salmi bin Mansor	3,675,000	2.50	7,599,998	2.50
Won Thean Sang	2,454,900	1.67	5,076,799	1.67
Won Thiam Foo	2,454,900	1.67	5,076,799	1.67
Won Tian Loong	2,440,200	1.66	5,046,398	1.66
Chan Kheng Hoe	1,043,700	0.71	2,158,399	0.71
Total	147,000,020	100.00	304,000,000	100.00

The Rights Issue resulted in the issued and paid-up share capital of Jadi Imaging being increased from RM14,700,002 comprising 147,000,020 Shares to RM30,400,000 comprising 304,000,000 Shares.

6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)**6.4.3 Public Issue**

Pursuant to this Prospectus, Jadi Imaging will undertake a Public Issue of 96,000,000 new Shares, representing approximately 24.00% of the enlarged issued and paid-up share capital of Jadi Imaging after the Public Issue, at an IPO Price of RM0.22 per Share, whereby:

- (a) 30,000,000 Public Issue Shares, representing approximately 7.50% of the enlarged issued and paid-up share capital of Jadi Imaging after the Public Issue, will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera applicants;
- (b) 20,000,000 Public Issue Shares, representing approximately 5.00% of the enlarged issued and paid-up share capital of Jadi Imaging after the Public Issue, have been reserved for application by the eligible Directors and employees of the Jadi Imaging Group and persons who have contributed to the success of the Jadi Imaging Group; and
- (c) 46,000,000 Public Issue Shares, representing approximately 11.50% of the enlarged issued and paid-up share capital of Jadi Imaging after the Public Issue, have been reserved for Bumiputera investors approved by the MITI.

The 30,000,000 Public Issue Shares and 20,000,000 Public Issue Shares under Section 6.4.3(a) and Section 6.4.3(b) respectively are underwritten by the Underwriter.

Any Public Issue Shares under Section 6.4.3(b) not subscribed for by the eligible Directors and employees of the Jadi Imaging Group and persons who have contributed to the success of the Jadi Imaging Group will first be made available for application by the eligible Directors and employees of the Jadi Imaging Group who wish to apply for additional Public Issue Shares before being made available for application by the Malaysian citizens, companies, societies, co-operatives and institutions (of which at least 30% is to be set aside strictly for Bumiputera applicants) and if undersubscribed, such Public Issue Shares will be made available for subscription by the Underwriter.

The 46,000,000 Public Issue Shares under Section 6.4.3(c) are not underwritten as irrevocable undertakings to subscribe for the said Public Issue Shares have been given by the respective Bumiputera investors.

Upon completion of the Public Issue, the issued and paid-up share capital of Jadi Imaging will be increased from RM30,400,000 comprising 304,000,000 Shares to RM40,000,000 comprising 400,000,000 Shares.

The Public Issue is the subject of this Prospectus.

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6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

6.4.4 Offer for Sale

The Offerors will undertake an Offer for Sale of 76,000,000 Shares, representing approximately 19.00% of the enlarged issued and paid-up share capital of Jadi Imaging after the Public Issue, at an IPO Price of RM0.22 per Offer Share to the Bumiputera investors approved by the MITI for the purpose of compliance with the National Development Policy. The details of the Offerors are as follows:

Offerors	No. of Offer Shares
LTL	47,021,208
Eu Lan Eng	6,459,999
Liew Kim Foong	5,426,398
Lim Hock Guan	5,426,398
Lee Chee Keng	5,426,398
Won Thean Sang	1,269,200
Won Thiam Foo	1,269,200
Won Tian Loong	1,261,600
Chan Kheng Hoe	539,600
Mohd Salmi bin Mansor	1,899,999
Total	76,000,000

The Offer for Sale is the subject of this Prospectus.

6.4.5 Bonus Issue II

As part of the Listing and an incentive to the shareholders of Jadi Imaging subsequent to the Public Issue and Offer for Sale, Jadi Imaging shall implement a bonus issue of 50,000,000 new Shares to be issued to all shareholders of Jadi Imaging prior to the Listing on the basis of 1 new Share for every 8 Shares held after the Public Issue and Offer for Sale and will be completed prior to the Listing. The Bonus Issue II will be capitalised from the share premium account arising from the Public Issue.

Upon completion of the Bonus Issue II, the issued and paid-up share capital of Jadi Imaging will be increased from RM40,000,000 comprising 400,000,000 Shares to RM45,000,000 comprising 450,000,000 Shares.

The Bonus Shares to be issued pursuant to the Bonus Issue II will rank *pari passu* with the then existing issued ordinary shares of the Company, in all respects except that they will not be entitled to any dividends, rights, allotment and/or other distributions the entitlement date of which is prior to the date of allotment of the Bonus Shares.

6.4.6 Listing on Bursa Securities

Following the completion of the IPO and Bonus Issue II, Jadi Imaging shall be admitted to the Official List of Bursa Securities and the entire enlarged issued and paid-up ordinary share capital of Jadi Imaging of RM45,000,000 comprising 450,000,000 Shares shall be listed and quoted on the Second Board of Bursa Securities.

6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

6.5 ESOS

Jadi Imaging had on 4 January 2006 obtained the approval of the existing shareholders of the Company to establish an ESOS in order to retain and motivate eligible Directors and employees of the Jadi Imaging ESOS Group. On 2 June 2005, the Company received the approval-in-principle of Bursa Securities for the listing of and quotation for such number of new Shares representing up to 15% of the issued and paid-up share capital of the Company to be issued pursuant to the exercise of the options under the Scheme.

The Scheme shall be for a duration of 5 years from the effective date of the ESOS as prescribed under the Listing Requirements of Bursa Securities for the implementation of the Scheme. An extension to the Scheme may be effected by the Company upon the recommendation of the ESOS committee, subject to an aggregate duration of 10 years from the effective date of the ESOS (or any other duration that is allowed by the relevant authorities).

Acceptance of an offer of options by the eligible Directors and employees of the Jadi Imaging ESOS Group shall be made by the issuance of a written notice to the committee of such acceptance accompanied by a payment of a non-refundable consideration of RM1.00 to the Company.

The maximum number of ESOS options that may be granted to eligible Directors and employees of Jadi Imaging ESOS Group under the ESOS shall not exceed 15% of Jadi Imaging's total issued and paid-up share capital at any point in time during the duration of the ESOS or such other higher percentage that may be permitted by the relevant authorities from time to time during the duration of the ESOS.

The exercise price of the ESOS options (which shall not be in any event lower than the par value of the Shares) shall be as follows:

- (a) not less than the issue price for the IPO Shares (for the ESOS options that are granted prior to the Listing); or
- (b) based on the 5-day weighted average market price of the Shares at the time the options are granted with a discount of not more than 10% if deemed appropriate by the ESOS committee or such lower or higher limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time (for the ESOS options that are granted after the Listing).

The Directors of Jadi Imaging intend to grant such number of ESOS options comprising up to a maximum of 67,500,000 new Shares prior to the listing of the Company on Bursa Securities. For such ESOS options that are granted prior to the Listing, they shall only be exercisable after the Listing.

The Directors of Jadi Imaging intend to utilise the proceeds from the exercise of the ESOS options for working capital purposes.

The new Shares to be allotted and issued upon any exercise of options shall, upon allotment and issue, rank *pari passu* in all respects with the then existing issued and paid-up Shares for any dividends or other distributions, if the date of allotment is on or before the entitlement date and subject to all the provisions of the Articles of Association of the Company. The entitlement date means the date as at the close of business on which shareholders must be registered in the Record of Depositors with the Depository in order to participate in any dividends or other distributions.

The By-Laws of the ESOS are set out in Section 17 of this Prospectus.

6. INFORMATION ON THE JADI IMAGING GROUP *(Cont'd)*

6.6 BUSINESS OVERVIEW

6.6.1 Principal products

The JADI Imaging Group manufactures Toners for use in laser printers, copiers, facsimile machines and multi-function office equipment. Toners consist of a dry powdery substance used as printing material in laser printers, copiers, and facsimile machines. A typical Toner predominantly comprises a heat-sensitive polymer, either acrylic or styrene, or both. The next main ingredient is pigment such as carbon black. Carriers are sometimes used in Toners to generate a charge on the Toner particles. The carrier is typically an iron or steel powder, which may be coated with resin. Toners which do not contain carriers, known as single-component Toners, employ a magnetised roller to charge the Toner particles. Toners mostly remain on the surface with little penetration of the paper fibres.

The JADI Imaging Group is an independent Toner manufacturer producing compatible Toners. This is in contrast to the original brand Toners which are either manufactured internally by the original brand owner themselves or sub-contracted to OEM using specifications provided by the original brand owner. Compatible Toners, which are formulated and manufactured independently from the original brand owner, may be used in a wide spectrum of brands.

The Group manufactures Toner powder, which are used by remanufacturers and refillers for insertion into cartridges or bottles.

As at 28 February 2006, the JADI Imaging Group has developed 26 formulations of Toners in-house. The Group's Toners are compatible for use for certain models in a wide spectrum of brands of copiers, laser printers and facsimile machines and multi-function office equipments including the following:

Copiers	Laser Printers	Facsimile machines	Multi-function Office Equipment
Canon Xerox Panasonic Minolta Ricoh Toshiba Sharp Sanyo Kyocera-Mita	Hewlett Packard Lexmark Brother Panasonic Epson Samsung Kyocera-Mita Canon	Canon	Toshiba

Note: The brand names and trademarks mentioned above are the property of the respective owners and continue to be the property of the respective owners and are used for illustrative purposes only.

The Group also undertakes customisation of Toners to meet customer specifications through its in-house R&D. The Group essentially produces the following types of Toners with varying specifications:

Types of Toners	Descriptions	Applications
Magnetic Mono Component	Consists of a single Toner mixture containing magnetic materials, for example iron or iron compound. The Toner-iron mixture is attracted to the magnetised image on the printing mechanism, for example a drum. The Toner-iron mixture is completely consumed in the printing process.	Laser Printers, Copiers, Facsimile Machines

6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

Types of Toners	Descriptions	Applications
Non-Magnetic Mono Component	Consists of Toners only, which are electrostatically charged and are allowed to be attracted to an electrostatic image having an opposite charge on a printing mechanism, for example a drum. The Toner is completely consumed in the printing process.	Laser Printers
Dual Component	Consists of two separate parts, a non-magnetic Toner mixture and a magnetic carrier. Through a process of triboelectrification, it causes the Toner mixture to cling to the carrier. The Toner is then "carried" by the magnetic carrier to the magnetised image on the printing mechanism, for example a drum. In the printing process, the Toner mixture is completely consumed but not the carrier, which becomes less effective over time and must be replaced.	Copiers
Magnetic 1 ½ Component	Consists of two separate parts, a magnetic Toner mixture and a magnetic carrier. Through a process of triboelectrification that creates electric charges, it causes the magnetic Toner mixture to cling to the carrier. The magnetic component within the magnetic Toner mixture is specially insulated such that the triboelectrification process does not affect it. The magnetic Toner mixture is then "carried" by the magnetic carrier to the magnetised image on the printing mechanism, for example a drum. In the printing process, the magnetic Toner mixture is completely consumed but not the carrier, which becomes less effective over time and must be replaced.	Multi-function Office Equipment

The breakdown of the Group's revenue by business activities for the FYE 31 December 2005 are as follows:

Business activity	Revenue Contribution for the FYE 31 December 2005 (%)
Manufacture of Laser Printer Toners	
Magnetic Mono Component ⁽¹⁾	59.6
Non-Magnetic Mono Component	5.4
Manufacture of Copier Toners	
Magnetic Mono Component	19.2
Dual Component	12.8
Manufacture of Multi-Function Office Equipment Toners	
Magnetic 1 ½ Component	1.9
Others	
Manufacture of carriers ⁽²⁾	1.1
TOTAL	100.0

6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

Notes:

1. Also includes Toners for facsimile machines.
2. Carriers, also known as developers, are sometimes used in Toners to generate a charge on the Toner particles. The carrier is typically an iron or steel powder, which may be coated with resin.

The Group exports its full range of Toners to overseas and supplies to the local market as well.

6.6.2 Principal place of business and location

The principal place of the Jadi Imaging Group's business and location of the manufacturing facility are as follows:

Registered Office	Head Office, Manufacturing Plant and Warehouse of Jadi Technologies	Manufacturing Plant of Jadi Technologies (S)
No. 2-D (Ground Floor) Jalan SS22/25 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	No. 1, Jalan Peguam U1/25A Seksyen U1, Hicom-Glenmarie Industrial Park 40150 Shah Alam Selangor Darul Ehsan	Building No. 49 of Chang Sheng Road Suzhou Industrial Park Shengpu Sub-district Suzhou, China

6.6.3 Manufacturing facilities and capacity

For operations in Malaysia

The Group's factory is situated on approximately 67,518 square feet of freehold land located at No. 1, Jalan Peguam U1/25A, Seksyen U1, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan.

As at 28 February 2006, the Group has invested approximately RM20.4 million in major production machinery and equipment for its operations since commencement in 1999. The major production machinery and equipment include the following:

PRODUCTION MACHINERY AND EQUIPMENT	NO. OF UNITS AS AT 28 FEBRUARY 2006
Compounder with total maximum capacity of 900 kg per hour	3
Milling machine that uses high pressure air to cut the Toner into required particle size	1
Toner classifier to fine tune Toner particle size using classifier wheel	1
Mechanical milling machine that uses high speed rotor to shape the particles	2
Toner classifier to classify Toner sizes using projectile method	2
Dehumidifier to cool down and dry the air	2
High speed blender	5

The Jadi Imaging Group's production lines operate on three 8-hour shifts per day, 7 days a week.

6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

For the FYE 31 December 2005, the manufacturing capacity, production output and utilisation of facilities by the Jadi Imaging Group were as follows:

Product	Capacity (Tonnes)	Production (Tonnes)	Percentage Utilisation (%)
Black Toners	2,300	1,507	66

For the FYE 31 December 2005, the Group utilised 66% of its manufacturing capacity. For similar types of Toners, the Group is able to increase production with minimum need to invest in additional manufacturing capacity, as there is an additional 34% of unused capacity. With similar types of Toners, downtime is significantly reduced, as there is no requirement to change the formulation, adjust machine parameters and clean the machine prior to production.

For operations in China

The Group's operations in China, which is expected to commence in April 2006, shall be carried out through Jadi Technologies (S) located at Suzhou Industrial Park, China.

As at 28 February 2006, the Group has invested approximately RM6.4 million in major production machinery and equipment for its operations in Suzhou, China. The major production machinery and equipment include the following:

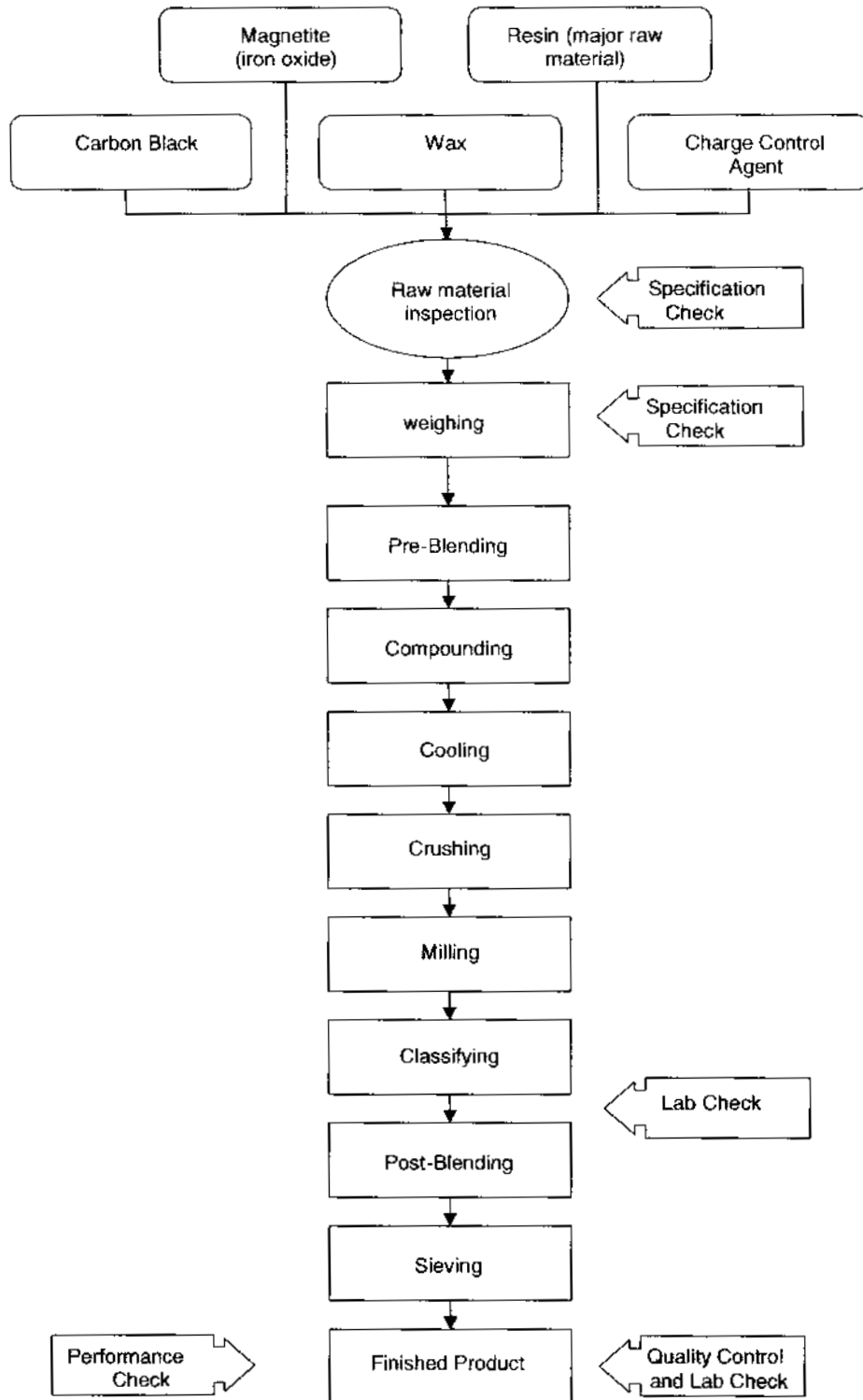
PRODUCTION MACHINERY AND EQUIPMENT	NO. OF UNITS AS AT 28 FEBRUARY 2006
Compounder with total maximum capacity of 900 kg per hour	1
Toner classifier to fine tune Toner particle size using classifier wheel	1
Mechanical milling machine that uses high speed rotor to shape the particles	1
High speed blender	2

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6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

6.6.4 Production process

The Group's production process for the manufacture of Toners is as follows:



6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

The process flow for the manufacture of Toners initially starts with the inspection of raw materials. This involves measurements and tests for each raw material from the supplier so that the Group achieves the type of specifications and grades required during the formulation process.

The raw materials are weighted based on the specific formulation required. It is critical that the proportions of the materials are determined accurately for the specific formulation, and this is achieved through thermal gravimetric analysis.

Weighted raw materials go through the blending process to mix the ingredients according to the formulation. The mixture then goes through a compounding process that involves heating the mixture to a high temperature and then cooling it down quickly. In the cooling process, the mixture turns into solid palettes. It is then crushed into small particles.

Continuous monitoring is carried out throughout the compounding, cooling and crushing process by taking samples for laboratory checks. This is to determine the melt flow index and dielectric measurement of the Toner formulation.

The mixture is then sent to the milling machine to be further processed into spherical particles. The Toner particles are then classified whereby samples are taken to the laboratory for particle-size distribution measurement.

The classified Toner particles are then blended again with additives for Toner particle surface treatment.

The final process in the production of Toners is in the sieving process. This process filters out the waste (or dust) from the final product. The product after sieving, then goes through a series of samplings for QC measurements and performance testing before it is transferred for packaging. The packaged product is sent for final inspection for appearance, and then weighed and labelled before being despatched.

6.6.5 Types, sources and availability of raw materials

The main raw materials required by the Jadi Imaging Group for the production of its products are resins and iron oxide (commonly known as magnetite). Resins and iron oxide constitute the largest proportion of raw materials used in the production of Toners. For the FYE 31 December 2005, resins and iron oxide accounted for 76.7% of the total Group purchases of raw materials.

Although Malaysia is a producer of resins, only the general types of resins are produced locally. In 2004, approximately 40% of total consumption of resins in Malaysia was still sourced from imports. It is therefore common for industries to import resins particularly those that are not available in Malaysia. Similarly, there are no local manufacturers that produce the type of iron oxides that are specifically used in the production of the Group's Toners. (Source: *Independent Assessment of the Toner Industry by Vital Factor*)

Thus, the Group sources its resin and iron oxide from multiple suppliers in Japan, Brazil and Germany. The Group also sources its other raw materials such as metal complex dye, fumed silica, "Hi Wax Polypropylene" and carbon black from overseas. These raw materials are easily and readily available in the market and the Jadi Imaging Group has not in the past experienced any difficulty in sourcing for them.

6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

The raw materials which are pertinent to the Jadi Imaging Group for the FYE 31 December 2005 are as follows:

Raw Materials	Value of Purchases (RM'000)	Proportion of Group Purchases (%)	Sources of Supply	
			Local (%)	Import (%)
Resins	12,216	57.3	-	100
- Styrene-acrylic	10,650	50.0		
- Other resins (Styrene, Acrylonitrile and Butylacrylate Terpolymer)	1,566	7.3		
Iron oxide	4,133	19.4	-	100
Metal Complex Dye	2,720	12.7	-	100
Fumed silica	1,367	6.4	-	100
Hi Wax Polypropylene	546	2.6	-	100
Carbon Black	276	1.3	-	100
Others (including other types of chemicals)	64	0.3	-	100
Total	21,322	100.00	-	100.00

For further information on the major suppliers to the Group, please refer to Section 6.6.13 of the Prospectus.

6.6.6 Distribution and marketing network

The Jadi Imaging Group primarily services Toner cartridge refillers and remanufacturers, copier Toner bottle refillers, importers, wholesalers and distributors.

(a) Distribution channel strategy

The Jadi Imaging Group primarily utilises intermediaries such as wholesalers, dealers and distributors. These are also the Group's direct customers. This approach enables the Group to extend its market coverage by utilising the intermediaries' distribution network particularly in the different export markets.

In addition, the Group has its own sales and marketing team to focus on business development with existing and potential customers. As at 28 February 2006, the Group has five marketing personnel, which is headed by a Director of the Company in its sales and marketing team. The in-house sales and marketing team also works closely with its customers to evaluate and attain a better understanding of their requirements to serve as a feedback mechanism for continuous product and service improvement.

(b) Marketing strategy

The sales and marketing team of the Jadi Imaging Group utilises the following marketing strategies to sustain and expand its business:

- Marketing itself as a producer of quality Toners supported by in-house R&D facilities;
- Keeping abreast of industry developments by adopting best practices to better meet customer needs and stay ahead of competitors;

6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

- Expanding its market presence overseas and develop new business opportunities by working in close partnership with existing customers;
- Continually providing excellence in customer service with the aim of developing long-term business relationships; and
- Promoting and marketing the Group's products through local and international trade shows and exhibitions. Since 2001, the Group has participated as an exhibitor in the following 21 trade shows and conventions:

No.	Year of Trade Shows/ Exhibition	Name of Trade Show/Exhibitions	Country
1	2001	IMAF - International Malaysia Arab Fair on Manufacturing, Tourism, Education, Properties and Medical	Kuala Lumpur, Malaysia
2	2001	World Expo - Imaging Supplies Trade Show	Las Vegas, USA
3	2001	CEBIT Asia - International Trade Fair for Information Technology, Telecommunications, Software and Services	Shanghai, China
4	2001	CEBIT Hanover - International Trade Fair for Information Technology, Telecommunications, Software and Services	Hanover, Germany
5	2002	COMTEK - IT Trade Show	Moscow, Russia
6	2002	CEBIT Asia - International Trade Fair for Information Technology, Telecommunications, Software and Services	Shanghai, China
7	2002	Printer China - Exhibition on Printer Technology and Application	Beijing, China
8	2002	World Expo - Imaging Supplies Industry Trade Show	Las Vegas, USA
9	2003	REMAX - Trade Show on Global Toner and Inkjet Remanufacturing Industry and Printer Consumables	Paris, France
10	2003	World Expo - Imaging Supplies Trade Show	Las Vegas, USA
11	2004	REMAX - Trade Show on Global Toner and Inkjet Remanufacturing Industry and Printer Consumables	Barcelona Spain
12	2004	World Expo - Imaging Supplies Trade Show	Las Vegas, USA
13	2004	Rechina Expo - Trade Show on Global Printer Consumables	Shanghai, China

6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

No.	Year of Trade Shows/ Exhibition	Name of Trade Show/Exhibitions	Country
14	2005	REMAX – Trade Show on Global Toner and Inkjet Remanufacturing Industry and Printer Consumables	Barcelona, Spain
15	2005	RECHARGE EAST EXPO – Trade Show that promotes and enhances the Global Toner and Inkjet Remanufacturing Industry and the Wider Printer Consumables Market	Moscow, Russia
16	2005	INTERNATIONAL OFFICE & EQUIPMENT EXPO (ISOT) – Asia's largest and one of the world's leading trade fairs for stationery and office products	Tokyo, Japan
17	2005	WORLD EXPO – Imaging Supplies Industry Trade Show	Las Vegas, USA
18	2005	PRINTER CHINA 2005 – International exhibition on printer technology and application	Shanghai, China
19	2005	GITEX – Premier International exhibition for computing, communications systems and applications dedicated to the Information Technology industry and the entire business environment	Dubai, UAE
20	2005	RECHINA EXPO – Trade Show on Global Printer Consumables	Shanghai, China
21	2006 (3-6 March)	Printer Asia Expo – Exhibition on Printer Technology and Application	Guangzhou, China

- Promoting the Group's products and services through advertisements in major industry magazines. The Group advertises in The Recharge Asia Magazine (China and USA), The Recharge East Magazine (Bulgaria and Canada), The Recycler Trade Magazine (UK, English Edition), The Recycler Trade Magazine (UK, Spanish Edition) and The Recharger Magazine (USA).

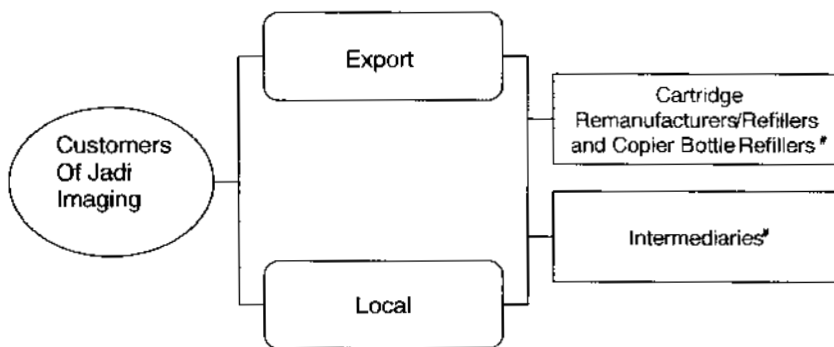
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6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

6.6.7 Customer base and principal markets

For the FYE 31 December 2005, the Group has established a customer base of 138 customers. The Jadi Imaging Group's Toners are regarded as an intermediary product as they are sold in powdered form. As such, customers of the Group include the following as illustrated below:

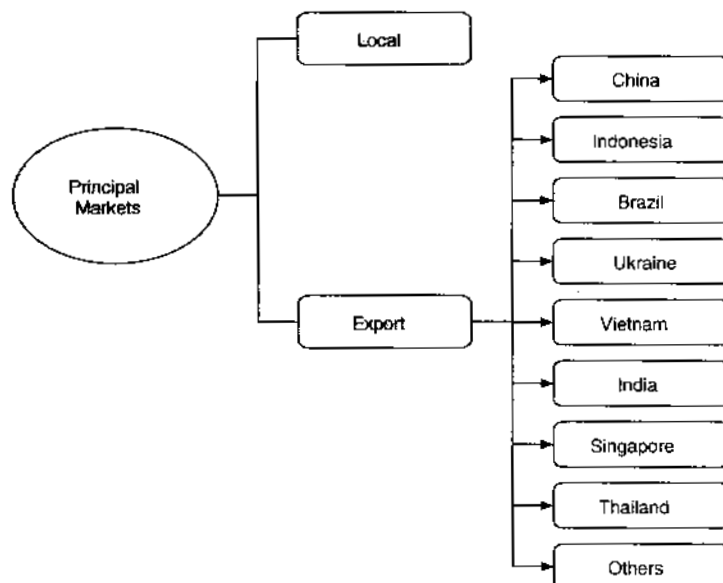
- Wholesalers, importers, distributors and dealers of Toners;
- Toner cartridge remanufacturers;
- Toner cartridge refillers; and
- Copier Toner bottle refillers.



Note:

Intermediaries include wholesalers, importers, distributors and dealers. One company may have more than one business activity for example a company that is a cartridge remanufacturer or refiller may also be an intermediary.

For the FYE 31 December 2005, the top 10 customers accounted for 49.1% of the Group's total revenue. The remaining 50.9% was contributed by 128 customers. The Jadi Imaging Group services a diverse range of markets and this is demonstrated by the fact that the Group sells its Toners to 42 countries including Malaysia. The wide coverage across geographical markets enables the Group to tap opportunities in the different countries. The principal markets of the Jadi Imaging Group comprise both local and export markets:



6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

Note: Other countries individually accounted for less than 4% of total Group revenue contribution for the FYE 31 December 2005. Other countries include Hong Kong, Egypt, Iran, Turkey, Korea, Jordan, USA, Czech Republic, Pakistan, Russia, Argentina, Italy, Peru, Serbia, Venezuela, Mexico, Japan, Poland, Bulgaria, Macedonia, Uzbekistan, Dubai, Uruguay, Philippines, Switzerland, South Africa, Saudi Arabia, New Zealand, Sri Lanka, Kenya, United Arab Emirates, Slovenia and Hungary.

A significant proportion of the Jadi Imaging Group's business is derived from export sales. This is reflected by the fact that approximately 94.6% of the Group's revenue for the FYE 31 December 2005 was derived from exports.

Currently, the Group focuses primarily on the export market as export markets are able to pay a higher premium for Jadi Imaging's products and absorb a larger volume per transaction to minimise administration costs.

The Group's principal markets in terms of their contribution to the Group's revenue for the FYE 31 December 2005 are as follows:

Principal Market by Country	Revenue Contribution (%)	Principal Market by Country	Revenue Contribution (%)
<i>Export</i>		<i>Export</i>	
China	14.7	Serbia	0.5
Indonesia	10.4	Venezuela	0.4
Brazil	9.3	Mexico	0.3
Ukraine	7.8	Japan	0.3
Vietnam	6.9	Poland	0.3
India	6.4	Bulgaria	0.2
Singapore	5.8	Macedonia	0.2
Thailand	5.2	Uzbekistan	0.2
Hong Kong	3.0	Dubai	0.2
Egypt	2.9	Uruguay	0.1
Iran	2.9	Philippines	0.1
Turkey	2.7	Switzerland	0.1
Korea	2.3	South Africa	0.1
Jordan	2.2	Saudi Arabia	0.1
USA	1.5	New Zealand	#
Czech Republic	1.5	Sri Lanka	#
Pakistan	1.5	Kenya	#
Russia	1.4	United Arab Emirates	#
Argentina	1.0	Slovenia	#
Italy	1.0	Hungary	#
Peru	0.9		
Exports			94.6*
Local			5.4
Grand Total			100.0

Notes:

* Does not add up due to rounding.

Percentage is negligible.

6. INFORMATION ON THE JADI IMAGING GROUP *(Cont'd)*

6.6.8 Toner technology

The technology used in the manufacture of Toners is generally termed as Toner technology, which incorporates the following:

- Formulation; and
- Production.

(a) Formulation

Formulation is the key technology in creating the right specification of Toners. The formulation would depend on the type of Toner required and the brand and model where the Toner is to be used. There are four basic types of Toners, each requiring a different formulation:

- Magnetic Mono-Component Toners;
- Non-Magnetic Mono-Component Toners;
- Dual Component Toners; and
- Magnetic 1½ Component Toners.

The basic raw materials for Toners are resins, colorants, charge control agents and additives.

Among others, the formulation is critical to obtain the desired characteristics and specification of Toners for various applications, brands and models including:

- Toner powder flow
- Toner transfer rate
- fusability and fixing of Toners to paper
- suitability of colour
- image quality
- cleaning of Toners from the photoreceptor
- stability of Toners in storage

Different brands and models require different formulations due to differences in specifications and functionalities of laser printers and copiers such as:

- speed of print output;
- cartridge and print mechanism dictating types of Toners to be used (Magnetic Mono-Component, Non-Magnetic Mono-Component, Dual Component or Magnetic 1½ Component Toners); and
- fusing rate (temperature and pressure used for fusing and fixing Toners).

The technology involved in the formulation will include the types, specifications and proportions of raw materials.

6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

(b) Production

The JADI Imaging Group uses the pulverisation method in its production process. The conventional pulverisation method is where an ingot or film is pulverised and sorted into small particles. The pulverisation method of Toner production involves the blending of the formulation comprising resin, charge agent control, wax, carbon black, and iron oxide. This is then heated and melted under high pressure, extruded to form the raw Toner film or sheet. There are 2 types of grinding system in the pulverisation process:

- Jet Milling; and
- Mechanical Milling.

Both Jet Milling and Mechanical Milling produce different particle shapes and sizes. Mechanical Milling uses rotors to grind the Toner particles unlike Jet Milling, which uses air jets. The efficiency of Mechanical Milling to grind particle Toners depends on the type of resin used. Mechanical Milling grinds more efficiently on Toner with styrene-acrylic resin rather than polyester resin. This is because Mechanical Milling generates more heat compared to Jet Milling and polyester resin has low melting point compared to styrene-acrylic resin. For Jet Milling, the raw Toner films are granulated and the resulting flakes are ground by air jets. Air jet mills are used to produce micron-sized particles without generating heat, which would otherwise denature the Toner. Spinning classifier wheels at the top prevent particles leaving the mill before they have been ground to a size below the classifier cut size. Unground particles are returned to the bed via an internal mill recycle. The cut size is controlled by varying the speed of the classifier (the faster the spin, the lower the cut size). Superfines (whose presence often represents wastage in the milling process) are removed and additives may be blended with the Toner before final bagging.

The average particle size is between 8 to 10 micron. Particle size distribution can also be controlled. Depending on specific requirements, the standard deviation of particle size distribution can be around 1.0 micron.

The JADI Imaging Group currently uses Jet Milling in its first production line and Mechanical Milling in its second and third production lines. Both the fourth and fifth production lines that are coming on-stream in 2006 will use Mechanical Milling.

Testing and analysis technologies

Various testing and analysis technologies are utilised by the Group within the production process to ensure consistent product quality, and when undertaking R&D. Some of the testing and analysis technologies utilised by the Group include:

Thermal analysis

Thermal analysis refers to a variety of techniques in which physical property of a sample is continuously measured as a function of temperature, whilst the sample is subjected to a pre-determined temperature profile. The basic information that these techniques provide includes crystallinity, specific heat and expansion. Thermal Analysis techniques also find increasing use in the area of QC and assurance. Thermal analyses used in the Group comprise the following:

- Environmental Stress Cracking ("ESC")
- Thermal Gravimetric Analysis ("TGA")
- Evolved Gas Analysis ("EGA")
- Differential Scanning Calorimetry ("DSC")

6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

The ESC determines the flexibility of the Toner especially after fusing onto the printing paper. It focuses on the resin used in the formulation. Fused Toners using poor quality resins or incorrect formulation will tend to crack and disintegrate when exposed to the environment, especially harsh environment in chemical laden atmosphere. The resistance of a polymer to ESC failure depends on structural factors, for example, resistance varies with molar mass, melt flow index, crystallinity and density.

TGA covers a wide spectrum of thermoanalytical techniques, which monitors one or more physical properties of a substance that is undergoing a temperature programmed heating as a function of time or temperature. Some of its applications include:

- Composition
- Moisture content
- Solvent content
- Additives
- Polymer content
- Filler content
- Dehydration
- Decarboxylation
- Oxidation
- Decomposition.

EGA, which is part of TGA, is a technique by which the amount of volatile gases released by the sample are determined and measured as a function of temperature, while the sample is subjected to a controlled temperature programme.

DSC is a technique by which the difference in heat flow to or from a sample and to or from a reference is monitored as a function of temperature or time, while the sample is subjected to a controlled temperature program. Some of its applications include:

- characteristic temperatures identification
- glass transitions
- melting and crystallization behaviour
- heat of melting and crystallization
- purity
- compatibility
- polymorphism
- solid-liquid ratio
- specific heat capacity
- reaction behaviour
- heat of reaction
- reaction kinetics
- oxidative stability
- thermal stability

Ageing analysis

Ageing test involves testing the durability and expiry of the Toner in various environmental weather conditions. The Group performs this test to establish the lifespan of the Toner to be benchmarked against competitors' Toners.

Triboelectrification analysis

Triboelectrification analysis involves testing the efficiency of transfer of the Toner to the printing paper. Triboelectrification is a factor to consider in the formulation of Toners because each Toner must achieve an optimum efficiency for a specific printing speed and Triboelectrification Analysis determine the level of efficiency of that Toner.

6. INFORMATION ON THE JADI IMAGING GROUP *(Cont'd)*

Fusing Test

Fusing test determines the amalgamation of the Toner raw materials. This is important because the raw materials must be unified so that it fuses on the printing paper properly as one compound.

6.6.9 Quality control

Since the beginning of its operations, Jadi Imaging Group placed significant emphasis on quality. Stringent QCs are implemented in each and every area of its operations. In line with Jadi Imaging Group's emphasis and commitment on quality, Jadi Technologies obtained ISO 9001:2000 certification which was accredited by SIRIM QAS Sdn Bhd on 5 April 2002.

The quality accreditation provides customers with the assurance that quality managements are in place. In addition, the Group is of the view that they have an experienced quality assurance team to monitor its production processes in accordance to ISO quality management system.

Essentially the Group adopts the following approaches to ensure that certain quality standards are maintained internally:

- In-coming raw materials such as resin are thoroughly inspected and a sample is taken for testing to ensure that there are no foreign materials. Some of the tests on raw materials undertaken by the Group include:
 - A thermal analysis of a sample to monitor the material's physical changes when subjected to certain conditions. This is to determine the properties of the resin.
 - Melt flow tester, to measure melt flow index of the resin.
- During the production process, samples are taken to the laboratory for further testing to ensure that the Toner meets with the required specifications. Some of the quality tests undertaken by the Group include the following:
 - Densitometer, to measure image intensity and background;
 - Particle analyser, to measure particle size distribution;
 - Thermal analyser, to measure Differential Scanning Calorimetry (DSC), a technique used to thermally characterise samples and Thermal analysis (TG) of raw materials and Toners;
 - Flowability tester, to measure flowability of Toner and developer;
 - Melt flow tester, to measure melt flow index of Toner;
 - Apparent density tester, to measure apparent density of Toner and developer;
 - Digibridge dielectric tester, to measure relative dielectric constant and dissipation factor of Toner;
 - Fluxmeter, to measure magnetic pigment content of Toner;
 - 'Blow-off' Tribocharge tester and 'Draw-off' Charge meter ("Q/M"), to measure tribocharge of Toner and developer;
 - Vibrator sieve, to measure grain size of developer;

6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

- Microscope, to visualise Toner particles; and
 - Heating oven, to measure Toner concentration.
- The finished product then undergoes a performance testing whereby the Toner is used in the laser printers and copiers to determine the print quality on paper.

As at 28 February 2006, the Group has 12 personnel in the R&D and QC team focusing on ensuring the standard of product quality meets the expectations of customers. Tests are all conducted in the Group's in-house laboratory facilities.

6.6.10 R&D

R&D policy and personnel

R&D plays an important role for the Jadi Imaging Group, particularly in creating value and growth opportunities through the following:

- Developing new formulation and products to address areas of growth and opportunities;
- Continuous improvement in product quality to ensure customer satisfaction;
- Staying abreast of latest development in Toner technology; and
- Increase operational effectiveness, efficiency and productivity to minimise costs.

The Group has in-house facilities to undertake testing and R&D to create new products and improve existing products. As at 28 February 2006, the Group has 12 personnel in its R&D and QC department of which 7 are engaged full time in R&D. More importantly, the Group has the capabilities to develop its own formulation of compatible Toners for most types of printers, copiers and facsimile machines. These in-house R&D capabilities will also ensure that the Group continues to improve on its manufacturing processes, for example improvements in the particle size distribution, and size and shape of particles to meet the requirements of the market and customers.

In addition, the Group also undertakes various types of tests on raw materials and Toners to ensure that the final product meets the standards of quality expected by customers.

R&D equipment

Some of the testing and R&D equipment and their functions include the following:

EQUIPMENT	FUNCTION
Densitometer	Measures image intensity and background
Particle analyser	Measures particle size distribution
Thermal analyser	Measures Differential Scanning Calorimetry (DSC), a technique used to thermally characterise samples and Thermal Gravimetric analysis (TGA) of raw materials and Toners
Flowability tester	Measures flowability of Toner and developer
Melt flow tester	Measures melt flow index of Toner and resin
Apparent density tester	Measure apparent density of Toner and developer
Digibridge dielectric tester	Measures relative dielectric constant and dissipation factor of Toner
Fluxmeter	Measures magnetic pigment content of Toner
'Blow-off' Tribocharge tester and 'Draw-off' Q/M	Measures tribo charge of Toner and developer
Vibrator sieve	Measures grain size of developer

6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

EQUIPMENT	FUNCTION
Microscope	Visual magnification of Toner particles
Heating oven	Measures Toner concentration
Photocopier and laser printers	Performance testing of Toner and developer

R&D achievements

Over the years, Jadi Imaging Group has undertaken R&D successfully and this are reflected in its current portfolio of Toners that are compatible for use in certain models of the following brands of laser printers, copiers, facsimile machines and multi-function office equipment:

Copiers	Laser Printers	Facsimile machines	Multi-function Office Equipment
Canon Xerox Panasonic Minolta Ricoh Toshiba Sharp Sanyo Kyocera-Mita	Hewlett Packard Lexmark Brother Panasonic Epson Samsung Kyocera-Mita Canon	Canon	Toshiba

Note: The brand names and trademarks mentioned above are the property of the respective owners and continue to be the property of the respective owners and are used for illustrative purposes only.

Some of the R&D activities undertaken to enable the commercial production of these Toners include:

- formulation and testing of Toner content (mix of different raw materials);
- ensuring correct processes and setting parameters, for example temperature, timing of heating and cooling; and
- quality testing for in-process and final products.

Where tests show that the results are imperfect, R&D will be undertaken to further improve or refine the various processes in order to achieve the final product with the desired specifications.

On-going R&D

The Group undertakes on-going R&D activities primarily to develop new products as well as to improve on its manufacturing process. The Jadi Imaging Group has commenced R&D on the development of Colour Toners for 2 models of colour laser printers. The fourth and fifth production lines which are expected to commence operations in April 2006 and October 2006 respectively, will incorporate features to accommodate the production of Colour Toners. The Group expects to launch Colour Toners in 2007.

The Group continuously focuses on process improvement, particularly in enhancing its manufacturing processes. This is critical as it has a direct impact on manufacturing efficiency, effectiveness, productivity and product quality. As such, the Group undertakes R&D in process improvements through:

- Selection of best practices in process flow;

6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

- Research in new technologies and machinery in improving the effectiveness, efficiencies, productivity and quality in the manufacturing processes;
- Continuous evaluation and improvement of existing processes and procedures to optimise workflow;
- Process re-engineering to increase efficiencies in the production process; and
- Incorporation of QC processes.

Proposed future R&D

The Group is currently utilising the pulverisation method in the production of Toners. In order to achieve a more spherical and consistent Toner particle size, the Group is currently exploring an alternative process of manufacturing Colour Toners using polymerisation method. This is undertaken in line with the Group's joint R&D efforts with University of Malaya.

R&D expenditure

The amount spent by the Group on R&D for the past 4 FYE 31 December 2005 were as follows:

	FYE 31 December 2002	FYE 31 December 2003	FYE 31 December 2004	FYE 31 December 2005
R&D Capital Expenses (RM)*	84,962	203,893	46,577	271,338
R&D Operating Expenses (RM)*	329,224	323,942	292,546	669,941
TOTAL R&D Expenses (RM)	414,186	527,835	339,123	941,279
Total R&D Expenses as a Proportion of the Group's Total Revenue (%)	2.9%	2.2%	0.9%	2.1%

Note:

- * *The audited financial statements of the Group reflected only the operating expenses incurred in relation to R&D activities as R&D expenses. The capital expenditure as set out above had been considered by Vital Factor to be capital items to support the Group's R&D activities and hence, had been reflected as R&D capital expenditure. These capital expenditure had been classified as property, plant and equipment in the audited financial statements of the Group.*

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6. INFORMATION ON THE JADI IMAGING GROUP *(Cont'd)*

6.6.11 Competitive strengths

The Jadi Imaging Group believes that its key competitive strengths are as follows:

- **Sole independent Toner Manufacturer in Malaysia**

The Jadi Imaging Group is the only independent Toner manufacturer in Malaysia. This is a significant competitive advantage as it provides the Group with the opportunity to capture a wider segment of the local market where there is presently no other local Toner manufacturers.

However as a business strategy, the Group has chosen to focus on export markets as the Group has been able to obtain better pricings in the export markets.

- **R&D capabilities**

The Jadi Imaging Group is constantly undertaking R&D to improve on its products to better meet customer needs and identify areas of opportunities. As such, the Group has to keep abreast of new industry developments or new models of office equipment that will command the need for compatible Toners.

- **Products quality**

The Group's product quality is evidenced in the following manner:

- The quality of its Toner can meet the requirements of overseas customers in the various export markets.
- The internal quality checks, which are in accordance with ISO standards particularly in its production processes reaffirm the Group's internal quality assurance.

The ability to consistently meet the product quality standards of local and overseas customers is a significant competitive advantage that will ensure continuing business patronage.

- **Market reputation and established track record**

Since commencement of operations in 1999, the Group is of the view that it has developed a reputation as an established producer and supplier of Toners overseas.

In addition, the Group has established long-term business relationships with its customers. All of its top 10 customers have been dealing with the Group for 3 years or more.

This customer loyalty is a competitive advantage that will help the Group to maintain as well as serve as a platform to increase its market share.

- **In-roads into export markets**

The Jadi Imaging Group has successfully gained in-roads into export markets. This is reflected by the fact that exports contributed 94.6% of the Group's total revenue for the FYE 31 December 2005.

For the FYE 31 December 2005, the Group has successfully exported to 41 countries overseas. This established base of export customers has provided the platform for the Group to further expand its export activities.

6. INFORMATION ON THE JADI IMAGING GROUP *(Cont'd)*

6.6.12 Major customers

The Group has a diversified customer base of 138 customers in 42 countries including Malaysia. The following top 10 customers of the Group accounted for 49.1% of the Group's total revenue for the FYE 31 December 2005:

	Customer Name (Country)	Approximate Length of Relationship (Years)	Percentage Contribution to the Group's Total Turnover for the FYE 31 December 2005 (%)
1	Worldwide Manufacturing, E. D. (Ukraine)	6	7.8
2	Beijing Laser Technology Inc. (China)	4	7.7
3	CV Ambassador (Indonesia)	6	7.3
4	Ecologic (Brazil)	3	5.7
5	Copytron Office Products Pte Ltd (Singapore)	4	3.8
6	Duc Lan Pte. (Vietnam)	6	3.5
7	Favourite Shop Sdn Bhd (Malaysia)	6	3.5
8	Rational Business Corporation (India)	3	3.4
9	ECC Technologies Ltd (China)	4	3.3
10	Interprint Imaging Co. Ltd (Thailand)	4	3.1
	Total		49.1

Note: Turnover of the Jadi Imaging Group for the FYE 31 December 2005 amounted to RM44.8 million.

The Group has enjoyed long-term business relationships with its top 10 customers. Based on the consolidated income statements for the FYE 31 December 2005, all of its top 10 customers have been dealing with the Group for 3 years or more. The remaining 50.9% of the Group's revenue for the FYE 31 December 2005 was attributable to 128 customers. With its diverse and large customer base of 138 customers spanning across 42 countries (as at 31 December 2005), the Directors of Jadi Imaging believe the risk of over-dependence on any one customer is minimal.

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6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

6.6.13 Major suppliers

The Group has established long-term mutually beneficial relationships with its key suppliers whereby 6 of its top 10 suppliers for the FYE 31 December 2005 have had business dealings with the Group for approximately six years:

	Supplier Name (Country)	Products	Percentage of Total Group Purchases for the FYE 31 December 2005 (%)	Approximate Length of Relationship (Years)
1	SK Kogyo Co, Ltd (now known as Bussan Chemicals Co. Ltd) ("Bussan") (Japan)	Resin/Wax	49.9	6
2	Lanxess Deutschland GmbH ("Lanxess") (Germany)	Iron Oxide	19.4	6
3	Hodogaya Chemicals Co., Ltd (Japan)	Metal Dye Complex	8.2	6
4	Maha Chemicals Sdn Bhd (Stockist for Cabot-USA)	Fumed Silica	4.4	6
5	SK Chemicals Co., Ltd (Korea)	Resin	3.7	1
6	Nagase & Co Ltd (Japan)	Resin, Wax, Titanium Dioxide	3.3	1
7	Zeon Chemicals L.P (Brazil)	Resin	2.7	5
8	JJ Degussa Chemicals (M) Sdn Bhd (Stockist for Degussa Huls-Germany)	Carbon Black/ Fumed silica	1.5	6
9	Mitsui & Co., Ltd (Japan)	Metal Dye Complex	1.4	6
10	Mitaka Fine Co., Ltd (Japan)	Titanium Dioxide, Metal Dye Complex	1.2	2
	Total		95.7	

For the FYE 31 December 2005, the top two suppliers, Bussan for resin and wax and Lanxess for iron oxide, accounted for 49.9% and 19.4% respectively of the Group's purchases. The Group has been dealing with Bussan and Lanxess for the past 6 years. The Directors are of the opinion that this continuing business relationship will provide the basis for reliable and continuous support from them. Apart from Bussan, the Jadi Imaging Group has alternative suppliers of resins from its top 10 suppliers for the FYE 31 December 2005, i.e. SK Chemicals Co., Ltd, Nagase & Co Ltd and Zeon Chemicals L.P, which it could rely on if the need arises. Nagase & Co Ltd is the agent for Sanyo Chemicals Co., Ltd. and Mitsubishi Rayon Co., Ltd.

As resin is regarded as a commodity, it is readily available and can be easily sourced from abroad. Similarly iron oxide is also readily available in the world market and can be imported from overseas without any major hindrances. (Source: *Independent Assessment of the Toner Industry by Vital Factor*)

6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

In the event of any disruption in supplies, the Group has already identified other alternative suppliers of resin and iron oxide as at 31 December 2005 as follows:

Resin

- Sekisui Chemicals Co., Ltd.; and
- Fujikura Kasei Co., Ltd.

Iron Oxide

- Elementis Pigments;
- Saehan Media; and
- Toda Kogyo Corp.

The Group's policy is to have multiple sourcing based on the management's continuous monitoring of the price and quality of materials supplied, which enable the Group to purchase raw materials at competitive prices without compromising on quality. Further, the Group has enjoyed long term relationships with its major suppliers, whereby 6 out of its top 10 suppliers had been dealing with the Group for approximately 6 years.

To date, the Group has not experienced any disruption in the supply of any raw materials including resin and iron oxide.

6.6.14 Government regulations and incentives

(a) Government regulations

Apart from the rules and regulations of the MITI, the research by Vital Factor indicates that there are no material government laws, regulations and policies that may impede on an operator's performance and growth within a free enterprise environment.

Application of a manufacturing licence under the Industrial Coordination Act, 1975 is mandatory for companies with shareholders' funds of RM2.5 million or above or engaging 75 or more full time employees. The Jadi Imaging Group has a manufacturing licence for the manufacture of Toners since 2000.

(b) Government incentives

As part of the Malaysian Government's intention to nurture the growth and development of the manufacturing industry, including the manufacturing of Toners, the Government provides the following incentives for eligible companies:

- Pioneer Status and Investment Tax Allowance

Eligibility for either the pioneer status or investment tax allowance will be determined according to the priorities termed as "promoted activities" or "promoted products". In addition, the level of value-added, technology and industrial linkages will also be taken into consideration.

The Jadi Imaging Group was granted Pioneer Status for the production of Black Toners from 1 January 2001 until 31 December 2005.

In line with the expansion plans of the Jadi Imaging Group to expand its production capacity in the FYE 31 December 2006, the Group will apply for the Reinvestment Allowance incentive from the Inland Revenue Board, which would provide the Group with possible tax exemptions. Hence, if the application for Reinvestment Allowance is approved, the Group is expected to be entitled to tax savings based on the forecasted level of capital expenditure.

6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

In addition, Jadi Technologies (S), which is a foreign-invested enterprise of production nature operating in the Suzhou Industrial Park in Suzhou, China, is expected to be entitled to full corporate income tax exemption for 2 years from its first profit-making year and a 50% reduction of corporate income tax for the subsequent 3 years. Thereafter, it will be subject to the corporate income tax rate of 15%.

Both these available tax incentives are expected to provide continuous tax savings to the Jadi Imaging Group. As such, the Directors of the Company are of the opinion that the expiry of the Pioneer Status is not expected to materially impact the financial performance and position of the Group. Moving forward, the management of the Group would continue to review its business strategies and business expansion plans in order to optimise the utilisation of any tax incentives made available.

▪ Reinvestment Allowance

All manufacturing companies that have been in operation for at least 12 months and incur qualifying capital expenditure to expand production capacity, modernise and upgrade production facilities, diversify into related products, and automate its production facilities can obtain a Reinvestment Allowance. Eligible manufacturers for Reinvestment Allowance are entitled to the following:

- The Reinvestment Allowance is 60% of qualifying capital expenditure incurred by the company, and can be offset against 70% of its statutory income for the year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised.
- The Reinvestment Allowance will be given for a period of 15 consecutive years beginning from the year the first reinvestment is made. Companies can only claim upon completion of the qualifying project, for example after the building is completed or when the plant/machinery is put to operational use. Assets acquired for the reinvestment cannot be disposed during two years from the time of reinvestment.

With regard to products for the export market, full exemption from import duty on raw materials/components is normally granted, provided the raw materials/components are not produced locally or, where they are produced locally, are not of acceptable quality and price.

Jadi Technologies has been granted full exemption of import duties on the following raw materials:

- Carbon Black until 27 July 2007; and
- Titanium Dioxide until 3 January 2008.

It is envisaged that the Group is likely to obtain an extension of the import duty exemption on Carbon Black and Titanium Dioxide that are used in the manufacturing of Toners as these are not produced locally. All the other raw materials used by the Group are not subject to any import duties.

(c) **Environmental regulations**

The manufacturing of Toners does not generate any scheduled wastes. The only environmental issue faced by companies in the production of Toners is the control and disposal of Toner dust, which escapes into the air during the process of manufacturing.

6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

The prescribed limits of air impurities which includes smoke, soot, dust, ash, cinders, grit, solid particles of any kind inclusive of particulates and others that are emitted from manufacturing processes are governed by the Environmental Quality Act, 1974 and Environmental Quality (Clean Air) Regulations, 1978. (Source: *Independent Assessment of the Toner Industry by Vital Factor*)

However, to minimise the dust, the Group has installed a dust filtration system to extract and collect the Toner dust to be disposed. The Jadi Imaging Group has an approved contractor to dispose of the waste in the form of Toner dust.

6.6.15 Trademarks

The Registrar of Trade Marks is the authority for the registration of trademarks in Malaysia. The registration of trademarks shall be valid for an initial period of ten years and renewable for periods of ten years thereafter. The Group has taken steps to protect its trademark in Malaysia by submitting an application for the registration of the trademark of its logo to the Registrar of Trade Marks, Malaysia on 4 March 2004. Currently, the said application is still pending approval for registration.

6.6.16 Employees

As at 28 February 2006, the Jadi Imaging Group has a total workforce of 93 employees, comprising 46 local employees and 47 foreign employees. The Group's employees can be segregated into the following categories:

	Local	Foreign	Total	Approximate Average No. of Years of Service
<i>Management and Professionals</i>	5	-	5	4
<i>Technical Professionals</i> R&D and QC	10	2	12	2
<i>Clerical and Administrative</i>	10	1	11	1
<i>Factory Workers</i>	18	-	18	3
- Skilled Workers	-	26	26	2
- Semi-skilled Workers	3	18	21	0.5
- Unskilled Workers				
Total	46	47	93	

Note: Skilled workers comprise supervisors, line leaders, machine operators, production engineer and executive, maintenance executive, technicians and others. Unskilled workers comprise workers on the factory floor that are undergoing training.

The employees of the Group do not belong to any organised union and the relationship and co-operation between management and employees have been good and are expected to continue. There has been no work interruptions or labour disputes affecting the Group's business nor has the Group experienced any significant turnover of employees.

6. INFORMATION ON THE JADI IMAGING GROUP (Cont'd)

6.6.17 Training

The Group recognises the importance of its employees and places importance on human resource development. The Group provides staff training and development programmes for its employees, which includes on-the-job training and in-house training programmes and workshops. In addition, the Group also engages external training centres and associations to conduct workshops and courses to enhance management quality and increase the competency level of its employees. Such courses include Effective Supervisory Skills, Work Safety and Health Awareness and Understanding ISO 9001:2000.

6.6.18 Interruptions to business and operations

There has not been any interruption to the Group's business or operations for the past 12 months prior to the date of this Prospectus.

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7. INFORMATION ON THE SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL OF THE JADI IMAGING GROUP

7.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

7.1.1 Promoters' shareholdings

The direct and indirect interests of the Promoters of Jadi Imaging in the Shares before and after the IPO and Bonus Issue II are as follows:

Promoter	Nationality /Place of incorporation	Before IPO and Bonus Issue II				After IPO and Bonus Issue II			
		←-----Direct-----→		←-----Indirect-----→		←-----Direct-----→		←-----Indirect-----→	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
LTL	Malaysia	188,084,833	61.87	-	-	158,696,578	35.27	-	-
Liew Kim Siong	Malaysian	-	-	188,084,833 ¹	61.87	2,250,000 ²	0.50	158,696,578 ¹	35.27
Ng Poh Imm	Malaysian	-	-	188,084,833 ¹	61.87	-	-	158,696,578 ¹	35.27
Eu Lan Eng	Malaysian	25,839,992	8.50	-	-	23,636,244 ²	5.25	-	-
Lim Hock Guan	Malaysian	21,705,594	7.14	-	-	19,713,595 ²	4.38	-	-

Notes:

1. Deemed interested through LTL's interest in Jadi Imaging by virtue of Section 6A of the Act.
2. Assuming full subscription of the Public Issue Shares reserved for them under the Pink Form Allocations.

Further details on LTL are set out in Section 7.1.2 of this Prospectus while the detailed profile of Ng Poh Imm is set out in Section 7.1.3 of this Prospectus.

Liew Kim Siong and Eu Lan Eng have collectively more than 20 years experience in the Toner industry. The detailed profiles of Liew Kim Siong, Eu Lan Eng and Lim Hock Guan are set out in Section 7.2.2 of this Prospectus.

7.1.2 Substantial shareholders' shareholdings

The direct and indirect interests of the substantial shareholders in the Shares before and after the IPO and Bonus Issue II are as follows:

Substantial shareholder	Nationality /Place of incorporation	Before IPO and Bonus Issue II				After IPO and Bonus Issue II			
		←-----Direct-----→		←-----Indirect-----→		←-----Direct-----→		←-----Indirect-----→	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
LTL ¹	Malaysia	188,084,833	61.87	-	-	158,696,578	35.27	-	-
Liew Kim Siong	Malaysian	-	-	188,084,833 ²	61.87	2,250,000 ³	0.50	158,696,578 ²	35.27
Ng Poh Imm	Malaysian	-	-	188,084,833 ²	61.87	-	-	158,696,578 ²	35.27
Eu Lan Eng	Malaysian	25,839,992	8.50	-	-	23,636,244 ³	5.25	-	-

7. **INFORMATION ON THE SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL OF THE JADI IMAGING GROUP (Cont'd)**

Substantial shareholder	Nationality /Place of incorporation	Before IPO and Bonus Issue II				After IPO and Bonus Issue II			
		←-----Direct-----→ No. of Shares %		←-----Indirect-----→ No. of Shares %		←-----Direct-----→ No. of Shares %		←-----Indirect-----→ No. of Shares %	
Liew Kim Foong	Malaysian	21,705,594	7.14	-	-	18,314,095	4.07	-	-
Lim Hock Guan	Malaysian	21,705,594	7.14	-	-	19,713,595 ³	4.38	-	-
Lee Chee Keng	Malaysian	21,705,594	7.14	-	-	21,689,095 ³	4.82	-	-

Notes:

1. *LTL was incorporated in Malaysia on 9 March 2001 under the Act and is an investment holding company. LTL has an authorised share capital of 100,000 ordinary shares of RM1.00 each, of which 10,000 ordinary shares of RM1.00 each have been issued and fully paid-up. Set out below is the information relating to LTL as at 31 December 2005, as provided by the management of LTL:*

<i>Directors and Shareholders</i>	←-----Shareholding-----→	
	<i>Direct (%)</i>	<i>Indirect (%)</i>
<i>Liew Kim Siong</i>	70.00	-
<i>Ng Poh Imm</i>	30.00	-

2. *Deemed interested through LTL's interest in Jadi Imaging by virtue of Section 6A of the Act.*
3. *Assuming full subscription of the Public Issue Shares reserved for them under the Pink Form Allocations.*

7.1.3 Profile of Ng Poh Imm

Ng Poh Imm, aged 43, is the wife of Liew Kim Siong, the Executive Chairman and Group CEO of the Jadi Imaging Group. She is a housewife.

7.1.4 Profile of Liew Kim Foong

Liew Kim Foong, aged 55, is the sister of Liew Kim Siong, the Executive Chairman and Group CEO of the Jadi Imaging Group. She is a housewife.

7.1.5 Profile of Lee Chee Keng

Lee Chee Keng, aged 44, is the Managing Director of Minasia Trading, a sole proprietorship principally involved in the distribution of Toners. Minasia Trading is a distributor for the Jadi Imaging Group. He holds a Bachelor of Science degree and Masters in Business Administration from Mankato State University, USA. Prior to Minasia Trading, he worked for Katun Corporation, USA, a large aftermarket supplier of parts and consumables for use in laser printers and copiers, where he held various positions including that of market analyst, product manager and South East Asia regional sales manager.

The detailed profiles of Liew Kim Siong, Eu Lan Eng and Lim Hock Guan are set out in Section 7.2.2 of this Prospectus.

7. INFORMATION ON THE SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL OF THE JADI IMAGING GROUP (Cont'd)

7.1.6 Directorships and substantial shareholdings in all other public corporations for the past two years

Based on the declarations by the promoters and substantial shareholders, none of the promoters or substantial shareholders of Jadi Imaging has any directorships and/or substantial shareholdings in any other public corporation for the past two years.

7.1.7 Changes in promoters' and substantial shareholders' shareholdings in Jadi Imaging for the past three years

The changes in the direct shareholdings of the promoters and substantial shareholders in Jadi Imaging since incorporation are as follows:

Promoter/substantial shareholder	Date interest acquired/disposed	No. of Shares held before acquisition/disposal	Total no. of Shares acquired/(disposed)	Cumulative no. of Shares held after acquisition/disposal	
				No. of Shares	%*
Loo Hin Lam	15.09.2000	-	1 ^(a)	1	50.00
	14.03.2002	1	(1) ^(c)	-	-
Nancy Chung @ Chan Shui Ying	15.09.2000	-	1 ^(a)	1	50.00
	14.03.2002	1	(1) ^(c)	-	-
LTL	13.03.2002	-	7,000,000 ^(b)	7,000,000	99.99
	14.03.2002	7,000,000	2 ^(c)	7,000,002	100.00
	12.07.2002	-	-(d)	70,000,020	100.00
	28.12.2004	70,000,020	(26,691,000) ^(e)	43,309,020	61.87
	16.01.2006	43,309,020	47,639,908 ^(f)	90,948,928	61.87
	18.01.2006	90,948,928	97,135,905 ^(g)	188,084,833	61.87
Eu Lan Eng	28.12.2004	-	5,950,000 ^(e)	5,950,000	8.50
	16.01.2006	5,950,000	6,544,998 ^(f)	12,494,998	8.50
	18.01.2006	12,494,998	13,344,994 ^(g)	25,839,992	8.50
Liew Kim Foong	28.12.2004	-	4,998,000 ^(e)	4,998,000	7.14
	16.01.2006	4,998,000	5,497,798 ^(f)	10,495,798	7.14
	18.01.2006	10,495,798	11,209,796 ^(g)	21,705,594	7.14
Lim Hock Guan	28.12.2004	-	4,998,000 ^(e)	4,998,000	7.14
	16.01.2006	4,998,000	5,497,798 ^(f)	10,495,798	7.14
	18.01.2006	10,495,798	11,209,796 ^(g)	21,705,594	7.14
Lee Chee Keng	28.12.2004	-	4,998,000 ^(e)	4,998,000	7.14
	16.01.2006	4,998,000	5,497,798 ^(f)	10,495,798	7.14
	18.01.2006	10,495,798	11,209,796 ^(g)	21,705,594	7.14

Notes:

* Based on the issued and paid-up share capital at the point of time when the equity was acquired / disposed.

(a) Initial subscribers' ordinary shares of RM1.00 each in Jadi Imaging.

7. INFORMATION ON THE SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL OF THE JADI IMAGING GROUP (Cont'd)

- (b) Issuance of new ordinary shares of RM1.00 each to LTL pursuant to the acquisition of Jadi Technologies by Jadi Imaging.
- (c) Transfer of 2 ordinary shares of RM1.00 each.
- (d) Share split by subdivision from RM1.00 each to RM0.10 each.
- (e) Transfer of ordinary shares by LTL to Eu Lan Eng, Liew Kim Foong, Lim Hock Guan, Lee Chee Keng and others.
- (f) Issued pursuant to Bonus Issue I.
- (g) Issued pursuant to Rights Issue.

7.2 DIRECTORS

7.2.1 Directors' shareholdings

The direct and indirect interests of the Directors of Jadi Imaging in the Shares after the IPO and Bonus Issue II are as follows:

Director	Designation	←-----Direct-----→		←-----Indirect-----→	
		No. of Shares	%	No. of Shares	%
Liew Kim Siong	Executive Chairman / Group CEO	2,250,000 ²	0.50	158,696,578 ¹	35.27
Eu Lan Eng	Executive Director / General Manager	23,636,244 ²	5.25	-	-
Lim Hock Guan	Executive Director / Corporate Affairs Director	19,713,595 ²	4.38	-	-
Mohd Salmi bin Mansor	Executive Director / Factory Manager	8,077,498 ²	1.79	-	-
Pathmarajah A/L R Nagalingam	Independent Non-Executive Director	450,000 ²	0.10	-	-
Lim Yew Thoon	Independent Non-Executive Director	337,500 ²	0.08	-	-

Notes:

- Deemed interested through LTL's interest in Jadi Imaging by virtue of Section 6A of the Act.
- Assuming full subscription of the Public Issue Shares reserved for them under the Pink Form Allocations.

7. INFORMATION ON THE SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL OF THE JADI IMAGING GROUP *(Cont'd)*

7.2.2 Profiles

The profiles of the Board of Directors of Jadi Imaging are as follows:

Liew Kim Siong, aged 47, was appointed to the Board as Executive Director of Jadi Imaging on 9 April 2002. He is presently the Executive Chairman and Group CEO of Jadi Imaging. He obtained a Diploma in Accounting and Finance from the Association of Chartered Certified Accountants ("ACCA") in the UK before pursuing a Masters in Business Administration from University of Strathclyde of Scotland in 1995. In 1984, he established Office Business Systems Sdn Bhd, a company involved in the remanufacturing, sales and servicing of copiers and assumed the position of Managing Director. Subsequently in 1992, he established Technitone (M) Sdn Bhd, a Toner manufacturing company and was appointed Managing Director of the company. As a result of a change in partnership arrangements, he established Jadi Technologies in 1999 to acquire all the assets of Technitone (M) Sdn Bhd. He was appointed Chief Executive Officer of the company. With over 20 years of experience in the copier and Toner industries, he has been instrumental in the success, growth and development of the Jadi Imaging Group. As the Group Chief Executive Officer, he is responsible for the strategic direction as well as business development of the Group.

Eu Lan Eng, aged 47, was appointed to the Board as Executive Director of Jadi Imaging on 9 April 2002. She has approximately 9 years experience in Toner industry. Her career started in 1988 when she joined Chang Export Trading House as a secretary/coordinator before leaving in 1992 to join Segani Freight Services Sdn Bhd, a freight forwarding company, as an Executive. Subsequently in 1995, she left to take up the position of executive in Office Business Systems Sdn Bhd, a company involved in the remanufacturing, sales and servicing of copiers. In 1997 she left to join Technitone (M) Sdn Bhd as a Marketing Executive and was promoted to Marketing Manager in 1999. In 2000, she assumed the position as Marketing Manager with Jadi Technologies and was later promoted to Deputy General Manager of the company in 2002. In the same year, she was appointed General Manager of Jadi Technologies, a position she still holds to date. Her main responsibilities include overseeing the overall operations of the company including the marketing division.

Lim Hock Guan, aged 57, was appointed to the Board as Executive Director of Jadi Imaging on 21 December 2004. He obtained his Bachelor of Economics (Honours) Degree majoring in Business Administration from the University of Malaya in 1972. His career started in 1972 when he joined the Malaysian Industrial Development Authority ("MIDA"), Kuala Lumpur as Assistant Director, Investment Promotion Division. MIDA is the investment promotion agency of the government of Malaysia and is headquartered in Kuala Lumpur with offices located throughout the world. In 1974, he left MIDA to take up the position of Officer at Bank of America for a short period of time before returning to MIDA the same year. Since then, he has held various senior positions in MIDA including Deputy Director, MIDA New York (1976-1981); Director, MIDA Singapore (1982-1986); Deputy Director, Non-Metallic Mineral Products Division (1989-1990); Director, MIDA Chicago (1990-1995); Director; MIDA Tokyo (1997-2002); and Director, Communications and Media Division (2002-2004). He joined Jadi Technologies as Corporate Affairs Director in 2004 and is responsible for all corporate affairs of the Jadi Imaging Group. He brings to the Jadi Imaging Group a wealth of experience and wide and in-depth knowledge of Malaysian and foreign government policies on industry.

Mohd Salmi Bin Mansor, aged 39, was appointed to the Board as Executive Director of Jadi Imaging on 9 April 2002. He obtained a Bachelor of Science Honours Degree majoring in Chemistry in 1993 from University Science of Malaysia, Penang. His career started in 1994 when he joined Stephen Hansford Petroleum (M) Sdn Bhd, a manufacturer of automotive and industrial lubricants, as a Laboratory Assistant. In the same year, he left and joined Technitone (M) Sdn Bhd as a Laboratory Assistant and was promoted to Assistant Production Manager later that year. He was mainly responsible for QC and R&D in the company. In 2000, he joined Jadi Technologies as Production Manager and was promoted to Factory Manager in 2003. His main responsibilities include ensuring all activities involved in production comply with the standards, policies and objectives set by the company.

7. INFORMATION ON THE SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL OF THE JADI IMAGING GROUP (Cont'd)

Pathmarajah A/L R Nagalingam, aged 48, was appointed to the Board as Independent Non-Executive Director of Jadi Imaging on 6 January 2006. He is a practicing accountant and a member of the Malaysian Institute of Certified Public Accountants. He was a Senior Manager with Goonting & Chew, an accounting firm, from 1978 until 1990 when he left to start his own practice. He is currently the sole proprietor of Pathmarajah & Co., an accounting firm, and a partner of TextStation Design, a graphic and Internet webpage design firm. He has vast experience in receiverships and liquidation assignments, having handled over 100 of such cases, including those on behalf of Bank Negara Malaysia. He has also handled several cases of investigations and special reporting over the last 25 years.

Lim Yew Thoon, aged 52, was appointed to the Board as Independent Non-Executive Director of Jadi Imaging on 6 January 2006. He is a member of the Malaysian Institute of Accountants and a fellow member of the ACCA in the UK. He is currently the sole proprietor of YT Lim & Co., a practising accounting firm, and a director of a consulting firm specialising in corporate advisory work and internal audit. Prior to starting his own practice, he has more than 15 years experience in the audit profession and more than 8 years of commercial experience, of which 3 years were spent in a large public corporation listed on Bursa Securities, where he was appointed General Manager of Internal Audit. His commercial experiences include monitoring of manufacturing and gaming operations located in Malaysia and overseas, as well as participation in the negotiations and takeover of companies. He was also involved in negotiations for a built, operate and transfer contract for a water treatment plant in Vietnam.

7.2.3 Directors' remuneration and benefits

The remuneration and/or fees paid to the Directors of Jadi Imaging for services rendered to the Group for the FYE 31 December 2005 amounted to RM2.06 million. For the FYE 31 December 2006, the remuneration and benefits payable to the Directors of Jadi Imaging for services rendered to the Group is forecasted at RM2.29 million, as further shown below:

FYE 31 December	2006 (Forecast)	
	<-----No. of Directors----->	
Remuneration band	Executive	Non-Executive
Below RM100,000	-	2
RM100,001 to RM500,000	3	-
RM500,001 to RM1,500,000	1	-

The remuneration and benefits payable to the Directors of Jadi Imaging for services rendered for the FYE 31 December 2006 of RM2.29 million includes the forecasted performance bonus payable to Liew Kim Siong pursuant to a service agreement dated 6 March 2006 on the assumption that the Group achieved its profit forecast as set out in Section 12.2 of the Prospectus. For further details on the aforementioned service agreement, please refer to Section 7.7 of the Prospectus.

7.2.4 Directorships and substantial shareholdings in all other public corporations for the past two years

Based on the declarations by the Directors, none of the Directors has any directorships and/or substantial shareholdings in any other public corporation for the past two years.

7. INFORMATION ON THE SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL OF THE JADI IMAGING GROUP (Cont'd)

7.2.5 Involvement of Executive Directors in other businesses or corporations

Liew Kim Siong, Eu Lan Eng, Lim Hock Guan and Mohd Salmi bin Mansor are not involved in the operations of other businesses/corporations, save and except for the operations of the Group.

7.3 KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

7.3.1 Key management's and key technical personnel's shareholdings

The details of the key management and key technical personnel and their respective direct and indirect interests in Jadi Imaging after the IPO and Bonus Issue II are as follows:

Key management and key technical personnel	Designation	←-----Direct-----→		←-----Indirect-----→	
		No. of Shares	%	No. of Shares	%
Liew Kim Siong	Executive Chairman / Group CEO	2,250,000 ²	0.50	158,696,578 ¹	35.27
Eu Lan Eng	Executive Director / General Manager	23,636,244 ²	5.25	-	-
Lim Hock Guan	Executive Director / Corporate Affairs Director	19,713,595 ²	4.38	-	-
Mohd Salmi bin Mansor	Executive Director / Factory Manager	8,077,498 ²	1.79	-	-
Lew Choong Teck	QC and R&D Manager	450,000 ²	0.10	-	-
Lim Thor Seng	Production Manager	320,625 ²	0.07	-	-
Tang Li Li	Accounts Manager	259,875 ²	0.06	-	-

Notes:

1. Deemed interested through LTL's interest in Jadi Imaging by virtue of Section 6A of the Act.
2. Assuming full subscription of the Public Issue Shares reserved for them under the Pink Form Allocations.

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7. INFORMATION ON THE SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL OF THE JADI IMAGING GROUP *(Cont'd)*

7.3.2 Profiles

The profiles of Liew Kim Siong, Eu Lan Eng, Lim Hock Guan and Mohd Salmi bin Mansor are set out in Section 7.2.2 of this Prospectus.

Lew Choong Teck, aged 39, is the QC and R&D Manager of Jadi Technologies. He graduated in 1990 from University of Malaya with a First Class Honours Degree in Chemical Engineering. His career started in 1990 at OYL Research and Development Sdn Bhd as a Senior R&D Engineer. He was mainly responsible for developing new products and improving existing products for the company, which is a manufacturer of air conditioning equipment. He left in 2001 and joined Jadi Technologies as QC and R&D Manager. He is mainly focused on ensuring consistent quality of products, and R&D activities in product development and improvement.

Lim Thor Seng, aged 33, is the Production Manager of Jadi Technologies. He graduated from Universiti Teknologi Malaysia in 1996 with a Bachelor of Science Degree majoring in Industrial Physics. His career started as a Production Engineer with Phillips and JVC Video, Malaysia in 1996. The company manufactures video cassette recorders. Subsequently he left in 1999 to join CAM Component Alloy Manufacturing Sdn Bhd, an automotive sports rims manufacturer, as Production Manager. He left the company in 2004 to join Jadi Technologies in his current position. He is mainly responsible for overseeing the production operations of the Group.

Tang Li Li, aged 31, is the Accounts Manager of Jadi Technologies. Ms. Tang was admitted as a member of The Association of Chartered Certified Accountants and Malaysian Institute of Accountants in 2003. She started her career in January 1999 as an Accounts cum Administrative Assistant at Nikkodo BMB Sdn. Bhd., a company trading in karaoke systems. Subsequently, she joined PKF/Skelchy Su Lim & Associates, an audit firm, in August 2000 as an Audit Senior where she was responsible for audit, including special audit of companies such as those undertaking IPOs for listing on Bursa Securities. In December 2003 she left to join Hospitech Manufacturing Services Sdn. Bhd. as the Accounts Manager. She was responsible, among others, for the preparation of monthly reports, cash flow forecasts and planning, and tax planning. She left the company in January 2005 to join Jadi Technologies as Accounts Manager. At Jadi Technologies, her responsibilities include the preparation of monthly management reports and cashflow forecasts, cashflow planning, liaison with bankers and the company auditor, tax agent and secretary, and company taxation and tax planning.

7.3.3 Directorships and substantial shareholdings in all other public corporations for the past two years

Based on the declarations by the key management and key technical personnel, none of the key management or key technical personnel of the Group has any directorships and/or substantial shareholdings in any other public corporation for the past two years.

7.3.4 Involvement of key management and key technical personnel in other businesses or corporations

All the key management and key technical personnel of the Group are full-time employees of the Jadi Imaging Group and none of the key management and/or key technical personnel is involved in the operations of other businesses or corporations.

7. INFORMATION ON THE SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL OF THE JADI IMAGING GROUP (Cont'd)

7.4 DECLARATIONS FROM THE DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

None of the Directors, key management or key technical personnel is or has been involved in any of the following events (whether in or outside Malaysia):

- (a) 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 technical personnel;
- (b) Conviction in a criminal proceeding or is a named subject of pending criminal proceedings; or
- (c) The subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

7.5 AUDIT COMMITTEE

The composition of the Audit Committee is as follows:

Name	Designation	Directorship
Pathmarajah A/L R Nagalingam	Chairman	Independent Non-Executive Director
Lim Yew Thoon	Member	Independent Non-Executive Director
Liew Kim Siong	Member	Executive Chairman / Group CEO

The Audit Committee is responsible for the recommendation to the Board of Directors 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.

7.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there are no family relationships and associations between or amongst the Directors, promoters, substantial shareholders, key management and key technical personnel of the Jadi Imaging Group:

- (a) Ng Poh Imm is the spouse of Liew Kim Siong; and
- (b) Liew Kim Foong is the sister of Liew Kim Siong.

7. INFORMATION ON THE SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL OF THE JADI IMAGING GROUP *(Cont'd)*

7.7 SERVICE AGREEMENT

Save as disclosed below, there are no existing or proposed service agreement between the Directors, key management or key technical personnel and the Company or its subsidiary companies other than contracts expiring or terminable by the employing company without payment or compensation (other than statutory compensation):

The service agreement between Jadi Imaging and Liew Kim Siong dated 6 March 2006 ("Service Agreement") for the employment of Liew Kim Siong as the CEO of the Group at a basic salary of RM60,000 per month commencing 1 January 2006. The salient terms of the Service Agreement, among others, are as follows:

- (a) Jadi Imaging would pay to Liew Kim Siong a contractual bonus of at least one (1) month or such other additional number of months as the Board may decide from time to time at the end of each financial year;
- (b) Liew Kim Siong is entitled to receive a performance bonus from each of the subsidiaries within the Group of 10% of the difference between the audited PBT of the respective subsidiary of each financial year and before accounting for the performance bonus and the 15% return on the weighted average shareholders' funds of the respective subsidiary within the Group inclusive of any weighted average inter-company advances to the respective subsidiary by Jadi Imaging for the relevant financial year; and
- (c) Under the terms of the Service Agreement, Jadi Imaging would make an ex-gratia payment of RM3.0 million to Liew Kim Siong if Jadi Imaging terminates the employment of Liew Kim Siong without any lawful excuse.

The Directors of Jadi Imaging (save for Liew Kim Siong) are of the view that the ex-gratia payment provides Liew Kim Siong with fair compensation in the event of his termination without any lawful excuse, i.e. any termination in circumstances (including without limitation) that are unfair, harsh, unjust or unreasonable or otherwise than in accordance with the terms of the Service Agreement. The ex-gratia payment was arrived at based on Liew Kim Siong's aggregate remuneration for the FYE 31 December 2004 and FYE 31 December 2005.

This Service Agreement replaced the previous service agreement between Jadi Technologies and Liew Kim Siong dated 11 March 2005 (as varied by a supplemental agreement dated 15 September 2005) which was terminated with effect from 31 December 2005.

The Directors of Jadi Imaging (save for Liew Kim Siong) have represented that the Service Agreement was entered into between Liew Kim Siong and Jadi Imaging to formalise Liew Kim Siong's appointment as CEO of the Group and to recognise his contribution to the success and growth of the Group. It also serves to reward and remunerate Liew Kim Siong's efforts in building, promoting and expanding the business of the Group. The Directors of Jadi Imaging (save for Liew Kim Siong) are of the view that the Service Agreement is in the best interests of the Group going forward since:

- (i) it incorporates a performance bonus to Liew Kim Siong to encourage and reward Liew Kim Siong's efforts in improving turnover and profits for the Group; and
- (ii) it deters the removal of Liew Kim Siong without any lawful excuse by having an ex-gratia payment payable by Jadi Imaging.

7.8 MANAGEMENT SUCCESSION PLAN

The Group acknowledges the importance of its key management and employees towards maintaining its competitive advantage. In this respect and as part of the Group's management succession plan, the Directors of Jadi Imaging have implemented the following steps:

7. INFORMATION ON THE SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL OF THE JADI IMAGING GROUP (Cont'd)

- continuous management development and training programmes which are scheduled throughout the year for the key management personnel, which include the conduct of annual management conferences to consistently enhance the knowledge of key management as well as to instill a greater sense of leadership in them;
- training and career development programmes for all employees of the JADI Imaging Group, whereby along with the continuous upgrading of knowledge, skills, competency and guidance from the key management, these employees are expected to progressively take up the responsibilities from the key management of the Group; and
- the allocation of IPO Shares and ESOS options to all eligible employees of the Group, as a measure to instill a sense of ownership in the Company through direct equity participation as well as to increase the level of commitment and loyalty amongst the key management and key technical personnel of the Group.

The management succession plan has also allowed for potential succession gaps within the management team to be identified and therefore, allow the formulation of an effective plan for the necessary training and recruitment required to fill such gaps, as this is essential to ensure the continued smooth operation of the JADI Imaging Group.

In ensuring the smooth running of the key areas of operation through minimal disruptions and early identification of potential succession gaps, the Group will undertake the following:

- continuous monitoring by the Directors and managers of the performance, competency, experience, motivation and aptitude of the next level of personnel that would potentially succeed their respective predecessors;
- training for the respective grades of staff to enable them to perform their responsibilities better as well as prepare them for the next grade;
- rotation and secondment of personnel between the key areas of operation to allow the next generation of managers to have well-rounded experiences in relation to the overall operations of the Group; and
- exposing the next generation of managers to greater managerial roles and responsibilities through specific tasks or projects, with clearly-defined objectives.

In addition, the Group has set up an Executive Management Committee (“EMC”) to oversee the key areas of operations of the Group, i.e. administration and procurement, finance and accounting, production, sales and marketing and corporate affairs. The EMC meets regularly to plan and monitor the operations of the Group and reports to the Board of Directors via the Group CEO. The members of the EMC comprise all the key management and key technical personnel stated in Section 7.3 of this Prospectus.

In the unlikely event of the early demise or resignation of any one of the Executive Directors or the Group CEO of the Company, a new suitable candidate from the EMC, subject to the approval of the Board of Directors, will be chosen to succeed the outgoing Executive Director or Group CEO of the Company. In the event no suitable candidate can be identified from the EMC, the Board will seek such candidate from outside the Group.

In view of the listing of the Company, the Directors of JADI Imaging believe that the Group would have an additional advantage in attracting, retaining and motivating its key management and employees to continue their invaluable services with the Group.

8. APPROVALS AND CONDITIONS

8.1 CONDITIONS ON APPROVALS FOR THE FLOTATION SCHEME

The Flotation Scheme has been approved by the SC vide its letter dated 12 August 2005 and by the MITI vide its letter dated 18 August 2005. Bursa Securities had approved-in-principle the Listing vide its letter dated 2 June 2005. Under the Guidelines of the FIC in relation to the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests ("FIC Guidelines"), the SC, vide its letter dated 12 August 2005 has no objections to the indicative equity structure of Jadi Imaging after the Listing as follows:

	Equity structure before Flotation Scheme %	Equity structure after Flotation Scheme %
Bumiputera	2.50	30.40
Non-Bumiputera	97.50	69.60
Foreigners	-	-
Total	100.00	100.00

In addition, the SC had vide its letter dated 13 February 2006 granted Jadi Imaging an extension of time to 11 May 2006 to complete the Flotation Scheme.

The conditions imposed by the SC, MITI and Bursa Securities and the respective status of compliance are set out below:

Authority/Details of conditions imposed	Status of compliance																								
<p><i>Conditions imposed by the SC vide its letter dated 12 August 2005:</i></p> <p>1. Moratorium to be imposed on the Shares held by the shareholders as set out below whereby they are not allowed to sell, transfer or assign their shareholdings of 202,500,000 Shares (amounting to 45% of the enlarged issued and paid-up share capital of Jadi Imaging of 450,000,000 Shares) for 1 year from the listing date of Jadi Imaging:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Name</th> <th style="text-align: center;">No. of Shares under moratorium</th> <th style="text-align: center;">% of enlarged issued and paid- up capital of Jadi Imaging</th> </tr> </thead> <tbody> <tr> <td>LTL</td> <td style="text-align: center;">148,500,000</td> <td style="text-align: center;">33.00</td> </tr> <tr> <td>Eu Lan Eng</td> <td style="text-align: center;">14,800,763</td> <td style="text-align: center;">3.29</td> </tr> <tr> <td>Lim Hock Guan</td> <td style="text-align: center;">11,616,641</td> <td style="text-align: center;">2.58</td> </tr> <tr> <td>Liew Kim Foong</td> <td style="text-align: center;">11,616,641</td> <td style="text-align: center;">2.58</td> </tr> <tr> <td>Lee Chee Keng</td> <td style="text-align: center;">11,616,641</td> <td style="text-align: center;">2.58</td> </tr> <tr> <td>Mohd Salmi bin Mansor</td> <td style="text-align: center;">4,349,314</td> <td style="text-align: center;">0.97</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">202,500,000</td> <td style="text-align: center;">45.00</td> </tr> </tbody> </table> <p>In the case where the affected shareholder is an unlisted company, every shareholder of the unlisted company (if an individual) or ultimate individual shareholder (if the shareholder of the unlisted company is another unlisted company) must give an undertaking that he/she will not sell, transfer or assign his/her shareholding in the related unlisted company for the period as stipulated above;</p>	Name	No. of Shares under moratorium	% of enlarged issued and paid- up capital of Jadi Imaging	LTL	148,500,000	33.00	Eu Lan Eng	14,800,763	3.29	Lim Hock Guan	11,616,641	2.58	Liew Kim Foong	11,616,641	2.58	Lee Chee Keng	11,616,641	2.58	Mohd Salmi bin Mansor	4,349,314	0.97	Total	202,500,000	45.00	<p>Complied. The relevant moratorium undertaking letters have been furnished to the SC on 9 January 2006.</p>
Name	No. of Shares under moratorium	% of enlarged issued and paid- up capital of Jadi Imaging																							
LTL	148,500,000	33.00																							
Eu Lan Eng	14,800,763	3.29																							
Lim Hock Guan	11,616,641	2.58																							
Liew Kim Foong	11,616,641	2.58																							
Lee Chee Keng	11,616,641	2.58																							
Mohd Salmi bin Mansor	4,349,314	0.97																							
Total	202,500,000	45.00																							

8. APPROVALS AND CONDITIONS (Cont'd)

Authority/Details of conditions imposed	Status of compliance
2. The remaining proposed Directors of Jadi Imaging, once appointed, should submit their respective statutory declarations to the SC based on Schedule 16.02(3) of the revised Policies and Guidelines on Issue/Offer of Securities ("Issues Guidelines") dated 1 April 2003;	Complied. The statutory declarations of Lim Yew Thoon and Pathmarajah A/L R Nagalingam were submitted to the SC on 9 January 2006.
3. Full disclosure should be made in the listing prospectus with regard to the following: (a) Jadi Imaging's dependency on Liew Kim Siong and details of its management succession plan to reduce its dependency on him; and (b) Salient terms of the service agreement between Jadi Technologies and Liew Kim Siong dated 11 March 2005 (as supplemented via a supplemental agreement dated 15 September 2005) as well as the rationale and justifications for such agreement;	Complied. Please refer to Sections 4.2 and 7.8 of the Prospectus. The service agreement between Jadi Technologies and Liew Kim Siong dated 11 March 2005 (as supplemented via a supplemental agreement dated 15 September 2005) was terminated with effect from 31 December 2005. A new service agreement was entered into between Jadi Imaging and Liew Kim Siong on 6 March 2006. Complied. The salient terms of the new service agreement as well as the rationale and justifications are set out in Section 7.7 of the Prospectus.
4. The Directors of Jadi Imaging who are involved in an executive capacity in the Group's business should not be involved in any executive capacity in their other private businesses, where relevant;	Complied. The relevant undertaking letters were submitted to the SC on 9 January 2006.
5. The Promoters, proposed/existing Directors and substantial shareholders of Jadi Imaging should not, in the future, carry out any businesses which will compete directly or indirectly and be in conflict with the business of Jadi Imaging;	Complied. The relevant undertaking letters were submitted to the SC on 9 January 2006.

8. APPROVALS AND CONDITIONS (Cont'd)

Authority/Details of conditions imposed	Status of compliance
6. Jadi Imaging to ensure that the future business transactions between the Jadi Imaging Group and the businesses in which the Directors and substantial shareholders have interest must be conducted at arm's length basis, should not be to the disadvantage of the Jadi Imaging Group and should be subject to the scrutiny of the audit committee;	Complied. The undertaking letter by the Company was submitted to the SC on 9 January 2006.
7. Jadi Imaging to disclose in its prospectus the justification and the risk factors arising from the Group's reliance on a few major suppliers, and the steps taken or to be taken to mitigate the risk;	Complied. Please refer to Section 4.6 of the Prospectus.
8. With regard to the Group's office cum factory at Lot 56, Section U1 at Hicom-Glenmarie Industrial Park (Phase 1), Town of Glenmarie, District of Petaling, Selangor, Jadi Imaging to rectify all structures which have yet to be approved by the relevant authority before the issuance of prospectus;	Complied. All structures which have yet to be approved have been demolished. The pre- and post-demolishment photographs were submitted to the SC on 23 January 2006.
9. Bumiputera investors holding the 30% of the enlarged share capital of Jadi Imaging to comply with the National Development Policy ("NDP") requirement should be approved by the MITI;	Complied vide MITI's letters dated 26 September 2005, 6 October 2005, 24 January 2006, 13 February 2006 and 20 March 2006.
10. RHB Sakura/Jadi Imaging to provide the SC with the status of compliance with NDP requirement upon completion of the proposed flotation exercise;	To be complied.
11. Jadi Imaging should disclose the status of the utilisation of proceeds from the flotation proposal in its quarterly and annual reports until the proceeds are fully utilised; and	To be complied.
12. Jadi Imaging to comply with all the other relevant requirements as stipulated in the Issues Guidelines.	Noted.
Conditions imposed by the MITI vide its letter dated 18 August 2005:	
1. Jadi Imaging is 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 by Local and Foreign Interests; and	Complied. The approval of the SC (including the approval of the SC under the FIC Guidelines) was obtained on 12 August 2005.

8. APPROVALS AND CONDITIONS (Cont'd)

Authority/Details of conditions imposed	Status of compliance
<p>2. The allocation of the entire 122,000,000 Shares reserved for Bumiputera investors will be decided separately by the MITI after the SC's approval for the Listing.</p>	<p>Complied. The approval of MITI on the allocation of the 122,000,000 Shares to Bumiputera investors was obtained on 26 September 2005, 6 October 2005, 24 January 2006, 13 February 2006 and 20 March 2006.*</p>
<p><i>Conditions imposed by Bursa Securities vide its letter dated 2 June 2005:</i></p>	
<p>1. Approval from the SC being obtained and where there are conditions and/or variations imposed by the SC, compliance of the said conditions and/or variations in relation to the issuance and listing of the securities of the Company; and</p>	<p>Complied. The SC's approval was obtained on 12 August 2005. There is no variation imposed by the SC for the Flotation Scheme. All the conditions imposed by the SC that can be complied with prior to the issuance of the Prospectus, have been complied with.</p>
<p>2. Compliance with the Listing Requirements in the event that the SC's approval affects or varies:</p> <ul style="list-style-type: none"> (i) the issued and paid-up capital of the Listing; and/or (ii) in relation to the bonus issue, the reserves to be capitalised or the number of shares submitted in the application to Bursa Securities. 	<p>Not applicable. There is no variation to the issued and paid-up capital of Jadi Imaging as well as reserves to be capitalised and number of shares in relation to the Bonus Issue I and Bonus Issue II.</p>

Note:

- * MITI had approved the allocation of 122,000,000 Shares reserved for Bumiputera investors vide its letters dated 26 September 2005, 6 October 2005, 24 January 2006, 13 February 2006 and 20 March 2006. The said MITI's approvals are subject to the condition that 30% of the number of Shares allocated may be disposed of within 3 months from the date of Listing and the remaining 70% of the number of Shares allocated may be disposed of on staggered basis, with prior approval from MITI.

8. APPROVALS AND CONDITIONS (Cont'd)**8.2 MORATORIUM ON SHARES**

The SC in approving the listing of Jadi Imaging, stated that a moratorium shall be placed on the disposal of Shares by the persons listed below.

The moratorium has been imposed on the sale of 202,500,000 Shares, representing 45% of the enlarged issued and paid-up share capital of Jadi Imaging after the IPO and Bonus Issue II, as follows:

Shareholders	Shareholdings after the IPO and Bonus Issue II		Shareholdings under moratorium	
	No. of Shares	% of enlarged issued and paid- up share capital	No. of Shares	% of enlarged issued and paid- up share capital
LTL	158,696,578	35.27	148,500,000	33.00
Eu Lan Eng	23,636,244*	5.25	14,800,763	3.29
Lim Hock Guan	19,713,595*	4.38	11,616,641	2.58
Liew Kim Foong	18,314,095	4.07	11,616,641	2.58
Lee Chee Keng	21,689,095*	4.82	11,616,641	2.58
Mohd Salmi bin Mansor	8,077,498*	1.79	4,349,314	0.97
Total	250,127,105	55.58	202,500,000	45.00

Note:

- * Assuming full subscription by these shareholders of the Public Issue Shares reserved for them under the Pink Form Allocations.

The aforesaid shareholders have undertaken that they will not sell, transfer or assign their shareholding under moratorium in Jadi Imaging within 1 year from the date of admission of Jadi Imaging to the Official List of the Second Board of Bursa Securities. The aforesaid moratorium shall also apply to the ultimate shareholders of LTL, namely Liew Kim Siong and Ng Poh Imm.

The restriction, which has been fully accepted by the shareholders, is specifically endorsed on the share certificates and notices of allotment representing the shareholdings of the aforesaid shareholders which are under moratorium. This is to ensure that the Company's Share Registrar does not register any transfer that is not in compliance with the restriction imposed by the SC.

The statement to be endorsed on the said certificate is as follows:

"The shares comprised herein are not capable of being sold, transferred or assigned for a period as determined by the Securities Commission ("Moratorium Period"). Accordingly, the shares comprised herein will not constitute good delivery pursuant to the Rules of the Exchange during the Moratorium Period. No share certificate or certificates will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction."

8. APPROVALS AND CONDITIONS (Cont'd)

The SC had on 17 January 2006 approved part of the total shareholdings of LTL, Eu Lan Eng, Lim Hock Guan, Liew Kim Foong, Lee Chee Keng and Mohd Salmi bin Mansor ("Moratorium Shareholders") which are under moratorium ("Moratorium Shares") to be transferred to a designated pledged CDS account of RHB Sakura as security for the financing arrangements made between the Moratorium Shareholders and RHB Sakura to finance their respective entitlements under the Right Issue, subject to the following conditions:

Details of conditions imposed	Status of compliance
(i) RHB Sakura is to inform the SC on the details of account with which part of the Moratorium Shares are required to be pledged; and	Complied.
(ii) the Moratorium Shareholders and RHB Sakura are to provide to the SC their undertaking letters stating that the beneficial holders of the Moratorium Shares will remain unchanged throughout the moratorium period.	Complied.

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