

## 1. INTRODUCTION

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This Prospectus is dated 28 September 2007.

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus, together with the application form, has also been lodged with the ROC who takes no responsibility for its contents.

We have received the SC's approval on 9 August 2007 in respect of the IPO. However, the approval of the SC shall not be taken to indicate that the SC recommends the IPO.

We have received the Bursa Securities' approval-in-principle on 13 September 2007 for the Admission and quotation for our entire enlarged issued and fully paid-up share capital, including the IPO Shares which are the subject of this Prospectus, on the Second Board of Bursa Securities. Official quotation will commence upon receipt of confirmation from Bursa Depository that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as a prescribed security. Therefore, we will deposit the IPO Shares directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the aforesaid Act and the Rules of Bursa Depository. We will not issue share certificates to successful applicants.

Pursuant to the Bursa Securities Listing Requirement, at least 25% of the total number of shares for which listing are sought must be in the hands of public shareholders and a minimum number of 1,000 public shareholders holding not less than 100 Shares each upon completion of the IPO. We expect to meet the public shareholding requirement at the point of Listing. If we do not meet the public shareholding requirement, we may not be allowed to proceed with the Listing. In such an event, we will return in full, without interest, monies paid in respect of all applications.

You should rely only on the information contained in this Prospectus. We or our advisers have not authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus.

This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation of an offer to buy any IPO Share in any jurisdiction and in any circumstance in which such an offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such an offer or invitation.

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE IPO AND AN INVESTMENT IN US. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD IMMEDIATELY CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER BEFORE APPLYING FOR OUR SHARES.**

**2. CORPORATE DIRECTORY****DIRECTORS**

<b>Name</b>	<b>Address</b>	<b>Occupation</b>	<b>Nationality</b>
Seow Khim Soon (Executive Chairman)	No.1, Jalan Durian 5 Taman Cheras 56100 Kuala Lumpur	Company Director	Malaysian
Dr. Mohd Amir Sharifuddin Bin Hashim (Deputy Chairman and Non- Independent Non-Executive Director)	No. 18 Jalan SS22/13 Damansara Jaya 47400 Petaling Jaya Selangor	Company Director	Malaysian
Ham Hon Kit (Managing Director)	No. 7, Elitis Gapura Senja, Valencia 47000 Sungai Buloh Selangor Darul Ehsan	Company Director	Malaysian
Seow Mei Lee (Executive Director)	142, Jalan Keruing Kipas, Sierramas West 47000 Sungai Buloh Selangor Darul Ehsan	Company Director	Malaysian
Wong Seow Mooi (Non Independent Non-Executive Director)	No. 1, Jalan Durian 5 Taman Cheras 56100 Kuala Lumpur	Company Director	Malaysian
Leow Bock Lim (Independent Non-Executive Director)	No.39, Jalan BU 1/6 Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Yeoh Chin Hoe (Independent Non- Executive Director)	No. 37, Jalan BU 2/5 Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Shaari Bin Haron (Independent Non-Executive Director)	16, Jalan BU 10/4 Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Yeoh Chin Hoe	Chairman	Independent Non-Executive Director
Leow Bock Lim	Member	Independent Non-Executive Director
Ham Hon Kit	Member	Managing Director

**2. CORPORATE DIRECTORY (Cont'd)****NOMINATION AND REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Leow Bock Lim	Chairman	Independent Non-Executive Director
Yeoh Chin Hoe	Member	Independent Non-Executive Director
Seow Khim Soon	Member	Executive Chairman

**COMPANY SECRETARY** : Tee Jing Jing (MAICSA 7035379)  
Datamet Merchant Consultants Sdn. Bhd.  
B-3-9, 3<sup>rd</sup> Floor, Block B, Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel. No.: 03-2715 5569

**REGISTERED OFFICE** : B-3-9, 3<sup>rd</sup> Floor, Block B, Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel. No.: 03-2715 5569

**HEAD OFFICE** : Lot 1878, Jalan KPB 9  
Kawasan Perindustrian Kg. Baru Balakong  
Off Jalan Balakong  
43300 Seri Kembangan  
Selangor Darul Ehsan  
Tel. No.: 03-8962 2282  
Website: [www.voir.com.my](http://www.voir.com.my)  
E-mail address: [corporate@voir.com.my](mailto:corporate@voir.com.my)

**SHARE REGISTRAR** : ShareWorks Sdn Bhd (229948-U)  
10-1 Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
Tel. No.: 03-6201 1120

**AUDITORS AND REPORTING ACCOUNTANTS** : HLB Ler Lum (AF0276)  
2<sup>nd</sup> & 3<sup>rd</sup> Floor, Bangunan Yeoh  
35 & 37, Jalan Kamunting  
50300 Kuala Lumpur  
Tel. No.: 03-2691 5737

**PRINCIPAL BANKERS** : Ambank (M) Berhad (*formerly known as AmFinance Berhad*) (8515-D)  
Level 18, Menara Dion  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel. No.: 03-2026 3939

Alliance Bank Malaysia Berhad (88103-W)  
Menara Multi-Purpose  
Capital Square, 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel. No.: 03-2694 8800

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**2. CORPORATE DIRECTORY (Cont'd)**

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- HSBC Bank Malaysia Berhad (127776-V)  
Main office, 2, Leboh Ampang  
50100 Kuala Lumpur  
Tel. No.: 03-2050 7676
- Standard Chartered Bank Malaysia Berhad  
(115793P)  
Level 9, Menara Standard Chartered  
30, Jalan Sultan Ismail  
50250 Kuala Lumpur  
P.O. Box 13568, 50732 Kuala Lumpur
- United Overseas Bank (Malaysia) Berhad  
(271809K)  
Bangunan UOB, Medan Pasar  
10-12, Medan Pasar, P.O. Box 11378  
50744 Kuala Lumpur  
Tel. No.: 03-2772 8000
- SOLICITORS FOR THE LISTING** : Lee, Perara & Tan  
No. 55, Jalan Thambapillai  
Off Jalan Tun Sambanthan, Brickfields  
50470 Kuala Lumpur  
Tel. No.: 03-2273 4307
- ADVISER, UNDERWRITER AND  
PLACEMENT AGENT** : CIMB Investment Bank Berhad (18417-M)  
5<sup>th</sup> Floor Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur  
Tel. No.: 03-2084 8888
- INDEPENDENT MARKET  
RESEARCHER** : Protégé Associates Sdn Bhd (675767-H)  
P-2-26 Plaza Damas  
60 Jalan Sri Hartamas 1  
50480 Kuala Lumpur  
Tel. No.: 03-6201 9301
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (258345-X)  
27<sup>th</sup> Floor, Menara Multi Purpose  
Capital Square  
No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel.No.: 03-2693 2075
- LISTING SOUGHT** : Second Board of Bursa Securities

### 3. INFORMATION SUMMARY

***This section is only a summary of the salient information about us and the IPO and is extracted and summarised from the full text of this Prospectus. You should read and understand this section together with the entire Prospectus before you decide as to whether or not to invest in us.***

#### 3.1 Overview

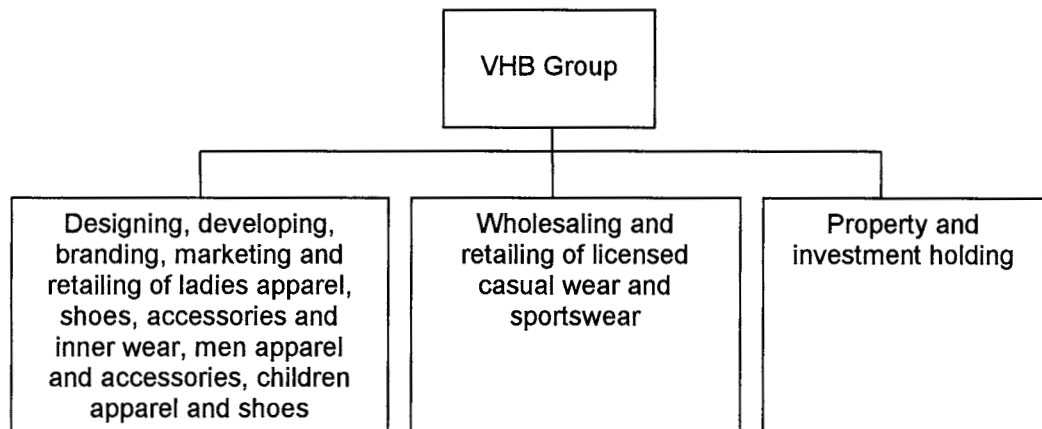
##### *History and business*

VHB was incorporated in Malaysia on 12 March 2007 under the Act as a private company limited by shares and was subsequently converted into a public company on 3 April 2007.

VHB Group was founded by Mr. Seow Khim Soon together with his mother way back in late 80s but their history could be traced back to late 70s when they first ventured into retailing of ladies' wear with its own brand "VOIR" under sole proprietorship. In 1988, the family business was then transferred to a private limited and thereafter, registering their owned brand "VOIR" in 1990. Over the years, VHB Group has now successfully owned 14 home-grown brands including sub-labels with 2 licenses to distribute international sportswear and popular casual as well as surf wear under the name of Diadora and Chiemsee respectively.

##### *Principal Activities*

VHB Group are mainly involved in designing, developing, branding, marketing and retailing of its own brands of apparels and accessories, wholesaling and retailing of licensed casual wear and sportswear and property and investment holding as per diagram below:

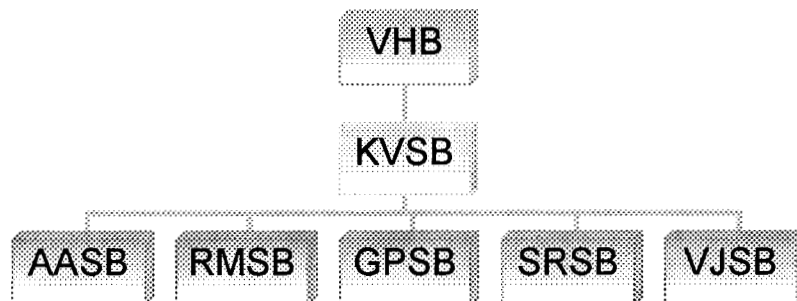


Please refer to Section 11 of this Prospectus for detailed information on our operation.

### 3. INFORMATION SUMMARY (Cont'd)

#### Group Structure

Our Group structure comprises one (1) direct subsidiary and five (5) indirect subsidiary companies as set out below:



The table below sets out the list of our direct subsidiary company and its five (5) subsidiary companies and their respective principal activities:

<b>Subsidiary Company</b>	<b>Principal activities</b>
KVSB	Designing, branding and retailing of fashionable ladies' apparel, footwear and accessories and in property and investment holding activities
<b>Indirect Subsidiary Companies</b>	<b>Principal activities</b>
AASB	Designing, branding and retailing of fashionable ladies', men's and children's apparel and accessories.
RMSB	Designing, branding and retailing of fashionable ladies' and men's apparel and accessories.
GPSB	Designing, branding and retailing of casual wear, sportswear, footwear and accessories.
SRSB	Designing, branding and retailing of apparels and accessories.
VJSB	Designing, branding and retailing of Noir brand of modern oriental ladies' and men's apparel, accessories, home furnishing and decorations, tableware, bed and bath products.

Please refer to Section 12 of this Prospectus for detailed information on our subsidiary companies.

### 3. INFORMATION SUMMARY (Cont'd)

#### 3.2 Promoter, Substantial Shareholders and Directors

##### 3.2.1 Promoter

Name	<----- Before the IPO ----->				<----- After the IPO ----->			
	<- Direct ->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Seow Khim Soon	-	-	25,996,321 <sup>(i)</sup>	70.00	-	-	23,625,001 <sup>(i)</sup>	52.50

**Note:**

<sup>(i)</sup> Deemed interest by virtue of his shareholding in MFSB pursuant to Section 6A of the Act.

##### 3.2.2 Substantial Shareholders

Name	<----- Before the IPO ----->				<----- After the IPO ----->			
	<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
MFSB	25,996,321	70.00	-	-	23,625,001	52.50	-	-
UTSB	7,479,512	20.14	-	-	6,461,583	14.36	-	-
Seow Khim Soon	-	-	25,996,321 <sup>(i)</sup>	70.00	-	-	23,625,001 <sup>(i)</sup>	52.50
Wong Seow Mooi	-	-	25,996,321 <sup>(i)</sup>	70.00	-	-	23,625,001 <sup>(i)</sup>	52.50
Dr. Mohd Amir Sharifuddin Bin Hashim	-	-	9,299,254 <sup>(ii)</sup>	25.04	-	-	8,033,666 <sup>(iii)</sup>	17.85
Hazlina Binti Hamid	-	-	7,479,512 <sup>(iii)</sup>	20.14	-	-	6,461,583 <sup>(iii)</sup>	14.36
Hamid Bin Masdar	-	-	3,661,767 <sup>(iv)</sup>	9.86	-	-	3,163,416 <sup>(iv)</sup>	7.03

**Notes:**

<sup>(i)</sup> Deemed interest by virtue of his/her shareholding in MFSB pursuant to Section 6A of the Act.

<sup>(ii)</sup> Deemed interest by virtue of his shareholdings in UTSB and JMSB pursuant to Section 6A of the Act.

<sup>(iii)</sup> Deemed interest by virtue of her shareholding in UTSB pursuant to Section 6A of the Act.

<sup>(iv)</sup> Deemed interest by virtue of his shareholdings in JMSB and UUSB pursuant to Section 6A of the Act.

### 3. INFORMATION SUMMARY (Cont'd)

#### 3.2.3 Directors

Name	Before the IPO				After the IPO			
	Direct No. of Shares	%	Indirect No. of Shares	%	Direct No. of Shares	%	Indirect No. of Shares	%
Seow Khim Soon	-	-	25,996,321 <sup>(i)</sup>	70.00	-	-	23,625,001 <sup>(i)</sup>	52.50
Wong Seow Mooi	-	-	25,996,321 <sup>(i)</sup>	70.00	-	-	23,625,001 <sup>(i)</sup>	52.50
Seow Mei Lee	-	-	-	-	-	-	-	-
Dr. Mohd Amir Sharifuddin Bin Hashim	-	-	9,299,254 <sup>(ii)</sup>	25.04	-	-	8,033,666 <sup>(ii)</sup>	17.85
Ham Hon Kit	-	-	-	-	300,000 <sup>(iii)</sup>	0.67	-	-
Leow Bock Lim	-	-	-	-	-	-	-	-
Yeoh Chin Hoe	-	-	-	-	-	-	-	-
Shaari Bin Haron	-	-	-	-	-	-	-	-

**Notes:**

<sup>(i)</sup> Deemed interest by virtue of his/her shareholdings in MFSB pursuant to Section 6A of the Act.

<sup>(ii)</sup> Deemed interest by virtue of his shareholdings in UTSB and JMSB pursuant to Section 6A of the Act.

<sup>(iii)</sup> Assuming that the pink form allocation is fully subscribed.

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### 3. INFORMATION SUMMARY (Cont'd)

#### 3.3 Summary of our IPO

Based on the IPO Price of RM1.91 per Share, the market capitalisation of our Company on the Second Board of Bursa Securities upon Listing is approximately RM85.95 million.

The Public Issue will be allocated in the following manner:

- (i) 3,000,000 Public Issue Shares, representing 6.67% of the enlarged share capital of VHB, will be made available for application by Malaysian public;
- (ii) 4,862,400 Public Issue Shares, representing 10.81% of the enlarged share capital of VHB, will be made available for application via pink form by our eligible directors, employees and business associates.

The Offer for Sale will be allocated in the following manner:

- (i) 3,887,600 Offer Shares, representing 8.64% of the enlarged share capital of VHB will be offered to Bumiputera investors via private placement.

Price per IPO Share: RM1.91

Please refer to Section 4 of this Prospectus for detailed information of the IPO.

#### 3.4 Utilisation of Proceeds

The utilisation of the expected gross proceeds of RM15,017,184 arising from the Public Issue of 7,862,400 Shares is set forth below:

	RM
Repayment of bank borrowings	8,000,000
Working capital	5,267,184
Estimated listing expenses	1,750,000
Total gross proceeds	<u>15,017,184</u>

Please refer to Section 4.10 of this Prospectus for detailed information of the utilisation of proceeds from our Public Issue.

### **3. INFORMATION SUMMARY (Cont'd)**

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#### **3.5 Risk Factors**

**Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks of investment as summarised below. The following is not an exhaustive list of challenges that we currently face or that may develop in the future.**

##### **3.5.1 Risks relating to the Industry That We Operate In**

- (i) Fashion Trends and Styles;
- (ii) Seasonality;
- (iii) Distribution Channel;
- (iv) Competition; and
- (v) Economic and Market Factors that are outside our Control.

##### **3.5.2 Risks relating to our Group and Operations**

- (i) Brand Loyalty;
- (ii) Over-dependence on Suppliers/Buying Houses;
- (iii) Trademarks/Licences;
- (iv) Continued Employment and Performance of our Directors, Management and Key Personnel;
- (v) Level of Borrowing and Interest Cover;
- (vi) Inventory Management; and
- (vii) Control of Substantial Shareholders.

##### **3.5.3 Risks relating to our Shares**

- (i) No Prior Trading Market for our Shares;
- (ii) The Volatility of the Market Price of our Shares;
- (iii) The Sale or Possible Sale of a Substantial Number of our Shares;
- (iv) Delay or Failure in our Listing; and
- (v) Payment of Dividends.

##### **3.5.4 Other Risks**

- (i) Political, Economic and Social Developments in Malaysia;
- (ii) Significant Variation in the Profit Forecast; and
- (iii) Forward-looking Statements.

Please refer to Section 5 of this Prospectus for detailed discussion on the risks in investing in our Company.

### 3. INFORMATION SUMMARY (Cont'd)

#### 3.6 Summary of Financial Information

##### 3.6.1 Proforma Consolidated Income Statements

We have prepared our Proforma Consolidated Income Statements below for illustrative purposes only, based on VHB Group's audited financial statements for each of the three (3) FYE 2004, 2005 and 2006 and the six (6)-month financial period ended 30 June 2007, on the assumption that our current VHB Group structure had been in existence throughout the financial years under review.

We advise you to read our Proforma Consolidated Income Statements together with the accompanying notes and assumptions included in the Reporting Accountant's Letter on the Proforma Consolidated Financial Information as disclosed in Section 7.6 of this Prospectus.

	<----- FYE ----->			6-month financial period ended	
	2004 RM 000	2005 RM 000	2006 RM 000	<----- 30 June -----> 2007 RM 000	2006 <sup>#</sup> RM 000
Revenue	92,547	113,535	117,150	54,768	51,936
Gross Profit	44,127	52,029	57,472	30,733	26,183
EBITDA	10,726	13,453	16,132	6,798	6,255
Depreciation and amortisation expenses	(1,870)	(1,738)	(1,947)	(1,081)	(1,063)
Finance costs	(1,648)	(1,537)	(2,374)	(1,272)	(1,141)
<b>PBT</b>	7,208	10,178	11,811	4,445	4,051
Taxation	(2,032)	(3,106)	(3,803)	(1,450)	(1,256)
<b>PAT</b>	5,176	7,072	8,008	2,995	2,795
MI	(218)	(202)	107	157	54
<b>PATMI</b>	4,958	6,870	8,115	3,152	2,849
Attributable to equity holder	4,958	6,870	8,115	3,152	2,849
Gross profit margin (%)	47.68	45.83	49.06	56.11	50.41
Net profit margin (%)	5.36	6.05	6.93	5.76	5.49
Number of ordinary shares in issue (000)*	37,138	37,138	37,138	37,138	37,138
Proforma EPS (RM)	0.13	0.18	0.22	0.08	0.08
Effective tax rate (%)	28.19	30.52	32.20	32.62	31.00

**Notes:**

\* The number of ordinary shares assumed in issue throughout the financial years under review represent the number of ordinary shares in issue after the Acquisition of KVSB.

# Unaudited and stated for comparative purpose only.

### 3. INFORMATION SUMMARY (Cont'd)

#### 3.6.2 Proforma Consolidated Balance Sheets

We have prepared our Proforma Consolidated Balance Sheets below for illustrative purposes only, based on VHB Group's audited balance sheet as at 30 June 2007 to show the effects of our Listing Scheme on the assumptions that certain events had been effected on that date.

We advise you to read the Proforma Consolidated Balance Sheets together with the accompanying notes and assumptions included in the Reporting Accountant's Letter on the Proforma Consolidated Financial Information as disclosed in Section 7.6 of this Prospectus.

	<--- VHB --->	<----- VHB Group ----->	
	Audited Balance Sheet as at 30 June 2007 RM	Proforma I (i) VHB After Acquisition of KVSB RM 000	Proforma II VHB After (i) and Public Issue and Utilisation of Proceeds RM 000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment	-	25,455	25,455
Quoted investment	-	35	35
Intangible assets	-	271	271
Goodwill on consolidation	-	33	33
Other investment	-	15	15
		25,809	25,809
<b>Current Assets</b>			
Inventories	-	44,444	44,444
Receivables	-	20,906	20,906
Amount due from holding company	-	14	14
Fixed deposit with licensed bank		1,664	1,664
Cash & bank balances	2	842	6,109
	2	67,870	73,137
<b>Total assets</b>	2	93,679	98,946

**3. INFORMATION SUMMARY (Cont'd)**

	<--- VHB --->	<----- VHB Group ----->	
	Audited Balance Sheet as at 30 June 2007 RM	Proforma I (i) VHB After Acquisition of KVS RM 000	Proforma II VHB After (i) and Public Issue and Utilisation of Proceeds RM 000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders</b>			
Share capital	2	37,138	45,000
Share premium		-	5,405
(Accumulated loss)/ Unappropriated profits	(3,322)	3,184	3,184
	(3,320)	40,322	53,589
Minority interest	-	131	131
<b>Total equity</b>	<b>(3,320)</b>	<b>40,453</b>	<b>53,720</b>
<b>Non-current liabilities</b>			
Borrowings	-	11,798	11,798
-Non-current portion			
Deferred taxation	-	560	560
	-	12,358	12,358
<b>Current Liabilities</b>			
Payables	3,322	11,954	11,954
Borrowings-Current portion	-	28,180	20,180
Provision for taxation	-	734	734
	3,322	40,868	32,868
<b>Total liabilities</b>	<b>3,322</b>	<b>53,226</b>	<b>45,226</b>
<b>Total equity and liabilities</b>	<b>2</b>	<b>93,679</b>	<b>98,946</b>
No of shares in issue (000)	*	37,138	45,000
NTA (RM 000)	(3)	40,018	53,283
NTA/ Proforma NTA per share (RM)	(1,660.00)	1.08	1.18

**Note:**

\* The share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each.

### 3. INFORMATION SUMMARY (Cont'd)

#### 3.6.3 Proforma Consolidated Cash Flow Statement

We have prepared our Proforma Consolidated Cash Flow Statement for the 6-month financial period ended 30 June 2007 for illustrative purposes only, based on the assumption that the Acquisition of KVS B before Public Issue has been in effect throughout the financial period. The proforma cashflow statement for the 6-month financial period ended 30 June 2006 has not been audited and has been prepared for illustrative purposes only as a comparison to the 6-month financial period ended 30 June 2007.

We advise you to read the Proforma Consolidated Cash Flow Statement together with the accompanying notes and assumptions included in the Reporting Accountant's Letter on the Proforma Consolidated Financial Information as disclosed in Section 7.6 of this Prospectus.

	6-month financial period <----- ended 30 June ----->	
	2007 RM 000	2006 <sup>#</sup> RM 000
Net cash used in operating activities	(1,086)	(5,696)
Net cash used in investing activities	(2,453)	(3,072)
Net cash from financing activities	2,416	1,991
Net decrease in cash and cash equivalents	(1,123)	(6,777)
Cash and cash equivalents as at 1 January	(2,914)	1,414
Cash and cash equivalents as at 30 June	<u>(4,037)</u>	<u>(5,363)</u>

**Note:**

<sup>#</sup> *Unaudited and stated for comparative purpose only.*

Based on the Proforma Consolidated Cash Flow Statement, VHB Group had a tight liquidity position by recording closing negative cash and cash equivalent position of RM2.9 million for FYE 2006 and RM4.0 million for the 6-month financial period ended 30 June 2007.

The negative cash flow position for FYE 2006 mainly attributed to the increase in settlement of trade payables and acquisition of properties. For the 6-month financial period ended 30 June 2007, it was mainly due to the settlement of trade payables.

The management will continue to monitor the payment terms to its suppliers to ensure the Group optimises its cash resources. The disposal of Unit 07-59 at Berjaya Time Square for cash consideration of RM2.3 million, which is expected to complete by the end of the current financial year, will compensate for the cash outflow from the acquisition of properties made in FYE 2006. Please refer to section 11.12 for further details of the above said disposal.

### 3. INFORMATION SUMMARY (Cont'd)

#### 3.6.4 Consolidated Profit Forecast

Our Directors forecast that our Consolidated Profit Forecast for the financial year ending 31 December 2007 will be as follows:

Financial year ending 31 December	Forecast 2007 RM 000
Revenue	132,999
Gross Profit	64,356
PBT	13,183
Taxation	(3,778)
	9,405
MI	81
PATMI	9,486
Less: Pre-acquisition profits	(5,218)
	4,268
Add: Negative goodwill written off	5,218
PATMI and after pre-acquisition profits	9,486
Gross profit margin (%)	48.39
Pre-tax profit margin (%)	9.91
Weighted average number of Shares in issue (000)	10,595
Enlarged number of Shares in issue (000)	45,000
Proforma gross EPS (RM)	0.29
Net EPS (RM)	0.90
Proforma net EPS (RM)	0.21
Net PE Multiple (times)*	2.12
Proforma net PE Multiple (times)*	9.10

**Note:**

\* Based on the IPO Price of RM1.91 per share.

Please refer to Section 6.5 of this Prospectus for detailed information on the principal assumptions upon which the Consolidated Profit Forecast has been prepared.

### **3. INFORMATION SUMMARY (Cont'd)**

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#### **3.7 Dividend Policy**

We have not declared or paid any dividends since our incorporation on 12 March 2007. Going forward, our ability to pay dividends or make other distributions to our shareholders is subject to various factors such as us having profits and excess funds, which are not required to be retained to fund our operations. As we are an investment holding company, our ability to pay dividends is also subject to receipt of funds from our subsidiaries and associated company.

Our Directors have considered the general principles that they currently intend to apply when recommending dividends for approval by our shareholders or when declaring any interim dividends. In considering the level of dividend payments, if any, upon recommendation by our Directors, we intend to take into account various factors including:

- (i) the level of our cash, marketable financial assets and level of indebtedness;
- (ii) required and expected interest expense, cash flows, our profits and return on equity and retained earnings;
- (iii) our expected results of operations; and
- (iv) our projected levels of capital expenditure and other investment plans.

Please refer to Section 6.2 of this Prospectus for detailed information on our dividend policy.



#### **4. DETAILS OF OUR IPO**

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Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, the IPO Shares are expected to be allocated/transferred in the manner described below. All percentages of share capital stated in this section are based on our enlarged share capital upon Listing.

##### **4.1 Opening and Closing of Application**

Application for the IPO will open at 10.00 a.m. on 28 September 2007 and will remain open until 5.00 p.m. on 11 October 2007 or such other date or dates as our Directors, Offerors and Underwriter in their absolute discretion may decide.

In the event that the closing date of the IPO application is extended, the dates for the balloting, allotment of the Public Issue Shares and our Listing will be extended accordingly. We will announce any extension of time for the IPO application in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia.

##### **4.2 Our IPO**

Our IPO comprises:

- (i) a Public Issue of 7,862,400 Public Issue Shares to be offered to (i) Malaysian public and (ii) our eligible directors, employees and business associates of VHB Group; and
- (ii) an Offer for Sale of 3,887,600 Offer Shares to be offered by the Offerors to Bumiputera investors approved by the MITI by way of private placement.

There is no minimum subscription amount to be raised from the Public Issue as the IPO Shares will either be underwritten by the Underwriter and/or subscribed by Bumiputera investors approved by the MITI.

If Bursa Securities does not grant the permission for listing and quotation of our Shares on the Second Board of Bursa Securities, we shall return, all monies received from you without interest. If any such monies are not repaid within 14 days after we become liable to repay it, the provision of sub-section 52(2) of the SCA shall apply accordingly.

##### **4.2.1 The Public Issue**

The Public Issue is offered at the IPO Price of RM1.91 per Public Issue Share representing approximately 17.47% of the enlarged issued and paid-up share capital of VHB are to be allocated in the following manner:

- (i) 3,000,000 Public Issue Shares for application by the Malaysian public; and
- (ii) 4,862,400 Public Issue Shares for application by eligible directors, employees and business associates of VHB Group.

#### 4. DETAILS OF OUR IPO (Cont'd)

##### 4.2.2 The Offer for Sale

The Offer for Sale is offered at the IPO Price of RM1.91 per Offer Share, payable in full upon application. 3,887,600 Offer Shares, representing 8.64% of our enlarged issued and paid-up share capital are made available, by way of private placement, to Bumiputera investors approved by the MITI by the Placement Agent.

The details of the Offer for Sale are as follows:

Offerors	← Offer for Sale →	
	No. of Shares	% of enlarged share capital
MFSB	2,371,320	5.27
UTSB	1,017,929	2.26
JMSB	247,659	0.55
UUSB	250,692	0.56
<b>Total</b>	<b>3,887,600</b>	<b>8.64</b>

4.2.3 In summary, the Public Issue Shares and Offer Shares will be allocated and allotted in the following manner:

Categories	← Public Issue →		← Offer for Sale →		← Total →	
	No. of Shares	% of enlarged share capital	No. of Shares	% of enlarged share capital	No. of Shares	% of enlarged share capital
Malaysian Public (via balloting)	3,000,000	6.67	-	-	3,000,000	6.67
Our eligible directors	500,000	1.11	-	-	500,000	1.11
Our eligible employees	2,250,000	5.00	-	-	2,250,000	5.00
Our business associates	2,112,400	4.69	-	-	2,112,400	4.69
Bumiputera investor(s)	-	-	3,887,600	8.64	3,887,600	8.64
<b>Total</b>	<b>7,862,400</b>	<b>17.47</b>	<b>3,887,600</b>	<b>8.64</b>	<b>11,750,000</b>	<b>26.11</b>

Any of the Public Issue Shares under Section 4.2.1(ii) above, not taken up by our eligible directors, employees and business associates will be made available for application by the Malaysian Public under Section 4.2.1(i).

The Underwriter will underwrite all of the Public Issue Shares under Sections 4.2.1(i) and (ii). The Offer Shares under Section 4.2.2 will not be underwritten since these Shares have been allocated for MITI's identified Bumiputera investors.

Details of the brokerage, placement fees, commission and others fees relate to the IPO are set out in Section 4.6 of this Prospectus.

#### 4. DETAILS OF OUR IPO (Cont'd)

##### 4.3 Details of Allocation to Eligible Directors, Employees and Business Associates of our Group

Our eligible directors, employees and business associates are allocated in aggregate of 4,862,400 Public Issue Shares pursuant to the pink form allocation under the Public Issue as stated under Section 4.2.1(ii) above.

Set forth below is the summary of allocation of the Public Issue Shares pursuant to the pink form allocation to our eligible directors, employees and business associates respectively:

Eligibility	Number of eligible persons	Aggregate number of Public Issue Shares allocated
Eligible directors of our Group <sup>(i)</sup>	5	500,000
Eligible employees of our Group <sup>(i)</sup>	814	2,250,000
Business associates <sup>(ii)</sup>	40	2,112,400
Total	859	4,862,400

**Notes:**

<sup>(i)</sup> The criteria for the allocation to our eligible directors and employees are based on, inter-alia, their job categories defined by the role, responsibility and accountability of the positions, their length of service in our Group and their respective contribution towards the success of our Listing exercise.

<sup>(ii)</sup> The criteria for the allocation to the business associates are based on, inter-alia, the level of assistance rendered by these persons to the success of our Group and the value of their contribution towards our Group's revenue and profitability growth.

In the event any part of the Public Issue Shares under pink form allocation to our eligible directors, employees and business associates so identified are not subscribed for, the said Public Issue Shares shall be re-offered to the other directors, employees and business associates.

##### 4.3.1 Set forth below are the allocations to our respective directors pursuant to the pink form allocation:

Directors	Designation(s)	No. of Shares allocated
Ham Hon Kit	Managing Director of VHB	300,000
Radhi Bin Hashim	Director of KVSB	50,000
Cheung Hong	Director of VJSB	50,000
Chong King Foon	Director of SRSB	50,000
Lee Yuet Sum	Director of KVSB	50,000

#### 4. DETAILS OF OUR IPO (Cont'd)

4.3.2 Append below are the allocations to our key management pursuant to the pink form allocation:

Key Management	Designation(s)	No. of Shares allocated
Tan Chong Jin	Financial Controller	23,000
Chan Kok Lai	General Manager of Sales and Marketing and Head of Consignment Counter for the Group	26,000
Tan Fuee Liong	General Manager of the Retail Division for the Group	20,000
Chong Peng Fah	General Manager of GPSB	20,000
Low Kong Wai	IT Manager	13,000
Puah Lai Huat	Group Accountant	13,000

#### 4.4 Share Capital

As at the date of this Prospectus, the details of our share capital are as follows:

	No. of Shares	RM
<b>Authorised</b>		
100,000,000 Shares	<u>100,000,000</u>	<u>100,000,000</u>
<b>Issued and fully paid-up</b>		
Subscribers' Shares	2	2
Issued pursuant to the Acquisition of KVSB	37,137,598	37,137,598
<b>To be issued and fully paid up pursuant to Public Issue</b>	7,862,400	7,862,400
Enlarged share capital upon Listing	<u>45,000,000</u>	<u>45,000,000</u>
<b>To be offered pursuant to the Offer for Sale*</b>	<u>3,887,600</u>	<u>3,887,600</u>

**Note:**

\* The Offer for Sale would not have an effect on our number of issued and paid-up share capital as the Offer Shares consist of Shares that are already in existence prior to the IPO.

Based on the IPO Price of RM1.91 per Share, the market capitalisation of our Company on the Second Board of Bursa Securities upon Listing is approximately RM85.95 million.

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#### 4. DETAILS OF OUR IPO (*Cont'd*)

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##### 4.5 Classes of Shares and Rankings

As at the date of this Prospectus, we only have one (1) class of shares, being ordinary shares of RM1.00 each. The Public Issue Shares will rank equally in all respects with our other existing issued and paid-up ordinary shares including voting rights and will be entitled to all rights and dividends and distribution that may be declared subsequent to the date of allotment of the Public Issue Shares.

Upon allotment and issue, and subject to any special rights attaching to any shares that may be issued by us in the future, our shareholders shall in proportion to the amount paid-up on the shares held by them, be entitled to share in the profits paid out by us in the form of dividends and other distributions and any surplus in the event of our liquidation, in accordance with our Articles of Association.

At our every general meeting, each of our shareholder shall be entitled to vote in person, by proxy or by attorney, and on a show of hands, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote and on a poll, every of our shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each Share held. A proxy may but need not be a member of our Company.

##### 4.6 Brokerage, Placement Fee and Underwriting Fee

Brokerage is payable by us in respect of the Public Issue Shares described in Section 4.2.1(i) and (ii) of this Prospectus, at the rate of 1% of the IPO price for all successful applications which bear the stamp of either CIMB, a member of the Bursa Securities, a member of the Association of Banks in Malaysia, a member of Malaysian Investment Banking Association or the Issuing House.

The Placement Agent has agreed to place the Offer Share described in Section 4.2.2 of this Prospectus, which are reserved for Bumiputera investors approved by the MITI. The Offerors will pay a placement fee to the Placement Agent at the rate of up to 1.5% of the IPO Price multiplied by the number of Shares described in Section 4.2.2 of this Prospectus.

The Underwriter has agreed to underwrite the Public Issue Shares ("**Underwritten Shares**") described in Section 4.2.1(i) and (ii) of this Prospectus at 1.5% of the value of the Underwritten Shares calculated at the IPO Price of RM1.91 per Share.

##### 4.7 Details of the Underwriting

We have entered into an Underwriting Agreement dated 3 September 2007 with the Underwriter for the underwriting of 7,862,400 Shares under the Public Issue.

Details of the Underwriting Agreement and the underwriting commission are set out in Section 4.6 and Section 15 of this Prospectus respectively.

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#### 4. DETAILS OF OUR IPO (Cont'd)

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##### 4.8 Objectives of our IPO

The objectives of our IPO are as follows:

- (i) to achieve listing status for our Company;
- (ii) to enable us to have access to the capital market for cost effective capital raising in order to give us the financial flexibility to pursue growth opportunities;
- (iii) to enhance our profile as a public listed company;
- (iv) to enhance the liquidity of our Shares;
- (v) to enhance the transparency and discipline of our corporate management; and
- (vi) to provide an opportunity for the investing community, including the Malaysian public, our eligible directors, employees, and business associates to participate in our equity and future performance.

##### 4.9 Basis of Arriving at the IPO Price

Upon application, the applicants under the IPO will pay in full the IPO Price of RM1.91 per IPO Share. Our Directors, Offerors and Adviser have determined and agreed on the IPO Price after taking into consideration the following factors:

- (i) our Group's financial performance and operating history as described in Sections 7, 8 and 11 of this Prospectus;
- (ii) the overview of our industry and its prospects as outlined in Section 10 of this Prospectus;
- (iii) our Group's competitive strengths and strategies as outlined in Section 11 of this Prospectus;
- (iv) our proforma net PE Multiple of 9.10 times based on the enlarged number of 45 million VHB Shares; and
- (v) Proforma NTA per VHB Share of RM1.08 (before the Public Issue) as at 30 June 2007.

**Prior to the IPO, there has been no trading market for our Shares within or outside Malaysia. You should also note that the market price of our Shares upon the Listing is subject to the vagaries of market forces and other uncertainties. You are reminded to consider carefully the risk factors as set out in Section 5 of this Prospectus.**

#### 4. DETAILS OF OUR IPO (Cont'd)

##### 4.10 Utilisation of Proceeds

The expected gross proceeds of RM15,017,184 arising from the Public Issue of 7,862,400 Public Issue Shares at the IPO Price, is expected to be received during the fourth (4th) quarter of the financial year ending 31 December 2007 and will be utilised, during the period of twelve (12) months from the date of this Prospectus, as set forth below:

	RM
Repayment of bank borrowings <sup>(i)</sup>	8,000,000
Working capital <sup>(ii)</sup>	5,267,184
Estimated listing expenses	1,750,000
Total gross proceeds	<u>15,017,184</u>

**Notes:**

<sup>(i)</sup> The repayment of our bank borrowings consisting of term loan and bankers acceptance totalling RM8.0 million are expected to take place during the fourth (4<sup>th</sup>) quarter of the financial year ending 31 December 2007. Assuming an average interest rate of 6% per annum, the repayment of the borrowings will result in interest savings of approximately RM40,000.00 per month for our Group.

<sup>(ii)</sup> The utilisation of proceeds for working capital purposes shall be primarily used to finance our Group's daily operational activities, such as payment for its purchases through the buying houses, marketing expenses, staff salaries, etc.

The gross proceeds from the Offer for Sale of approximately RM7.42 million shall accrue to the Offerors and will not be received by our Company. The Offerors shall bear for brokerage, placement fees and all other expenses relating to the Offer for Sale.

##### 4.11 Estimated Expenses of the IPO

The expenses of our IPO are estimated to be RM1.75 million and will comprise the following:

	RM
Estimated professional fees	830,000
Fees to authorities pursuant to the IPO	110,500
Brokerage, placement and underwriting fees	500,000
Other fees and expenses such as printing of prospectus/application forms/envelopes, and advertisement incurred in connection with the Public Issue	220,000
Miscellaneous expenses and contingencies	89,500
Total listing expenses	<u>1,750,000</u>

All of the expenses of the Public Issue will be borne by us. The Offerors shall bear all expenses such as brokerage, registration fee and share transfer fee relating to the Offer for Sale.

**4. DETAILS OF OUR IPO (Cont'd)**

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**4.12 Moratorium on our Shares**

Pursuant to the condition of the SC's approval for our Listing, MFSB will not be allowed to sell, transfer or assign their shareholdings amounting to 45% of our nominal issued and paid-up share capital amounting to 20,250,000 VHB Shares, for one (1) year from the date of our admission to the Second Board of Bursa Securities.

Pursuant to the condition of the SC's approval for our Listing, 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 moratorium period as stipulated above.

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## 5. RISK FACTORS

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Prior to making an investment decision, you should carefully consider, along with the other matters in this Prospectus, the risks and investment considerations set out below. The risks and investment considerations set out below are not an exhaustive nor exclusive list of the challenges that we currently face or may develop in the future that may have a significant impact on the current and future performance of our Group. Additional risks, whether known or unknown, may in the future have a material adverse effect on us or our Shares.

### 5.1 Risks relating to the Industry That We Operate In

#### 5.1.1 Fashion Trends and Styles

The success of our business is dependent on our ability to create trendy and fashionable designs that meet consumers' preferences and tastes. The consumers' fashion preferences and tastes are volatile. The sudden adverse change in consumers' preferences and tastes could have negative impact on our business performance.

We acknowledge the significant importance of continuously creating designs that appeal to our target markets in order to sustain and grow our market share. Hence, our Group constantly gathers market intelligence into future fashion trends and consumer preferences and tastes, and incorporates them into new design collections. However, there is no assurance that our new designs would appeal to the consumers.

#### 5.1.2 Seasonality

Fashion industry is seasonal in nature. During major festival or peak sales period, the Group usually experiences higher sales as compared to other periods of the year. This seasonality in sales presents a stock forecasting challenge. Under-stocking during the peak sales period would result in the loss of revenue opportunity whereas over-stocking will affect the bottom line. Nonetheless, the Group has been able to monitor and appropriately estimate the market demand over the years and had been able to react swiftly to either capitalise or counter any increase or decrease in demand.

#### 5.1.3 Distribution Channel

Our business is mainly generated from our distribution channel of specialty stores and consignment counters in the departmental stores. Our ability to secure and renew tenancy for our specialty stores in locations with high consumer traffic and close proximity to our target markets would have impact on our overall business growth. Due to our established brand names and cordial relationship with prime shopping malls, we have not encountered problems of tenancy renewals.

The sales at consignment counters at departmental stores may be subjected to the terms and conditions of departmental stores. All sales through this channel face the risk of unfavourable terms and the risk of untimely termination. However, due to the Group's established and strong working relationship and past sales performance of its brands and/or products in the departmental stores, the abovementioned risks are mitigated. Furthermore, these risks are mitigated with the opening of more specialty stores of its own.

## **5. RISK FACTORS (Cont'd)**

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### **5.1.4 Competition**

The apparels industry in Malaysia is very competitive and there are many players in the country. The Group faces competition from both foreign and local players as well as many new entrants introducing new brands. Increased competition may result in revenue and margin erosion and loss of market share, which may affect our financial performance.

The Group believes that its brand name and product quality, established wide distribution network, customers' loyalty programme, and competitive pricing policy coupled with our experienced and skilled management team are the strength we rely upon to overcome the competition.

### **5.1.5 Economic and Market Factors That Are Outside our Control**

External factors beyond our control can cause volatility in, and adversely affect, prices and demand for our services and operating margins. Examples of such external factors include:

- general economic conditions;
- the level of consumers' purchasing powers and our products' designs that meet with consumers' preference in tandem with rapid changes in fashion industry;
- competitors' actions, including significant increases in market shares from competitors;
- currency fluctuations;
- international events and circumstances such as wars, terrorist attacks and political instability, including continued hostilities in the Middle East; and
- changes in legal regimes and governmental regulations, such as taxation, duties and tariffs, in Malaysia and abroad.

## **5.2 Risks relating to our Group and Operations**

### **5.2.1 Brand Loyalty**

Our business is dependent on the perception of consumers towards our brands. Consumers buy products of established brand names due to factors closely associated with the brands such as design, quality and price. Any changes resulting in unfavourable perception of the consumers or adverse publicity towards our brands will affect our brand equity and may materially and adversely affect our business and financial results.

To maintain the goodwill of our brands, we have quality control process to ensure that all products meet the quality standard we set. To further strengthen our brand visibility, we continuously invest in brand equity through advertising and marketing activities.

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## 5. RISK FACTORS (Cont'd)

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### 5.2.2 Over-dependence on Suppliers/Buying Houses

The Group does not manufacture its own apparels and rely on our suppliers/buying houses for continuous and consistent supply of quality merchandise items. Any supply disruption may impact our business adversely. However, our Group has not experienced any significant delivery problems in the periods under review. We believe that the risk of over-dependence on our existing suppliers/buying houses is minimal as we source from a wide network of reliable suppliers/buying houses. Furthermore, our Group has established cordial relationships with most of our suppliers/buying houses.

We do not enter into long-term supply contracts with our suppliers/buying houses. There is a risk that we may be subjected to cost fluctuations. However, due to our established large pool of suppliers/buying houses, we are able to source our supply at competitive pricing that meets our quality standard. The absence of long-term contracts enable our Group the flexibility to source from our existing suppliers/buying houses and take advantage of any competitive offers made by them.

Nevertheless, there can be no assurance that preventative measures taken by our Group can prevent any disruption in supply in the future that may impact our business operations adversely.

### 5.2.3 Trademarks/Licences

Although some of our Group's brands are registered trademarks and should be accorded with the protection of law against infringement, this does not ensure that its registered brands would not be infringed by any third party.

Even though, our Group has two (2) licenses to retail brands, namely Diadora and Chiemsee, it faces the risk of non-renewal of licence. However, with the Group's established and cordial working relationship with both licensors, the Group is confident that these licences would continue to be renewed.

### 5.2.4 Continued Employment and Performance of our Directors, Management and Key Personnel

The success story of the Group speaks for itself on the performance of our directors, management and key personnel. The loss of anyone of them may adversely affect our Group's performance and ability to compete in the industry. As part of our Group's exercise to address this situation, we have put into place a Nomination and Remuneration Committee, whose responsibilities include, amongst others, is to recommend candidates for appointment to the Board of Directors, board committees, consultative panels, regulatory committees and key management positions. Please refer to Section 13.1.6 of this Prospectus for details of our Nomination and Remuneration Committees.

To reward our directors, management and key personnel of our Group, we have offered them with pink form allocations. Besides, we have a management succession plan in place which would provide continuity of our management in the event of resignation of any of our management and key personnel. Please refer to Section 13.2.5 of the Prospectus on details of our Management Succession Plans.

As much as our Group could try to retain our directors, management and key personnel, there is no guarantee that the measures will always be successful in retaining them or ensuring smooth succession should changes occur.

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## 5. RISK FACTORS (Cont'd)

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### 5.2.5 Level of Borrowings and Interest Cover

Our Group's interest-bearing financial liabilities which include the term loan, bills payable, overdraft, revolving credits and hire purchase creditors amount to a total of approximately RM40.0 million as at 30 June 2007. Further increase in debt financing for future expansion may include conditions that would restrict our freedom to operate our business, such conditions are as follows:

- Limit our ability to pay dividends or require us to seek the lenders' consent for payment of dividends;
- Impose restrictions on acquisitions of new businesses/brands;
- Require us to set aside a portion of cash flow from business operations towards repayment of our debt, thereby reducing the availability of our cash flow to fund capital expenditures, working capital and other general corporate purposes;
- Increase our vulnerability to general adverse economic and industry conditions; and
- Limit our flexibility in planning for, or reacting to, changes in our business.

In addition, fluctuations in interest rate would have effect on our Group's interest and principal repayment. Despite our Group's plan to utilise RM8 million of the proceeds raised from the Public Issue, there is no assurance that the Group will not gear up for business expansion via debt financing and restricting the business operation as outlined above.

### 5.2.6 Inventory Management

Frequent changes in fashion and trend in the apparels industry necessitate an efficient inventory management system to avoid the risks of stocks obsolescence.

Our Group employs a centralised inventory management system to monitor its stocks of various designs and sizes for redistribution of surplus stocks to other consignment counters and/or specialty shops at various departmental stores and shopping complexes throughout the country.

While the inventory management system is in place, there is no assurance that the operations and financial position of our Group will not be affected by an obsolete and/or slow-moving stocks.

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## 5. RISK FACTORS (Cont'd)

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### 5.2.7 Control by Substantial Shareholders

Based on Seow Khim Soon's, Wong Seow Mooi's and MFSB's shareholdings in VHB as disclosed in Section 13.3 of the Prospectus, they directly and indirectly own approximately 52.50% of the issued and paid-up capital of VHB upon completion of the IPO. With their shareholdings, Seow Khim Soon, Wong Seow Mooi and MFSB are able to influence certain decisions of the Group save and except otherwise regulated. However, this risk may be mitigated by the appointment of three (3) independent directors to the Board of Directors of VHB, who will be sitting in various committees like audit, remuneration couple by the Corporate Governance may ensure that all decision making for the benefit of the shareholders of VHB.

### 5.3 Risks relating to our Shares

Our Shares comprise a new issue of securities for which there is currently no public market. There can be no assurance as to the liquidity of any market that may develop for the Shares, the ability of holders to sell their Shares or the prices at which holders would be able to sell their Shares. Application has been made and approval-in-principle has been obtained from Bursa Securities for the listing of the entire enlarged share capital of VHB on the Second Board of Bursa Securities. However, there can be no assurance that the Shares will be accepted for quotation and trading. In the event that the Shares are not admitted to the Official List within six (6) weeks from the date of the Prospectus, we will return the monies paid in respect of any application for Shares to applicants without interest, within fourteen (14) days after the Company becomes liable to do so.

#### 5.3.1 No Prior Trading Market for our Shares

There is currently no prior trading market for our Shares within or outside Malaysia. There can be no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell their Shares or the prices at which holders would be able to sell their Shares. While the SC has approved the IPO and given approval for our Listing, there can be no assurance that our Shares will be accepted for listing and quotation on the anticipated date. We will make an application to Bursa Securities for the quotation of the Shares on the Second Board of Bursa Securities. In the event that our Shares are not admitted to the Official List, we will return the monies paid in respect of any application for Shares without interest.

Our Shares could also trade at prices that may be lower than the IPO Price depending on many factors, including prevailing economic, political and financial conditions in Malaysia, our operating results and the markets for similar securities. Neither we nor the Underwriter have any obligation to make a market in our Shares. There can be no assurance that we will be able to maintain our Listing.

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## 5. RISK FACTORS (Cont'd)

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### 5.3.2 The Volatility of the Market Price of our Shares

The market price of our Shares could be affected by numerous factors, including:

- (i) general market, political and economic conditions;
- (ii) changes in earnings estimates and recommendations by financial analysts;
- (iii) changes in market valuations of listed shares in general and other securities exchanges' shares in particular;
- (iv) changes in government policy, legislation or regulation; and
- (v) general operational and business risks.

In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of our Shares.

The Malaysian, regional and global equity markets have experienced price and volume volatility that have affected the share prices of many companies. Share prices of many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Such fluctuations may adversely affect the market price of our Shares.

### 5.3.3 The Sale or Possible Sale of a Substantial Number of our Shares

Immediately after our Listing, we will have 45,000,000 issued and paid-up Shares, of which 11,750,000 Shares, or approximately 26.11%, will be held by investors participating in the IPO and 33,250,000 Shares, or approximately 73.89%, will be held by our existing shareholders. The Shares offered in the IPO will be tradeable on the Second Board of Bursa Securities without restriction following our Listing, save for the moratorium conditions imposed by the SC on our existing substantial shareholder. If our existing shareholders sell or are perceived as intending to sell a substantial amount of Shares, the market price for our Shares could be adversely affected.

### 5.3.4 Delay or Failure in our Listing

The occurrence of certain events, including the following, may cause a delay in or termination of our Listing:

- (i) the identified investors failing to subscribe to the portion of Shares intended to be placed to them; or
- (ii) the Underwriter exercising their rights pursuant to the underwriting agreement to discharge themselves from their obligations thereunder; or
- (iii) our Company is unable to meet the minimum public spread requirements of the Bursa Securities at the point of listing; or
- (iv) any force majeure event(s) which are beyond our control before the listing of our Company.

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**5. RISK FACTORS (Cont'd)**

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After the IPO Shares have been allocated to successful applicants and credited into the applicants' CDS Accounts, which would occur prior to the anticipated date for our Listing, it may not be possible to recover monies paid in respect of these IPO Shares from us in the event the admission and the commencement of trading on the Second Board of Bursa Securities do not occur. Delays in the admission and the commencement of trading in shares on the Second Board of Bursa Securities have also occurred previously.

In respect of IPO Shares following their allotment, a return of monies to all holders of shares could be achieved by way of a cancellation of capital pursuant to the relevant provisions of the Act and the rules made pursuant thereto. Such cancellation would require the sanction of our shareholders by special resolution in general meeting and confirmation of the High Court of Malaya. There can be no assurance that monies can be recovered within a short period of time or at all in such circumstances.

**5.3.5 Payment of Dividends**

We conduct all of our operations through our subsidiaries. Accordingly, an important source of our income, and consequently an important factor in our ability to pay dividends on our Shares, are dividends and other distributions received from our subsidiaries. Our ability to pay dividends or make other distributions to our shareholders may be subject to restrictions contained in our existing and/or future loan agreements which may limit dividend payments without the prior written consent of our lenders, as well as, among other things, to us having profits and sufficient funds which are above our requirement to fund our operations, other obligations or business plans.

**5.4 Other Risks****5.4.1 Political, Economic and Social Developments in Malaysia**

Given the nature of the industry in which our Group operates, our operations are closely linked to the political and social developments in Malaysia and other countries, where we have interests or intend to set up operations in the future. Any adverse developments or uncertainties in the political and social developments in Malaysia and other countries may adversely affect the performance of our Group. These include, but are not limited to, risk of war, riots, expropriation, nationalisation, renegotiation or nullification of existing contracts and arrangements, global economic downturn and unfavourable changes in governmental policy such as changes in interest rates, inflation rate and methods of taxation, currency exchange controls and changes in regulations or other legal, administrative, political, economic or social developments.

There can be no assurance that any changes to these factors will not have an adverse effect on our Group's business and financial performance. The success of the IPO depends also to a certain extent on the prevailing market conditions which are unpredictable and volatile.

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## 5. RISK FACTORS (Cont'd)

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### 5.4.2 Significant Variation in the Profit Forecast

Our consolidated profit forecast for the financial year ending 31 December 2007 is set out in Section 6 of this Prospectus. The consolidated profit forecast is based on the assumptions made by our Directors and is presented on a basis consistent with the accounting policies adopted by us. Furthermore, it reflects the current judgement of our Directors regarding expected conditions and our expected course of action, which is subject to change.

The profit forecast is based on a number of assumptions which are inherently subject to significant uncertainty due to factors including, but not limited to, those identified in Sections 5.1 to 5.3 and 5.4.1 of this Prospectus. Many of these factors are not within our control and some of the assumptions with respect to future business decisions and strategies are subject to change. Our actual results will differ from such forecast and such differences may be material and may affect the market price of our Shares and any dividend that may be contemplated.

Under no circumstances should the inclusion of the profit forecast be regarded as a representation, warranty or prediction with respect to its accuracy or the accuracy of the underlying assumptions, or that we had or will achieve or are likely to achieve any particular result.

We do not intend to provide any updated or otherwise revised profit forecast. Prospective investors in our Shares are cautioned to place no reliance on the profit forecast.

The profit forecast should be reviewed in conjunction with the description of the business, the historical financial information and the other materials contained in this Prospectus, including the information included elsewhere in Section 5 of this Prospectus.

### 5.4.3 Forward-looking Statements

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategy, plans and objectives of the Management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of our Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such factors include, *inter-alia*, general economic and business conditions, competitions, the impact of new laws and regulations affecting us and the industry, changes in interest rates and changes in foreign exchange rates.

In light of these uncertainties, the inclusion of such forward looking statement in this Prospectus should not be regarded as a representation or warranty by us or our advisers that such plans and objectives will be achieved.



## 6. FUTURE FINANCIAL INFORMATION

### 6.1 Consolidated Profit Forecast

Our Directors forecast that, barring unforeseen circumstances, the profit after taxation of VHB for the financial year ending 31 December 2007 after the Public Issue is as follows:

Financial year ending 31 December	Forecast 2007 RM 000
Revenue	132,999
Gross Profit	64,356
PBT	13,183
Taxation	(3,778)
MI	9,405
PATMI	81
Less: Pre-acquisition profits	9,486
	4,268
Add: Negative goodwill written off	5,218
PATMI and after pre-acquisition profits	9,486
Gross profit margin (%)	48.39
Pre-tax profit margin (%)	9.91
Weighted average number of shares in issue (000)	10,595
Enlarged number of shares in issue (000)	45,000
Proforma gross EPS (RM)	0.29
Net EPS (RM)	0.90
Proforma net EPS (RM)	0.21
Net PE Multiple (times)*	2.12
Proforma net PE Multiple (times)*	9.10

**Notes:**

\* Based on the IPO Price of RM1.91 per Share.

<sup>(i)</sup> The Proforma Consolidated Profit Forecast of the VHB Group for the financial year ending 31 December 2007 incorporates the results of the new subsidiary, KVSb group for the financial period from 1 September 2007 to 31 December 2007 or a period of four (4) months as the Acquisition of KVSb was completed on 17 August 2007.

<sup>(ii)</sup> The gross profit margin and pre-tax profit margin are calculated based on gross profit and profit before taxation respectively over forecast revenue. The proforma gross EPS is calculated based on forecast profit before taxation over the enlarged number of ordinary shares in issue. The net EPS and proforma net EPS are calculated based on forecast net profit for the year over weighted average number of ordinary shares in issue and enlarged number of ordinary shares in issue respectively. The net PE multiple and proforma net PE multiple are calculated based on IPO Price of RM1.91 over net EPS and proforma net EPS respectively.

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## 6. FUTURE FINANCIAL INFORMATION (*Cont'd*)

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The Consolidated Profit Forecast is prepared on bases and accounting principles consistent with those previously adopted in the preparation of the audited financial statements.

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

- (1) There will be no significant changes in the prevailing economic and political conditions or other abnormal changes in Malaysia and elsewhere that will adversely affect the activities or performance of the Group.
- (2) There will be no significant changes in the present legislations or government regulations which will adversely affect the operations of the Group or the market in which the Group operates in.
- (3) There will be no material changes in existing key personnel and management of the Group and other costs, which will adversely affect the performance of the Group.
- (4) The forecasted growth in revenue and related cost will be achieved after taking into consideration the present prevailing conditions. The forecast revenue is based on the growth of existing stores, increase of the number of specialty stores and consignment counters and increase of export sales.
- (5) The existing financing facilities will remain available to the Group and the prevailing interest rates will not change significantly.
- (6) The current taxation laws in Malaysia will continue to apply in the foreseeable future.
- (7) The Group's existing terms with business partners will remain unchanged.
- (8) The rates and bases of taxation and other duties applicable to the Group will not deviate substantially from their forecast levels.
- (9) Public Issue of 7,862,400 new VHB Shares for application by the Malaysian public at an issue price of RM1.91 for each VHB Share. Estimated listing expenses amounting to RM1,750,000 will be set off against share premium account. The estimated completion date for the Public Issue is end October 2007.
- (10) The Group will save the finance cost of approximately RM130,000 after utilisation of the listing proceeds to settle the borrowings amount of RM8 million at end of October 2007.
- (11) Existing financing will remain or be made available to the Group and interest rates will not change significantly from those presently prevailing or forecast.
- (12) Related party transactions are entered in the normal course of business and are established on a negotiated basis which is no less favorable than those arranged with independent third parties.

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**6. FUTURE FINANCIAL INFORMATION (Cont'd)**

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**6.2 Dividend Forecast and Policy**

We have not declared or paid any dividend since our incorporation on 12 March 2007. Going forward, our ability to pay dividends or make other distributions to our shareholders is subject to us having profits and excess funds which are not required to be retained to fund our operations, other obligations or business plans and may in the future be subject to restrictions contained in future loan agreements which limit the payment of dividends without the prior written consent of our lenders. As we are an investment holding company, our ability to pay dividends is also subject to receipt of funds from our subsidiaries and associated company.

Our Directors have considered the general principles that they currently intend to apply when recommending dividends for approval by our shareholders or when declaring any interim dividends. The actual dividend that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Directors.

In considering the level of dividend payments, if any, upon recommendation by our Directors, we intend to take into account various factors including:

- (i) the level of our cash, marketable financial assets and level of indebtedness;
- (ii) required and expected interest expense, cash flows, our profits and return on equity and retained earnings;
- (iii) our expected results of operations; and
- (iv) our projected levels of capital expenditure and other investment plans.

In addition, the level of franking credits or exempt account income available to us to distribute dividends in a tax efficient manner may also limit the amount of dividends.

Notwithstanding the above, our Directors have full discretion to propose the waiver of any future dividend payment as and when deemed necessary, if it is in the best interest of our Company.

## 6. FUTURE FINANCIAL INFORMATION (Cont'd)

### 6.3 Sensitivity Analysis

The key risk factor is the ability of the Group to achieve the projected revenue and cost of goods sold. As a result, sensitivity test is used to assess the consequence effects on variation in projected revenue and cost of goods sold.

#### 6.3.1 Variation in Projected Revenue

The sensitivity analysis is prepared based on the forecast assumptions as set out in Section 6.1 and on the assumption that all other variables remain unchanged except for the 5% and 10% upward and downward variation in projected revenue.

<-- Forecast financial year ending 31.12.2007 -->					
		Revenue	Change	PBT	Change
		RM 000	%	RM 000	%
		132,999 <sup>(1)</sup>		13,183 <sup>(1)</sup>	
Increased by	5%	139,649	+5	19,833	50.44
	10%	146,299	+10	26,483	100.89
Decreased by	5%	126,349	-5	6,533	(50.44)
	10%	119,699	-10	(117)	(100.89)

**Note:**

<sup>(1)</sup> Based on figures for the full financial year.

#### 6.3.2 Variation in Cost of Goods Sold

The sensitivity analysis is prepared based on the forecast assumptions as set out in Section 6.1 and on the assumption that all other variables remain unchanged except for the 5% and 10% upward and downward variation in cost of goods sold.

<--- Forecast financial year ending 31.12.2007 --->					
		Cost of sales	Change	PBT	Change
		RM 000	%	RM 000	%
		68,643 <sup>(1)</sup>		13,183 <sup>(1)</sup>	
Increased by	5%	72,075	+5	9,751	(26.03)
	10%	75,507	+10	6,319	(52.07)
Decreased by	5%	65,211	-5	16,615	26.03
	10%	61,779	-10	20,047	52.07

**Note:**

<sup>(1)</sup> Based on figures for the full financial year.

## **6. FUTURE FINANCIAL INFORMATION (Cont'd)**

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### **6.4 Directors' Commentaries on our Consolidated Profit Forecast**

The principal bases and assumptions upon which our Consolidated Profit Forecast have been made are set out in the Reporting Accountants' letter on the Consolidated Profit Forecast which is included in Section 6.5 of this Prospectus.

Our Directors who are responsible for the profit forecast have reviewed and analysed the reasonableness and fairness of the bases and assumptions used in arriving at our Consolidated Profit Forecast for the financial year ending 31 December 2007 after due and careful enquiry. Our Directors are of the opinion that the Consolidated Profit Forecast is fair and reasonable in light of the future plans, strategies and prospects of our Group as set out in Section 11 of this Prospectus, the future prospects of our industry as set out in Section 10 of this Prospectus and after taking into consideration the expected level of gearing, liquidity, capital expenditure and working capital requirements of our Group.

Our Directors do not foresee any likely change in business and operating conditions that will materially impact our forecast. In addition, our forecast revenue is also not based on any secured contract or order as our sales are mainly derived from walk-in customers who purchase our products directly from our specialty store, consignment counters and indirectly from our dealers.

Nevertheless, these bases and assumptions cover future periods for which there are inherent risks, and therefore, should be treated with caution. These bases and assumptions are subject to significant uncertainties and contingencies, which are often outside our control. Accordingly, our Group's actual results for the financial year ending 31 December 2007 may differ significantly from the profit forecast figure shown herein.

Premised on the foregoing, our Directors believe that we will be able to achieve the Consolidated Profit Forecast for the financial year ending 31 December 2007.

6. FUTURE FINANCIAL INFORMATION (Cont'd)

6.5 Reporting Accountants' Letter on VHB's Consolidated Profit Forecast for the Financial Year Ending 31 December 2007

Ler Cheng Chye KMN, Ph.D.(US)  
CA(M), CPA, FTII

Lum Tuck Cheong  
CA(M), CPA, FTII

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計  
師  
樓

**HLB LER LUM**

AF 0276  
Chartered Accountants

Audit  
2nd & 3rd Floor Bangunan Yeoh  
35 & 37 Jalan Kamunting  
50300 Kuala Lumpur, Malaysia  
Tel : 6 03 26915737  
Fax: 6 03 26913227

Corporate Recovery Services  
B-3-11 Megan Avenue II  
No. 12 Jalan Yap Kwan Seng  
50450 Kuala Lumpur, Malaysia  
Tel : 6 03 27768000, 27151525  
Fax: 6 03 21634609

Our ref : GEN/0595/2007

Your ref :

29 August, 2007

The Board of Directors  
Voir Holdings Berhad  
1878, Jalan KPB 9,  
Kawasan Perindustrian Kg. Baru Balakong  
Off Jalan Balakong  
43300 Seri Kembangan  
Selangor Darul Ehsan  
Malaysia

Dear Sirs,

**VOIR HOLDINGS BERHAD ("VHB")  
PROFORMA CONSOLIDATED PROFIT FORECAST  
FOR THE YEAR ENDING 31 DECEMBER 2007**

We have reviewed the Consolidated Profit Forecast of VHB and its subsidiaries ("Proforma Group") for the year ending 31 December, 2007 as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the Standard on Auditing AI 3400 – The Examination of Prospective Financial Information (formerly known as ISA 810) applicable to the review of forecasts. The forecast has been prepared for the purpose of inclusion in the Prospectus to be dated 28 September, 2007 in connection with the followings proposals and should not be relied on for any other purpose :-

- (a) Public Issue of 7,862,400 new VHB Shares of RM1 each at an Issue Price of RM1.91 per share ("Public Issue");
- (b) Offer for sale of 3,887,600 existing shares of RM1 each at an Offer Price of RM1.91 per share to be offered to bumiputera investors approved by the ministry of international trade and industry ("OFS");
- (c) Listing of and quotation for the entire issued and paid-up share capital of VHB on the Second Board of the Bursa Malaysia Securities Berhad ("Bursa Securities") comprising 45,000,000 ordinary shares of RM1 each.

**6. FUTURE FINANCIAL INFORMATION (Cont'd)**

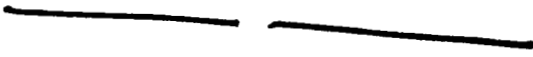
Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Proforma Group in its audited financial statements for the six (6) months financial period ended 30 June, 2007 and in accordance with applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities. The Directors of VHB are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.

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

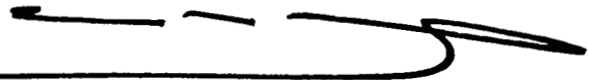
Subject to the matters stated in the preceding paragraphs :-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the Profit Forecast; and
- (ii) in our opinion, the Profit Forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and disclosed by the Proforma Group in its audited financial statements for the six (6) months financial period ended 30 June, 2007 and in accordance with applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

Yours faithfully,

  
HLB LER LUM  
(Firm Number : AF 0276)  
Chartered Accountants

S

  
LUM TUCK CHEONG  
1005/3/09(J/PH)  
Partner of the Firm

## 6. FUTURE FINANCIAL INFORMATION (Cont'd)

**VOIR HOLDINGS BERHAD**  
**PROFORMA CONSOLIDATED PROFIT FORECAST**  
**FOR THE YEAR ENDING 31 DECEMBER 2007**

- (a) The Directors of VHB forecast that, barring unforeseen circumstances, the profit after taxation of Proforma Group for the year ending 31 December, 2007 after the Public Issue is as follows :-

	2007 RM'000
Revenue	132,999 =====
Gross profit	64,356 =====
PBT <sup>(1)</sup>	13,183
Taxation	(3,778)
	----- 9,405
Minority interest	81
	----- 9,486
PATMI <sup>(2)</sup>	9,486
Less: Pre-acquisition profits	(5,218)
	----- 4,268
Add: Negative goodwill written off	5,218
	----- 9,486
	=====
Gross profit margin (%)	48.39%
Pre-tax profit margin (%)	9.91%
Weighted average number of share in issue ('000)	10,595
Enlarged number of shares in issue ('000)	45,000
Proforma gross EPS <sup>(3)</sup> (RM)	0.29
Net EPS (RM)	0.90
Proforma net EPS (RM)	0.21
Net PE Multiple <sup>(4)</sup> * (times)	2.12
Proforma net PE Multiple * (times)	9.10

(1) PBT - Profit before taxation

(2) PATMI - Profit after tax and minority interests

(3) EPS - Earnings per share

(4) PE - Price earnings multiple

\* Based on the Issue Price of RM1.91

Stamped for the purpose  
of identification to our  
report/letter dated

29 AUG 2007

HLB LER LUM AF 0276  
Chartered Accountants



**6. FUTURE FINANCIAL INFORMATION (Cont'd)**

**VOIR HOLDINGS BERHAD  
PROFORMA CONSOLIDATED PROFIT FORECAST  
FOR THE YEAR ENDING 31 DECEMBER 2007 - (continued)**

Notes :-

- (1) The Proforma Consolidated Profit Forecast of the VHB Group for the year ending 31 December, 2007 incorporates the results of the new subsidiary, KVSBB Group for the period from 1 September, 2007 to 31 December, 2007 or a period of four (4) months as the Acquisition of KVSBB Group<sup>(5)</sup> was completed on 17 August, 2007.
- (2) The gross profit margin and pre-tax profit margin are calculated based on gross profit and profit before taxation respectively over forecast revenue. The proforma gross EPS is calculated based on forecast profit before taxation over the enlarged number of ordinary shares in issue. The net EPS and proforma net EPS are calculated based on forecast net profit for the year over weighted average number of ordinary shares in issue and enlarged number of ordinary shares in issue respectively. The net PE multiple and proforma net PE multiple are calculated based on the Issue Price of RM1.91 over net EPS and proforma net EPS respectively.
- (5) Acquisition of the entire issued and paid-up share capital of KVSBB comprising 3,065,000 ordinary shares of RM1.00 each in KVSBB from its shareholders, namely MFSB, UTSB, JMSB and UUSB, for a total purchase consideration of RM37,137,598.00 satisfied by the issuance of 37,137,598 Shares at an issue price of RM1.00 per share, credited as fully paid-up.  
Note: MFSB - Marvellous Future Sdn Bhd (713662-T)  
UTSB - Ulasan Teguh Sdn Bhd (713637-D)  
JMSB - Jenama Membara Sdn Bhd (689587-T)  
UUSB - Unggul Utama Sdn Bhd (375012-D)

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Chartered Accountants

**6. FUTURE FINANCIAL INFORMATION (Cont'd)**

**VOIR HOLDINGS BERHAD  
PROFORMA CONSOLIDATED PROFIT FORECAST  
FOR THE YEAR ENDING 31 DECEMBER 2007 - (continued)**

**(b) Principal Bases and Assumptions**

The principal bases and assumptions upon which the Profit Forecast have been made are as follows :-

- (1) There will be no significant changes in the prevailing economic and political conditions or other abnormal changes in Malaysia and elsewhere that will adversely affect the activities or performance of the Group.
- (2) There will be no significant changes in the present legislations or government regulations which will adversely affect the operations of the Group or the market in which the Group operates in.
- (3) There will be no material changes in existing key personnel and management of the Group and other costs, which will adversely affect the performance of the Group.
- (4) The forecasted growth in revenue and related cost will be achieved after taking into consideration the present prevailing conditions. The forecast revenue is based on the growth of existing stores, increase of the number of specialty stores and consignment counters and increase of export sales.
- (5) The existing financing facilities will remain available to the Group and the prevailing interest rates will not change significantly.
- (6) The current taxation laws in Malaysia will continue to apply in the foreseeable future.
- (7) The Group's existing terms with business partners will remain unchanged.
- (8) The rates and bases of taxation and other duties applicable to the Group will not deviate substantially from their forecast levels.
- (9) Public Issue of 7,862,400 new VHB Shares for application by the Malaysian public at an Issue Price of RM1.91 for each VHB Share. Estimated listing expenses amounting to RM1,750,000 will be set off against share premium account. The estimated completion date for the Public Issue is end October 2007.
- (10) The Group will save the finance cost of approximately RM130,000 after utilisation of the listing proceeds to settle the borrowings amount of RM8 million at end of October 2007.
- (11) Existing and proposed financing will remain or be made available to the Group and interest rates will not change significantly from those presently prevailing or forecast.
- (12) Related party transactions are entered in the normal course of business and are established on a negotiated basis which is no less favorable than those arranged with independent third parties.

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Chartered Accountants

**6. FUTURE FINANCIAL INFORMATION (Cont'd)**

**VOIR HOLDINGS BERHAD**  
**PROFORMA CONSOLIDATED PROFIT FORECAST**  
**FOR THE YEAR ENDING 31 DECEMBER 2007 – (continued)**

**(c) Sensitivity Analysis**

The key risk factor is the ability of the Group to achieve the projected revenue and cost of goods sold. As a result, sensitivity test is used to assess the consequence effects on variation in projected revenue and cost of goods sold.

**(i) Variation in projected revenue**

The sensitivity analysis is prepared based on the forecast assumptions as set out in note (b) and on the assumption that all other variables remain unchanged except for the 5% and 10% upward and downward variation in projected revenue.

		Forecast financial year ending 31 December 2007			
		Revenue	Change	PBT	Change
		RM'000	%	RM'000	%
		132,999 <sup>(1)</sup>		13,183 <sup>(1)</sup>	
Increased by	5%	139,649	+5	19,833	50.44
	10%	146,299	+10	26,483	100.89
Decreased by	5%	126,349	-5	6,533	(50.44)
	10%	119,699	-10	(117)	(100.89)

Note :

<sup>(1)</sup> Based on figures for the full financial year.

**(ii) Variation in cost of goods sold**

The sensitivity analysis is prepared based on the forecast assumptions as set out in note (b) and on the assumption that all other variables remain unchanged except for the 5% and 10% upward and downward variation in cost of goods sold.

		Forecast financial year ending 31 December 2007			
		Cost of sales	Change	PBT	Change
		RM'000	%	RM'000	%
		68,643 <sup>(1)</sup>		13,183 <sup>(1)</sup>	
Increased by	5%	72,075	+5	9,751	(26.03)
	10%	75,507	+10	6,319	(52.07)
Decreased by	5%	65,211	-5	16,615	26.03
	10%	61,779	-10	20,047	52.07

Note :

<sup>(1)</sup> Based on figures for the full financial year.

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