

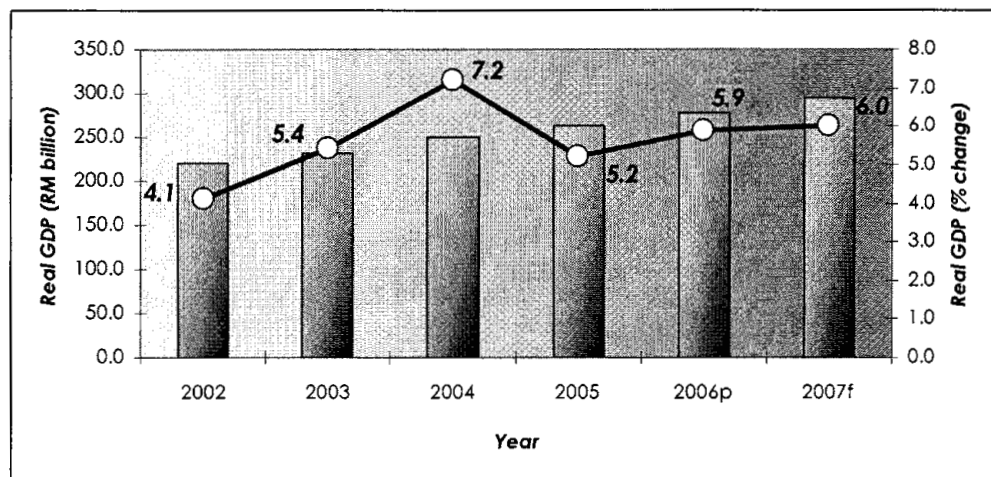
10. INDUSTRY OVERVIEW

Except as otherwise indicated, statistical and certain other information contained in the following sections are based on or derived from data prepared by Protégé Associates' Independent Market Research Report. The information has not been independently verified by us or any other person. Most of the available information is based on best estimates and should therefore be regarded as indicative only and treated with appropriate caution.

10.1 Overview and Outlook of the Economy of Malaysia

Malaysia managed to expand its economic growth by 5.9 percent in 2006 by recording a real GDP of RM277.7 billion on the back of sustained domestic demand as well as stronger export performance. This positive development has helped Malaysia to reverse its sliding economic performance in terms of growth percentage experienced in 2005. The figure below depicts the real GDP of Malaysia from 2002 to 2007.

Malaysia's Real GDP, 2002 – 2007f



Note: p = Preliminary; f = Forecast

Source: Bank Negara Malaysia

As shown in the figure above, the Malaysian economy has continued to ride on an expansion trail. Real aggregate domestic demand in Malaysia remained strong in 2006 at 7.4 percent spurred by expanding private sector activity. Public expenditure along with private investment also improved year-on-year – supporting the growth in the economy.

Consumer sentiment also improved in 2006 resulting in growing confidence and willingness to spend. This is largely contributed by a better job environment with improving income as well as job prospects and strong export earnings. The unemployment rate was kept at 3.5 percent while the inflation rate only increased moderately from 3 percent in 2005 to 3.6 percent in 2006 despite rising fuels and lubricants prices in the transport category particularly during the early part of 2006.

10. INDUSTRY OVERVIEW (Cont'd)

In terms of contribution by the various sectors, the services sector remained the star performer by accounting for 59 percent of Malaysia's GDP. This translates to a growth rate of 6.5 percent year-on-year in 2006. The growth in the services sector was due to higher trade activities, finance and tourism. Meanwhile, the growth in the wholesale and retail trade, hotels and restaurants sub-sector moderated in 2006 with 5.9 percent recorded. Higher tourism activity had managed to cushion the negative impact from the normalisation in private consumption trends. 2007 is expected to bring continued growth in this sector albeit moderately at 6.3 percent.

Malaysian Economic Performance by Sector, 2004 – 2007f

	<----- % Change ----->			
	2004	2005	2006p	2007f
Agriculture, forestry and fishery	5.0	2.5	6.4	3.2
Construction	-1.5	-1.6	-0.5	3.0
Manufacturing	9.8	5.1	7.0	6.6
Mining and quarrying	3.9	0.8	-0.2	2.8
Services	7.0	6.5	6.5	6.3

Note: p = Preliminary; f = Forecast

Source: Bank Negara Malaysia

As shown in the figure above, besides the services sector, two other sectors also recorded positive growth rates in 2006. These were the manufacturing sector with 7 percent growth and the agriculture, forestry and fishery sector with 6.4 percent growth respectively. The global electronics up-cycle and improved performance from industries serving the local market have provided the thrust for further growth in the manufacturing sector. However, both the construction and mining and quarrying sector recorded mild contraction of 0.5 percent and 0.2 percent respectively. Lower production of crude oil and natural gas was sighted as the reason behind the contraction in the mining and quarrying sector. As for the construction sector, it continued to enjoy gradual recovery. On a more positive note, both these sectors are expected to fully bounce back in 2007.

Meanwhile, based on sources from the Department of Statistics ("DOS"), the per capita gross national income ("GNI") in Malaysia at current price was estimated to be RM18,040 in 2005 and this figure is forecasted to rise again for 2006. Any increase in the per capita GNI bodes well for the economy, including the ladies apparel market, as consumer spending power is expected to increase with increase in per capita GNI. Higher consumer spending power raises the propensity rate of purchasing retail goods which include ladies apparel.

Moving on, Malaysia's GDP growth is forecast to continue in its growth trend and reach a rate of 6 percent for 2007. This growth remains a positive indicator for the future outlook of market participants in the Malaysian ladies apparel market.

Source: Protégé Associates' Independent Market Research Report

10. INDUSTRY OVERVIEW (Cont'd)

10.1.1 Regional Economic Development.

China was expected to continue taking charge of the global economy in terms of growth rate with an annual expansion of 10 percent being projected for 2006. Meanwhile, the real GDP of the Middle East region was estimated to be 5.8 percent for 2006 – rising marginally over the 5.7 percent recorded for 2005. This region's real GDP is also expected to continue growing albeit moderately at 5.4 percent for 2007.

Developing Asia as a whole is anticipated to register a growth of 8.7 percent for 2006.

In India, the economy achieved a GDP growth rate of 8.1 percent in FY2005 (i.e. 1 April 2005 – 31 March 2006). Consumption growth is estimated at 8.0 percent. There is also an increase in domestic private demand with the services sector accounting for 54 percent of economic output through a growth of 9.8 percent in FY2005. The services sector includes the high growth retailing sector in India.

Indonesia is expected to register a GDP growth of 5.4 percent for 2006 with this figure expected to rise to 6 percent for 2007 according to the latest report by Asian Development Bank (“ADB”). However, the inflation rate in Indonesia is considered relatively high with an estimated 14 percent for 2006 but ADB has projected that the inflation is expected to be lower for 2007 at 7.5 percent. In terms of contribution from the supply side, the services sector had continued to become the biggest contributor for the first half of 2006.

In Thailand, economic growth in 2005 was plagued by a tourism industry affected by the tsunami aftermath, drought and occasional political unrest. High oil prices also affected the economy but moving into the forecast period, GDP growth is expected to reach 4.7 percent for 2006, a slight increase over the 4.5 percent achieved in 2005. Growth in consumption is expected to remain moderate in both 2006 and 2007.

GDP growth in Vietnam is expected to reach 8 percent for 2006 and 2007, driven largely by foreign direct investments and tourism. Growth in manufacturing and services is expected to increase. A supportive fiscal policy by the government is set to assist in further improving GDP growth and the economic prospects of the individual citizen in Vietnam.

Source: Protégé Associates' Independent Market Research Report

10. INDUSTRY OVERVIEW (Cont'd)

10.2 Overview of the Malaysian Textile and Apparel Industry

The Malaysian textile and apparel industry can be divided into two main parts. Firstly, there are the textile producers and related processes and secondly there is the apparel production and design. The textile industry refers to the industry responsible for the production of textile and fabrics through the spinning, weaving, dyeing, finishing and printing processes. The textile sector serves the apparel sector in the provision of raw materials and both are intertwined. The apparel industry converts textiles into items of clothing through cutting, piecing, sewing, beading, knitting and other processes. The apparel industry can be further sub-segmented in three ways namely by gender or age, by retail channels and also by clothing category. The textile and apparel industry encompasses the total apparel industry which is comprised of ladies apparel, men's apparel and children's apparel. Within the apparel market, there are cross-linkages between ladies, men's and children's apparel as some of the market players will produce, design or own brands in more than one area. A market player in the ladies apparel market for instance, can move into both the men's and children's apparel market through organic growth, licensing, mergers and acquisitions and other forms of corporate expansion.

The ladies apparel market has seen great transformation over the years with more and more brands entering into the market. Although previously the tide of brands entering the market consisted mainly of departmental stores' house-brands and small-sized boutiques, the recent past has seen numerous international brands setting up stores in Malaysia, a growth of new Malaysian designers creating their own line of clothing as well as a wider variety of departmental stores' house-brands being spun-off with their own boutiques or separately located stores. The changes indicate strong potential in the market and a growing consumer demand for variety and quality.

The overall market size for ladies apparel in Malaysia has grown at an average of 12 percent over the last decade, with a market size of only RM396.2 million in 1996.

The Malaysian ladies apparel market accounted for approximately 33.7 percent of the total Malaysian apparel market in 2006 and ladies apparel market reached revenues of RM1.10 billion from the total apparel industry revenues of RM3.26 billion.

Source: Protégé Associates' Independent Market Research Report

10. INDUSTRY OVERVIEW (Cont'd)

10.3 Industry Outlook and Prospects

The Malaysian ladies apparel market is set to undergo continued growth and expansion. The market size for the ladies apparel market in 2006 was estimated at RM1.10 billion which is set to grow to RM1.65 billion by 2013, a Compound Annual Growth Rate ("CAGR") of 6 percent.

In terms of the outlook for the ladies apparel market, prospects are linked to the overall apparel industry. There is expected to be some level of consolidation in the industry whereby ladies apparel market players start to move into the men's and children's apparel markets and vice versa. There will also be a focus on business development measures. These steps are necessary for ladies apparel market players to remain competitive. Existing market players are expected to focus on enhancing production and cost efficiency as well as upgrading existing facilities to move up the industry value chain.

Even as the expiration of the Agreement on Textiles and Clothing ("ATC") brought about changes in the global textile and apparel industry, the market players of the Malaysian ladies apparel market should view the expiration of the ATC as a window of opportunity to increase their exports and tap into the global market particularly the previously restricted market. However, there are expected to be many exporting countries that are negotiating free trade agreements ("FTAs") with major markets such as the U.S. and these countries are likely to provide stiff competition to the local players in the future. Moreover, competition is expected in the market in the U.S. after 1 January 2008; the date when quotas for China are expected to be completely removed.

High value-added activities are expected to gain greater prominence in the business development of the local ladies apparel market in the coming years. Encouraging efforts and results shown by existing major local companies in the Malaysian ladies apparel market in developing their own brands are expected to provide the motivation for other local companies in the development of original brands. Market players in the local ladies apparel market stand to reap the full benefits from the proper execution of brand building activities in the form of higher product awareness among consumers, higher profile and brand goodwill. Hence, brand development and promotion is expected to garner more attention among the market players.

As for the retail distribution channels, existing market players can look forward to ride on the availability of new retail spaces from new or expansion developments by shopping complex developers or departmental stores. The opportunity to increase sale points and reach-out to bigger pool of potential customer is expected to pave the way for more growth in the local ladies apparel market.

Meanwhile, the Malaysian Government remains bullish on the prospect of the local textiles and apparel industry based on its projection as shown in the figure below which covers the duration of 3rd Industrial Master Plan ("IMP3"). More investments are projected to be poured into the Malaysian textiles and apparel industry. The exports value is also projected to be trending up during the projection period.

10. INDUSTRY OVERVIEW (Cont'd)**Projections for the Textiles and Apparel Industry (Malaysia), 2006 – 2020**

	2006 - 2010	2011 - 2015	2016 - 2020	2006 - 2020	2006 - 2020
	(RM billion)				Average Annual Growth (%)
Investments	4.0	4.6	5.1	13.7	3.1
Investments per year	0.8	0.9	1.0	0.9	Not applicable
Exports (end period)	13.4	18.2	24.0	24.0	5.8

Source: Ministry of International Trade and Industry, Malaysia

The Malaysian Government have also been intensifying regional integration for its ladies apparel market. Under the ASEAN initiatives, the textile and apparel industry where the ladies apparel belongs has been identified as one of the priority sectors for greater economic integration with Malaysia being the country coordinator in identifying the necessary initiatives. Among the initiatives identified include promoting investments and outsourcing among members of ASEAN.

Among some of the positive indicators for the Malaysian ladies apparel market include:

- Sound economic growth – In 2006, Malaysia's economic growth was driven mostly by the services sector which was sustained at 6.5 percent, surpassing the overall GDP growth rate. This was mainly due to the strong private consumption and increased tourism and increased business activities. GDP growth for Malaysia reached 5.9 percent in 2006 and is expected to increase to 6.0 percent for 2007.
- The wholesale and retail trade, hotels and restaurants segment recorded a moderate growth rate of 5.9 percent. Like the rest of the segments under the services sector, the wholesale and retail trade benefited from strong private consumption due to higher spending by domestic households and foreign tourists. Increased shopping activities were evident during the Mega Sales Carnival (July to September) and Year-end Sales (December to January). The Malaysian Government is bullish on the prospect of the local retail and wholesale sub-sector. According to the Deputy Finance Minister, this sub-sector is expected to expand by 8 percent in 2007.
- Strong government support – The Malaysian Government has reinforced its commitment towards the industry by including it as one of the 12 targeted industries in the manufacturing sector earmarked for greater development under the IMP3.
- Strong brands driven by established Malaysian brand owners or fashion houses – Local brand owners and fashion houses have spurred the market through creative innovations targeted at the mass market. Brand owners and fashion houses which aggressively strive to improve quality, create specialised designs while at the same time maintaining prices will increase consumers' awareness of affordable ladies apparel which meet their needs.

10. INDUSTRY OVERVIEW (Cont'd)

- Aggressive local tourism promotion and marketing campaigns – Any increase in foreign tourist arrivals bodes well for the sales growth of local retail goods such as ladies apparel. In the mean time, market players of the local ladies apparel market are excited about their retail sales prospect with the kick-off of the Visit Malaysia Year 2007 campaign.
- Expanding retail space in Malaysia – The outlook on demand for retail space seemed to be heading in the right direction with aggressive tourism campaign and strong private consumption.
- Growing affluence of Malaysian consumers – Based on sources from the DOS, the per capita GNI in Malaysia at current price was estimated to be RM18,040 in 2005 and this figure is forecasted to rise again for 2006. Any increase in the per capita GNI bodes well for the ladies apparel market as consumer spending power is expected to increase accordingly.
- Growing female population and increasing participation of women in the workforce –The female population in Malaysia rose by 25.3 percent to 11.4 million in 2000 when compared with 9.1 million in 1991. A growing female population bodes well for the growth in the Malaysian ladies apparel market as the potential size of demand for ladies apparel also rise in tandem with rising female population. There are also an increasingly higher number of women who are joining the workforce in Malaysia which raises the income level and strengthens the purchasing power of this group, leading to better performance of the ladies apparel market in the long term.
- Increasing media coverage and public exposure on ladies fashion – Increasing exposure has heightened the awareness of the latest fashion trends and styles among female consumers – leading to the creation of fashion-conscious consumers who desire to embrace the latest fashion statement.

In a nutshell, the Malaysian ladies apparel market is expected to increase its competitiveness level due to sustained institutional supports coupled with long-time presence and industry know-how in the ladies apparel industry. With well executed development plans and value-adding activities, the future of the local ladies apparel market seems to be bright.

Source: Protégé Associates' Independent Market Research Report

10. INDUSTRY OVERVIEW (Cont'd)

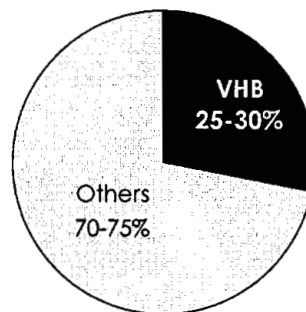
10.4 Outlook and Positioning**10.4.1 Competitive Environment**

The 2005 statistics of the apparel industry in Malaysia, which is the latest available from the MITI indicates that there are 342 market players in the total apparel industry, a growth of 21.7 percent from 1996.

In terms of the ladies apparel market in Malaysia which is valued at RM1.10 billion in 2006, the VHB Group was ranked as the top market player. This is due to the fact that the Group has the highest range in terms of percentage market share i.e. 6.5 to 8 percent out of RM1.10 billion in 2006.

Following in the footsteps of the VHB Group, the market players ranked in second and third place had a range of 5 to 6.4 percent and 4.5 to 6 percent of market share respectively. The remainder of the Top 10 market players possessed less than 3 percent of the ladies apparel market in Malaysia each, with 5 of them holding less than 1 percent of market share.

A further analysis based on the **total market size of the Top 10 market players** (i.e market size held by these players only; not including the rest of the ladies apparel market) reveal that the VHB Group was ranked highest as the Group accounted for 25 to 30 percent of this market size.

The VHB Group's Share of the Total Market Size of the Top 10 Market Players

Note: Market size is based on revenue of the Top 10 market players in the ladies apparel market.

Source: Protégé Associates

10. INDUSTRY OVERVIEW (Cont'd)

10.4.2 Barriers to Entry*Incumbents with Large and Strong Distribution Networks*

Entry into the Malaysian ladies apparel market is relatively easy albeit at a much smaller scale with no large amount of capital required. However, considerable resources particularly time and capital are generally required towards establishing a large and strong distribution network for the purpose of market expansion.

For retailers of ladies apparel, the building price or rental cost is likely to be high at strategic locations that can potentially capture larger amount of sales. Hence, this factor can prove to be a deterrent for potential participants looking only to make a quick profit or have short investment horizon.

For instance, using the departmental store as a typical distribution channel, international brands may likely face limited access to position their apparel products within the departmental stores in Malaysia. This is due to the fact that local home-grown brands have a proven track record for sales and fit in with the customer group of departmental stores. Hence, trusted local brands are favoured over international brands which will have to have their own outlets to sell their apparel.

Smaller home-grown ladies apparel brands will also lack an established track record or reputation which is necessary to convince departmental stores to provide them with consignment counters.

Presence of Many Established and Successful Brands

As the Malaysian ladies apparel market is currently at the late growth stage, it is hardly surprising that there are already many established and successful brands in the market already particularly from established international brands. Established brands are expected to gain preferences from shopping complex and departmental store owners for allocation of retail lots and consignment counters. Hence, this will be a deterrent for potential new participants who are unable to secure retail lots and consignment counters; let alone a strategically located one, in order to sell their products. In addition, these potential new participants typically do not have an established and successful brand in their portfolio for them to ride on. Furthermore, establishing successful ladies apparel brands also required considerable resources.

Source: Protégé Associates' Independent Market Research Report

10. INDUSTRY OVERVIEW (Cont'd)

10.5 Government Legislations, Incentives and Policies

The overall textiles and apparel industry has been receiving support from the Malaysian Government which has reinforced its commitment towards the industry by including the industry as one of the twelve (12) targeted industries in the manufacturing sector earmarked for greater development. According to the MITI, six (6) strategic thrusts have been set to further develop the industry as shown in the figure below.

Six (6) Strategic Thrusts for Further Development of the Malaysian Textile and Apparel Industry

Strategic Thrust	Details
1	Intensifying the promotion of investments in higher value-added textiles and apparel, including key support services
2	Sustaining the market share in textiles and apparel and promoting exports of the targeted growth areas
3	Intensifying regional integration of the industry
4	Enhancing domestic capabilities and facilitating the utilisation of information and communication technology ("ICT") and new technologies
5	Enhancing the skills of the workforce in designing, production and marketing
6	Strengthening the institutional support for the further development of the industry

Source: MITI, Malaysia

Soft loans and grants are also provided to successful applicants from the local ladies apparel market to develop and sustain their business. According to Malaysian Knitting Manufacturers Association, among the soft loans and grants provided by the Malaysian Government include:

- Commercialisation of R&D Fund
- Industrial Technical Assistance Fund
- Market Development Grant
- Brand Promotion Grant
- Technology Acquisition Fund
- Soft loan for SMEs

In addition, the Malaysian Government also provides a host of incentives for investment such as incentive for outsourcing manufacturing activities, double deduction for the promotion of exports and double deduction for the promotion of Malaysian brand names.

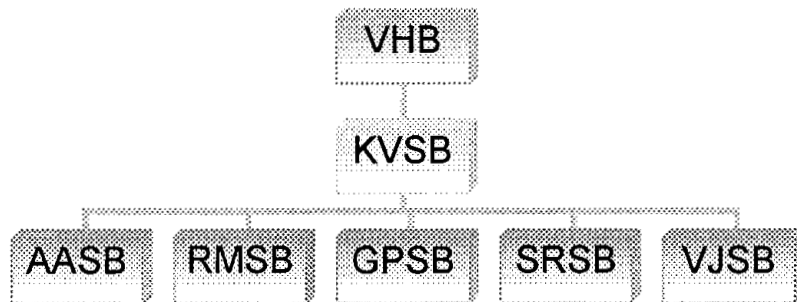
Source: Protégé Associates' Independent Market Research Report

11. BUSINESS

11.1 Overview

Our Company was incorporated as a private limited company in Malaysia on 12 March 2007 and subsequently converted into a public limited company on 3 April 2007. As at the date of this Prospectus, we have an authorised share capital of RM100,000,000 comprising 100,000,000 Shares whilst our issued and paid-up share capital is RM37,137,600 comprising 37,137,600 Shares.

Our Group structure comprises one (1) direct subsidiary and five (5) indirect subsidiaries as illustrated below:



The beginning of the Group's root can be traced back almost three decades ago with the establishment of the Seow's family business. It started as a humble sole proprietorship where it specializes in retailing of ladies' wear. The Seow family established the brand VOIR in the late 1970s in order to move ahead of their competitors with their own brand of ladies' apparels and the trademark for the brand VOIR was subsequently registered in 1990. The business grew with the persistent effort in building up the sole proprietorship business and on the 14 April 1988, Mr. Seow Khim Soon together with his mother incorporated KVSB as a private limited company under the Act. It started off with a small retail outlet in town of Klang and the product range back in those days were limited to basic ladies' apparels. The main business activity of KVSB in the beginning of its establishment was retailing of its own brand of products through various distribution channels such as small retail outlets and outright sales to departmental stores.

Over a period of a few years, KVSB has created a number of sub-labels from its brand VOIR, starting with the birth of the label, VOIR Clothing in 1991. The decision to create this label is to cater to the growing ladies' apparels market, as well as to provide a wider variety to the available product range. The launch of sub-label VOIR Clothing proved to be a success and KVSB then launch another sub-label, VOIR Jeans in 1994, selling female jeans wear and complementary apparels.

In October 1996, KVSB acquired GPSB together with the rights to distribute Diadora brand of products in its bid to diversify its income base from the ladies clothing sector into the sports equipment and sports apparels sector. The acquisition of GPSB is also a vertical integration as GPSB was one of KVSB's customers, whereby KVSB supplied ready made sports apparels to GPSB since 1991. Before the acquisition, GPSB's customers consist of sports dealers throughout the country.

In 1996, KVSB acquired RMSB in order to widen their target market. The acquisition was quickly followed with the establishment of brand GUY's which includes basic and contemporary tees and trousers that are targeted at teenagers to young working adults. The GUY's brand was subsequently discontinued in 2005.

11. BUSINESS (Cont'd)

In January 1997, KVS B acquired AAS B, a company which owns the brand Applemints a brand which has more than 20 years of history and has a large customer base. The decision to acquire AAS B was because KVS B's directors wanted to further penetrate into the lucrative ladies jeans wear market with another brand to solidify their position in the market. This is also in-line with KVS B's multi brand strategy, which is able to provide more varieties for customers and to cater to more niche markets. 1997 also saw the birth of another sub-label, the VOIR Exchange label. Then, in 1999, the Group once again launched a new sub-label, which is named VOIR Inner Wear that carries ladies' undergarments.

In 2001, AAS B acquired the SODA JEANS trademark from SODA World Sdn Bhd. Since then, AAS B has sold apparels under the labels SODA Exchange, Pop SODA and SODA Men. The SODA label was a popular label then but somehow, it was not generating its full potential in terms of sales and AAS B was able to turn it around and make them into one of the most popular home grown brands in Malaysia currently. With the SODA business, it allows the Group to venture into men's casual wear market, which is a first for them as they were only involved in the ladies and sports wear market previously.

In year 2002, by leveraging on the strong performance of KVS B as well as the good relationship that it has with departmental stores, GPS B began to sell Diadora products through departmental stores. This is milestone for GPS B as it enabled GPS B to strengthen its distribution channel and thus, extending its reach which was previously limited to only sports stores. Thereafter, RMS B entered into agreement to acquire a ladies' brand called SCS. SCS is a brand which is targeted at the slightly older working adult ladies and the acquisition has enabled the Group to penetrate into another new segment of the ladies wear market.

KVS B launched 2 more sub-labels in 2003 from the brand VOIR, namely VOIR Accessories and VOIR Shoez. VOIR Shoez is a significant milestone in the Group's history as it signifies the Group's designing capabilities as it ventures into a new segment of the ladies fashion market.

Another milestone for the Group was when they launched a new sub-label under the brand SODA in 2004, namely SODA Kids. It was another move by the Group to penetrate into a new market segment to strengthen the Group's presence in the apparels market. In 2005, RMS B launched the brand G&H which is to cater to the growing market of the trendy male and female population.

In year 2006, KVS B set up VJS B for the Group's foray into a new brand which is completely different than the previous products. The new brand Noir carries a wide variety of products which range from men's and women's modern oriental wear, accessories, home furnishing and decorations, tableware as well as bed and bath products. The establishment of Noir provides the Group with a competitive edge over its competitors as it is now at not only generating its revenue from its apparel business.

Later in 2006, KVS B, together with Sulisam (M) Sdn Bhd established SRS B. SRS B is a joint venture establishment where it carries out designing branding as well as retailing activities.

In the same year, GPS B also obtained a licence to distribute the Chiemsee brand of casual and sportswear for Malaysian market.

We have not experienced any material disruption in our business which have a significant effect on the operations of our Group for the past 12 months prior to the Latest Practicable Date.

11. BUSINESS (Cont'd)

11.2 Competitive Strengths

We believe our principal strengths are as follows:

11.2.1 Wide variety of Products Catered for Mainstream as well as Niche Market

The Group retails a comprehensive range of products which includes ladies', men's and children's apparels, ladies' accessories, eyewear, shoes as well as home decoration products which are competitively priced and thus, accessible to people from different income levels. Its product ranges are also diversified in order to cater for not only the mainstream consumers but also for other niche markets such as trendy wear for children and over sized ladies' wear. This is a result of the Group's approach to achieve its growth through various expansion strategies over the years. According to Independent Market Research Report by Protégé Associates, these expansions involve vertical product expansion, horizontal product expansion as well as hybrid product expansion. A vertical product expansion is where a market player produces products from other segments of the apparel industry, namely men's apparel and youth and children's clothing. Horizontal product expansion is where a market player expands into other segments of ladies fashion, in other words, branching out to various other segments such as women's accessories, working clothes and etc. Hybrid product expansion involves the utilisation of concept stores whereby ladies apparel can be sold in a store which also sells food e.g. café or sell furniture as well as lifestyle products.

11.2.2 Competitive Operating Costs

The Group is able to minimise its operation costs by outsourcing its manufacturing functions to apparel manufacturers as they do not have to bear fixed manufacturing and maintenance costs. Hence, the Group is able to price its products competitively, respond swiftly towards any changes in fashion and market demand and focus on other value-added activities like developing, promoting and marketing its brands.

11.2.3 Strong Brand Names

The Group's various in-house developed brands have come a long way since it was first developed in the late 1970s, when VOIR was first established. Strong branding is an essential element in ensuring continued success and acceptance as it is able to reflect an image which differentiates itself from the rest in the same industry. Brands such as VOIR and SODA have spawned a number of sub-labels over the years that are to provide for the needs from different types of consumer and this in itself is a testament of acceptance of the Group's products by its intended consumers.

The Group was awarded the Malaysian Superbrand awards in 2004 for two of its brands, namely VOIR and SODA. The Group's strong brand name was again recognized by the Malaysian fashion industry when it was awarded with two private shows by Malaysian Government in the internationally acclaimed Kuala Lumpur Fashion Week 2006.

11. BUSINESS (Cont'd)

11.2.4 Wide Distribution Network

The Group has a wide distribution network both in the local and overseas market. As at the Latest Practicable Date, the Group's products are marketed via 41 specialty stores located in various leading shopping complexes in Malaysia. The Group's products are also available at 307 consignment counters which are located in leading departmental stores in Malaysia. At the export front, the Group's products are currently available in 7 different countries which include Brunei, Vietnam, India, Saudi Arabia, UAE, Mauritius as well as Reunion Islands.

11.2.5 Experienced Management and Design Team

The Group is spearheaded by the founder of the Group and its team of dedicated and experienced management team, who possess between 10 to 25 years of experience in the fashion and apparels industry. Coupled with capable professionals as well as a large team of designers the Group has a dynamic management and design team which are not only able to continue growing the Group to its next level but also with the market insights and experience to take proactive measures in anticipating the needs of the fast changing fashion industry.

11.2.6 Economies of Scale

Leveraging on its existing strong brand names in the market, the Group will also be able to introduce new brand names into the market via its well established work force and distribution network at minimal infrastructure cost. Existing resources and relationships will be further utilised which effectively reduce the operational costs per Ringgit of sales. The Group will also be able to reduce its overall advertising cost via better purchasing powers as well as conducting cross promotions for its stable of new and existing brands.

11.2.7 Good Corporate Reputation in the Retail Industry

The Group's branding efforts as well as consistent performance and quality products throughout the years have seen the brands become one of the most preferred brands by departmental stores as well as shopping complexes. It is preferred by departmental stores and shopping complexes as the Group's brands are able to provide a refined shopping experience. According to a study conducted by Protégé Associates in their Independent Market Research Report dated 27 August 2007, the Group's brands are consistently ranked within the top three brands in 17 out of 25 locations in a particular departmental store chain.

11. BUSINESS (Cont'd)

11.3 Prospect and Strategies

The following are the prospect and key strategies for us to create value for our shareholders:

11.3.1 Prospect of our Group

The ladies fashion apparels market is expected to register steady and stable growth as per Section 10.4 of this Prospectus. The rise in female working population, growing affluence of female consumers and increasing awareness of fashion and trends amongst female consumers of all ages are some of the factors driving the growth of this industry. As a full-fledged ladies fashion apparels player covering the full spectrum of ladies apparels and accessories, we are primed to take advantage on the promising economic prospect of this industry.

We believe our competitive strengths as mentioned above would enable us to capitalize on to the growth opportunity, expand our business and market share further.

11.3.2 Business Expansion for Local Market

One of the main future plans of the Group in the near future is to maintain as well as strengthen the Group's presence in the domestic apparels market. This can be achieved by increasing its domestic sales network as well as enhancing the productivity level of its existing networks, whether by opening new specialty stores or on a consignment basis at departmental stores. The Group will put extra emphasis on increasing the sales network of newer brands such as Noir as their presence in the market is still limited with only three (3) stores in the country. 2007 will see the completion of several shopping complexes around the Klang Valley and the Group will capitalise on this to expand its sales network by either opening specialty stores or concept stores. The opening of new specialty or concept stores will allow the Group not only to expand its sales network, but also increased sales volumes as well as lower the rental costs to the Group.

11.3.3 Business Expansion Plan for Overseas Market

The Group aims to further strengthen its business presence in its current overseas market such as India, UAE, Saudi Arabia and Vietnam as it sees favourable market potential in these countries. The Group has also been a supporter of the Malaysian Government's call on bringing Malaysian brands to the international market and the Group believes that there is untapped market in the South East Asian region as well as in a number of Middle Eastern countries. The Group plans to further strengthen its presence in these markets by further penetrating with a wider selection of products range that will complement the current product range that is available. The Group also intends to penetrate into the regional countries such as Indonesia in 2007, Thailand, and Kuwait as well as selected Middle East countries in 2008. For the next two years, the Group plans to open a number of outlets in the aforementioned countries. The Group via its appointed agents has planned to open 3 to 5 specialty stores in India, Indonesia and the Middle East respectively as well as 4 to 8 specialty stores and/or consignment counters in the shopping complexes and/or departmental stores in Vietnam.

11. BUSINESS (Cont'd)

These markets have experienced decent economic growth in the past couple of years and the Group plans on penetrating these markets with its reasonably priced and cleverly branded products. Also, these countries share climate as well as religious similarities, and therefore, the Group's products will be appropriate for these markets. Penetrating into these countries will prove to be fruitful if the economy continues to grow at the current rate and meet the expected projections.

11.3.4 Branding

Being a group of companies which adopts the multi-brand strategy, the Group plans to continuously as well as actively increase its brand promotion activities. By continuing to increase its brand promotion activities, the Group is able to further enhance its brand equity which will ultimately result in an enhanced brand image. By enhancing its brand equity, the Group is able to command a better price for its products which increases the Group's profit margin in the long run.

There is no definitive time frame for us to complete the above initiative as they are part of our on-going strategies.

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11. BUSINESS (Cont'd)

11.4 Our Products/Brands

The Group designs, develops, markets and retails a wide variety of ladies', men's and children's apparels as well as complementing accessories. Its products are strategically marketed to cater to various market segments. The range of the Group's products is shown in the table below.

Brands	Description	Product Range
VOIR	A brand that caters to the female population, it was established in the late 1970s. Over the years, it has spawned various other sub-labels such as VOIR Exchange, VJ Jeans, VOIR Clothing, VOIR Shoez, VOIR Accessories as well as VOIR Inner wear. VOIR is designed to cater to different lifestyles of its target customers and this is evidently shown in the wide range of products that is available under the brand and its accessories and shoes creates a total look that will complement one's dressing styles.	<ul style="list-style-type: none"> • Dress • Blouses • Skirts • Pants • Camisoles • Jacket • Cardigans • Sweaters • Jeans • Tee shirts • Cullotes • Tank Tops • Knitted jackets • Undergarments • Shoes • Fashion accessories
Applemints	Established in the 1986, this brand offers basic and fashionable ladies' jeans wear that is affordable and available in various fabrics such as woven, knits as well as denim. Its jeans are available in 6 signature cutting, which include Boot Cut, Slim Cut, Straight Cut, Carrot Cut and two types of Slim Fit, which consist of medium as well as low waist.	<ul style="list-style-type: none"> • Tee shirts • Blouses • Pants • Jackets • Skirts • Cardigans • Jeans
SODA	SODA is established in 1989 and has spawned 4 sub-labels, namely SODA Exchange, Pop SODA, SODA Men and SODA kids. The sub-labels are strategically developed to cater to different lifestyles of its target markets, ranging from smart casual office wear to contemporary casual wear to fashionable and trendy children's wear.	<ul style="list-style-type: none"> • Blouses • Skirts • Pants • Dresses • Jackets • Tank Tops • Cardigans • Tee shirts • Shirts • Vests • Accessories • Eyewear • Leather Goods
G&H	A casual line for both men and women that features young, fun and trendy designs. Established since 2005, G&H products provides a line of casual attire for relax and laidback occasions.	<ul style="list-style-type: none"> • Tank tops • Crochet tops • Polo shirts • Ethnic tunic • Jeans • Knitted shirts • Cropped pants • Jackets

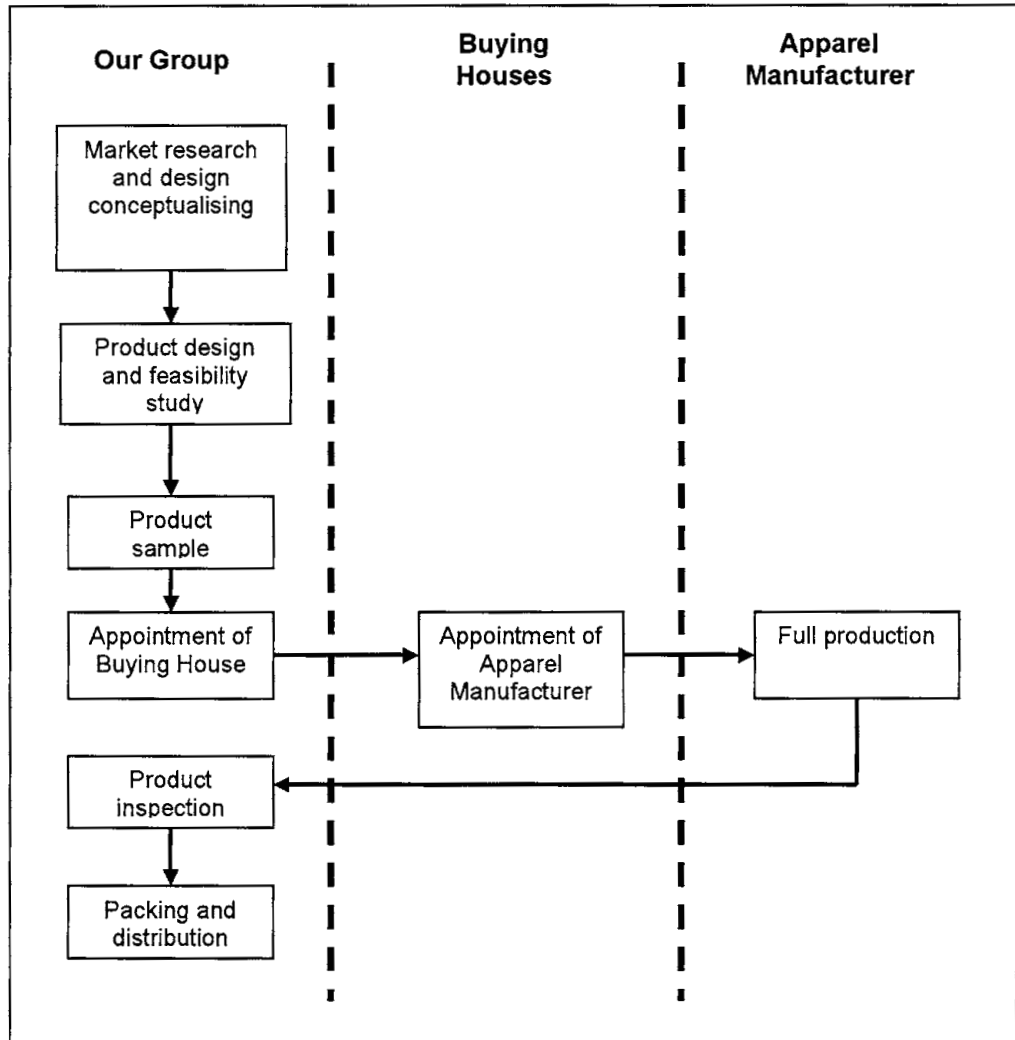
11. BUSINESS (Cont'd)

Brands	Description	Product Range
SCS	The brand SCS is established since 1995 and it is another of the Group's brand. Its designs are contemporary and well suited for active modern lifestyle. SCS brand of products are made with imported high quality fabric in easy to match neutral colours and its products are detailed with embroidery together with sequins and beads from India.	<ul style="list-style-type: none"> • Tank Tops • Crochet tops • Polo shirts • Ethnic tunic • Jeans • Knitted shirts • Cropped pants • Jackets
Noir	Established in 2006, Noir reflects a modern oriental fusion lifestyle concept which merges the characteristics of both eastern and western designs.	<ul style="list-style-type: none"> • Male and female fashion apparels • Home furnishing and decoration products • Dining ware • Tableware • Table linens • Ladies' accessories • Bed and bath products
Diadora	The company is the licensee for the sporting goods brand since 1996. Diadora is an Italian brand that is renowned for developing its high quality and performance oriented products in collaboration with top international athletes.	<ul style="list-style-type: none"> • Men's and ladies' performance and leisure apparels • Footwears • Sport accessories
Chiemsee	The Group is also a licensee for the German brand Chiemsee since 2006. Chiemsee is a popular brand that produces casual as well as surf wear.	Men's and ladies' lifestyle and leisure apparels

11. BUSINESS (Cont'd)

11.5 Operational Process

While the Group develops its own brand of apparels and accessories, it does not manufacture its own products. Instead the manufacturing processes are outsourced to third party manufacturers through appointed buying houses. The designing and development of the Group's products are illustrated in the diagram below:



11.5.1 Market Research and Design Conceptualisation

The marketing team together with the designing team will initially conduct extensive research on the fashions market to gather information on the latest trend before conceptualising on the fashion direction for its new collection. Research will normally be done through regular overseas travelling, attends to various international fashion shows and trade fairs, using the services of the internet as well as through various international fashion magazines. After gathering the necessary information, the designing team will then brainstorm and input their creativity in determining the fashion directions for the new collection.

11. BUSINESS (Cont'd)

11.5.2 Product Design and Feasibility Study

After determining the fashion direction, the designing team will then design the whole product category before proceeding to the confirmation of fabric, detailing, washing and etc. The marketing team will then conduct feasibility study on the new designs. This will be done with the Group's sales team containing brand managers, supervisors and promoters as they are able to provide priceless information as they are constantly in touch with the market.

11.5.3 Product Sample

After conducting the feasibility study, the marketing team will then forward the information back to the design team. The design team will then procure the necessary materials and develop design samples. The design samples are then shown to the marketing team, who with the information collected earlier from the feasibility study are to examine the material used as well as other characteristics of the sample. If the samples are approved, the merchandising team will then proceed to the next stage. Otherwise, the design team will redesign or modify or even dispose of the design if it is found to be unsuitable for the market.

11.5.4 Appointment of Buying Houses

The merchandising team will then proceed with the identifying of the suitable buying houses by appointing buying houses to handle the issues of supplies and production. The Group is able to save time as well as cut cost, enabling them to price their products competitively. The Group normally reach a mutual understanding with suppliers that the designs and fabrics used are solely for the Group only for the Malaysian market.

Selection of New Supplier/Buying House

Based on our company policy, we have a comprehensive assessment & evaluation process/procedure from pre-admission right through to periodic revision to ascertain whether supplier/buying house should be on our approved list.

As shown in diagram A below, the new supplier/buying house maybe sourced through many ways such as:

- Application/approach by suppliers/buying houses,
- Recommended by business partners,
- Approach by us based on our own market research/survey.

During pre-admission, our person in charge ("PIC") and/or head of department ("HOD") will go through an interview process with the supplier/buying houses as per our ISO requirement including doing a site visit to their premise to assess the suitability of admitting them into our approved supplier list. During the site visit, an interview will be conducted by going through each and every item contained in the assessment record in order to assess their suitability, capability and competency in supporting our business.

11. BUSINESS (Cont'd)

If the supplier/buying house is found suitable, the PIC/HOD will recommend to the Executive Director ("ED") of Designing & Merchandising for approval. Once the approval being obtained from the ED, the PIC/HOD will update the approved supplier/buying house into our list of approved suppliers/buying houses and from thereon the PIC/HOD will be allowed to source from them (please refer to the process in diagram A below).

The performance of suppliers/buying houses will be monitored annually and a summary report on their performance will be prepared for management review to evaluate their competency to meet our requirements and commitment to us.

The appointment of buying houses is based on certain criteria such as their relationship with apparels manufacturers, the quality of products manufactured, delivery time frames and of course the cost of purchase as illustrated below.

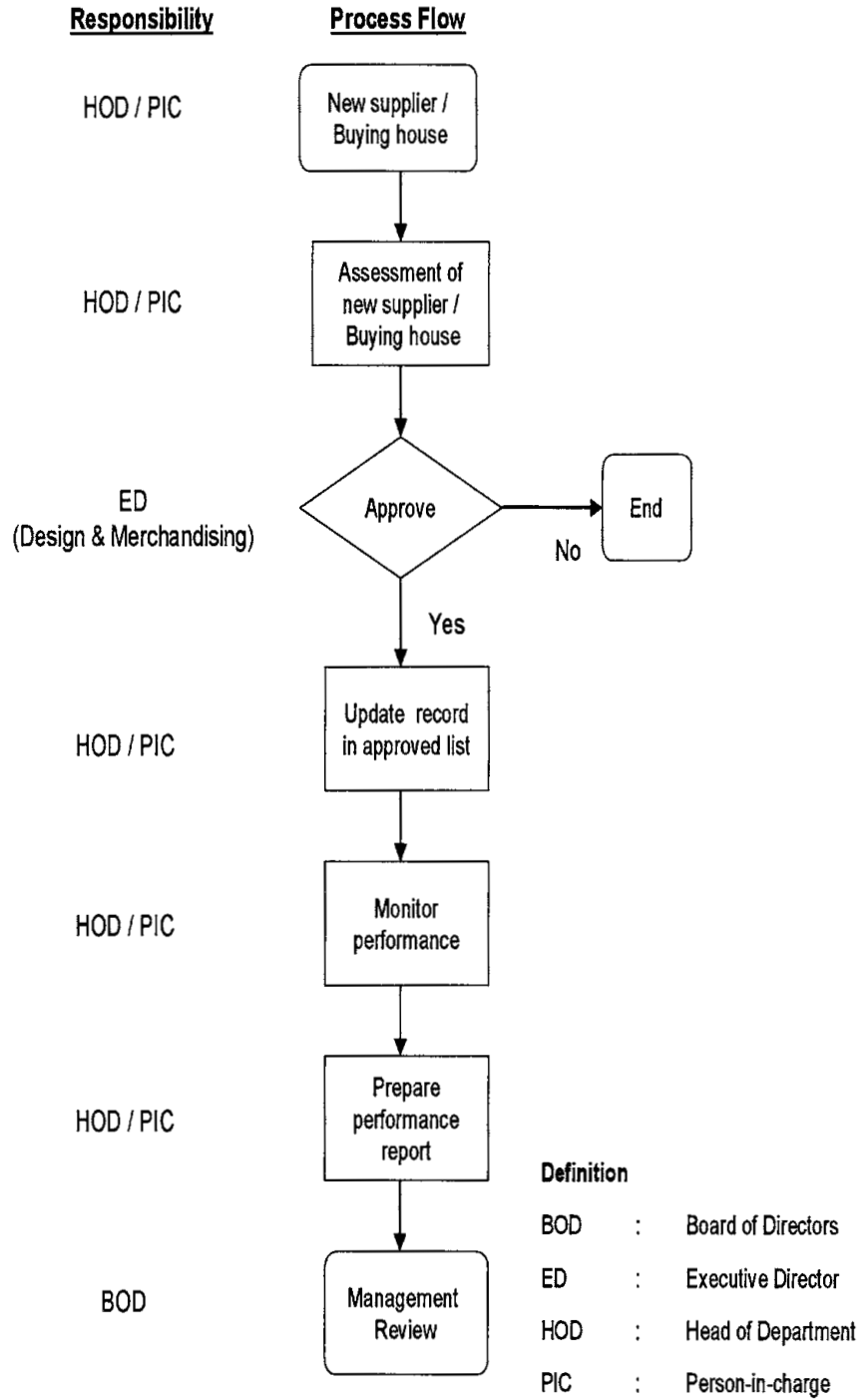
Selection of Supplier / Buying House for a particular job

From the approved list of suppliers/buying houses, the PIC/HOD will keep a record on each of the supplier/buying house's competency in terms of products quality, capacity, pricing, lead time and etc. New supplier/buying house will be tested on their competencies during the initial stages of admission. Therefore, with such knowledge, whenever the service from the suppliers/buying houses are needed, the PIC/HOD will issue Sample Document(s) to minimum 3 selected suppliers/buying houses from the list and request each of them to prepare sample(s) and quotation(s) based on the specification on the Sample Document. The Sample Document contains information such as fabric specifications, apparel design, size specification, embroidery requirement (if required), types of colour and etc.

Upon the selected suppliers/buying houses reverting with the product sample(s) and pricing, the PIC/HOD will verify the samples against specifications required by us. Only when the sample(s) meet our requirements, the PIC/HOD will then proceed to negotiate with them in order to obtain the best pricing, before proceeding to obtain final approval from the ED of Designing & Merchandising.

11. BUSINESS (Cont'd)

Diagram A - Supplier / Buying House Assessment & Evaluation Process



11. BUSINESS (Cont'd)

11.5.5 Appointment of Apparels Manufacturer(s)

The appointed buying house will then select a few apparels manufacturers and appoint the one which can produce the highest quality product based on the specifications provided by the Group's merchandising team without compromising the timeline. The appointed manufacturer will then receive full specification for the new collection and go into full production. During the course of production, the manufacturer will update the Group's merchandising team on the status of production.

11.5.6 Product Inspection, Packing and Distribution

After the production has ended, the merchandising team together with the Group's quality controllers will then select the finished products for inspection as well as quality check prior to accepting the products. Upon acceptance from the Group's quality controllers and merchandising team, the manufacturer will then deliver the finished products to the Group's logistic centre and repack for distribution to specialty stores and consignment counters in different quantities. The quantities packed will be determined by previous records of stock movements.

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11. BUSINESS (Cont'd)

11.6 Marketing and Distribution**11.6.1 Marketing**

The Group embraces various types of marketing strategies to market its products to its target markets. One of these strategies involves putting heavy emphasis on its concepts as well as theme of its new collections and this is carried out with heavy display and decoration of its specialty stores as well as at consignment counters. While this strategy is able to inform the general public of their new releases, it also creates brand awareness and will reflect the brand image that the Group wants to project. Another of the Group's marketing strategy is to reward its consumers through its membership program. This is carried out through the Group's VOIR Privilege Card ("VPC"). Holders of VPC card are entitled to a 10% - 20% discount on normal priced items on every purchase of the Group's brands at the Group's specialty stores. In addition to that, consumers can also accumulate points where every RM1 spend is equivalent to 1 point when they spend on the Group's products, and once they reach a certain amount specified on the membership, they are entitled for 3% or 5% rebates which will be in the form of vouchers, depending on the total amount purchase during a calendar year.

Implementing the VPC program, according to Independent Market Research Report, is seen as a strategic marketing tool to retain existing customers as well as to attract potential customers. In addition, these programs are also useful for customer relationship management as statistics on customer database, spending pattern and preferences can be obtained this way.

The Group spends a significant amount of money in its brand promotional activities, in its bid to create a higher level of market awareness as well as perception of its brands. The Group puts heavy emphasis on outdoor advertisement boards, where the advertisements depict its brands' latest collection in high traffic areas. As at Latest Practicable Date, the Group has 15 billboard advertisements in major cities of Peninsula Malaysia.

Other forms of advertisements that the Group has adopted also includes paid advertising on various fashion and lifestyle magazines such as Female, Nuyou, and Eh! as well as conducting various promotional events with these magazines that includes complimentary booklet presenting readers with the latest fashion collection from the Group with the purchase of the said magazines. Besides that, the Group have also participated in sponsoring notable kids' television program on local television networks as well as "live" events and shows such as the TV3 Kids Party in 2004, which was shown "live" via "Kelab Disney Malaysia" and on television program "Remaja". Other than that, the Group has carried out wardrobe sponsorship for various local drama series as well as infotainment shows. The Group has also participated in the Malaysian Fashion Week, an annual event where various brands and designers showcase their latest fashion collection to the public as well as the local and international fashion buyers.

11. BUSINESS (Cont'd)

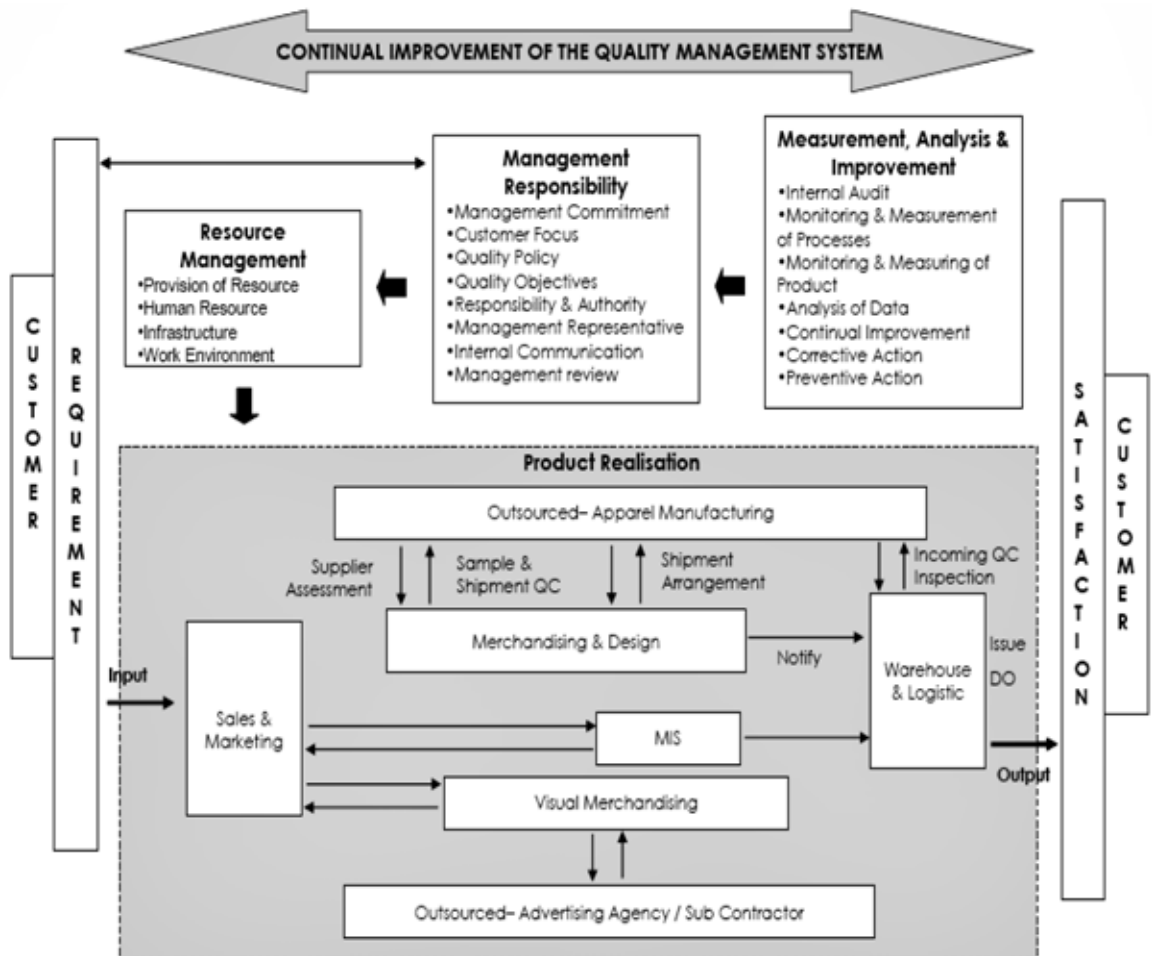
11.6.2 Distribution

The Group's products are currently sold under its brands' specialty stores in major shopping complexes as well as through departmental stores on a consignment basis. The Group has, as at Latest Practicable Date, 41 specialty and concept stores as well as 307 consignment counters in various reputable departmental stores which are located at leading shopping complexes.

In terms of the overseas market, distributions of the Group's products are done by appointing distributors in the respective countries. Countries such as India, Vietnam, Mauritius, Saudi Arabia, Brunei, UAE and Reunion Islands are all penetrated through the utilisation of appointed distributorship. These appointed distributors will then decide to penetrate the market through the departmental stores or retail outlet channels.

11.7 Quality Control Procedures/Management

The Group's quality management policy is to strive to achieve the highest level of customer satisfaction and requirements by providing quality products and timely delivery to customers while maximising the values of all our stakeholders besides meeting statutory requirements. Its quality concept includes consistent and continuous improvement in terms of material quality and comfort level, for all its products and to minimise its monthly average rejects. The Group implemented the quality management system processes in accordance with the ISO 9001:2000 System. The processes are as follows:



11. BUSINESS (Cont'd)

11.7.1 Product Realisation

Product realisation is the sequence of processes and sub-processes required to achieve the required products. Planning of the realisation processes shall be consistent with the other requirements of the Group's QMS and shall be documented in a format suitable for the Group's method of operation. In planning the processes for realisation of products, the following shall be determined, as appropriate:

- a. Quality objectives and requirements of the product;
- b. The need to establish processes and documentation, and provide resources specific to the product;
- c. Various verification, validation, monitoring, inspections and test activities specific to the product and criteria of acceptance; and
- d. The records that are needed to provide realisation processes and resulting product meeting requirements are established and maintained.

11.7.2 Measurements, Analysis and Improvement

As part of the QMS, the Group plans and implements the monitoring, measurement, analysis and continual improvement process needed to:

- a. Demonstrate conformity of the product;
- b. Assure conformity of the QMS; and
- c. Achieve improvement of the effectiveness of the QMS.

11.7.3 Management Responsibilities

The top management of the Group shall provide evidence with respects to the quality of work that are performed and has the objective of ensuring that the services will meet customers' requirement as well as statutory and regulatory requirements. This will be accomplished by:

- a. Communicating to the employees the importance of meeting customer as well as regulatory and legal requirements;
- b. Establishing the quality policy;
- c. Ensure relevant function or Department/Section establish quality objectives and its objective relevant to the quality policy;
- d. Conducting management reviews; and
- e. Ensuring the availability of necessary resources.

11. BUSINESS (Cont'd)

11.7.4 Resource Management

As part of the Group's QMS, the Group determines and provides, in a timely manner, the resources needed:

- To implement and maintain the QMS and continually improve its effectiveness; and
- To enhance customer satisfaction by meeting customer's requirements.

The resources include human resources and specialised skills, technology, financial resources as well as suitable infrastructure.

11.8 Major Customers

Significant portion of the Group's sales are conducted through departmental stores via consignment basis and specialty stores in shopping complexes to the public at large, where manning of the counters are through promoters employed by the Group. Only a small percentage of the sales via export are carried out through the Group's dealers. The sales through departmental stores and dealers which contributed more than 10% of the total sales of the Group for the past three (3) FYE 2004, 2005 and 2006 and 6-month financial period ended June 2007 are as follows:

Major Departmental Store	% of the Group's Total Sales for FYE			6-month Financial period ended 30 June 2007
	2004	2005	2006	
Parkson Corporation Sdn Bhd	19.5	20.7	17.9	16.7
AEON Co. (M) Bhd	-*	-*	-*	12.2

Note:

* Less than 10%.

The Group does not have major customers as each and every individual who buys the Group's products is the Group's customer.

11.9 Major Suppliers/Buying Houses

We have a wide suppliers/buying houses. As at 31 December 2006, there are only 2 suppliers/buying houses that had supplied for more than 10% of the Group's total purchases. The Group is not overly dependent on selected few suppliers. The particulars of suppliers who supplied more than 10% of the Group's total purchases for the past three (3) FYE 2004, 2005 and 2006 and 6-month financial period ended June 2007 are as follows:

Major Suppliers/Buying Houses	Length of relationship	% of the Group's Total Purchases for FYE			6-month financial period ended 30 June
		2004	2005	2006	
Winko Enterprise	2 years	-*	14.37	14.58	-*
May Max Buying House (M) Sdn Bhd	2 years	-*	11.21	12.00	14.32
CKC House Hold Supplies	2 years	26.11	-*	-*	-*
SWSB	10 years	11.30	-*	-*	-*
Shache Enterprise	Less than 1 year	-*	-*	-*	18.06
G M C Marketing (M) Sdn Bhd	1 year	-*	-*	-*	12.39

Note:

* Less than 10%.

Throughout the years of our operations, we have established and maintained a good rapport with our suppliers/buying houses and there were no experiences of any difficulties in obtaining our supplies.

11. BUSINESS (Cont'd)

11.10 Key Achievements

The Group has won various awards through the years and append below are the awards received todate.

Year	Award and Description
2004	VOIR was awarded the "Superbrands Malaysia Award" by Superbrands International
2004	SODA was awarded the "Superbrands Malaysia Award" by Superbrands International
2004	KVSB was awarded the "Platinum Alliance Award" by Isetan
2005	KVSB was awarded the "Best Service Staff" award for 2005 by Malaysian Retailer-Chains Association ("MRCA")
2005	KVSB was awarded the "Diamond Award" in the category of "Best Annual Sales Achievement" for 2004/2005 by KL SOGO
2005	KVSB was awarded the "Platinum Alliance Award" by Isetan
2006	KVSB, AASB, GPSB and RMSB were certified with the Quality Management System of ISO9001:2000 and BS EN ISO 9001:2000 by Moody International Certification Limited
2006	VOIR was awarded the "Platinum Award" in the category of "Outstanding Annual Sales" for the period 2005/2006 from KL SOGO
2006	AASB was awarded the "Gold Award" in the category of "Outstanding Annual Sales 2005/2006" for its brand Applemints by KL SOGO
2006	SODA Kids store in One Utama Shopping Complex was awarded the "Platinum Award" in the category of "MRCA Outlet Best Service Retailer" in 2006
2006	VOIR Shoez's stores in One Utama Shopping Complex was awarded the "Fair Price Shop 2006/2007" by Kementerian Perdagangan Dalam Negeri.
2006	KVSB was awarded the "Platinum Alliance Award" by Isetan
2007	KVSB was awarded the "Platinum Award" in the category of "Outstanding Annual Sales 2006/2007" for its brand VOIR by KL SOGO
2007	AASB was awarded the "Gold Award" in the category of "Outstanding Annual Sales 2006/2007" for its brands Applemints and Soda Kids by KL SOGO
2007	RMSB was awarded the "Gold Award" in the category of "Outstanding Annual Sales 2006/2007" for its brand SCS by KL SOGO

11. BUSINESS (Cont'd)**11.11 Location of Operations**

The office cum warehouse for the Group is currently located at its head office located at Lot 1878, Jalan KPB 9, Kawasan Perindustrian Kg. Baru Balakong, Off Jalan Balakong, 43300 Seri Kembangan, Selangor Darul Ehsan.

As at the Latest Practicable Date, the Group has 41 concept and specialty stores and 307 local consignment counters which are located across Malaysia and the details are as per table below:

Location	<----- No. of locations ----->	
	Specialty Stores	Consignment Counter
West Malaysia	40	277
East Malaysia	1	30
Total	41	307

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11. BUSINESS (Cont'd)**11.12 Properties****11.12.1 The Group currently owns the properties as per table below**

Registered / Legal Owner	Location/Title Details	Type of Properties	Restriction in Interest/Encumbrances	Description of Existing Use	Expiry Date/Terms of Lease (Leasehold)	Approximate Age of Building	Built-up Area/Land Area (sq. ft.)	Date CF is issued	NBV as at 30.6.07 RM
KVSB	Lot F1.51, 1st Floor, Plaza Bukit Mertajam Master title – GRN 71104, Lot 2028, Seksyen 4, Bandar Bukit Mertajam	Shop Lot	The land cannot be charged, leased, sub-leased or there should be no dealings without the prior consent of the State Authority	Let out	Freehold	8 years	832.5	08.10.1997	421,149.00
KVSB	No. 11, Lorong Seruling Lima, Kawasan Perindustrian Valdor, Sg. Bakap, Seberang Prai HSD 27593, No. PT Lot 1486, Mukim 12, Seberang Perai Selatan, Pulau Pinang	1½ storey semi detached factory	The land is assigned to AmBank Malaysia Berhad for loan granted to KVSB 2 charges created in favour of OCBC Bank (M) Berhad	Let out	Freehold	8 years	3,436 / 6,500	13.11.1998	287,866.85
KVSB	Unit No.G22, Ground Floor, the Summit, Subang USJ Master title – Geran 43528, Lot No. 14, Daerah Petaling, Pekan Subang Jaya, Selangor	Shop Lot	Assignment in favour of OCBC Bank (M) Berhad	Let out	Freehold	8 years	1,248.61	19.06.2002	1,079,040.89
KVSB	Unit 05-59 Berjaya Times Square ⁽¹⁾ Master title – GRN 56069 Lot 2001 Seksyen 52, Bandar Kuala Lumpur, Daerah Kuala Lumpur	Shop Lot	Assignment in favour of AmBank Berhad	Let out	Freehold	6 years	694	18.10.2006	1,502,059.46
KVSB	594 & 596, Jalan Pudu, Kuala Lumpur A) HSD 84181, PT Lot 155, Seksyen 61, Bandar Kuala Lumpur; and B) HSD 74065, PT 156 Seksyen 61, Bandar Kuala Lumpur	Five Storey Budget Hotel	Charge created favouring CIMB Bank Berhad	Let out	99 years leasehold expiring on 27.12.2069 & 22.11.2064, respectively	41 years	16,000 / 3,200	17.12.2003	2,543,071.51

11. BUSINESS (Cont'd)

Registered / Legal Owner	Location/Title Details	Type of Properties	Restriction in Interest/Encumbrances	Description of Existing Use	Expiry Date/Terms of Lease (Leasehold)	Approximate Age of Building	Built-up Area/Land Area (sq. ft.)	Date CF is issued	NBV as at 30.6.07 RM
KVSB	Mezzanine Floor, Kompleks Yik Foong, Ipoh Strata titles – A) PN 3067/M1/1M2, Lot No 6446N, Daerah Kinta, Bandar Ipoh, Perak; and B) PN 3067/M1/1M/1, Lot No 6446N, Daerah Kinta, Bandar Ipoh, Perak	Shop Lot	Charge in favour of Alliance Bank Bernad for loan granted to AASB	Let out	99 years leasehold expiring on 07.05.2885	17 years	4,607	08.11.1983	1,801,534.67
KVSB	Unit No. A31, Ground Floor, One Stop Midlands Park, Penang	Shop Lot	Assignment in favour of CIMB Bank Bernad for loan granted to KVSB	Own use	99 years leasehold expiring on 30.04.2093	8 years	628	10.01.1996	702,878.63
KVSB	Master title – Lot Numbers. 2523, 2543 and 2546 Section 1, Town of Georgetown, North East District, Penang	Shop Lot	Assignment in favour of CIMB Bank Bernad for loan granted to KVSB	Own use	99 years leasehold expiring on 30.04.2093	8 years	651	10.01.1996	728,417.99
KVSB	Unit No. G28, Ground Floor, Kuantan Parade, Pahang On master title – HSD 20012, PT No. 58708 Bandar Kuantan, Daerah Kuantan, Pahang	Shop Lot	The land cannot be transferred, leased, or charged without the prior written consent of the State Authority Assignment in favour of CIMB Bank Bernad for loan granted to RMSB	Let out	99 years leasehold expiring on 04.10.2092	8 years	484	22.01.1998	415,744.42
KVSB	Unit No. G27, Ground Floor, Kuantan Parade, Pahang On master title – HSD 20012, PT No. 58708 Bandar Kuantan, Daerah Kuantan, Pahang	Shop Lot	The land cannot be transferred, leased, or charged without the prior written consent of the State Authority Assignment in favour of CIMB Bank Bernad for loan granted to RMSB	Let out	99 years leasehold expiring on 04.10.2092	8 years	451	22.01.1998	389,093.65

11. BUSINESS (Cont'd)

Registered / Legal Owner	Location/Title Details	Type of Properties	Restriction in Interest/Encumbrances	Description of Existing Use	Expiry Date/Terms of Lease (Leasehold)	Approximate Age of Building	Built-up Area/Land Area (sq. ft.)	Date CF is issued	NBV as at 30.6.07 RM
KVSB	Lot G17, Ground Floor, Prangin Mall Penang ⁽²⁾ On master title -- Lot 398, Pajakan Negeri No. 2542, Seksyen 17, Daerah Timur Laut, Penang	Shop Lot	The land cannot be subdivided, transferred, charged, leased, sub-leased, of disposed of without the prior written consent of the State Authority Assignment in favour of Standard Chartered Bank Berhad for loan granted to KVSB	Let out	99 years leasehold expiring on 09.06.2096	7 years	654	11.10.2000	941,087.59
KVSB	Lot G18, Ground Floor, Prangin Mall Penang ⁽²⁾ On master title -- Lot 398, Pajakan Negeri No. 2542, Seksyen 17, Daerah Timur Laut, Penang	Shop Lot	The land cannot be subdivided, transferred, charged, leased, sub-leased, of disposed of without the prior written consent of the State Authority Assignment in favour of Standard Chartered Bank Berhad for loan granted to KVSB	Let out	99 years leasehold expiring on 09.06.2096	7 years	654	11.10.2000	941,087.59
KVSB	Lot 1-111, 1st Floor, Prangin Mall Penang ⁽²⁾ On master title -- Lot 399, Pajakan Negeri No. 2542, Seksyen 17, Daerah Timur Laut, Penang	Shop Lot	The land cannot be subdivided, transferred, charged, leased, sub-leased, of disposed of without the prior written consent of the State Authority Assignment in favour of HSBC Bank Berhad for loan granted to KVSB	Own use	99 years leasehold expiring on 09.06.2096	7 years	1,247	11.10.2000	1,269,431.77
KVSB	Lot 2-11, 2nd Floor, Prangin Mall Penang ⁽²⁾ On master title -- Lot 398, Pajakan Negeri No. 2542, Seksyen 17, Daerah Timur Laut, Penang	Shop Lot	The land cannot be subdivided, transferred, charged, leased, sub-leased, of disposed of without the prior written consent of the State Authority Assignment in favour of HSBC Bank Berhad for loan granted to KVSB	Let out	99 years leasehold expiring on 09.06.2096	7 years	854	11.10.2000	869,321.86
KVSB	Lot 27, Concourse Floor, Galaxy Ampang, Kuala Lumpur On temporary master title -- HSD 121280 PT No. 12054, Mukim Ampang, Daerah Ulu Langat, Selangor	Shop Lot	The land cannot be transferred, charged, leased without the consent of the State Authority Assignment in favour of CIMB Bank Berhad for loan granted to KVSB	Vacant	99 years leasehold expiring on 09.10.2105	8 years	271.57	13.01.2005	227,735.56

11. BUSINESS (Cont'd)

Registered / Legal Owner	Location/Title Details	Type of Properties	Restriction in Interest/Encumbrances	Description of Existing Use	Expiry Date/Terms of Lease (Leasehold)	Approximate Age of Building	Built-up Area/Land Area (sq. ft.)	Date CF is issued	NBV as at 30.6.07 RM
AAASB	Unit 9D, Kayangan Apartments, Genting Highlands Resort ⁽³⁾	Apartment	Charge created in favour of Alliance Bank Malaysia Berhad	Own use	Freehold	23 years	2,480	14.10.1981	395,550.00
GPSB	On strata title – Geran 3572/M1/10/81, Lot No 9583, Daerah Bentong, Mukim Bentong, Pahang	Apartment	The land cannot be transferred, charged, leased, or pledged without the consent of the Jawatankuasa Kerja Tanah Wilayah Persekutuan, Kuala Lumpur	Own use	90 years leasehold expiring on 11.08.2085	9 years	1,359	23.07.1997	150,269.05
	Parcel No.9-01J, Jade, Serimas Condominium, Jalan 4/89A, Batu 3 1/2, Cheras								
	On strata title – Pajakan Negeri 21600/M3/10/481, Lot No 51810, Daerah Wilayah Persekutuan Mukim Kuala Lumpur								

Notes:

- (1) By a Sale and Purchase Agreement dated 27 August 2007, KVSB agreed to sell and Cheah Chee Loong & Cheah Chee Wing collectively (the "Purchaser") agreed to purchase the said property ("Subject Property") for a total purchase consideration of RM2,300,000.00 subject to the existing tenancy agreement dated 13 June 2006 made between KVSB and J&L Nail Beauty & Hair Saloon and the terms and conditions contained therein.
- (2) These properties were purchased on 1 June 2005 for a total purchase consideration of RM4,088,697.55
- (3) This property was purchased on 12 April 2006 for a purchase consideration of RM405,000.

As at the Latest Practicable Date, save for the Subject Property of which an application for an extension of a temporary certificate of fitness for occupation has been made on 26 July 2007, all the properties owned by the Group as per abovementioned have been issued with certificate of fitness for occupancy and the Group is not aware of any breaches of the land use conditions.

11. BUSINESS (Cont'd)**11.12.2 The Group's rented properties**

As at the Latest Practicable Date, the Group has a total of 42 rented properties used as its retail outlets throughout Malaysia.

To the best knowledge and belief of our Directors, there are no material non-compliance with current statutory requirements, land rules or building regulations pertaining to the usage of the rented properties.

11.13 Employees

As at the Latest Practicable Date, the Group has 919 permanent employees. The breakdown according to the length of service for its permanent employees as follows:

Employee Classification	<-- Years of employment -->			<----- No. of Employees ----->			
	Less than 1 year	1 to 5 years	More than 5 years	Total	Local	Foreign	%
Directors	-	2	5	7	7	-	0.76
Senior Manager	-	2	2	4	4	-	0.43
Manager	3	3	3	9	9	-	0.98
Professional / Executive	8	13	13	34	34	-	3.70
Supervisors	6	32	34	72	72	-	7.83
Promoters/Cashiers	251	288	88	627	627	-	68.23
Clerical / Non-Executive	39	83	41	163	163	-	17.74
General Workers	-	1	2	3	3	-	0.33
Total	307	424	188	919	919	-	100.00

None of our employees is a member of any union and there has not been any industrial dispute in the past involving our employees.

Our Group acknowledges that the future success will depend on the contribution of our employees and continuously seek to improve their skills and competency level. Training and development programs are conducted throughout the year either by in-house, invitation of external trainers and/or as well as external courses/seminars for our valuable employees.

Our Group employs temporary sales promoters from time to time to achieve optimal workforce requirement. The number of temporary sales promoters required fluctuates in tandem with seasonal demands.

11. BUSINESS (Cont'd)

11.14 Intellectual Properties

11.14.1 Trademarks

The VHB Group owns the following trademarks which are registered/pending registration in the classes of apparels, accessories and footwear in Malaysia and some other countries in the region of Asia, Middle East, Africa and North America:

- (i) VOIR;
- (ii) SODA;
- (iii) Applemints;
- (iv) G&H;
- (v) SCS, South China Sea; and
- (vi) Noir.

11.14.2 Licences

For more than 10 years, GPSB has the licence directly/indirectly from Diadora-Invicta S.p.A to manufacture and sell casual wear, sportswear, footwear and accessories under Diadora brand within Malaysia; and

Since 2006, GPSB has the exclusive license from Chiemsee AG & Co. KG to produce and sell textile apparel, footwear, Chiemsee bags, Plusminus bags and wearable accessories under the brand of Chiemsee in Malaysia.

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