

This Prospectus has been seen and approved by the Directors and Promoters of Scope Industries Berhad ("Scope" or "Company") and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

AmMerchant Bank Berhad, being the Adviser acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Public Issue (as herein defined).

The Securities Commission ("SC") and the Kuala Lumpur Stock Exchange ("KLSE") have approved the Public Issue and that the approval shall not be taken to indicate that the SC and the KLSE recommend the Public Issue.

The SC shall not be liable for any non-disclosure on the part of the Company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

The KLSE shall not be liable for any non-disclosure on the part of the Company and takes no responsibility for the contents of this Prospectus, makes no representation as to its correctness or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. Admission to the Official List is not to be taken as an indication of the merits of the Public Issue, the Company or of its securities.

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

#### Characteristics of the MESDAQ Market of KLSE ("MESDAQ"):-

Investors should be aware that MESDAQ is a distinct market from the Main and Second Boards in many respects. In particular, companies listed on MESDAQ are subject to different quantitative requirements, which have been primarily designed to accommodate high-growth and/or technology companies. Companies that are listed on MESDAQ may not have an operating history or any profit track record prior to listing. As such, whilst potential investment returns may be relatively high, companies listed on MESDAQ may be of higher investment risk. The regulatory philosophy underlying the MESDAQ Market is that the market should be allowed to determine the merits of the securities/instruments in a particular company. Hence, as with all investments, prospective investors should be aware of all potential risks in investing in such companies and should make the decision to invest after due and careful consideration by referring to, amongst others, the Prospectus, latest financial statements and corporate announcements. In this respect, advice from a securities professional/adviser is strongly recommended.

**This Prospectus can also be viewed or downloaded from the KLSE's website at [www.klse.com.my](http://www.klse.com.my).**

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**INDICATIVE TIMETABLE**

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**Indicative Timetable**

Date of this Prospectus/Opening date.....	3 October 2003
Closing date .....	16 October 2003
Tentative balloting date .....	22 October 2003
Tentative date for despatch of notice of allotment to successful applicants .....	5 November 2003
Tentative listing date.....	11 November 2003

**THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. THE PUBLIC ISSUE WILL CLOSE AT THE DATE STATED ABOVE OR SUCH LATER DATE AS THE DIRECTORS OF SCOPE TOGETHER WITH THE JOINT MANAGING UNDERWRITERS MAY IN THEIR ABSOLUTE DISCRETION MUTUALLY DECIDE, SUBJECT TO THE APPROVAL OF THE KLSE.**

**ANY CHANGES TO THE APPLICATION PERIOD FOR THE PUBLIC ISSUE WILL BE NOTIFIED TO THE PUBLIC VIA AN ADVERTISEMENT IN A DAILY BAHASA MALAYSIA NEWSPAPER AND ENGLISH NEWSPAPER.**

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**DEFINITIONS**


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Unless otherwise indicated, the following definitions apply throughout this Prospectus:-

<b>Acquisition of SMSB</b>	:	Acquisition by Scope of the entire issued and paid-up share capital of SMSB comprising 3,220,000 SMSB Shares for a purchase consideration of RM18,587,882 satisfied by the issuance of 18,579,998 new ordinary shares of RM1.00 each in Scope at an issue price of approximately RM1.00 per share
<b>Act</b>	:	Companies Act, 1965 of Malaysia
<b>ADA</b>	:	Authorised Depository Agent
<b>ADA Code</b>	:	ADA (Broker) Code
<b>AmMerchant Bank</b>	:	AmMerchant Bank Berhad (23742-V)
<b>Application Form</b>	:	The application for the Public Issue Shares by way of a printed application form
<b>ATM</b>	:	Automated teller machine
<b>Board or Board of Directors</b>	:	The Board of Directors of Scope
<b>Central Depositories Act</b>	:	The Securities Industry (Central Depositories) Act 1991
<b>CD</b>	:	Compact disc
<b>CDS</b>	:	Central Depository System
<b>EBIDTA</b>	:	Earnings before interest, depreciation, taxation and amortisation
<b>EPS</b>	:	Earnings per share
<b>Electronic Application Share</b>	:	The application for the Public Issue Shares through a Participating Financial Institution's ATM
<b>FIC</b>	:	Foreign Investment Committee
<b>hi-fi</b>	:	A set of equipment for high-fidelity sound reproduction
<b>FYE</b>	:	Financial year ended/ending
<b>IC</b>	:	Integrated circuit
<b>Issue Price</b>	:	RM0.20 for each Public Issue Share
<b>KLSE or the Exchange</b>	:	Kuala Lumpur Stock Exchange

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**DEFINITIONS**


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<b>Listing</b>	:	Admission to the Official List and listing of and quotation for the entire enlarged issued and paid-up share capital of Scope of RM25,000,000 comprising 250,000,000 Shares on the MESDAQ Market
<b>Listing Requirements or MMLR</b>	:	The Listing Requirements of the KLSE for the MESDAQ Market
<b>Major Shareholder</b>	:	A person who has an interest or interests in one or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares is not less than 5% of the aggregate of the nominal amounts of all the voting shares in the Company. For the purpose of this definition, "interest in shares" shall have the meaning given in Section 6A of the Act.
<b>MCD or Central Depository</b>	:	Malaysian Central Depository Sdn Bhd
<b>MESDAQ Market</b>	:	MESDAQ Market of the KLSE
<b>MI</b>	:	Minority interests
<b>MITI</b>	:	Ministry of International Trade and Industry
<b>MNC</b>	:	Multinational corporation
<b>NTA</b>	:	Net tangible assets
<b>OBM</b>	:	Original brand manufacturer
<b>OEM</b>	:	Original equipment manufacturer
<b>Official List</b>	:	Official list of the MESDAQ Market
<b>Participating Financial Institutions</b>	:	Refers to the Participating Financial Institutions for the Electronic Share Application as listed in Section 15.4.2.4(xv) of this Prospectus
<b>PAT</b>	:	Profit after taxation and MI
<b>PBT</b>	:	Profit before taxation and MI
<b>PCB</b>	:	Printed circuit board
<b>PE Multiple</b>	:	Price-earnings multiple
<b>Promoters</b>	:	Collectively, Lim Chiow Hoo and Lee Min Huat
<b>Public Issue</b>	:	The issue of 64,200,000 new Shares at the Issue Price by way of public offering and private placement to (i) eligible Directors and employees of the Group (ii) Bumiputera investors approved by MITI (iii) Malaysian public and (iv) selected investors

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**DEFINITIONS**


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<b>Public Issue Shares</b>	:	The 64,200,000 Shares to be issued pursuant to the Public Issue, subject to the terms and conditions of this Prospectus
<b>QC</b>	:	Quality control
<b>R &amp; D</b>	:	Research and development
<b>Register</b>	:	Register of Members to be kept pursuant to the Act
<b>Rights Issue</b>	:	The rights issue of 700,000 SMSB Shares at an issue price of RM1.00 per SMSB Share on the basis of approximately five (5) new SMSB Shares for every eighteen (18) SMSB Shares held after the completion of the Share Sale
<b>RM</b>	:	Ringgit Malaysia
<b>Rules</b>	:	Rules of the Central Depository
<b>SC</b>	:	Securities Commission
<b>Securities Account</b>	:	An account established by a central depository for a depositor for the recording of deposit of securities and for dealing in such securities by the depositor
<b>Scope or the Company</b>	:	Scope Industries Berhad
<b>Scope Group or Group</b>	:	Scope and its subsidiaries
<b>Shares</b>	:	Ordinary shares of RM0.10 each in Scope
<b>Share Sale</b>	:	The disposal by Lim Chiow Hoo, a shareholder of SMSB, of 500,000 SMSB Shares, representing approximately 19.84% equity stake held by him in SMSB, to Lee Min Huat, also a shareholder of SMSB, for a total consideration of RM500,000
<b>SMSB</b>	:	Scope Manufacturers (M) Sdn Bhd (229373-P)
<b>SMSB Shares</b>	:	Ordinary shares of RM1.00 each in SMSB
<b>SMT</b>	:	Surface mount technology which enables miniature electric components and fine pitch integrated circuits to be placed onto the PCB
<b>Share Split</b>	:	The sub-division of par value of one (1) ordinary share of RM1.00 each in Scope to ten (10) ordinary shares of RM0.10 each in Scope
<b>Sq. ft.</b>	:	Square feet
<b>SSSB</b>	:	Scope Sales & Services Sdn Bhd (601405-D)
<b>Tamiya</b>	:	Tamiya Inc. Japan

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## DEFINITIONS

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<b>Through-hole</b>		The automatic insertion process where axial and radial leaded components such as capacitors and resistors are inserted onto the PCB using high speed machine
<b>Underwriters</b>	:	The underwriters of the Public Issue Shares, the names of whom are set out in the "Corporate Directory" section of this Prospectus
<b>US</b>	:	United States of America
<b>USD</b>	:	United States Dollar
<b>Utilisation of Proceeds</b>	:	The utilisation of the proceeds raised from Public Issue as detailed in Section 3.7 of this Prospectus
<b>Yamaha</b>	:	Yamaha Electronics Manufacturing (M) Sdn Bhd

Words denoting the singular member shall include the plural and vice versa.

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**1. CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name</b>	<b>Address</b>	<b>Occupation</b>	<b>Nationality</b>
Lee Chin Hwa (Non-Executive Chairman)	6890, Vision Heights Jalan Tok Ungku 70100 Seremban	Company Director	Malaysian
Lim Chiow Hoo (Managing Director)	14 Gerbang Pekaka Tmn Transkrian 14300 Nibong Tebal Seberang Prai Selatan Pulau Pinang	Company Director	Malaysian
Lee Min Huat (Executive Director)	149 Jalan BU 2/5 Bandar Utama Damansara 47800 Petaling Jaya Selangor	Company Director	Malaysian
Tan Eng Siang (Executive Director)	66, Jalan Raya 34950 Bandar Baru Kedah	Company Director	Malaysian
Too Ah Lake (Independent Non- Executive Director)	2008, Taman Bukit Blossom 70100 Seremban	Company Director	Malaysian
Lau Chin Wee (Independent Non- Executive Director)	11, Jalan Selasih Taman Cheras 56100 Kuala Lumpur	Company Director	Malaysian

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Too Ah Lake	Chairman	Independent Non-Executive Director
Lau Chin Wee	Member	Independent Non-Executive Director
Lee Min Huat	Member	Executive Director

**COMPANY SECRETARY** : Tan Choong Kiang (MAICSA 7018448)  
40, Lorong Bidara 5  
Taman Bidara  
14020 Bukit Mertajam  
Penang

- REGISTERED OFFICE** : 51-8-B, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang  
Tel : 04- 228 7828  
Fax : 04- 227 9828
- HEAD OFFICE** Lot 6181, Jalan Perusahaan 2  
Kawasan Perindustrian Parit Buntar  
34200 Parit Buntar  
Perak Darul Ridzuan  
Tel : 05 - 716 9605  
Fax : 05 - 716 7605
- REGISTRAR** : Signet Share Registration Services Sdn Bhd  
11<sup>th</sup> Floor, Tower Block  
Kompleks Antarabangsa  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel: 03- 2145 4337
- PRINCIPAL BANKERS** : RHB Bank Bhd  
Penang Area Business Centre  
1st & 2nd Floor  
2784 & 2785, Jalan Chain Ferry  
Taman Inderawasih  
13600 Prai  
Penang  
Tel : 04-390 8997 / 390 9045 / 390 8896
- Malaysian Industrial Development Finance Bhd  
195A, Jalan Tun Razak  
50939 Kuala Lumpur  
Tel : 03-2161 0066
- Hong Leong Bank Berhad  
Butterworth Business Centre  
2828-G-02 & 2828-1-02, Jalan Bagan Luar  
12000 Butterworth  
Penang  
Tel : 04-332 5660 / 323 4489 / 324 5804
- HSBC Bank Malaysia Berhad  
No.1 Downing Street  
10300 Penang  
Tel : 04-262 9441
- AUDITORS AND REPORTING ACCOUNTANTS** : JB Lau & Associates  
Chartered Accountants  
51-8-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang  
Tel : 04 – 228 7828

- SOLICITORS FOR THE LISTING** : Wong Beh & Toh  
Peti #30, Level 12, West Block  
Wisma Selangor Dredging, Jalan Ampang  
50450 Kuala Lumpur  
Tel : 03 - 2713 6050
- ADVISER AND SPONSOR** : AmMerchant Bank Berhad  
22<sup>nd</sup> Floor, Bangunan AmBank Group  
55 Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel : 03 - 2078 2633 /44 /55
- JOINT PLACEMENT AGENTS,  
JOINT MANAGING  
UNDERWRITERS AND  
UNDERWRITERS** : AmMerchant Bank Berhad  
22<sup>nd</sup> Floor, Bangunan AmBank Group  
55 Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel : 03 - 2078 2633 /44 /55
- AmSecurities Sdn Bhd  
15<sup>th</sup> Floor, Bangunan AmBank Group  
55 Jalan Raja Chulan  
50200 Kuala Lumpur
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd  
27<sup>th</sup> Floor, Menara Multi-Purpose,  
Capital Square  
No.8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel : 03 - 2693 2075
- LISTING SOUGHT** : MESDAQ Market of the KLSE

## 2. PROSPECTUS SUMMARY

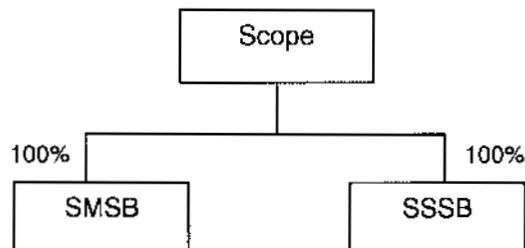
**THE FOLLOWING PROSPECTUS SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE SCOPE GROUP. INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST.**

The following summary is qualified in its entirety by the more detailed information, including the Accountants' Report and Notes thereto, included elsewhere in this Prospectus. This Prospectus contains certain statements of a forward-looking nature relating to future events or the future financial performance of the Company and its subsidiaries. Prospective investors are cautioned that such statements are only predictions and that actual results or events when materialised may differ materially from those disclosed in this Prospectus. Therefore in evaluating such statements, prospective investors should carefully consider the various factors identified in this Prospectus, including the matters set forth under the heading "Risk Factors."

### 2.1 History, Principal Activities and Group Structure

Scope was incorporated in Malaysia on 2 September 2002 under the Act as a public limited company under its present name. Scope is principally an investment holding company with two (2) wholly-owned subsidiaries, namely SMSB and SSSB. As at 22 September 2003, Scope does not have any associate company.

The current group structure of the Group is as follows:-



The Group, via its core subsidiary SMSB, is principally involved in the manufacturing and assembling of electronic components and products with specialisation in the audio and telecommunication market segments. The range of end products in respect of the PCB assembled by the Group includes audio hi-fi equipments, computer peripherals, base telephone sets, automated hygiene system, electronic dartboard and remote control for electronic toys and games. In addition, the Group also undertakes the assembling of electronic products such as electric meter cover cassette and CD player.

Incorporated in 1991 as a small company entering into the electronic assembly, SMSB has grown steadily over the years, expanding its workforce and production facilities and bringing in technology and automation to its processes. The Group currently operates from Kawasan Perindustrian Parit Buntar, Perak. Its present production plant, with a production floor space measuring approximately 58,040 sq. ft., is equipped with integrated PCB/product assembly facilities comprising 6 SMT assembly lines, 18 automatic insertion machines, 7 manual insertion lines and 2 final assembly lines. The Group's facilities are manned by a team of experienced and qualified personnel, with the Group's total staff strength standing at 456 employees as at 22 September 2003.

The Group has been in the contract manufacturing business for more than 10 years and has served both local and multi-national electronic producers. The Group has, however, moved on from solely engaging in contract manufacturing activities, to becoming an OBM. In 2002, SSSB was established to undertake the marketing and distribution of the end-products of the Group. As at today, the Group has successfully marketed its computer peripherals in Malaysia as well as in overseas markets such as Thailand and Vietnam.

In December 2001, SMSB was awarded the ISO 9001 : 2000 certification by BM TRADA Certification Ltd, an established multi-sector certification body accredited by UKAS (United Kingdom Accreditation Service). This endorsement signifies the standard of quality system of the Group and reflects the Group's continuous efforts to deliver high quality and competitive products to its customers.

Further information on the Scope and its subsidiaries are disclosed in Section 5 of this Prospectus.

## 2.2 Promoters, Directors, Major Shareholders and Key Management

Based on the Register of Members as at 22 September 2003, the Promoters, Directors, Major Shareholders and key management of Scope and their respective shareholdings in the Company after the Public Issue are as follows :-

Name	Designation	After Public Issue <sup>1</sup>			
		Direct No. of Shares	%	Indirect No. of Shares	%
<b>Promoters</b>					
Lim Chiow Hoo	Managing Director	71,165,830	28.47	-	-
Lee Min Huat	Executive Director	57,701,860	23.08	-	-
<b>Board of Directors</b>					
Lee Chin Hwa	Non-Executive Chairman	-	-	-	-
Lim Chiow Hoo	Managing Director	71,165,830	28.47	-	-
Lee Min Huat	Executive Director	57,701,860	23.08	-	-
Tan Eng Siang	Executive Director	1,923,380	0.77	-	-
Too Ah Lake	Independent Non-Executive Director	-	-	-	-
Lau Chin Wee	Independent Non-Executive Director	-	-	-	-
<b>Major Shareholders</b>					
Lim Chiow Hoo	Managing Director	71,165,830	28.47	-	-
Lee Min Huat	Executive Director	57,701,860	23.08	-	-
Datin Zaiton binti Abdullah	-	53,085,710	21.23	-	-
<b>Key Management</b>					
Lim Chiow Hoo	Managing Director	71,165,830	28.47	-	-
Lee Min Huat	Executive Director	57,701,860	23.08	-	-
Tan Eng Siang	Executive Director	1,923,380	0.77	-	-
Ban Kam Seng	Operation Manager	-	-	-	-
Lee Yee Wooi	Accounts/Finance Manager	-	-	-	-

Name	Designation	After Public Issue			
		Direct No. of Shares	%	Indirect No. of Shares	%
Lim Seng Chong	Production Manager (Manual Insertion)	1,923,200	0.77	-	-
Ong Chee Keong	Human Resource and Administration Manager	-	-	-	-
Tan Eng Kim	Quality Assurance Manager	-	-	-	-
Tan Sim Hong	Production Manager (Automatic Insertion / SMT)	-	-	-	-

Note:-

1 Excluding any pink form applications pursuant to the Public Issue.

Detailed information on the Promoters, Directors, Major Shareholders and key management of Scope is disclosed in Section 7 of this Prospectus.

### 2.3 Proforma Consolidated Income Statements

The summarised proforma consolidated results of Scope for the past five (5) financial years ended 30 June 2003, extracted from the Accountants' Report which was prepared based on the audited financial statements of the Group, for illustrative purposes, after making such adjustments considered necessary and assuming that the Group had been in existence throughout the financial years under review, are set out below.

Financial Year Ended 30 June	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Revenue	7,480	16,200	23,667	19,354	21,725
EBIDTA	2,600	4,959	9,877	7,706	8,830
Interest expense	(84)	(249)	(449)	(279)	(174)
Depreciation	(502)	(1,091)	(1,552)	(1,965)	(2,277)
Operating Profit / PBT	2,014	3,619	7,876	5,462	6,379
Taxation	(42)	(545)	(942)	(743)	(1,033)
PAT	1,972	3,074	6,934	4,719	5,346
No. of Shares assumed in issue ( '000 ) *	185,800	185,800	185,800	185,800	185,800
Net EPS (sen)	1.06	1.65	3.73	2.54	2.88

Notes:-

\* Based on issued and paid-up share capital of 185,800,000 Shares after the Acquisition of SMSB and Share Split but prior to the Public Issue.

1 There were no amortisation, minority interests, extraordinary or exceptional items for the financial years under review.

2 The audited financial statements of the Group for all the financial years under review were reported on without any audit qualification.

The Accountants' Report is set out in Section 12 of this Prospectus.



## 2.4 Proforma Consolidated Balance Sheets

The Proforma Consolidated Balance Sheets of Scope as at 30 June 2003, based on the audited consolidated financial statements of Scope as at 30 June 2003, for illustrative purposes to show the effects of the Acquisition of SMSB, Share Split, Public Issue and utilisation of proceeds from the Public Issue on the assumption that these transactions were completed on 30 June 2003, are set out below.

	Audited as at 30 June 2003	I After Acquisition of SMSB and Share Split	II After I and Proposed Public Issue and Utilisation of Proceeds
	RM'000	RM'000	RM'000
<b>PROPERTY, PLANT AND EQUIPMENT</b>	-	19,721	19,721
<b>DEFERRED TAXATION ASSET</b>	1	1	1
<b>CURRENT ASSETS</b>			
Inventories	-	2,223	2,223
Trade debtors	233	4,962	4,962
Trade debtors, deposits and prepayments	1	522	522
Fixed deposits with a licenced bank	-	300	300
Cash and bank balances	16	2,905	12,745
	<u>250</u>	<u>10,912</u>	<u>20,752</u>
<b>CURRENT LIABILITIES</b>			
Trade creditors	251	1,406	1,406
Other creditors and accruals	10	437	437
Amount due to directors	-	320	320
Bank borrowings	-	1,647	1,082
Dividend payable	-	1,890	1,890
Provision for taxation	-	272	272
	<u>261</u>	<u>5,972</u>	<u>5,407</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	(11)	4,940	15,345
	<u>(10)</u>	<u>24,662</u>	<u>35,067</u>
<b>FINANCED BY:</b>			
<b>SHARE CAPITAL</b>	1	18,580	25,000
<b>SHARE PREMIUM</b>	-	8	4,928
<b>RESERVE ON CONSOLIDATION LOSS</b>	-	3,466	3,466
	<u>(10)</u>	<u>(10)</u>	<u>(10)</u>
<b>SHAREHOLDERS' FUNDS</b>	(10)	22,044	33,384
<b>DEFERRED TAXATION LIABILITY</b>	-	1,552	1,552
<b>LONG TERM LIABILITIES</b>	-	1,066	131
	<u>(10)</u>	<u>24,662</u>	<u>35,067</u>
<b>NET TANGIBLE (LIABILITIES) / ASSETS</b>	(10)	22,044	33,384
<b>NET TANGIBLE (LIABILITIES) / ASSETS PER SHARE (RM)</b>	(5,000)	0.12	0.13

Note:-

1 Represents RM2 comprising 2 ordinary shares of RM1.00 each.

The Proforma Consolidated Balance Sheets of Scope as at 30 June 2003 together with the Reporting Accountants' Letter thereon are set out in Section 13 of this Prospectus.

## 2.5 Risk Factors

Prospective investors, prior to making an investment in the Company, should carefully consider the following risk factors inherent in and affecting the business of the Company and its subsidiaries and this offering. In addition, the discussion in this Prospectus contains forward-looking statements that involve risks and uncertainties. The Company's and the Group's actual results when materialised, could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in Section 4 of this Prospectus, and also those discussed throughout this Prospectus.

The key risk factors that may affect the Group's future profitability include risk associated with past non-tradability of the Shares and the possible volatility of the market price of the Share; dependence on Directors and key personnel of the Group; nature of business of the Group; competition from existing competitors and new entrants; adverse global economic conditions; dependence on customers/major customer; absence of long term contracts with its customers; technological advancement and machinery break-down; foreign exchange fluctuations; effective management of growth; possible need for future capital injection; possible acquisitions and joint ventures; ownership and control of the Company by certain shareholders; forward-looking statements and the uncertainties in the 5-Year Business Development Plan of Group.

## 2.6 Principal Statistics Relating to the Public Issue

The following is the summary of the principal statistics relating to the Public Issue.

### **Share Capital**

<b>Authorised Share Capital:</b>	<b>RM</b>
500,000,000 ordinary shares of RM0.10 each	<u>50,000,000</u>
<b>Issued and Fully Paid-up Share Capital:</b>	
185,800,000 ordinary shares of RM0.10 each	18,580,000
<b>To be Issued Pursuant to the Public Issue:</b>	
64,200,000 ordinary shares of RM0.10 each	6,420,000
<b>Enlarged Issued and Paid-up Share Capital</b>	
250,000,000 ordinary shares of RM0.10 each	<u><u>25,000,000</u></u>
<b>Issue Price per Share</b>	<b>RM0.20</b>
<b>Market Capitalisation Based on the Issue Price of RM0.20 per Share</b>	<b>RM50,000,000</b>

The Public Issue Shares shall be allocated by way of private placement and public offering to Bumiputera investors approved by MITI as well as retail and institutional public investors.

There is only one class of shares in the Company, namely ordinary shares of RM0.10 each. The Public Issue Shares shall rank pari passu in all respects with the existing Shares, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of the allotment thereof.

Further details are disclosed in Section 3.4 of this Prospectus.

**Proforma Consolidated NTA based on the Proforma Consolidated Balance Sheets as at 30 June 2003**

Proforma Consolidated NTA upon listing	RM33,383,380
Proforma Consolidated NTA per Share upon listing	RM0.13

The Proforma Consolidated Balance Sheets of Scope as at 30 June 2003 together with the Reporting Accountants' Letter thereon are set out in Section 13 of this Prospectus.

## 2.7 Proceeds of the Public Issue and Proposed Utilisation

Based on the Issue Price of RM0.20 per Share, the Company expects the gross proceeds of the Public Issue of approximately RM12.84 million to accrue to the Company. This amount is proposed to be utilised as follows:-

	RM'000
Financing of the construction of a new factory building	5,000
Repayment of bank borrowings*	1,500
Working capital	4,840
Estimated listing expenses*	1,500
<b>Total</b>	<b>12,840</b>

Note:-

\* Any variation in the actual repayment of bank borrowings and actual listing expenses from their respective estimated amount will be adjusted in working capital.

Further details are disclosed in Section 3.7 of this Prospectus.

## 2.8 Material Litigation, Material Capital Commitments and Contingent Liabilities

### Material Litigation

As at 22 September 2003, being the last practicable date prior to the printing of this Prospectus, the Group is not engaged in any litigation, claims or arbitration, either as a plaintiff or defendant, which may materially affect the financial position or business of the Group, and the Directors of Scope do not know of any proceedings pending or threatened or any fact likely to give rise to any proceedings which may materially affect the financial position or business of the Group.

**Material Capital Commitments**

Save as disclosed as below, as at 22 September 2003, being the last practicable date prior to the printing of this Prospectus, the Directors of Scope are not aware of any capital commitments incurred or known to be incurred by the Group which may materially affect the financial position or business of the Group:-

Description	RM'000
Purchase of property, plant and equipment	716

**Contingent Liabilities**

As at 22 September 2003, being the last practicable date prior to the printing of this Prospectus, the Directors of Scope are not aware of any contingent liability which, upon becoming enforceable, may materially affect the financial position and business of the Group.

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