6 PROSPECTS AND FUTURE PLANS

6.1 Overview of the Malaysian Economy

The Malaysian economy entered 2002 on a stronger footing, after recovering from a downturn experienced in the last two quarters of 2001. Riding on the back of an earlier-than expected recovery of the United States (US) economy and a stronger outturn in the later half of 2002, the Malaysian economy is expected to register a higher but moderate growth in gross domestic product (GDP). The year began with optimism as world economy recovered, led by the US on account of better demand for housing, motor vehicles, increased public expenditure on defence and turnaround in demand for electronics. The high expectations of a strong recovery for the year were, however, marred by a series of uncertainties, particularly a weak second quarter performance, reflecting a slower US GDP growth and lower corporate earnings. Billion dollar corporate scandals, involving gross mismanagement and fraudulent accounting practices in the US, coupled with rising Middle East tensions, had also adversely impacted equity prices and depressed investor and consumer confidence. Nonetheless, the continuation of an easy monetary policy and swift government regulatory measures to improve corporate governance and accountability, however, helped arrest further declines in sentiments. Elsewhere, the euro area's moderate expansion and Japan's recovery from recession are envisaged to remain on track, despite increasing risks. With global economic growth intact and supported by a strong domestic sector, Malaysia's economy is expected to further strengthen, particularly during the second half of 2002.

The pegged exchange rate regime remains consistent with the fundamentals of the economy and continues to support economic growth. As the US dollar continued to slide, the earlier pressure on the ringgit, experienced especially during the later part of 2001 and early 2002 when the yen depreciated by about 13%, eventually eased and the appreciating trend reversed. The ringgit, in tandem with the depreciated dollar, witnessed declines *vis-à-vis* regional currencies by between 2.8% and 17.2% since end-2001. The depreciated ringgit, however, helped boost exports, which expanded by 6.7% in July.

The higher GDP growth of 4%-5%, driven by the domestic sector for the second year running, is expected to emanate from increasing contribution of the private sector. The services sector continue to be the leading contributor to economic growth adding 3 percentage points to growth, followed by the manufacturing sector with 1.6 percentage points arising from the turnaround and improvements in global demand for information and communications technology (ICT) products. Spurred by improvements in external demand for electronics exports as well as higher palm oil and rubber prices, private consumption is projected to expand by 5.9% (2001: 2.8%), with private investment recovering by 1.8% (2001: -19.9%).

With the mild recovery intact in 2002 and expected to gather momentum in 2003, the world economy is projected to register output growth of 3.7% with trade expanding at 6.6%. The US is forecast to chart a stronger GDP growth of 2.6%, while the euro area is expected to further improve by 2.9%. Japan, which has shown further signs of bottoming out, has entered into a recovery mode and is projected to grow by 1.1% in 2003. The Malaysian economy, with the stronger macroeconomic fundamentals already in place and complemented by more resilient corporate and financial sectors, is now poised to benefit from the much-improved global economic environment projected for 2003. Output expansion is anticipated in all sectors of the economy, with GDP envisaged to chalk 6%-6.5%, arising from a broader based economy with growth emanating from a more pronounced role of a revitalized and dynamic private sector. The manufacturing sector is expected to continue its expansion to record 8.5% increase in output and contribute 2.6 percentage points to GDP growth while the services sector, with a projected increase of 5.9%, remains the major contributor to growth with 3.3 percentage points.

(Source : Economic Report 2002/2003)

6.2 Overview of the Manufacturing Industry

Signs of a turnaround in the manufacturing sector have become more visible in the second quarter of 2002. After experiencing 11 months of consecutive decline, output of the manufacturing sector has improved from -11% recorded in the fourth quarter of 2001 to bounce back with three straight months of positive growth since April 2002. A steady recovery of the sector is anticipated for the rest of the year, on account of a revival in external demand and sustained growth in domestic consumption. The external outlook has turned positive with the slump in the electronics industry showing signs of bottoming out. Decline in worldwide semiconductor sales has moderated to 1.6% in the second quarter, a significant improvement from a -25% in the previous quarter.

There was a sharp turnaround in the domestic electrical and electronics (E&E) industry which recorded a significant growth of 13.3% in June compared to -1.8% in March. The semiconductors and electronic component sub-sector in particular, recorded four consecutive months of positive growth since February, after 12 months of decline. Following protracted inventory liquidation in semiconductors in 2001, orders began to pick up largely due to replenishment of stocks in the first half of 2002. Imports of intermediate goods also rebounded by 3.3% in second quarter (Q1 2002: -1.3%), indicating a strong pick-up in manufacturing output in the months ahead. Capacity utilisation for the sector remained generally above 70% in the first half of the year. As growth in external demand and domestic consumption continues to accelerate, the capacity utilisation rate is expected to improve further to above 80% by end of 2002.

Consumer confidence has held up better and consumer spending has been firm. Slightly more than half of the output of the manufacturing sector is export-oriented, with E&E accounting for more than 40%. The strong recovery of E&E has contributed significantly to the performance of the manufacturing sector. Output of semiconductors, transistors, integrated circuits and other electronic parts and components started to show sequential increases in the early part of the year. Demand is picking up across the board, particularly for personal computers (PCs), telecommunications equipment, consumer electronics as well as automobile and industrial electronic components, driven largely by restocking activity and increases in some end-market demand from consumer and automobile electronic segments.

Improved spending on consumer durables and higher external demand resulted in strong increases in production of household E&E products, such as television sets which increased by 8.7% and air conditioners by 7.5% during the first six months of 2002. external demand resulted in strong increases in production of household E&E products, such as television sets which increased by 8.7% and air conditioners by 7.5% during the first six months of 2002.

(Source: Economic Report 2002/2003)

The services sector continued to provide the main support for GDP expansion. In the second quarter, growth was further strengthened by a recovery in the manufacturing sector. Activity in the manufacturing sector rebounded in the second quarter of 2002 to take the lead, with value added increasing by 5.6% (1Q 2002: 2.3%), the first positive growth since the first quarter of 2001. The improved performance was attributed to a stronger expansion in output of the domestic-oriented industries, as well as a turnaround in production of export-oriented industries, due primarily to an upturn in the electronic industry. With the improved performance, the overall capacity utilization rate in the manufacturing sector increased to 82% in the second quarter (79% in the first quarter).

(Source: BNM Published Statement dated 21 August 2002)

6.3 Overview of the Electronics Industry

For the year as a whole, manufactured exports are expected to turn around to register a positive growth of 5.4%, driven by E&E exports, which account for about 70% of total manufactured exports. E&E exports are expected to grow by 6.9% (2001: -13.5%).

Exports of electronics recovered and registered positive growth of 8.4% during the first six months (January-June 2001: -10.5%). The sector, which comprises semiconductors and electronic equipment and parts, remained the major contributor to the overall exports of the E&E industry with a share of 51.9% of total manufactured exports. Key export drivers such as semiconductors, printed circuit boards, resistors and transformers returned to positive year-on-year growth for the last four consecutive months since March, showing signs of sustained improvement. Most notably, export of semiconductors to China, Hong Kong SAR and Taiwan increased rapidly with their combined export value exceeding that of US. Exports of household electrical appliances and audio-visual products also recovered and recorded positive growth of 9.2% and 28.9%, respectively during the first six months of 2002.

The Malaysian economy is envisaged to strengthen in 2003, led by further improvements in both external and domestic demand. On the supply side, all sectors of the economy are expected to register positive growth rates. The anticipated growth in the global economy and world electronics demand will contribute to a more robust and broad-based growth in the manufacturing sector.

(Source: Economic Report 2002/2003)

The growth prospects for the electrical and electronic products industry is anticipated to be favourable. The industry is targeted to grow at an average annual rate of 8.8%. The electrical and electronic products sub-sector in the country is shifting into higher value added activities through skill up-grading, product design and R&D. To promote and support the development of the electrical and electronic products sub-sector, the Government will encourage companies to have more integrated operations involving R&D, design, procurement, distribution and marketing as well as treasury and headquarters' functions.

(Source: Eighth Malaysia Plan 2001-2005)

6.4 Prospects of the Group

As a contract manufacturer of PCB assembly, the Group forms part of the supply chain of local electronic manufacturers and MNC. At present, the Group competes largely with private companies. Although public listed companies such as Astral Supreme Berhad, Ya Horng Electronics (M) Berhad, PNE PCB Berhad and AE Multi Holdings Berhad are also industry players, the Board is of the view that none of these companies has an activity profile which closely resembles that of the Group. The Group also competes at the global level, particularly from companies located at low-cost producing countries such China and Vietnam.

Given the high level of competition, the Group believes that the success of a market player in this sector is largely dependent on its capabilities to meet the customers' specifications in terms of timely delivery, high quality products and competitive pricing.

In addition to the favourable prospects of the electronics industry in the medium term, the Board believes that the contract manufacturing segment in the electronics industry in which the Group is involved in is a growing segment in view that in recent years, electronic manufacturers, especially the MNC, have increasingly leveraged and relied on the collective expertise and capabilities of contract manufacturers such as the Group. Contract manufacturers are able to offer a variety of advantages to manufacturers, which include helping the manufacturers to (1) reduce their capital investment (2) stay focused on their core competencies of design and innovation (3) gain access to leading manufacturing technologies (4) improve inventory management and purchasing and (5) reduce risk of overcapacity waste.

Given the above, the Group plans to further expand its operations and strengthen its position in the contract manufacturing of PCB assembly. The future plans of the Group, as embodied in its Five-Year Business Development Plan (2003-2008), as discussed in Section 6.5 below.

6.5 Summary of Five-Year Business Development Plan

Given the prospects and positive outlook of the electronics industry in the medium term, the Group is optimistic that its business will grow. Capitalising on its financial, infrastructure and personnel strength and capabilities, the Group will strive to maintain its reputation as a reliable assembler to local and multinational companies and further enhance its customer base. The Group will adopt and implement the following business strategies over the next 5 years in order to consolidate and expand its position in the market:-

(i) Maintain Existing Product Range

The Group has been in the contract manufacturing of PCB assembly for more 10 years, focusing on the audio and telecommunication market segments. As the Group has good competitive technological capabilities in PCB assembly, the Group intends to remain in its current core business.

The Group expects to maintain its good working relationships with its major customers, in particular, Yamaha, and expects Yamaha to continue to contribute positively to the revenue of the Group in the near future. The Group has also recently commenced the contract manufacturing for Hikali Corporation Sdn Bhd in respect of the assembly of PCB used in remote control for electronic hobby toys marketed under the brand name "Tamiya". The PCB assembly undertaken by the Group for Tamiya is projected to increase in the future in view of the reputed name of Tamiya in the hobby industry.

In order to maintain customers' satisfaction, the Group intends to place a greater emphasis on its marketing function by engaging external professional sales and marketing representatives.

(ii) Expansion in Capacity

In line with its objective of capturing a larger share in the PCB assembly, the Group has plans to expand its production capacity.

To facilitate its expansion plans, the Group intends to build an additional factory building. The Group has on 22 February 2003 completed the acquisition of a piece of land adjacent to its present factory at Kawasan Perindustrian Parit Buntar measuring approximately 8,096 square metres. It is expected that the construction of the factory building will be completed in early 3rd quarter of financial year 2005 and the factory will be fully operational in mid 3rd quarter of financial year 2005.

The Group expects that the new plant will provide the platform to double its present production capacity, thus allowing the Group to add new customers while satisfying the increasing needs of its current customers.

The expansion into a second factory is also in line with its competitive pricing strategy. With the increase in the volume of production, the Group expects to achieve economies of scale, thus allowing the Group to offer more competitive products to its customers.

(iii) Diversification of Product/Service Range

In line with its objective to increase its sales as well as reduce its reliance on any customers, the Group is constantly looking into increasing the range of PCB/products assembled.

With the current global emphasis on technology, the Group intends to venture into the assembly of PCB for higher-end electronic products, such as home automation appliances, which involve more sophisticated processes and are subject to more stringent quality standards, in order to generate higher return to the Group.

To further increase its competitiveness, the Group will continue to add value to its customers by offering a spectrum of services and solutions in addition to its principal activity of PCB assembly. In particular, the Group intends to increase the contract manufacturing of PCB on a turnkey basis, as this will generate higher margin for the Group.

(iv) Strengthening of R&D Activities

The Group will continue to focus on R&D activities, which involve, amongst others, factory automation and process re-engineering to enable the Group maintain the quality of the products assembled. In this respect, the Group has benefited immensely from the exposure to experienced technical experts provided by its customers. Its engineers will continue to work closely with these experts to better understand the technical and functional aspects of the products in order to develop the most cost-effective processes and to ensure that the products released conform to the customers' specifications.

The Group will ensure strict adherence to the following quality objectives in order to achieve production efficiency and cost improvements:-

- Maintenance of ISO9001 : 2000 Quality System
- Production rejection rate of less than 0.2%
- Supplier rejection rate of less than 0.5%
- Customer rejection rate of less than 0.2%
- Achieve 100% on time delivery

(v) Exploring New Market Opportunities

The Group will also be looking to eventually extend its presence in the electronics industry regionally by establishing or acquiring operations, which are synergistic to its current operations in the assembly of PCB/final electronic products, in countries with low-cost base, like China. However, the Group is currently in the initial stages of studying the viability of setting up production plants in the region and do not have any concrete plans for their overseas expansion yet.

7 PROMOTERS, MAJOR SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND EMPLOYEES

7.1 Promoters and Major Shareholders

7.1.1 Shareholdings in Scope

Based on the Register of Members of Scope as at 22 September 2003, the promoters and Major Shareholders of Scope and their shareholdings in Scope before and after the Public Issue are as follows:-

Name	Nationality	Before Public Issue				After Public Issue[1]			
		---- Direct----		----Indirect----		----Direct----		----Indirect----	
		No. of Shares	%	No. of Shares	%	No.of Shares	%	No.of Shares	%
Lim Chiow Hoo[2]	Malaysian	71,165,830	38.29	-	-	71,165,830	28.47	-	-
Lee Min Huat[2]	Malaysian	57,701,860	31.06	-	-	57,701,860	23.08	-	-
Datin Zaiton binti Abdullah	Malaysian	53,085,710	28.57	-	-	53,085,710	21.23	-	-

Notes:-

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

2 *These persons are also promoters of Scope.*

7.1.2 Directorships in Other Public Corporations

None of the Promoters and Major Shareholders has held directorships in any other public corporations for the past two (2) years preceding 22 September 2003.

7.1.3 Major Shareholdings in Other Public Corporations

None of the Promoters and Major Shareholders has had major shareholdings (5% or more), whether directly or indirectly, in other public corporations for the past two (2) years preceding 22 September 2003.

7.1.4 Background on Promoters and Major Shareholders

The profiles of Lim Chiow Hoo and Lee Min Huat, who are also Directors of Scope, are set out in Section 7.3.1 of this Prospectus.

A brief background on Datin Zaiton binti Abdullah, a Major Shareholder of the Company, is as follows:

Datin Zaiton binti Abdullah, aged 51, is a Major Shareholder of the Company. She has experience in real estate business and was previously an insurance consultant with Arab-Malaysian Assurance Bhd (now known as AmAssurance Bhd) from 1994 to 1996.

7.2 Changes in Promoters and Major Shareholders' Shareholdings in Scope

The changes in the Promoters and Major Shareholders' shareholdings in Scope for the past three (3) years preceding 22 September 2003 are as follows:-

	As at 02.09.2002[1]		As at 14.04.2003[1]		As at 08.07.2003[2]	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Saik Thim Moon	1	50.00	-	-	-	-
Loo Chye Sheng	1	50.00	-	-	-	-
Ang Hong Peng	-	-	1	50.00	10	-[3]
Tan Choong Khiang	-	-	1	50.00	10	-[3]
Lim Chiow Hoo	-	-	-	-	71,165,830	38.29
Lee Min Huat	-	-	-	-	57,701,860	31.06
Datin Zaiton binti Abdullah	-	-	-	-	53,085,710	28.57

Notes:-
1 *Refers to ordinary shares of RM1.00 each.*
2 *Refers to ordinary shares of RM0.10 each.*
3 *Negligible.*

7.3 Board of Directors

7.3.1 Profiles of Directors

Lee Chin Hwa, aged 70, was appointed as the Non-Executive Chairman of Scope on 9 September 2003. He is a businessman and presently holds directorships and substantial equity interests in several private limited and public companies involved in activities ranging from palm oil cultivation and processing, manufacturing of animal feed to investment holding.

His business experience in the palm oil industry has spanned more than 25 years. He is presently a Director and substantial shareholder of Pontian United Plantations Bhd ("PUPB"), a public company involved in palm oil cultivation and processing. He is responsible for the overall management of PUPB and has played an active role in the growth and expansion of PUPB, from its humble beginning of having a plantation holding of 2,000 to 38,000 acres currently.

Lim Chiow Hoo, aged 40, was appointed as the Managing Director of Scope on 15 July 2003. He is a businessman and is the founder of the Group. After completing his Higher School Certificate, he started his career as a Treasurer at Hup Hin Chan Rice Mill Sdn Bhd and worked there from 1984 to 1990. In 1990, he became a sole-proprietor when he set up his business of assembling PCB for office equipments. In 1991, he founded SMSB and his business in the sole proprietorship was subsequently transferred to SMSB. SMSB's operations expanded to include the assembling of PCB for telecommunication products. Being the founder, he is directly involved in the growth and development of SMSB since its incorporation in 1991. Under his stewardship, SMSB's operations have since expanded to include the assembling of PCB for various electronic products with specialisation in audio and telecommunication equipments.

Backed by more than 10 years of experience in the electronics industry, Mr Lim possesses in-depth knowledge on the overall operations of SMSB. His functional roles in the Group include the overall management of sales and marketing, finances and operations of the Group.

Lee Min Huat, aged 46, was appointed as the Executive Director of Scope on 15 July 2003. He graduated with a Diploma in Aircraft Maintenance Engineering from Confederation College, Canada in 1979. Upon graduation, he worked as a Manager at Kalayaan Sdn Bhd, a property developer, from 1980 to 1984. For the past 20 years, he has been involved in property development and commodity trading. In addition to his directorship in Scope, he currently holds directorships in other private limited companies. He is currently responsible for the formulation of corporate strategies and plans for the Group.

Tan Eng Siang, aged 43, was appointed as the Executive Director of Scope on 9 September 2003. After completing his secondary school education, he was involved in various businesses for more than 10 years before joining SMSB in 1991. He was one of the pioneers of the company and has vast hands-on experience in plant operation. He is also the driving force behind the implementation of strategic changes in the organisation to ensure the Group's continued competitiveness.

Too Ah Lake, aged 48, was appointed as the Independent Non-Executive Director of Scope on 9 September 2003. He has been a Fellow of the Association of Chartered Certified Accountants (United Kingdom) since 1986 and a member of the Malaysian Institute of Accountants since 1982. From 1978 to 1982, he was attached to Messrs Goonting & Chew, an international accounting firm in Kuala Lumpur. He subsequently left the firm to join Messrs Francis Chia & Co, also an accounting practice, as its partner. He is presently the managing partner of the firm. He also sits on the board of several private limited companies.

Lau Chin Wee, aged 46, was appointed as the Independent Non-Executive Director of Scope on 9 September 2003. He graduated from the University of Malaya with a Bachelor of Accounting (Hon.) degree in 1981 and from the National University of Singapore with a Bachelor of Laws (Hon.) degree in 1987. He also holds a Masters in Taxation Law, obtained from the University of Sydney in 1995. He has several years of practice in the accounting profession prior to joining the legal profession.

He is a Chartered Accountant of Malaysia and a member of Malaysian Institute of Taxation. He has been serving the Malaysian Institute of Accountants' Company Law Practice Committee as well as Insolvency Practice Committee since 1996. He has been admitted to the Bar, both in Malaysia and Singapore, in 1989 and 1991 respectively and is currently a partner in the law firm of Messrs Lau Samuel.

7.3.2 Shareholdings in Scope

Based on the Register of Directors' Shareholdings as at 22 September 2003, the Directors of Scope and their shareholdings in Scope before and after the Public Issue are as follows:-

Name	**Nationality**	**Before Public Issue**				**After Public Issue**[1]			
		---- Direct----		**----Indirect----**		**----Direct----**		**----Indirect----**	
		No. of Shares	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Lee Chin Hwa	Malaysian	-	-	-	-	-	-	-	-
Lim Chiow Hoo	Malaysian	71,165,830	38.29	-	-	71,165,830	28.47	-	-
Lee Min Huat	Malaysian	57,701,860	31.06	-	-	57,701,860	23.08	-	-
Tan Eng Siang	Malaysian	1,923,380	1.04	-	-	1,923,380	0.77	-	-
Too Ah Lake	Malaysian	-	-	-	-	-	-	-	-
Lau Chin Wee	Malaysian	-	-	-	-	-	-	-	-

Note:-

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

7.3.3 Directorships and Major Shareholdings in Other Public Corporations

Save as disclosed below, none of the Directors of Scope has had directorships or major shareholdings (5% or more), whether directly or indirectly, in other public corporations for the past two (2) years preceding 22 September 2003.

Director	Public Corporation	Position Held	Shareholding Direct (%)	Shareholding Indirect (%)
Lee Chin Hwa	Pontian United Plantations Bhd	Director	5.74	-

7.3.4 Directors' Remuneration

For the financial year ended 30 June 2003, a total of RM262,490 was paid to the Directors of Scope as remuneration for their service in all capacities to the Group. For the current financial year ending 30 June 2004, approximately RM500,000 is payable to the Directors of Scope. Details of the remuneration paid or payable are shown below.

Remuneration Band (RM)	No. of Directors Financial Year Ended 30.06.2003	No. of Directors Financial Year Ending 30.06.2004
0 -100,000	2	4
100,001 - 200,000	1	2
	3	6

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7.4 Audit Committee

The main functions of the Audit Committee fall within the ambit of the Listing Requirements. The Audit Committee, which was set up on 9 September 2003, comprises the following Board members: -

Name	Responsibility	Directorship
Too Ah Lake	Chairman	Independent Non-Executive Director
Lau Chin Wee	Member	Independent Non-Executive Director
Lee Min Huat	Member	Executive Director

The main functions of the Audit Committee include the review of audit plans and audit reports with the Group's external auditors; review of the auditors' evaluation of internal accounting controls and internal audit programme and processes; review of the scope of the adequacy of the scope, functions and resources of the internal audit functions; review of financial statements; and nomination of the Group's external auditors.

7.5 Key Management

7.5.1 Profiles of Key Management

The day-to-day operations of the Group are mainly handled by the Executive Directors, namely Lim Chiow Hoo, Lee Min Huat and Tan Eng Siang. The key workforce who are assisting these Directors are as follows:-

Ban Kam Seng, aged 36, is the Operation Manager. He graduated with a Diploma in Electronic Engineering from Institut Teknologi Linton, Malaysia in 1988. He has more than 14 years of experience in the manufacturing environment in the areas of production, planning, material management and logistics. He started his career with Matsushita Electronic (S) Pte Ltd as a Production Supervisor in 1988. Subsequently, he joined Carsem Semiconductor (M) Sdn Bhd as a Production Supervisor in 1992 and a year later, he joined Gallant Ind (M) Sdn Bhd as a Procurement Executive. From 1994 to 2000, he was attached to Yamaha as a Warehouse Executive before joining SMSB as a Material Manager in September 2000. He was promoted to his present position in SMSB in June 2002. His current responsibilities include overseeing the smooth running of the entire factory operations.

Lee Yee Wooi, aged 31, is the Accounts/Finance Manager. He graduated with a Bachelor of Accounting (Hons) from University of Malaya in 1997, and is currently a member of the Malaysian Institute of Accountants. He was attached to Ernst & Young from 1997 until 1999 as a Tax Assistant where he gained experience in the areas of Malaysian taxation, accounting and auditing. He was promoted to Tax Consultant in 1999 where his work encompassed various accounting, taxation, auditing, and costing aspects for clients ranging from small and medium enterprises to multinationals, in the trading, manufacturing and construction sectors. He joined SMSB in July 2002 as an Accounts/Finance Manager. Presently, he oversees the financial management, budget planning, preparation of management accounts and financial reports, costing, and internal and credit controls of the Group.

Lim Seng Chong, aged 28, is the Production Manager (Manual Insertion). He has been with the Group since 1991 and has more than 10 years extensive experience in the operation matters. He was trained in various sections of the plants before assuming his present position as a Production Manager. He is responsible for supervising the day-to-day production functions and scheduling of duties for production operators.

Ong Chee Keong, aged 31, is the Human Resource and Administration Manager. He graduated from Universiti Kebangsaan Malaysia with a Bachelor of Development Science (Hons) in 1997. He started his career as an Executive in 1998 with Public Packages (NT) Sdn Bhd before joining Cinta Packaging Industries Sdn Bhd in 1999. He was subsequently attached to Push Power Enterprise Sdn Bhd as an Executive for a period of 6 months before joining SMSB in September 2000. He is responsible for human resource planning, recruitment, and administrative matters.

Tan Eng Kim, aged 36, is the Quality Assurance Manager. He graduated with a Certificate in Computer Programming and Information Processing from City and Guilds of London Institute in 1988. He started his career at E-Ten Information Consultant as a Marketing Executive from 1989 to 1992. He was then made a Manager at E-Ten Computer Centre in 1993. Prior to joining SMSB, he was a Manager of Infoview Marketing (M) Sdn Bhd from 1996 to 1998. He is currently responsible for the day-to-day QC functions. He has actively participated in the ISO 9001:2000 program and is responsible for the establishment and maintenance of a documented quality system for SMSB.

Tan Sim Hong, aged 31, is the Production Manager (Automatic Insertion / SMT). He started his career as a helper at Kedai Ubat Poh Thong in 1991. He joined as a Leader at Kenmark Trading in 1993. He has assumed his current position in SMSB since 1994 and his responsibilities include managing the day-to-day production functions, co-ordination of the production workers' duties as well as the organisation and mobilisation of SMSB's inventory.

7.5.2 Shareholdings in Scope

Based on the Register of Members and Register of Directors' Shareholdings (where applicable) as at 22 September 2003, the key management of Scope and their shareholdings in Scope before and after the Public Issue are as follows:-

Name	**Nationality**	**Before Public Issue**				**After Public Issue**[1]			
		---- Direct----		**----Indirect----**		**----Direct----**		**----Indirect----**	
		No. of Shares	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Lim Chiow Hoo	Malaysian	71,165,830	38.29	-	-	71,165,830	28.47	-	-
Lee Min Huat	Malaysian	57,701,860	31.06	-	-	57,701,860	23.08	-	-
Tan Eng Siang	Malaysian	1,923,380	1.04	-	-	1,923,380	0.77	-	-
Ban Kam Seng	Malaysian	-	-	-	-	-	-	-	-
Lee Yee Wooi	Malaysian	-	-	-	-	-	-	-	-
Lim Seng Chong	Malaysian	-	-	-	-	1,923,200	0.77	-	-
Ong Chee Keong	Malaysian	-	-	-	-	-	-	-	-
Tan Eng Kim	Malaysian	-	-	-	-	-	-	-	-
Tan Sim Hong	Malaysian	-	-	-	-	-	-	-	-

Note:-

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

7.6 Involvement of Directors and Key Management in the Group

The Executive Directors and key management of Scope are all presently serving as full time employees in the Group.

7.7 Relationships and Associations

Save as disclosed herein, there are no family and business relationships amongst the Promoters, Major Shareholders, Directors and key management of Scope:-

(i) Lee Chin Hwa, the Non-Executive Chairman of Scope, is the father of Lee Min Huat, who is an Executive Director of Scope;
(ii) Lim Chiow Hoo, the Managing Director of Scope, is the brother-in-law of Tan Eng Siang, who is an Executive Director of Scope;
(iii) Lim Chiow Hoo is the brother-in-law of Tan Eng Kim, who is the Quality Assurance Manager of the Group;
(iv) Lim Chiow Hoo is the uncle of Lim Seng Chong, who is the Production Manager of the Group; and
(v) Tan Eng Siang and Tan Eng Kim are brothers.

7.8 Service Agreements

There are no existing and intended service agreements between the Company (or its subsidiary) and its Directors and key management.

8 RELATED-PARTY TRANSACTIONS / CONFLICTS OF INTEREST

8.1 Related-Party Transactions

There are no on-going related party transactions or arrangements entered into by the Group.

8.2 Interests of Directors and Major Shareholders in Similar Business

None of the Directors and Major Shareholders has any interest, either directly or indirectly, in other businesses and corporations carrying on a similar trade as that of the Group.

8.3 Promotions of Assets Acquired/to be Acquired

Save for the interests of the Directors and Major Shareholders of Scope in relation to the Acquisition of SMSB, as disclosed below, none of the directors and Major Shareholders of Scope has any interests, whether directly or indirectly, in the promotion of, or in any assets which have, within the two (2) years preceding 22 September 2003, been acquired or disposed of by or leased to the Group, or are proposed to be acquired, disposed of by or leased to the Group which is significant in relation to the business of the Group.

Director/ Major Shareholder of Scope		Nature of Interest
Lim Chiow Hoo	-	Director of SMSB
	-	Major Shareholder of SMSB
Lee Min Huat	-	Director of SMSB
	-	Major Shareholder of SMSB
Tan Eng Siang	-	Director of SMSB
		Shareholder of SMSB
Datin Zaiton binti Abdullah	-	Major Shareholder of SMSB

Further information on the Acquisition of SMSB is set out in Section 9.1 of this Prospectus.

8.4 Declaration by the Advisers

AmMerchant Bank, Wong, Beh & Toh and JB Lau & Associates hereby declare that there is no issue of conflict of interest in respect of their respective roles in the Listing exercise.

9 APPROVALS AND CONDITIONS

9.1 Listing Scheme

In conjunction with the listing of and quotation for the entire enlarged issued and paid-up share capital of Scope on the MESDAQ Market, the Company has implemented/is implementing the following inter-conditional proposals: -

(i) Dividend Payments

SMSB has declared and paid a tax-exempt dividend of 75 sen amounting to RM1,890,000 of 75 sen amounting to RM1,890,000 to its shareholders for the FYE 30 June 2002.

SMSB has further declared a tax-exempt dividend of 75 sen amounting to RM1,890,000 for the FYE 30 June 2003 to its shareholders who are registered in its Register of Members as at 30 May 2003, namely Lim Chiow Hoo, Tan Eng Siang, Lim Seng Chong, Lee Min Huat and Datin Zaiton binti Abdullah. The said dividend has been paid on 8 August 2003.

(ii) Share Sale

On 9 June 2003, Lim Chiow Hoo, a shareholder of SMSB, disposed of a total 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.

The consideration for the transaction was based on a willing buyer-willing seller basis.

(iii) Rights Issue

Following the Share Sale, SMSB undertook a renounceable 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.

Certain shareholders of SMSB have renounced their rights entitlement to subscribe for the Rights Shares in favour of other shareholders of SMSB, for a nominal cash consideration of RM1.00 for each of the transactions, as follows:-

	No. of SMSB Shares Held before Rights Issue	%	No. of Rights Shares Entitled	No. of Rights Shares (Renounced) / Purchased	No. of Rights Shares Subscribed
Shareholders Renouncing					
Lim Chiow Hoo	1,233,337	48.94	342,595	(342,595)	-
Tan Eng Siang	33,333	1.32	9,259	(9,259)	-
Lim Seng Chong	33,330	1.32	9,258	(9,258)	-
			361,112	(361,112)	-
Renouncees					
Lee Min Huat	700,000	27.78	194,444	105,556	300,000
Datin Zaiton binti Abdullah	520,000	20.63	144,444	255,556	400,000
	2,520,000	100.00	338,888	361,112	700,000

The SMSB Shares pursuant to the Rights Issue were issued on 10 June 2003. The Rights Issue has resulted in the issued and paid-up share capital of SMSB being increased from RM2,520,000 comprising 2,520,000 SMSB Shares to RM3,220,000 comprising 3,220,000 SMSB Shares.

The SMSB Shares issued pursuant to the Rights Issue rank pari passu in all respects with the existing SMSB Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment thereof.

(iv) Acquisition of SMSB

Pursuant to a conditional Sale and Purchase Agreement dated 3 July 2003, Scope acquired 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.

The purchase consideration was arrived at based on the adjusted audited NTA of SMSB as at 30 June 2002 of RM18,587,882, after incorporating the effect of the Rights Issue, as follows:-

	Audited as at 30 June 2002 (RM)	**After Rights Issue (RM)**
Share Capital	2,520,000	3,220,000
Share Premium	1,300,000	1,300,000
Retained Profits	*14,067,882	14,067,882
Shareholders' Funds / NTA	17,887,882	18,587,882

Note:-

* *After deducting the tax-exempt dividend of RM1,890,000 paid in respect of financial year ended 30 June 2002.*

The consideration shares have been issued to the vendors of SMSB in accordance with their respective shareholdings in SMSB as follows:-

Vendors of SMSB	**No. of SMSB Shares Held**	**%**	**Purchase Consideration (RM)**	**No. of Consideration Shares**
Lim Chiow Hoo	1,233,337	38.29	7,119,604	7,116,583
Tan Eng Siang	33,333	1.04	192,419	192,338
Lim Seng Chong	33,330	1.04	192,402	192,320
Lee Min Huat	1,000,000	31.06	5,772,634	5,770,186
Datin Zaiton binti Abdullah	920,000	28.57	5,310,823	5,308,571
	3,220,000	100.00	18,587,882	18,579,998

The consideration shares have been issued on 3 July 2003. These shares rank pari passu in all respects with the existing shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment thereof.

(v) Share Split

After the completion of the Acquisition of SMSB, Scope undertook a share split pursuant to which its existing ordinary shares of RM1.00 each were split into ordinary shares of RM0.10 each. Following the share split, Scope's issued and paid-up share capital of RM18,580,000 was converted from 18,580,000 ordinary shares of RM1.00 each to 185,800,000 ordinary shares of RM0.10 each.

(vi) Public Issue

The public issue by Scope involves an issue of 64,200,000 new Shares or 25.68% of the enlarged issued and paid-up share capital of 250,000,000 Shares, at an issue price of RM0.20 per Share.

The Public Issue Shares are allocated to the following persons, with each investor representing less than 5% of the resultant enlarged share capital of the Company upon listing:-

(i) 3,000,000 Shares representing 1.20% of the enlarged share capital to be made available for application by general public, both domestic and foreign, to be allocated via ballot, of which 30% is to be set aside for Bumiputera individual, companies, societies, co-operatives and institutions;

(ii) 3,800,000 Shares representing 1.52% of the enlarged share capital to be made available for application by eligible Directors and employees of the Group;

(iii) 22,000,000 Shares representing 8.80% of the enlarged share capital to be reserved for application by Bumiputera investors approved by MITI; and

(iv) 35,400,000 Shares representing 14.16% of the enlarged share capital to be made available for application under private placement to retail and institutional investors.

In the event of an under-subscription in paragraphs (ii) and (iii) above, all Shares not subscribed for will be made available for subscription by the public under paragraph (i). Any further Shares not subscribed for will be made available for placement under paragraph (iv) above. Similarly, Shares not subscribed for under paragraph (iv) above will be made available for subscription by the public in paragraph (i).

Upon completion of the Public Issue, the issued and paid-up share capital of Scope will be increased from RM18,580,000 comprising 185,800,000 Shares to RM25,000,000 comprising 250,000,000 Shares.

The Public Issues Shares will rank pari passu in all respects with the existing Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment thereof.

9.2 Approvals Obtained

The listing scheme of Scope has been approved by the following authorities:-

Authorities	Date
KLSE	24 April 2003
SC	22 April 2003
MITI	12 November 2002
FIC	18 November 2002

The KLSE and SC have also, vide their letters dated 25 September 2003 and 23 September 2003 respectively, approved the extension of time of up to 22 December 2003 for the Company to complete the implementation of its listing scheme.

The conditions imposed by the authorities and the status of compliance thereof are as follows:-

Name of Authority	Date of Approval	Conditions	Status of Compliance
KLSE	24 April 2003	(i) In relation to the proposed dividend of SMSB for FYE 2003, the following conditions are imposed:-	
		• The dividend payment by SMSB must be made prior to the Public Issue;	Met. Please refer to Section 9.1 (i) of this prospectus for further details.
		• The dividend to be declared for the FYE 2003 must be not more than the dividend declared for the FYE 2002 of RM1.89 million; and	Met. Please refer to Section 9.1 (i) of this prospectus for further details.
		• Scope to notify the Exchange on the exact amount to be declared as dividend for the FYE 2003.	Met. KLSE has been informed of the dividend declared for the FYE 2003 on 18 July 2003.
		(ii) To include a negative statement in Scope's prospectus on the exclusion of profit forecast and projections from the prospectus and the reasons thereof;	Met. The negative statement has been included in Section 3.9 of this Prospectus.
		(iii) The listing prospectus of Scope shall make detailed disclosure of the followings:-	
		• Risk associated with over-reliance of the Group on a single customer, i.e. Yamaha and mitigating factors taken/to be taken by the Group;	Met. Appropriate disclosure has been made in Section 4.6 of this Prospectus.
		• Risk associated with the lack of long-term contracts and mitigating factors taken/to be taken by the Group;	Met. Appropriate disclosure has been made in Section 4.7 of this Prospectus.

Name of Authority	Date of Approval	Conditions	Status of Compliance
		• Impact on the Group's future financial performance in the event that Group failed to secure future orders due to the absence of long term contract; and	Met. Appropriate disclosure has been made in Section 4.7 of this Prospectus.
		• Risk associated to Scope's business involvement in the manufacturing/ assembly of PCB industry which is affected by the current economic slowdown and mitigating factors taken/to be taken by the Group; and	Met. Appropriate disclosure has been made in Section 4.5 of this Prospectus.
		(iv) Full compliance with all the relevant requirements of Listing Requirements.	Met, wherever applicable.
SC	22 April 2003	The status on the utilisation of proceeds from the public issue must be disclosed in Scope's quarterly and annual report until the said proceeds is fully utilised.	Will be met.
MITI	12 November 2002	(i) Scope to obtain the approval of the FIC, SC and KLSE for the Listing, and	Met.
		(ii) A total of 22,000,000 Shares reserved for Bumiputera investors, representing 8.80% of the enlarged share capital, is subject to the approval by the MITI wherein the allocation will be separately decided after the approval of the SC is obtained.	Met. A total of 22,000,000 Shares have been reserved for Bumiputera investors approved by the MITI.
FIC	18 November 2002	Nil	Not applicable.

9.3 Moratorium on Promoters' Shares

Pursuant to the Listing Requirements, Shares held by the Promoters amounting to 45% of the enlarged issued and paid-up capital of the Company as at the date of admission of the Company to the Official List of the MESDAQ Market, are to be placed under moratorium. The Promoters whose Shares are subject to moratorium are as follows:-

	After Public Issue		Under Moratorium	
Promoter	**No. of Shares**	**%**	**No. of Shares**	**%**
Lim Chiow Hoo	71,165,830	28.47	62,500,000	25.00
Lee Min Huat	57,701,860	23.08	50,000,000	20.00
	128,867,690	51.55	112,500,000	45.00

The moratorium has been fully accepted by the Promoters. They are not be allowed to sell, transfer or otherwise dispose of any part of their interests in the Shares under the moratorium within one (1) year from the date of admission of the Company to the Official List of the MESDAQ Market, and thereafter, they are permitted to sell, transfer or dispose of up to a maximum of one third per annum of their respective shareholdings under moratorium on a straight-line basis.

The restriction will be specifically endorsed on the share certificates representing the respective shareholdings of the Promoters which are under moratorium to ensure that the Company's Registrar will not register any transfer not in compliance with the moratorium restrictions.

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10 FINANCIAL INFORMATION

10.1 Proforma Consolidated Income Statement

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.

10.2 Analysis of Financial Condition and Operations

A detailed analysis of the historical financial condition and operations of the Group is as follows:-

10.2.1 Overview of Revenue and PBT

Revenue increased by 21.78% for the financial year ended 30 June 1999 over the previous financial year to RM7.48 million mainly due to the increased orders from existing customers and from new customer secured. PBT increased by 221.73% for the financial year ended 30 June 1999 over the previous financial year to RM2.01 million as due to the increase in revenue and increase in profit margin from the turnkey manufacturing activities undertaken coupled with a reduction in labour cost as a result of increased use of machineries.

Revenue increased by 116.58% for the financial year ended 30 June 2000 over the previous financial year to RM16.20 million mainly due to the increased orders from existing customers and from new customer secured. PBT increased by 79.69% for the financial year ended 30 June 2000 over the previous financial year to RM3.62 million due to the increase in revenue.

Revenue increased by 46.08% for the financial year ended 30 June 2001 over the previous financial year to RM23.67 million mainly due to increased orders from existing customers and from new customer secured. PBT increased by 117.63% for the financial year ended 30 June 2001 over the previous financial year to RM7.88 million due to the increase in revenue and increase in profit margin arising from lower raw material cost and economies of scale as a result of running 24-hour shift as compared to 12-hours shift in the previous financial year.

Revenue decreased by 18.22% for the financial year ended 30 June 2002 over the previous financial year to RM19.35 million mainly due to decreased orders from existing customers as a result of the terrorist attack on 11 September 2001. Despite this, new customers were also secured during the financial year. Accordingly, PBT decreased by 30.65% for the financial year ended 30 June 2002 over the previous financial year to RM5.46 million. The profit margin was also affected by higher raw material prices.

Revenue increased by 12.25% for the financial year ended 30 June 2003 over the previous financial year to RM21.73 million mainly due to increased orders from existing customers and from new customers secured as a result of the reduced production of their main overseas competitors due to the adverse effects of the Severe Acute Respiratory Syndrome epidemic coupled with the revenue contribution of SSSB. PBT increased by 16.79% for the financial year ended 30 June 2003 over the previous financial year to RM6.39 million as a result of the increase in revenue and increase in profit margin from more turnkey projects undertaken.

10.2.2 Segmental Analysis

(i) Analysis of Revenue by Companies

The analysis of revenue by companies within the Group for the five (5) financial years ended 30 June 2003 are set out below:-

	Financial Year Ended 30 June				
	1999 (RM'000)	**2000 (RM'000)**	**2001 (RM'000)**	**2002 (RM'000)**	**2003 (RM'000)**
Scope	-	-	-	-	-
SMSB	7,480	16,200	23,667	19,354	21,239
SSSB	-	-	-	-	486
	7,480	16,200	23,667	19,354	21,725

(ii) Analysis of PAT by Companies

The analysis of PAT by companies within the Group for the five (5) financial years ended 30 June 2003 are set out below:-

	Financial Year Ended 30 June				
	1999 (RM'000)	**2000 (RM'000)**	**2001 (RM'000)**	**2002 (RM'000)**	**2003 (RM'000)**
Scope	-	-	-	-	(7)
SMSB	1,972	3,074	6,934	4,719	5,356
SSSB	-	-	-	-	(3)
	1,972	3,074	6,934	4,719	5,346

(iii) Analysis of Revenue by Markets

	Financial Year Ended 30 June				
	1999 (RM'000)	**2000 (RM'000)**	**2001 (RM'000)**	**2002 (RM'000)**	**2003 (RM'000)**
Malaysia	7,480	16,200	23,667	19,354	21,505
Outside Malaysia	-	-	-	-	220
	7,480	16,200	23,667	19,354	21,725

10.2.3 Impact of Foreign Exchange / Interest Rates / Commodity Prices on Operating Profits

(i) Impact of Foreign Exchange

The Group transacts all transactions with overseas suppliers and buyers in USD and the current pegging of RM at RM3.80 : USD1.00 has, to certain extent, stabilised the Group's exposure to the fluctuation of foreign exchange. This, coupled with the fact that its exports and imports do not represent a material amount has reduced the impact of fluctuation of foreign exchange on the operating profits of the Group.

(ii) Impact of Interest Rates

The impact of the interest rates on the operating profits of the Group for the five (5) financial years ended 30 June 2002 are as follows:-

	Financial Year Ended 30 June				
	1999 (RM'000)	**2000 (RM'000)**	**2001 (RM'000)**	**2002 (RM'000)**	**2003 (RM'000)**
PBT	2,014	3,619	7,876	5,462	6,379
Interest Expense	84	249	449	279	174
PBT before Interest	2,098	3,868	8,325	5,741	6,553
Interest Coverage Ratio (times)	25.0	15.5	18.5	20.6	37.7

Interest coverage ratio for the period under review ranged from 15.5 times to 37.7 times.

(III) Impact of Commodity Prices

The Group is not subject to the impact of fluctuation of commodity prices.

10.2.4 Taxation

There was no current taxation charge for the financial year ended 30 June 1999 as it was a tax waiver year. The taxation charge is in respect of under provision of taxation in prior year.

The disproportionate tax charge for the financial years ended 30 June 2000 and 30 June 2003 is due to the claim for reinvestment allowance in the earlier years.

10.2.5 Exceptional and Extraordinary Items

There were no exceptional and extraordinary items for the financial years under review.

10.3 Directors' Declaration on Financial Performance

Save as disclosed in Section 4 and Section 10.2 of this Prospectus, the Directors of Scope are of the view that the financial performance, position and operations of the Group are not affected by any of the following:-

(i) Known trends, demands, commitments, events or uncertainties that have had or that the Company reasonably expects to have, a material or unfavourable impact on the financial performance, position and operations of the Group;

(ii) Material capital expenditure commitments;

(iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Group; and

(iv) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

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

10.4.1 Working Capital

The Board is of the opinion that after taking into consideration the cashflow requirements, including the proceeds from the Public Issue and banking facilities available to the Group, the Group should have adequate working capital for its present and foreseeable future requirements.

10.4.2 Borrowings

As at 22 September 2003, the Group's total interest bearing bank borrowings amounted to approximately RM2.966 million comprising hire purchase obligations, bankers acceptances and term loans as follows:-

	RM'000
Hire purchase obligations :-	
Short-term	1,131
Long-term	193
	1,324
Term loans:-	
Short-term	707
Long-term	935
	1,642
	2,966

Save as disclosed above, the Group does not have any other capital outstanding or loan capital created but unissued or mortgages or charges outstanding on that date.

The Board wishes to confirm that there have been no default on payments of interest or principal sums in respect of its borrowings throughout the past one (1) financial year and the subsequent financial period thereof, preceding the date of this Prospectus.

10.4.3 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.

10.4.4 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

10.4.5 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.