

## IX. APPROVALS AND CONDITIONS

The approvals for Restructuring Scheme and Listing were obtained from the SC, MITI and Bursa Securities on 25 June 2004 and 8 September 2004, 13 May 2004 and 22 April 2004 respectively. The conditions imposed by SC, MITI and Bursa Securities and the status of compliance are set out below:

Authority	Details of Conditions Imposed	Status of Compliance
SC	<p>(i) The SCMC Shares offered under the (balloted) public offer portion should constitute at least:</p> <p>(a) 5% of SCMC's enlarged issued and paid-up share capital; or</p> <p>(b) an aggregate of RM3 million in par value,</p> <p>whichever is the higher;</p> <p>(ii) With regard to the properties of the SCMC Group:</p> <p>(a) SCMC should provide a written undertaking to the SC to use its best endeavour to obtain approval for the issuance of separate document of title for part of Lot 51 (now known as HSD 201640, PT 10), Section 13, Town of Petaling Jaya, District of Petaling, Selangor and to procure the transfer of the ownership of Lot PTD 64085, Mukim of Tebrau, District of Johor Bahru, Johor; Lot MLO 8164, Mukim of Plentong, District of Johor Bahru, Johor ("Plentong Land") and Lot 51 (now known as HSD 201640, PT 10), Section 13, Town of Petaling Jaya, District of Petaling, Selangor within 1 year from the date of this letter;</p> <p>(b) SCMC should make quarterly announcements to Bursa Securities on the status of the applications relating to the matters as set out in paragraph (a) above; and</p> <p>(c) SCMC should update the SC on the status of the said applications when the quarterly announcements as stated in paragraph (b) above are made to Bursa Securities;</p>	<p>Complied. The 15,100,000 SCMC Shares to be offered to Malaysian public via public balloting represents 5% of the enlarged issued and paid-up share capital of SCMC Group of 302,000,000 SCMS Shares upon Listing.</p> <p>Complied. SCMC had informed the SC that it had obtained issuance of separate title for part of Lot 51 (now known as HSD 201640, PT 10), Section 13, Town of Petaling Jaya, District of Petaling, Selangor and procured the transfer of ownership of the Plentong Land from Rimbunan Hijau Estate Sdn Bhd to SCMC. The written undertaking letter was submitted to the SC dated 8 September 2004.</p> <p>To be complied after Listing.</p> <p>To be complied after Listing.</p>

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**IX. APPROVALS AND CONDITIONS (Cont'd)**


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Authority	Details of Conditions Imposed	Status of Compliance
	(iii) SCMC should ensure that 32,768,000 shares under the Offer for Sale are held by MITI-approved Bumiputera investors to comply with the National Development Policy (NDP) requirement;	Complied.
	(iv) SCMC should provide the SC with the status of compliance with the NDP requirement upon the completion of the listing scheme; and	To be complied after Listing.
	(v) SCMC should fully comply with the other requirements of the Policies and Guidelines on Issue/Offer of Securities in relation to the implementation of the listing scheme.	Complied where applicable.
<b>MITI</b>	The listing of the entire enlarged issued and paid-up share capital of SCMC of RM151,000,000 comprising 302,000,000 SCMC Shares on the Main Board of Bursa Securities is subject to the following conditions:	
	(i) To obtain the approval of the SC for the listing scheme and compliance with the Policies and Guidelines on Issue/Offer of Securities; and	Complied. The SC's approval was obtained on 25 June 2004 and 8 September 2004.
	(ii) The total 32,768,000 Offer Shares reserved for private placement to identified Bumiputera investors i.e. 10.85% held are subject to the approval of MITI and the allocation is to be made separately after the approval of the SC is obtained.	Complied.
<b>Bursa Securities</b>	(i) Approval from the SC being obtained and where there are conditions and/or variations imposed by the SC, compliance of the said conditions and/or variations in relation to the issuance and listing of the securities of the Company; and	Complied. The SC's approval was obtained on 25 June 2004 and 8 September 2004.
	(ii) In the event that the SC approval affects or varies: <ul style="list-style-type: none"> <li data-bbox="612 1637 991 1688">(a) the issued and paid-up capital of the Listing; and/or</li> <li data-bbox="612 1693 991 1823">(b) in relation to the bonus issue, the reserves to be capitalised or the number of shares submitted in the application to the Exchange</li> </ul> (collectively to be referred to as ("Variations"), compliance of the Variations with Listing Requirements.	Not applicable.

**X. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST****1. Related Party Transactions****1.1 Acquisition of Assets within Two (2) years preceding the date of this Prospectus**

Save as disclosed below, none of the directors and/or substantial shareholders of SCMC Group has any interest, direct or indirect, in the promotion of or in any assets acquired or proposed to be acquired or disposed of or proposed to be disposed of or leased or proposed to be leased to the Company and/or any of its subsidiaries within the two (2) years preceding the date of this Prospectus:

<b>Transacting Parties</b>	<b>Nature of relationship</b>	<b>Nature of Transaction</b>	<b>Value of transaction RM 000</b>
Tiong Toh Siong And Sons Sendirian Berhad and SCMC	<p>TTSH is a substantial shareholder of SCMC and is the holding company of Tiong Toh Siong And Sons Sendirian Berhad.</p> <p>TSTHK is both a substantial shareholder and director of each of SCMC, TTSH and TSL and is a director of Tiong Toh Siong And Sons Sendirian Berhad.</p> <p>Dr. Tiong Ik King is a director and shareholder of SCMC and is both a substantial shareholder and director of TTSH.</p> <p>TSL is a substantial shareholder of both SCMC and TTSH.</p>	<p>Acquisition by SCMC from Tiong Toh Siong And Sons Sendirian Berhad of a parcel of land held under Lot 3608 Block 19 Seduan Land District on 14 January 2004.</p>	2,110
TSTHK, Dr. Tiong Ik King, GMRSB and SCMC	<p>TSTHK is both a substantial shareholder and director of each of SCMC, TTSH, TSL and GMRSB and was a substantial shareholder and director of SCI prior to his sale of 1,575,000 shares in SCI to SCMC.</p> <p>Dr. Tiong Ik King is a shareholder and director of SCMC, both a substantial shareholder and director of TTSH and was a substantial shareholder and director of SCI prior to his sale of 405,000 shares in SCI to SCMC. Dr. Tiong Ik King remains a director of SCI.</p> <p>TTSH is a substantial shareholder of SCMC and was a substantial shareholder of GMRSB at the time of the acquisition.</p> <p>TSL is a substantial shareholder of SCMC and TTSH.</p>	<p>Acquisition by SCMC from TSTHK, Dr. Tiong Ik King and GMRSB of the remaining 2,205,000 ordinary shares of RM1.00 each in SCI, representing 49% of the issued and paid-up share capital of SCI not already held by SCMC.</p>	1,416

**X. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST (Cont'd)**

<b>Transacting Parties</b>	<b>Nature of relationship</b>	<b>Nature of Transaction</b>	<b>Value of transaction RM 000</b>
	Dato' Liew Kam Chean @ Liew Chen Chuan, Gan Chin Kew @ Gan Chin Hor and Siew Nyoke Chow are all directors of both SCMC and GMRSB both before and after this transaction.		
TSTHK, Dr. Tiong Ik King and SCMC	TSTHK is both a substantial shareholder and director of SCMC and was both a substantial shareholder and director of MPSB prior to his sale of 200,500 shares in MPSB to SCMC. TSTHK remains a director of MPSB.  Dr. Tiong Ik King is a shareholder and director of SCMC and was a substantial shareholder of MPSB prior to his sale of 200,000 shares in MPSB to SCMC.  Dato' Liew Kam Chean @ Liew Chen Chuan, Gan Chin Kew @ Gan Chin Hor, Siew Nyoke Chow and are all directors of both SCMC and MPSB both before and after this transaction.	Acquisition by SCMC from TSTHK and Dr. Tiong Ik King of the remaining 400,500 ordinary shares of RM1.00 each in MPSB, representing 80.1% of the issued and paid-up share capital of MPSB not held by SCMC prior to the completion of the acquisition.	401
SCMC and Lucky Wind Sdn Bhd ("LWSB")	TTSH is a substantial shareholder of both LWSB and SCMC.  TSTHK is a director of LWSB and a substantial shareholder of LWSB (by virtue of his interests in LWSB's 2 substantial shareholders, TTSH and Rimbunan Hijau Holdings Sdn Bhd). TSTHK is also both a substantial shareholder and director of SCMC, TTSH, Rimbunan Hijau Holdings Sdn Bhd and TSL.  Dr. Tiong Ik King is a director and shareholder of SCMC, a substantial shareholder and director of TTSH and a substantial shareholder of Rimbunan Hijau Holdings Sdn Bhd.  TSL is a substantial shareholder of both SCMC and TTSH.	Acquisition by SCMC from LWSB of 3,826,666 ordinary shares of RM1.00 each in GMRSB, representing 95.667% of the issued and paid-up share capital of GMRSB.	3,827
SCMC and Dr. Tiong Ik King	Dr. Tiong Ik King is a shareholder and director of SCMC.	Acquisition by SCMC from Dr. Tiong Ik King of one (1) ordinary share of RM1.00 each in GMRSB.	*

**Note:**

\* Purchase consideration is RM1.00.

**X. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST (Cont'd)****1.2 Recurrent Transactions between the Group and Substantial Shareholders and/or Directors**

SCMC Group in the ordinary course of business, enters into recurrent related party transaction of a revenue or trading nature, which are necessary for the day-to-day operations with certain related parties of SCMC ("Recurrent Transaction"). Such Recurrent Transactions are carried out and will be carried out on an arm's length basis and on commercial terms which are not more favourable to the related parties than those generally available to the public and which will not detrimental to the minority shareholders of SCMC.

Disclosure will be made in the annual report of the Company of the aggregate value of transaction conducted based on the nature of Recurrent Transactions made, names of the related parties involved in each type of Recurrent Transaction(s) made and their relationship with the Company.

Save as disclosed below, there are no other subsisting Recurrent Transactions as at 31 August 2004:

<b>Transacting Parties</b>	<b>Nature of relationship</b>	<b>Nature of Transaction</b>	<b>Value of the transactions for the financial year ended 31 March 2004 RM 000</b>	<b>Estimated value of the transactions for the financial year ending 31 March 2005 RM 000</b>
MNI and SCMC	<p>TTSH is a substantial shareholder of SCMC and the 2 following companies who each are substantial shareholders of MNI:</p> <p>(a) R. H. Development Corporation Sdn Bhd ("RHDC"); and</p> <p>(b) Rimbunan Hijau Estate Sdn Bhd ("RHE").</p> <p>TSTHK is both a substantial shareholder and director in each of SCMC, RHDC, TTSH and TSL and a substantial shareholder of RHE.</p> <p>Dr. Tiong Ik King is both a shareholder and director of SCMC and is both a substantial shareholder and director of TTSH and RHDC.</p> <p>Gan Chin Kew @ Gan Chin Hor is a director of both SCMC and MNI.</p> <p>TSL is a substantial shareholder of SCMC, TTSH and RHDC.</p>	Purchase of newsprint	84,427	134,520

**X. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST (Cont'd)**

<b>Transacting Parties</b>	<b>Nature of relationship</b>	<b>Nature of Transaction</b>	<b>Value of the transactions for the financial year ended 31 March 2004 RM 000</b>	<b>Estimated value of the transactions for the financial year ending 31 March 2005 RM 000</b>
Rimbunan Hijau Estate Sdn Bhd ("RHE") and SCMC	<p>TTSH is a substantial shareholder of both SCMC and RHE.</p> <p>TSTHK is both a substantial shareholder and director in each of SCMC, TTSH and TSL and a substantial shareholder of RHE.</p> <p>Dr. Tiong Ik King is both a shareholder and director of SCMC and is both a substantial shareholder and director of TTSH.</p> <p>TSL is a substantial shareholder of SCMC and TTSH.</p>	Tenancy agreement for land and building on the land known as PN 3694, Lot 50 Seksyen 13, Bandar Petaling Jaya, Daerah Petaling Jaya, hire of plant, machinery, vehicles and chattels excluding stock of newsprint and provision of labour (security guards).	3,600	3,600
Pacific Hijau Sdn Bhd ("PHSB") and SCMC	<p>TSTHK is both a substantial shareholder and director in each of SCMC and PHSB.</p> <p>Dr. Tiong Ik King is a shareholder of both SCMC and PHSB.</p>	SCMC's tenancy of various properties from PHSB as landlord.	338	338
PHSB and GMRSB	<p>TSTHK is both a substantial shareholder and director in each of SCMC (the holding company of GMRSB), GMRSB and PHSB.</p> <p>Dr. Tiong Ik King is a shareholder of both SCMC and PHSB.</p>	GMRSB's tenancy of various properties from PHSB as landlord.	31	31
Tiong Toh Siong And Sons Sendirian Berhad and MPSB	<p>TTSH is a substantial shareholder of SCMC (the holding company of MPSB) and is the holding company of Tiong Toh Siong And Sons Sendirian Berhad.</p> <p>TSTHK is both a substantial shareholder and director of each of MPSB, TTSH and TSL and is a director of Tiong Toh Siong And Sons Sendirian Berhad.</p>	MPSB's tenancy of various properties from Tiong Toh Siong And Sons Sendirian Berhad as landlord.	22	22

**X. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST (Cont'd)**

<b>Transacting Parties</b>	<b>Nature of relationship</b>	<b>Nature of Transaction</b>	<b>Value of the transactions for the financial year ended 31 March 2004 RM 000</b>	<b>Estimated value of the transactions for the financial year ending 31 March 2005 RM 000</b>
	Dr. Tiong Ik King is a director and shareholder of SCMC and is both a substantial shareholder and director of TTSH.			
	TSL is a substantial shareholder of both SCMC and TTSH.			
Wong Lee Yun and SCMC	Wong Lee Yun is a director of SCMC.	Provision of consultancy services	80	84
Yazhou Zhoukan Limited ("YZL") and SCMC	TSTHK and Dr. Tiong Ik King are substantial shareholders of YZL. YZL is the publisher for Yazhou Zhoukan, a magazine sold in various parts of the world including Malaysia.  TSTHK is both a director and substantial shareholder of SCMC.	SCMC is the representative of YZL to handle all subscriptions of the magazine, Yazhou Zhoukan published by YZL and to provide customer service, call center support, promotion support, administrative support, warehousing and office space for YZL.	66	66
YZL and GMRSB	Dr. Tiong Ik King is a director of SCMC.  TSTHK and Dr. Tiong Ik King are substantial shareholders of YZL. YZL is the publisher for Yazhou Zhoukan, a magazine sold in various parts of the world including Malaysia.  TSTHK is both a director and substantial shareholder of GMRSB.  Dr. Tiong Ik King is a director of GMRSB.	GMRSB is the distributor of the magazine, Yazhou Zhoukan in Malaysia, which is published by YZL.	-	115

**1.3 Transactions entered into that are unusual in their nature or conditions**

The Group has not entered into any transaction that are unusual in their nature or conditions, involving goods, services, tangible and intangible assets, to which SCMC or any part of its subsidiaries was a party, in respect of the past one (1) financial year and the subsequent financial period, if any, immediately preceding the date of this Prospectus.

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**X. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST (Cont'd)**

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**2. Conflicts of Interest**

As at 31 August 2004, none of the Directors or substantial shareholders are directors of or have substantial shareholding interests in any companies in Malaysia carrying on a similar trade as SCMC Group.

Although, TSTHK and Dr. Tiong Ik King are Directors and have substantial shareholding interests in corporations or businesses overseas which carry on a similar trade, such interests do not conflict with the business of SCMC Group as they are differentiated geographically and/or content-wise.

**3. Declaration of Conflict of Interests by Advisers**

There are no existing or potential conflicts of interest between SCMC Group and its Adviser, Sole Lead Manager, Sole Bookrunner, Managing Underwriter and Underwriter, Solicitors and Auditors and Reporting Accountants as set out in the Corporate Directory of this Prospectus.

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**XI. FINANCIAL INFORMATION****1. Historical Financial Information**

The following is a summary of the proforma consolidated income statements of SCMC Group for the past five (5) financial years ended 31 March 2004 after incorporating such adjustments considered necessary based on the assumption that the present structure of SCMC Group has been in existence throughout the years under review. The proforma consolidated income statements are presented for illustrative purposes and should be read in conjunction with the accompanying notes and assumptions in the Accountants' Report as set out in Section XII of this Prospectus.

	-----Year ended 31 March----->				
	2000	2001	2002	2003	2004
	RM 000	RM 000	RM 000	RM 000	RM 000
Revenue	272,310	303,482	326,075	355,722	382,044
EBITDA	43,771	32,245	48,971	71,327	66,806
Finance cost	(3,700)	(2,460)	(3,161)	(2,817)	(3,083)
Amortisation of goodwill	(100)	(100)	(100)	(100)	(91)
Depreciation	(10,212)	(10,205)	(9,392)	(8,348)	(8,292)
Profit before taxation	29,759	19,480	36,318	60,062	55,340
Taxation	(8,145)	(7,123)	(7,426)	(16,269)	(9,523)
Profit attributable to shareholders	21,614	12,357	28,892	43,793	45,817
No. of SCMC Shares assumed in issue (000)	302,000	302,000	302,000	302,000	302,000
Gross EPS (RM)	0.10	0.06	0.12	0.20	0.18
Net EPS (RM)	0.07	0.04	0.10	0.14	0.15

**Notes:**

- The Gross EPS has been calculated based on the profit before taxation on the assumption that the issued and paid up capital of SCMC of 302,000,000 SCMC Shares in issue after the Restructuring Scheme. The net EPS have been calculated based on the profit after taxation on the assumption that the issued and paid up capital of SCMC of 302,000,000 SCMC Shares in issue after the Restructuring Scheme.*
- The substantial increase in revenue in financial year 2000 of RM50 million as compared to financial year 1999 was due mainly to increase in advertising and newspaper sales of RM43 million in financial year 2000 attributable to the economic recovery from regional financial crisis and the general election in November 1999. Revenue continued to improve subsequent to financial year 2000 on account of increase in advertising sales and circulation of Sin Chew Daily.*
- Substantial decrease in profit before taxation of RM10 million was noted in financial year 2001 due mainly to decrease in gross profit margin caused by an increase in average newsprint price in financial year 2001.*  
*Profits before taxation improved significantly by RM24 million in financial year 2003 due to favourable gross profit margin caused by lower cost of newsprint and better pagination control. Cost control measures for film and newsink, computerisation of pre-press, reduction in colour separation cost also contributed to the improve in gross profit margin.*
- The substantial increase in income tax expense in 2003 was due to lower capital allowances and reinvestment allowances available for deduction against taxable income for the year of assessment 2003.*
- There were no exceptional or extraordinary items for the financial years under review.*
- SCMC Group's proforma results have been restated through appropriate consolidation adjustments to eliminate inter-company transactions under the group structure.*
- Taxation has been adjusted for the retrospective effect of the adoption of MASB Standard 25: Income taxes.*

**XI. FINANCIAL INFORMATION (Cont'd)**

The financial statements of SCMC and its subsidiaries were not subject to any audit qualification for the financial years under review.

However, without qualifying the opinion, GMRSB's Report of Auditors for the financial years ended 31 March 2000 to 31 March 2004 contained an "emphasis of matter" which highlighted capital deficiencies and working capital deficiencies due to losses over the years. These financial statements have been prepared on a going concern basis which is dependent upon the continual financial support from its holding company and certain creditors to enable the Company to meet its obligation as and when they fall due.

**2. Segmental Analysis for the Five (5) Financial Years Ended 31 March 2004**

The following is the segmental analysis for the past five (5) financial years ended 31 March 2004 prepared based on the proforma consolidated results of SCMC Group assuming that the present structure of SCMC Group has been in existence throughout the years under review.

**(i) Analysis of Group Revenue by Company**

	←-----Financial years ended 31 March----->				
	2000 RM 000	2001 RM 000	2002 RM 000	2003 RM 000	2004 RM 000
SCMC	232,446	259,896	277,606	297,868	315,349
GMRSB	35,466	36,212	40,656	46,966	54,641
SCI	-	197	302	192	308
MPSB	13,316	18,505	19,197	20,900	24,898
MCSB	380	522	457	595	491
Less: Consolidation Adjustments	(9,298)	(11,850)	(12,143)	(10,799)	(13,643)
<b>Total Group</b>	<b>272,310</b>	<b>303,482</b>	<b>326,075</b>	<b>355,722</b>	<b>382,044</b>

**(ii) Analysis of Group PAT by Company**

	←-----Financial years ended 31 March----->				
	2000 RM 000	2001 RM 000	2002 RM 000	2003 RM 000	2004 RM 000
SCMC	24,165	17,266	29,063	38,464	44,805
GMRSB	(1,219)	(5,294)	401	3,886	1,051
SCI	-	(468)	(631)	(521)	(298)
MPSB	(1,320)	94	2	1,798	259
MCSB	(33)	120	59	165	1
Consolidation Adjustments	21	639	(2)	1	(1)
<b>Total Group</b>	<b>21,614</b>	<b>12,357</b>	<b>28,892</b>	<b>43,793</b>	<b>45,817</b>

**XI. FINANCIAL INFORMATION (Cont'd)****3. Directors' Declaration on Financial Performance, Position and Operations**

As at 31 August 2004, being the latest practicable date prior to the printing of this Prospectus, the financial performance, position and operations of SCMC Group are not affected by the following:

- (i) known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of the Group;
- (ii) other material commitments for capital expenditure;
- (iii) unusual or 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.

**4. Working Capital, Borrowings, Contingent Liabilities and Capital Commitments****(i) Working Capital**

The Directors are of the opinion that after taking into account the consolidated cashflow forecast and banking facilities available, the Group will have adequate working capital and the gross proceeds from the Rights Issue, for a period of twelve (12) months from the date of this Prospectus.

**(ii) Borrowings**

As at 31 August 2004 (being the latest practicable date prior to the printing of this Prospectus), the total borrowings of the Group amounting to approximately RM66.4 million, all of which are interest bearing, are as follows:

Outstanding borrowings	Payable within 12 months RM	Payable after 12 months RM	Total RM
Overdrafts	-	-	-
Term loans	4,182,667	10,000,000	14,182,667
Bankers Acceptances	51,612,488	-	51,612,488
Hire purchase	184,932	433,874	618,806
<b>Total</b>	<b>55,980,087</b>	<b>10,433,874</b>	<b>66,413,961</b>

**XI. FINANCIAL INFORMATION (Cont'd)**

SCMC Group does not have any foreign borrowings. Save as disclosed above, the Group does not have any other borrowings outstanding.

There was no default on payments of either interest and/or principal sums in respect of any borrowings throughout the past financial year ended 31 March 2004 and the subsequent financial period thereof immediately preceding the date of this Prospectus.

**(iii) Contingent Liabilities**

As at 31 August 2004 (being the latest practicable date prior to the printing of this Prospectus), there are several libel suits which involve claims against the Group for materials published by the Group. The following are the contingent liabilities which may have a material impact on the future profits and net assets of the Group.

	<b>RM million</b>
Libel suits	<u>232</u>

Save for a probable loss of RM2.2 million, which have been provided for in the financial statements of the Group, the other contingent liabilities have not been provided for as the Directors with the advice of the solicitors of the Group are of the opinion that SCMC has a reasonable defence in these suits.

For detailed information on the material litigation and arbitration, please refer to Section XIV of this Prospectus.

**(iv) Capital Commitments**

Save as disclosed below, as at 31 August 2004 (being the latest practicable date prior to the printing of this Prospectus), the Directors of SCMC are not aware of any capital commitments which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group:

	<b>RM 000</b>
Authorised and contracted for	
- Purchase of property, plant and equipment	35,978
Authorised but not contracted for	-
	<u>35,978</u>

**XI. FINANCIAL INFORMATION (Cont'd)****5. Consolidated Profit Forecast for the Financial Year Ending 31 March 2005**

The Directors forecast that, in the absence of unforeseen circumstances, the consolidated profit before taxation and profit after taxation for the year ending 31 March 2005 will be as follows:

Financial Year Ending 31 March 2005	RM 000
Consolidated profit before taxation	62,921
Taxation	(7,571)
Consolidated profit after taxation	<u>55,350</u>
Less: Pre-acquisition profit	(680)
Consolidated profit after taxation attributable to shareholders	<u>54,670</u>
Gross EPS <sup>(i)</sup> (sen)	20.83
Net EPS <sup>(ii)</sup> (sen)	18.33
Gross PE Multiple (based on the Retail Price of RM2.25 per share) (times)	10.80
Net PE Multiple (based on the Retail Price of RM2.25 per share) (times)	12.27

**Notes:**

- (i) Based on the enlarged share capital of 302,000,000 SCMC Shares and the consolidated profit before taxation and pre-acquisition profit.
- (ii) Based on the enlarged share capital of 302,000,000 SCMC Shares and the consolidated profit after taxation and before pre-acquisition profit.

The consolidated profit forecast has been prepared on bases and accounting principles consistent with those previously adopted in the preparation of the audited financial statements of the Group.

The principal assumptions upon which the above consolidated profit forecast have been made are set out in the Reporting Accountants' Letter on the Consolidated Profit Forecast set out in Section XI(7).

**6. Directors' Analysis and Commentary on the Consolidated Profit Forecast**

The Directors of SCMC have reviewed and analysed the bases and assumptions used in arriving at the consolidated profit forecast of the SCMC for the financial year ending 31 March 2005 and are of the opinion that the consolidated profit forecast is fair and reasonable in light of the prospects of the newspaper and media industry in which it operates and the future plans, strategies and prospects of the SCMC Group as set out in Section V of this Prospectus and after taking into consideration the forecast gearing level, liquidity and working capital requirements of the Group.

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**XI. FINANCIAL INFORMATION (Cont'd)**

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**7. Reporting Accountants' Letter on the Consolidated Profit Forecast for the Financial Year Ending 31 March 2005**

(prepared for inclusion in this Prospectus)



■ **Chartered Accountants**

3rd Floor,  
Wisma Bukit Mata Kuching,  
Jalan Tunku Abdul Rahman,  
93100 Kuching, Sarawak,  
Malaysia.

■ Tel 082-243233  
Fax 082-421287

Mailing Address:  
P. O. Box 64,  
93700 Kuching,  
Sarawak, Malaysia.

**14 SEP 2004**

The Board of Directors  
**SIN CHEW MEDIA CORPORATION BERHAD**  
No. 19, Jalan Semangat  
46200 Petaling Jaya  
Selangor Darul Ehsan

Dear Sirs

**SIN CHEW MEDIA CORPORATION BERHAD ("SCMC" OR "THE COMPANY")  
(formerly known as Pemandangan Sinar Bhd. and Pemandangan Sinar Sdn. Bhd.)  
CONSOLIDATED PROFIT FORECAST  
FOR THE YEAR ENDING 31 MARCH 2005**

We have reviewed the consolidated profit forecast of SCMC and its subsidiary companies ("SCMC Group") for the year ending 31 March 2005 as set out in section XI of the Prospectus to be dated 20 September 2004 in accordance with the professional standard in Malaysia applicable to the review of forecasts, AI 810. The forecast has been prepared in connection with the listing and quotation of the entire issued and paid-up share capital of SCMC on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") in which the Company undertakes the following:-

**a) Offer for Sale**

An offer for sale of 73,623,000 ordinary shares of RM0.50 each ("SCMC Share") comprising:

- (I) 5,755,000 SCMC Shares available for application by eligible employees and business associates of SCMC and its subsidiary companies;
- (II) 15,100,000 SCMC Shares available for application by the Malaysian public;
- (III) 20,000,000 SCMC Shares to institutional investors; and
- (IV) 32,768,000 SCMC Shares to identified Bumiputera investors approved by the Ministry of International Trade and Industry.

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**XI. FINANCIAL INFORMATION (Cont'd)**


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**b) Listing and Quotation ("Listing")**

The admission and the listing for the entire enlarged issued and paid-up share capital of SCMC comprising 302,000,000 SCMC Shares on the Main Board of Bursa Securities.

Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respects, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the SCMC Group in its audited financial statements for the year ended 31 March 2004. The Directors of SCMC are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.

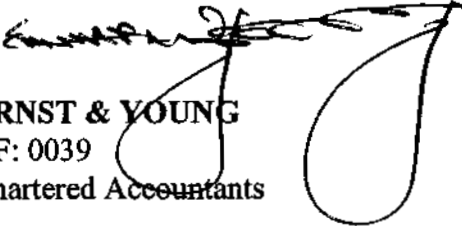
Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information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

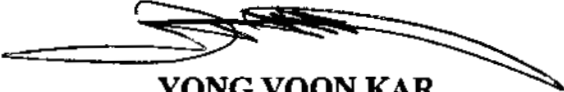
Subject to the matters stated in the preceding paragraphs:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the profit forecast; and
- (ii) in our opinion, the profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by SCMC Group in its audited financial statements for the year ended 31 March 2004.

The accompanying forecast and this letter have been prepared solely for the purposes stated above in connection with the aforementioned Listing. This letter is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent other than for inclusion in this Prospectus.

Yours faithfully

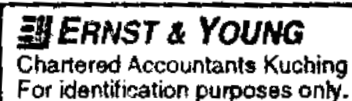
  
**ERNST & YOUNG**  
 AF: 0039  
 Chartered Accountants

  
**YONG VOON KAR**  
 1769/04/06 (J/PH)  
 Partner

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**XI. FINANCIAL INFORMATION (Cont'd)**


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**SIN CHEW MEDIA CORPORATION BERHAD  
 CONSOLIDATED PROFIT FORECAST  
 FOR THE YEAR ENDING 31 MARCH 2005**


The Directors of SCMC forecast that, in the absence of unforeseen circumstances, the consolidated profit after taxation of SCMC Group for the year ending 31 March 2005 will be as follows:

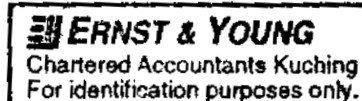
	<b>2005 Forecast RM'000</b>
Group Revenue after elimination	425,766
Less : Revenue of GMRSB prior to acquisition	(16,808)
Consolidated Revenue	<u>408,958</u>
Group profit before taxation	62,921
Taxation	(7,571)
Group profit after taxation	<u>55,350</u>
Pre-acquisition profit attributable to GMRSB	(680)
Consolidated Profit attributable to shareholders	<u><u>54,670</u></u>



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**XI. FINANCIAL INFORMATION (Cont'd)**


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**SIN CHEW MEDIA CORPORATION BERHAD  
 CONSOLIDATED PROFIT FORECAST  
 FOR THE YEAR ENDING 31 MARCH 2005**


	<b>2005 Forecast</b>
Enlarged number of ordinary shares in issue after the restructuring and listing exercise ('000)	302,000 =====
Gross EPS (sen)*	20.83 =====
Net EPS (sen)**	18.33 =====

\* Calculated based on the consolidated profit before taxation totalling RM62,921,000 and on the enlarged share capital of 302,000,000 SCMC Shares.

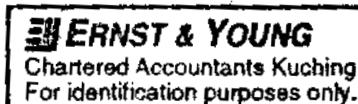
\*\* Calculated based on the consolidated profit after taxation (before pre-acquisition profit) totalling RM55,350,000 and on the enlarged share capital of 302,000,000 SCMC Shares.

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**XI. FINANCIAL INFORMATION (Cont'd)**

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**SIN CHEW MEDIA CORPORATION BERHAD  
CONSOLIDATED PROFIT FORECAST  
FOR THE YEAR ENDING 31 MARCH 2005**



Principal bases and assumptions upon which the consolidated profit forecast has been prepared are as follows:

1. There will be no material changes in the structure as well as the principal activities of SCMC Group other than those planned and incorporated in the forecast;
2. There will be no significant adverse changes in the current demand and in the prevailing market conditions in Malaysia and overseas which will adversely affect SCMC Group's performance;
3. There will be no major economic and political changes or any abnormal circumstances which will adversely affect SCMC Group's operation;
4. There will be no changes in legislation or government regulations which will affect the Group's activities or the market in which SCMC Group operates;
5. There will be no significant changes in the present legislation or government regulations, rates and basis of tariff, levies and taxes affecting SCMC Group's activities;
6. There will be no major industrial disputes or any abnormal circumstances which will adversely affect SCMC Group's business or assets;
7. There will be no significant effects from fluctuations in exchange rates of foreign currencies;
8. The inflation rate will not change significantly from the present level, which will adversely affect the performance of SCMC Group;
9. There will be no significant changes in the management, accounting and operating policies from those presently adopted by the SCMC Group;
10. The existing financing facilities will remain available to SCMC Group and interest rates will not differ significantly from those prevailing. SCMC Group will also be able to obtain additional financing facilities when necessary, at interest rates approximating those currently available to SCMC Group;
11. Capital expenditure programme of SCMC Group will be implemented as planned and there will be no material acquisition and disposal of property, plant and equipment other than those planned;
12. Statutory tax rate is at 28% and assumed constant throughout the forecast year;
13. There will be no significant changes in purchase price of the newsprint cost other than as forecasted; and
14. The Group will achieve the advertising ratio and circularisation copies forecasted.

**XI. FINANCIAL INFORMATION (Cont'd)****8. Sensitivity Analysis**

The principal bases and assumptions upon which the sensitivity analysis on the Group's consolidated forecast PBT and consolidated forecast PAT have been made are as follows:

- (i) the selected variable items will vary  $\pm 5\%$ , and  $\pm 10\%$  from the base case;
- (ii) the Group's gross profit margin will be maintained at the same percentage as in the base case (for the scenario showing the impact of the changes in revenue only); and
- (iii) except for the selected sensitised items, the same assumptions for the other items in the base case shall apply.

The following scenario attempts to show the impact on profit resulting from changes in Adex rates and cost of newsprint.

**(i) Changes in Adex rates**

	<-----For the financial year ending 31 March 2005----->			
	<-----PBT----->		<-----PAT----->	
	RM million	%	RM million	%
As per forecast (%)				
+ 5	74.4	17.90	64.0	14.90
+ 10	86.6	37.24	72.3	29.81
- 5	50.9	(19.33)	46.3	(16.88)
- 10	38.7	(38.66)	36.2	(35.01)

All other factors remaining equal, an increase in revenue by 5% and 10% will result in an increase in the PBT of the Group by approximately 17.90% and 37.24% respectively and an increase in the PAT of the Group by approximately 14.90% and 29.81% respectively. Similarly, a decrease in Adex rates by 5% and 10% will result in a decrease in the PBT of the Group by approximately 19.33% and 38.66% respectively and a decrease in the PAT of the Group by approximately 16.88% and 35.01% respectively.

**(ii) Changes in Cost of Newsprint**

	<-----For the financial year ending 31 March 2005----->			
	<-----PBT----->		<-----PAT----->	
	RM million	%	RM million	%
As per forecast (%)				
+ 5	56.3	(10.77)	50.1	(10.05)
+ 10	49.4	(21.71)	45.4	(18.49)
- 5	69.0	9.35	60.1	7.90
- 10	75.8	20.12	64.5	15.80

All other factors remaining equal, an increase in cost of newsprint by 5% and 10% will result in a decrease in the PBT of the Group by approximately 10.77% and 21.71% respectively and a decrease in the PAT of the Group by approximately 10.05% and 18.49% respectively. Similarly, a decrease in cost of raw materials by 5% and 10% will result in an increase in the PBT of the Group by approximately 9.35% and 20.12% respectively and an increase in the PAT of the Group by approximately 7.90% and 15.80% respectively.

**XI. FINANCIAL INFORMATION (Cont'd)****9. Dividend Forecast**

It is the policy of the Directors of SCMC to recommend dividends to allow shareholders to participate in the profit of the Company as well as to leave adequate reserves for future growth of the Group.

Based on the forecast consolidated profit after taxation and minority interest, the Directors of SCMC anticipate that the Company will be in a position to propose gross dividend of 5.75 sen per share for the financial year ending 31 March 2005 based on the issued and paid-up share capital of 302,000,000 SCMC Shares.

The intended appropriation from the forecast consolidated PAT of the Group for the financial year ending 31 March 2005 is as follows:

<b>Financial Year Ending 31 March 2005</b>	<b>RM 000</b>
Consolidated profit before taxation	62,921
Taxation	(7,571)
Consolidated profit after taxation	<u>55,350</u>
Less: Pre-acquisition profit	(680)
Consolidated profit after taxation attributable to shareholders	<u>54,670</u>
Less: Proposed dividend of 5.75 sen per SCMC share	(12,503)
Unappropriated profits	<u>42,167</u>
Gross dividend per share <sup>(i)</sup> (sen)	5.75
Gross dividend yield based on the Retail Price of RM2.25 per SCMC Share (%)	2.56
Net dividend per share <sup>(ii)</sup> (sen)	4.14
Net dividend yield based on the Retail Price of RM2.25 per SCMC Share (%)	1.84
Net dividend cover <sup>(ii)</sup> (times)	4.37

**Notes:**

- (i) Based on the enlarged issued and paid-up share capital of 302,000,000 SCMC Shares after the Restructuring Scheme.
- (ii) Dividend cover is computed based on the consolidated profit after taxation attributable to shareholders over the net dividend.

Future dividends will not be declared if:

- (a) the Group is in a loss position for the relevant financial year; or
- (b) the Group has insufficient cashflows to meet any dividend payments.

Notwithstanding the above, the Directors of SCMC have full discretion not to propose any future dividend payment as and when deemed necessary, if it is in the best interests of the Company.

**XI. FINANCIAL INFORMATION (Cont'd)****10. Proforma Consolidated Balance Sheet of SCMC Group as at 31 March 2004**

The proforma consolidated balance sheet of SCMC Group as at 31 March 2004 set out below are provided for illustrative purposes only to show the effects of the Restructuring Scheme, on the assumption that these transactions were completed on 31 March 2004 and is prepared on a basis consistent with the accounting policies normally adopted in the financial statements SCMC Group:

	<b>Audited as at 31 March 2004 RM 000</b>	<b>Proforma I RM 000</b>
Property, plant and equipment	121,151	122,579
Deferred tax assets	-	16,248
Goodwill on consolidation	2,966	46,845
Other investments	977	977
Intangible asset	363	363
Current assets	177,433	159,549
Current liabilities	(93,263)	(96,585)
Net current assets	84,170	62,964
	<b>209,627</b>	<b>249,976</b>
Financed by:		
Share capital	10,000	151,000
Share premium	-	300
Revenue reserve	180,415	79,415
Shareholders' funds	190,415	230,715
Minority interests	-	-
Deferred and long term liabilities	19,212	19,261
	<b>209,627</b>	<b>249,976</b>
NTA	187,086	183,507
NTA per share (RM)	18.71	0.61

*Proforma I: After incorporating the effects of the Share Split, the Bonus Issue, the Rights Issue including the utilisation of the proceeds from the Rights Issue and the Acquisition of GMRSB.*

The principal assumptions upon which the above proforma consolidated balance sheet have been made are set out in the Reporting Accountants' Letter on the Consolidated Proforma Balance Sheet set out in Section XI(11).

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**XI. FINANCIAL INFORMATION (Cont'd)**

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**11. Reporting Accountants' Letter on the Proforma Consolidated Balance Sheet  
(prepared for inclusion in this Prospectus)**



■ **Chartered Accountants**

3rd Floor,  
Wisma Bukit Mata Kuching,  
Jalan Tunku Abdul Rahman,  
93100 Kuching, Sarawak,  
Malaysia.

■ Tel 082-243233  
Fax 082-421287

Mailing Address:  
P. O. Box 64,  
93700 Kuching,  
Sarawak, Malaysia.

14 SEP 2004

The Board of Directors  
**SIN CHEW MEDIA CORPORATION BERHAD**  
No. 19, Jalan Semangat  
46200 Petaling Jaya  
Selangor Darul Ehsan

Dear Sirs

**SIN CHEW MEDIA CORPORATION BERHAD ("SCMC" OR "THE COMPANY")  
(formerly known as Pemandangan Sinar Bhd. and Pemandangan Sinar Sdn. Bhd.)  
PROFORMA CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2004**

We report on the proforma consolidated balance sheet set out in section XI of the Prospectus to be dated 20 September 2004, which has been prepared for illustrative purposes only, to provide information about how the consolidated balance sheet of SCMC and its subsidiary companies ("SCMC Group") as at 31 March 2004 that has been presented might have been affected by the acquisition of the entire issued and paid-up capital of Guang-Ming Ribao Sdn. Bhd. ("GMRSB"), share split, bonus issue of 202,000,000 ordinary shares of RM0.50 each ("SCMC Shares"), and rights issue of 80,000,000 SCMC Shares (collectively known as the "Restructuring Scheme" as defined in this Prospectus) had the Restructuring Scheme been completed on that date.

In conjunction with the listing and quotation of the entire issued and paid-up share capital of SCMC on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company undertakes the following:-

**a) Offer for Sale**

An offer for sale of 73,623,000 SCMC Shares comprising:

- (I) 5,755,000 SCMC Shares available for application by eligible employees and business associates of SCMC and its subsidiary companies;
- (II) 15,100,000 SCMC Shares available for application by the Malaysian public;
- (III) 20,000,000 SCMC Shares to institutional investors; and

**XI. FINANCIAL INFORMATION (Cont'd)**



**a) Offer for Sale (contd.)**

(IV) 32,768,000 SCMC Shares to identified Bumiputera investors approved by the Ministry of International Trade and Industry.

**b) Listing and Quotation ("Listing")**

The admission and the listing for the entire enlarged issued and paid-up share capital of SCMC comprising 302,000,000 SCMC Shares on the Main Board of Bursa Securities.

It is the responsibility solely of the directors of SCMC to prepare the proforma consolidated balance sheet in accordance with the requirements of the Securities Commission Prospectus Guidelines in respect of Public Offerings ("Guidelines").

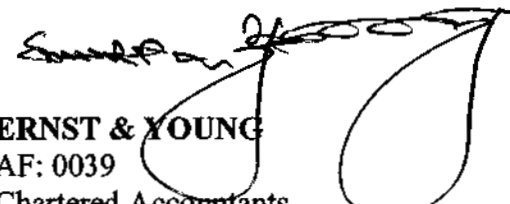
It is our responsibility to form an opinion, as required by the Guidelines, and to report our opinion to you. Our work consisted primarily of comparing the unadjusted financial information presented with their original form, considering the adjustments and discussing the proforma consolidated balance sheet with the responsible officers of SCMC. Our work involved no independent examination of any of the underlying financial information other than our audit of the consolidated financial statements that included the audited consolidated balance sheet as at 31 March 2004, on which we reported to the members of the company as of the date of our report.


In our opinion:

- a) the proforma consolidated balance sheet, which is provided for illustrative purposes only, has been properly compiled on the bases stated; and
- b) within the context of the assumed date of the Restructuring Scheme and Listing:
  - (i) such bases are consistent with the accounting policies of SCMC Group;
  - (ii) the adjustments set out are appropriate for the purposes of the proforma consolidated balance sheet pursuant to the Guidelines.

The accompanying proforma balance sheet and this letter have been prepared solely for the purposes stated above in connection with the aforementioned Restructuring Scheme and Listing. This letter is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent other than for inclusion in this Prospectus.

Yours faithfully

  
**ERNST & YOUNG**  
AF: 0039  
Chartered Accountants

  
**YONG VOON KAR**  
1769/04/06 (J/PH)  
Partner

## XI. FINANCIAL INFORMATION (Cont'd)

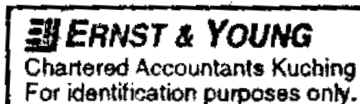

**SIN CHEW MEDIA CORPORATION BERHAD**  
**PROFORMA CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2004**

The Proforma Consolidated Balance Sheet of the SCMC Group set out below are provided for illustrative purposes only to show the acquisition of the entire issued and paid-up capital of GMRSB, share split, bonus issue of 202,000,000 SCMC Shares, and rights issue of 80,000,000 SCMC Shares at an issue price of RM0.535 per SCMC Share on the assumption that these transactions were completed on 31 March 2004 and should be read in conjunction with the notes herein.

	At 31 March 2004 RM'000	Proforma I RM'000
Property, plant and equipment	121,151	122,579
Deferred tax assets	-	16,248
Goodwill on consolidation	2,966	46,845
Other investments	977	977
Intangible asset	363	363
Current assets	177,433	159,549
Current liabilities	(93,263)	(96,585)
Net current assets	84,170	62,964
	<u>209,627</u>	<u>249,976</u>
Financed by:		
Share capital	10,000	151,000
Share premium	-	300
Revenue reserve	180,415	79,415
Shareholders' funds	190,415	230,715
Deferred and long term liabilities	19,212	19,261
	<u>209,627</u>	<u>249,976</u>
<i>Net Tangible Assets</i>	<u>187,086</u>	<u>183,507</u>
<i>Net Tangible Assets per share (RM)</i>	<u>18.71</u>	<u>0.61</u>

*Proforma I: The Acquisition of GMRSB, the Share Split, the Bonus Issue and the Rights Issue (collectively known as the Restructuring Scheme) including the utilisation of the proceeds from the Rights Issue.*



**XI. FINANCIAL INFORMATION (Cont'd)**
**SIN CHEW MEDIA CORPORATION BERHAD**  
**PROFORMA CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2004**
**Notes to the Proforma Consolidated Balance Sheet**

1. The Proforma Consolidated Balance Sheet of SCMC has been prepared based on the audited Balance Sheets of SCMC, GMRSB, Sinchew-i Sdn. Bhd. ("SCI"), Mulu Press Sdn. Bhd. ("MPSB") and Media Communications Sdn Bhd as at 31 March 2004.

The Proforma Consolidated Balance Sheet has been prepared for illustrative purposes only to show the effects of the Restructuring Scheme on the assumption that they were effected on 31 March 2004.

In conjunction with the listing and quotation of the entire issued and paid-up share capital of SCMC on the Main Board of Bursa Securities, the Company undertakes the following:-

**a) Offer for Sale**

An offer for sale of 73,623,000 SCMC Shares comprising:

- (I) 5,755,000 SCMC Shares available for application by eligible employees and business associates of SCMC and its subsidiary companies;
- (II) 15,100,000 SCMC Shares available for application by the Malaysian public;
- (III) 20,000,000 SCMC Shares to institutional investors; and
- (IV) 32,768,000 SCMC Shares to identified Bumiputera investors approved by the Ministry of International Trade and Industry.

**b) Listing**

The admission and the listing for the entire enlarged issued and paid-up share capital of SCMC comprising 302,000,000 SCMC Shares on the Main Board of Bursa Securities.

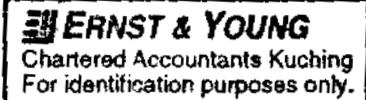
2. The movements of the issued and paid-up share capital of SCMC after implementation of the Restructuring Scheme are as follows:

	RM'000
As at 31 March 2004	10,000
Bonus issue	101,000
Rights Issue	40,000
	<hr/>
Enlarged issued and paid-up capital of SCMC	151,000
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**XI. FINANCIAL INFORMATION (Cont'd)**

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3. The gross proceeds arising from the rights issue amounting to RM42,800,000 have been utilised to partly finance the Acquisition of GMRSB.
4. The Proforma Consolidated Balance Sheet has been prepared on accounting principles and bases consistent with those previously adopted by the SCMC Group in the preparation of the audited financial statements.
5. The Proforma Consolidated Balance Sheet of SCMC is arrived at using the acquisition method of accounting for GMRSB, SCI and MPSB.
6. The estimated listing expenses for the restructuring and listing exercise of approximately RM2,500,000 has been charged to the Share Premium account.