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**V. INDUSTRY OVERVIEW AND PROSPECTS**

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**1. Overview of the Malaysian Economy**

Malaysia's growth momentum continues into 2004 after recording a strong growth in 2003. Unlike 2003, when the global economy was affected by the war in Iraq and Severe Acute Respiratory Syndrome (SARS) the external environment in 2004 has improved markedly with upswing in the global electronics demand as well as favourable commodity prices. This enabled the Malaysian economy to expand steadily from 7.6% in the first quarter of 2004 to 8% in the second quarter, the highest since the third quarter of 2000.

The robust domestic economic activities, which supported growth in 2002 through to 2004, are further augmented by favourable external environment. Of significance, the domestic sector is buoyed by the expansion in private consumption and investment activities. The manufacturing sector registered a solid growth of 12.3% during the first half of 2004, while the services sector expanded strongly by 6.8% in the same period. With the Leading Index pointing towards further expansion in the second half of the year, both sectors are envisaged to contribute significantly to the economic growth. The build-up in international reserves arising from larger current account surplus and inflows of foreign capital continues to strengthen Malaysia's macroeconomic fundamentals. Given this favourable scenario, the Malaysian economy is set to surpass its earlier estimate of 6.0 - 6.5% and post a stronger growth of 7% in 2004 (2003: 5.3%).

This impressive growth performance in an environment of low inflation helps to generate additional employment and new business opportunities. Consequently, national income in current prices is envisaged to increase by 10.8% to RM411,794 million, with per capita income rising by 8.5% to reach RM16,098 (2003: RM14,838). Similarly, per capita income in terms of purchasing power parity is estimated to increase by 9.3% to USD10,163 (2003: USD9,295).

*(Source: Economic Report 2004/2005)*

## V. INDUSTRY OVERVIEW AND PROSPECTS (Cont'd)

### 2. Overview of the Print Media and Advertising Sector

#### (i) General overview

In Peninsular Malaysia, 94 out of every 100 individuals aged 15 years and above are literate in at least one language.

*(Source: Mid term review of the Eighth Malaysia Plan)*

The local newspaper industry is an industry dominated by a few major players. These newspapers can be further segregated by the language they choose to publish in (i.e. Bahasa Malaysia, English, Chinese or Tamil).

Generally, there is a continuing increase in the number of readers for any daily newspaper and for all language types. In terms of proportion, there is a slight increase in Bahasa Malaysia and English dailies readership with marginal increase in readerships for the Chinese dailies. The increases in readerships of Chinese newspapers in the last few years is due to the emergence of global interest in China.

#### (ii) Overview of the media and advertising industry

Revenue in the print media business comprises two main components, circulation sales and advertisement sales.

##### Adex

Based on MindShare's May 2004 newsletter, Adex for YTD Quarter 1, 2004 recorded at RM978.65 million, a positive growth of 23% YOY.

The top three spenders were Telecommunications (13% share of Adex), Financial/Insurance (9%) and Toiletries & Toilet Goods (7%).

The fastest growing category is Transport/Travel with 99% growth YOY mainly coming from travel agencies and airlines promoting holiday packages in line with "Cuti-Cuti Malaysia" campaign. Other categories with significant increase in Adex are Telecommunications (+75%), Government/Corporate advertisements (+40%), Industrial (+33%) and House Supplies (+32%).

ADVERTISING EXPENDITURE YTD Q1 2003/2004					
CATEGORY (by rank)	YTD Q1 2003 RM million	Rank	YTD Q1 2004 RM million	Share %	Change %
1. Telecommunications	70.50	1	123.70	13	75
2. Financial/Insurance	69.44	2	88.97	9	28
3. Toiletries & Toilet Goods	57.37	3	71.34	7	24
4. Government/Corp	45.59	6	63.64	7	40
5. Apparel/Jewellery	45.13	7	59.18	6	31
6. Automotive	46.24	5	58.86	6	27
7. Entertainment	56.04	4	50.29	5	-10
8. Transport/Travel	25.26	12	50.24	5	99
9. Beverages	37.08	9	45.14	5	22
10. Durables	37.26	8	42.91	4	15
16. Education	35.79	10	40.46	4	13
11. Food	28.25	11	31.56	3	12
12. House Supplies	23.39	14	30.92	3	32
13. Medical Products & Drugs	25.10	13	23.23	2	-7
14. Industrial	12.75	16	17.01	2	33
15. Information Technology	22.51	15	13.53	1	-40
17. Tobacco Co./Lighters	0.35	17	0.05	0	-85
Other services		155.38	167.61	17	8
<b>TOTAL</b>		<b>793.39</b>	<b>978.65</b>		<b>23</b>

*(Source: MindShare's newsletter based on Nielsen Media Research Adex 2003/2004)*

**V. INDUSTRY OVERVIEW AND PROSPECTS (Cont'd)**

**Media Mix**

According to MindShare's May 2004 newsletter, all media monitored by Nielsen Media Research recorded a YOY increase in advertising spending level in YTD Quarter 1, 2004.

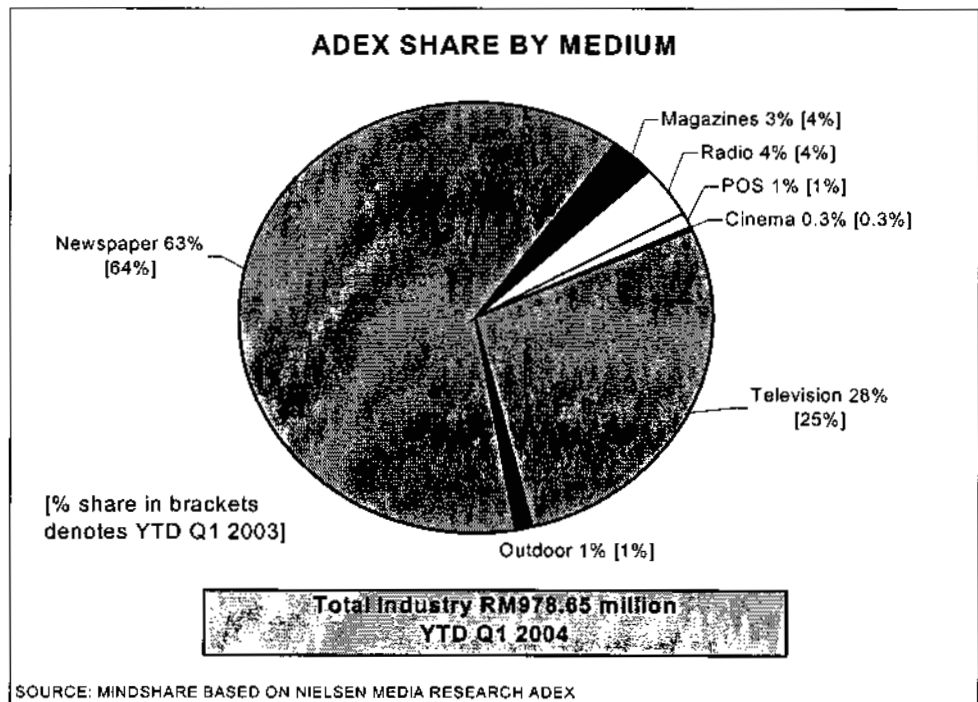
Newspaper continues to hold the lion's share of Adex at 63%, whilst enjoying a 20% growth over the same period last year.

Cinema recorded the highest growth in Adex (+57% YOY), albeit from a small base of 0.3% share of Adex. This increase was mainly contributed by Food and Beverages Alcoholic Drinks, Telecommunication and Retail categories.

Television was the second highest growing medium at +38% YOY and its share of Adex improved from 25% to 28% YOY. It is likely to continue on an upward trend due to new Free-to-air television stations 8TV and Channel 9 (operational since January 2004 and September 2003 respectively) and with key events such as Euro 2004 and Olympics 2004.

Radio garnered 4% share of Adex, with a growth of 13% YOY as most of the private stations continued to gain adex.

Outdoor and point of sale advertisements maintained their share at 1% each and remain unchanged in both periods.



## V. INDUSTRY OVERVIEW AND PROSPECTS (Cont'd)

### Circulation and Readership

Based on Nielsen Media Research's Media Index Quarter 1, 2004 on the readership estimates among the Chinese newspapers for the twelve (12)-month period from July 2003 to June 2004, Sin Chew Daily leads in terms of readership with an estimated 1,113,000 daily readers followed by "China Press" with approximately 705,000 daily readers. Guang Ming Daily came in third with approximately 424,000 daily readers. Other significant Chinese dailies, namely, "Nanyang Siang Pau" and "Kwong Wah Yit Poh" had daily readerships of 277,000 and 282,000 respectively.

For English newspaper readerships "The Star" leads with approximately 969,000 daily readers for its daily paper. This is followed by "The New Straits Times" with 307,000 daily readers and "The Sun" with daily readership of 150,000 followed by the Malay Mail with daily readership of 110,000 readers while for Bahasa Malaysia dailies "Utusan Malaysia" to have 1,489,000 daily readers and "Berita Harian" has a daily readership of 1,417,000.

The table below sets out the readership and circulation of the major subscription newspapers in Peninsular Malaysia:

Peninsular Malaysia	Readership for the 12-month period from July 2003 to June 2004 (average readership in 000)	Circulation for the 6-months to 31 December 2003 (average net sales in copies per day)
<b>Weekdays</b>		
<b>Chinese Newspapers</b>		
Sin Chew Daily+	1,113	343,942
China Press+	705	209,328
Guang Ming Daily+	424	134,143
Nanyang Siang Pau+	277	146,957
Kwong Wah Yit Poh	282	N/A
<b>Bahasa Malaysia Newspapers</b>		
Utusan Malaysia	1,489	238,082
Berita Harian	1,417	217,991
Harian Metro	1,129	172,903
<b>English Newspapers</b>		
The Star	969	293,375
New Straits Times	307	127,668
Malay Mail	110	44,658
Sun	150	N/A

**Notes:**

+ includes day and night sales

N/A Not available

(Source: Nielsen Media Research, 18 August 2004 and ABC News May 2004)

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**V. INDUSTRY OVERVIEW AND PROSPECTS (Cont'd)**

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**(iii) Internet and Technology**

The role of the internet and technology in the media industry has increased over the past few years as internet news hosting became a dominant force in the dissemination of news. All major newspaper groups in Malaysia, namely Utusan Malaysia Berhad, Nanyang Press Holdings Bhd, Star Publications (M) Bhd and New Straits Time Press Berhad have ventured into the multimedia segment in anticipation of an increase in internet usage by the public.

To this effect SCMC, through its subsidiary SCI, has an internet news portal which is updated daily with news derived from amongst others Sin Chew Daily's and Guang Ming Daily's newsdesk. SCI's internet portal 'Sinchew-i' has an average of more than 45,000 visitors daily in the month of August 2004.

**(iv) Regulatory Environment**

All newspapers are subject to the jurisdiction of the KDN and are subject to the Printing Presses and Publications Act, 1984. The Printing Presses and Publications Act 1984 requires all print media to obtain a publishing permit and printing press license and to renew it annually. The KDN is empowered to restrict or ban any publication which is deemed prejudicial to public order or against national interest.

**3. Prospects and Future Plans****(i) Malaysian Economy**

Entrenched domestic economic activities, coupled with a fairly favourable external environment, are expected to drive growth into 2005. Strong output growth is expected to emanate from all sectors, led by manufacturing and services with an increasingly higher contribution from private sector expenditure. Consequently, Malaysia is set to achieve another year of healthy growth of 6% in 2005. With an estimated population of 26.1 million, per capita income in current prices is projected at RM16,693 (2004: RM16,098). In terms of purchasing power parity, it is estimated at USD10,560 (2004: USD10,163).

The positive outlook for 2005 is premised on a more resilient domestic demand, driven by greater private sector spending. The strong private sector performance, amidst a favourable external environment will enable the public sector to progressively consolidate its overall financial position, whilst confirming private sector's entrenched role as the engine of economic growth. Domestic demand expenditure (excluding change in stocks) in real terms is, thus, forecast to continue to increase favourably by 4.6% (2004: 6.7%).

*(Source: Economic Report 2004/2005)*

## V. INDUSTRY OVERVIEW AND PROSPECTS (Cont'd)

### (ii) Overview and Prospects of the Chinese Newspaper Industry and SCMC Group

The Chinese newspaper industry in Malaysia is a highly competitive and fragmented industry. The industry is represented by well known nationwide newspapers such as Sin Chew Daily, Guang Ming Daily, China Press, Nanyang Siang Pau, Kwong Wah Yit Poh and various local publications.

SCMC Group is a long established media group with the flagship newspapers Sin Chew Daily and Guang Ming Daily with printing plants in Petaling Jaya, Prai, Johor Bahru, Kuching and Sibul. SCMC Group's newspapers are available throughout the country.

#### Circulation and Readership

##### Peninsular Malaysia

SCMC is currently the market leader in the publication of Chinese language newspapers. Sin Chew Daily and Guang Ming Daily have daily estimated readerships of approximately 1,113,000 and 424,000 respectively. Below is a table detailing the readership of the top five Chinese newspapers in Malaysia for the five years ended 31 December 2003 and the twelve (12)-month period ended 30 June 2004.

#### Chinese newspaper readership in Peninsular Malaysia

##### Readership

Average daily readership for the year to 31 December	1999	2000	2001	2002	2003	12-month period ended 30 June 2004
	000	000	000	000	000	000
Sin Chew Daily	845	864	891	990	1,055	1,113
Guang Ming Daily	216	204	275	371	394	424
Nanyang Siang Pau	509	486	392	373	297	277
China Press	528	532	541	588	691	705
Kwong Wah Yit Poh	242	279	235	263	254	282

(Source: Nielsen Media Research)

##### Circulation

Based on ABC, Sin Chew Daily and Guang Ming Daily are respectively the largest selling and the fourth largest selling Chinese newspapers with average daily circulations of approximately 343,942 and 134,143 respectively for the six (6) months ended 31 December 2003.

## V. INDUSTRY OVERVIEW AND PROSPECTS (Cont'd)

Below is a table detailing the average daily circulation of the top five Chinese newspapers in Malaysia for the four (4) twelve-month periods ended 30 June 1999 to 2003 and the six (6) months period ended 31 December 2003.

Average daily circulation for the 12 months to 30 June	2000	2001	2002	2003	6 months to 31 December 2003
Sin Chew Daily	298,921	306,812	334,767	342,425	343,942
Guang Ming Daily	90,003	94,349	116,283	131,581	134,143
Nanyang Siang Pau	187,458	173,295	146,344	152,717	146,957
China Press	202,066	202,631	197,820	204,901	209,328
Kwong Wah Yit Poh	72,058	69,677	69,985	69,112	Not available

(Source: ABC)

### East Malaysia

East Malaysia's Chinese newspaper market is even more fragmented. The other major newspapers in East Malaysia are See Hua Daily, International Times, Miri Daily News and Overseas Chinese Daily News.

Since setting up printing plants in Kuching and Sibu to better serve the local communities, Sin Chew Daily has garnered a substantial readership in Sarawak. In a recent survey commissioned by SCMC and conducted by Nielsen Media Research on the readerships in six major towns in Sarawak namely Kuching, Sibu, Miri, Bintulu, Sarikei and Sri Aman, between April 2004 and June 2004, Sin Chew Daily was the highest read newspaper in those six towns with an average readership of 140,000 representing 41% of the Chinese population aged 15 years and above in these towns. Its closest competitor was International Times with an average readership of 55,000 or 16% in these six towns.

In order to further consolidate Sin Chew Daily's leading market position in Sarawak, SCMC Group plans to improve its infrastructure facilities to enable the newspapers to arrive at the targeted destination on time. SCMC Group also intends to enhance its distribution network in Sabah to increase its market share.

## V. INDUSTRY OVERVIEW AND PROSPECTS (Cont'd)

### Adex

As mentioned earlier, newspapers remained the dominant medium for Adex during the first quarter of year 2004, accounting for 63% of the total Adex, maintaining its market share from the same period in 2003. In this respect, SCMC Group has historically managed to continuously improve its advertising revenue.

The SCMC's Group's high readership and large circulation is a strong selling point for the Group in terms of capturing the Adex market for Chinese newspapers. Set out below is SCMC's Group's Adex revenue as compared to other major Chinese dailies for the past five (5) years ended 31 December 2003:

Adex YTD December	1999 RM 000	2000 RM 000	2001 RM 000	2002 RM 000	2003 RM 000
Sin Chew Daily <sup>(i)</sup>	151,238	197,773	216,576	240,243	263,746
Guang Ming Daily <sup>(i)</sup>	24,271	26,756	29,216	30,007	41,752
Total SCMC Group newspapers <sup>(i)</sup>	175,509	224,529	245,792	270,250	305,498
China Press <sup>(i)</sup>	82,855	102,063	103,227	121,151	132,974
Nanyang Siang Pau <sup>(i)</sup>	69,809	76,015	73,316	90,946	92,086
Kwong Wah Yit Poh <sup>(i)</sup>	42,556	49,242	53,912	58,523	61,612

(Source: Nielsen Media Research)

#### Note:

(i) The revenues are an estimate by Nielsen Media Research and not based on actual Adex revenue. As such, actual Adex revenues may differ from the table above.

Additionally, due to its strong presence and commanding market share, Sin Chew Daily commands higher Adex rates as compared to its main competitors. The following table sets out the present advertising rates, which took from effect from 1 January 2004, of the major daily Chinese newspapers:

Specification	Sin Chew Daily RM	Guang Ming Daily RM	China Press RM	Nanyang Siang Pau RM	Kwong Wah Yit Poh RM
Black and white per column centimetre	45.00	26.00	23.80	23.80	12.50
Full page black and white	23,850	13,780	12,614	12,614	6,625
Full page full colour	33,000	19,080	23,000	21,000	17,490

(Source: MindShare, November and December 2003)



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**V. INDUSTRY OVERVIEW AND PROSPECTS (Cont'd)**

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**Electronic Media**

In addition, SCMC Group has also embarked on their own internet venture through SCI which operates an Internet web portal. Sin Chew Daily was the first Malaysian Chinese newspaper to go online in 1995. In the year 2000, SCMC Group expanded and upgraded its own website into a web portal, accessible at [www.sinchew-i.com](http://www.sinchew-i.com).

The Sinchew-i (<http://www.sinchew-i.com>) portal is the SCI's most important product, under which Domestic Headline News, Foreign News, Business News, Sports News, Entertainment News and Feature Articles are offered.

Besides more serious news articles, Commentaries, Metro Talks and Chatter Box are also available at the Sinchew-i website.

The Guang Ming Daily (<http://www.guangming.com.my>) site, meanwhile, offers a rich collection of National News, Entertainment News, Features, Food and Community News, among others.

In a bid to facilitate the retrieval of archive articles, the Sinchew-i sites also provide user-friendly search engines to enable web surfers to access a wealth of news articles in SCI's electronic archive.

Contents aside, SCI has also involved itself in online business with the objective of broadening SCI's revenue scope.

SCI's online business division is encapsulated in three dedicated web portals: 600 Ring, EZBuy and Bzone.

The 600 Ring (<http://www.600ring.com.my>) portal offers a wide array of short messaging services ("SMS"), including ringtone downloads, 4-digit results, soccer match results, instant SMS news and multimedia messaging services contents. These services are provided in collaboration with our technical and telco partners.

EZBuy, accessible at <http://ezybuy.sinchew-i.com>, is an online bookstore selling mainly children books, compact discs and other products.

Bzone (<http://bzone.sinchew-i.com>) has been designed with a purpose of providing online exposure to small and medium sized businesses while acting as a valuable treasure trove of information on these companies.

In tandem with the globalisation trend, SCI is currently working closely with a number of established foreign media players from Hong Kong, China, Taiwan, Singapore and a host of other regional countries. Areas of co-operation include content creation, content development and Internet technology.

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**V. INDUSTRY OVERVIEW AND PROSPECTS (Cont'd)**

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**(iii) Strategy and Future Plans**

SCMC Group's objectives are to grow revenues and maximise profitability through the leveraging on its editorial quality and its reach to the Chinese reading population of Malaysia. SCMC's future plans include the following:

**(a) Enhancing the brand image and customer loyalty of Sin Chew Daily and Guang Ming Daily**

In a competitive industry that has seen the upsurge and decline of media titles, the newspapers of SCMC Group are seen as that of delivering quality news and entertainment. As such the Group intends to continue to foster and improve its brand image through the following:

**(i) Image of a caring newspaper**

SCMC Group intends to continue to leverage on its image as a caring newspaper providing a contribution to society. On the humanitarian front, the two newspapers of the Group are already well-known for raising the awareness of the public in areas of social concern. Among the notable activities are the Famine 30 hours, an international hunger pledge which has raised more than RM1 million annually for the poor and needy world-wide and the Sin Chew Education Fund which provides scholarships to needy individuals to pursue courses in private and public institutions of higher learning.

The Group intends to continue to create much needed awareness among the Malaysian community of the needs of both individuals and groups which are underprivileged. This will be done through events which will be sponsored or co-sponsored as well as organised by the two newspapers and published nation-wide to increase the exposure of the Malaysian public to the needs of others.

**(ii) Image of a cultural and literary vanguard**

Sin Chew Daily and Guang Ming Daily are presently seen as the vanguard of Chinese culture and literature. It is in the mainstream of the development and protection of Chinese culture in Malaysia as well as overseas. For example, its "Hua Zong" International Chinese Literature Award is highly regarded by scholars in Chinese literature throughout the world. It has attracted local and foreign participants keen to improve on the standards of Chinese literature.

The Group will also continue to invite various well-known persons to conduct talks, seminars and workshops in their respective fields. These will include well known regional personalities in the region and around the world.

SCMC Group intends to continue to promote such cultural awareness of its two dailies through such promotional activities.

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**V. INDUSTRY OVERVIEW AND PROSPECTS (Cont'd)**

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**(b) Improving the editorial quality**

The newspapers of SCMC Group are well known for its accurate and timely reporting of news and events. In this respect, Sin Chew Daily is well known for its balanced mix of commercial and cultural insights and is well regarded by its readers as providing accurate and timely news and commentaries on the day to day events happening in the world. On the other hand, Guang Ming Daily is well known as a daily newspapers which is focused on leading entertainment news providing its readers with the latest entertainment and sports news.

The Group is also expanding its markets through the publication of supplementaries with specific themes such as entertainment news and properties and home making, amongst others, to attract new readers. Such supplements are expected to increase the readership of the newspapers through the targeting of new audiences who are primarily interested in these topics.

The Group also intends to continue to improve the image of the newspapers by improving on its news coverage through close associations with other press agencies throughout the world. Further, the Group is also looking at improving the quality of the writings through the use of a mixture of softwares, sub-editors and rewriters to reduce errors in the reporting of news.

**(c) Investing in new technology**

SCMC Group is currently upgrading its printing presses to increase the speed and quality of production. In this respect it has embarked on the construction of a new printing plant, with modern printing presses from Europe and the USA, at its head office in Petaling Jaya. This new printing plant will be able to print its daily newspapers at much faster speeds allowing more time for the distribution of the newspapers thus providing the image of the paper that delivers its news fast and on time.

With the new printing presses, the quality of the printing is also expected to be improved thus providing the readers of SCMC's two newspapers with better quality photographs and prints. The new printing presses will enable the Group to produce newspaper with more colour pages and at lower operational cost.

Additionally, the Group intends to continue to invest in new communication and production software. It is expected that these software will improve on the quality and design of the layouts of the newspapers as well as the faster transmission of news and layouts to its various regional plants. Such software is also expected to improve the efficiency of the production process through better options in layout designs and print options as well as through the reduction in the number of errors occurring.

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**V. INDUSTRY OVERVIEW AND PROSPECTS (Cont'd)**

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**(d) Enhancing its Distribution Network**

The distribution network of agents and vendors form a critical part of SCMC Group's business. A strong and supportive distribution network is considered a key element in the plan of SCMC Group to increase its circulation sales. SCMC Group intends to foster and also increase its relationships together with its agents and vendors through constant contact with its distributors to meet the needs of the distributors and to provide them with adequate support services. Additionally, the Group also intends to increase the distribution of its newspapers to places in which it currently does not have much presence such as Sabah.

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## VI. INFORMATION ON SCMC GROUP

### 1. Incorporation

SCMC was incorporated in Malaysia as a private limited company under the Act on 15 March 1983 under the name of Pemandangan Sinar Sdn Bhd. The Company was converted to a public company on 8 March 2004 and changed its name to Pemandangan Sinar Berhad. On 7 May 2004, the Company assumed its present name. SCMC is principally involved in publishing, printing and distribution of the newspaper "Sin Chew Daily", printing of newspapers for other publishers and distribution of magazines while the principal activities of its subsidiaries are publishing of the newspaper known as "Guang Ming Daily"; provision of a super portal to other portals on the worldwide web for the purpose of internet marketing and promotion; newspaper circulation and distribution agent and the provision of editorial services and contract labour; and publishing and distribution of magazines.

### 2. Restructuring Scheme

In conjunction with, and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of SCMC on the Main Board of the Exchange, the Company undertook a Restructuring Scheme which involved the following transactions:

#### 2.1 Share Split

SCMC implemented the Share Split on 6 August 2004 which involved the subdivision of the par value of its ordinary shares from RM1.00 each to RM0.50 each. Upon completion of the Share Split, the issued and paid-up share capital of SCMC was revised from RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each to RM10,000,000 comprising 20,000,000 ordinary shares of RM0.50 each. Similarly, the authorised share capital of the Company has also been revised from RM250,000,000 comprising 250,000,000 ordinary shares of RM1.00 each to RM250,000,000 comprising 500,000,000 SCMC Shares.

#### 2.2 Bonus Issue

SCMC undertook a bonus issue of 202,000,000 new SCMC Shares issued to all shareholders of SCMC on the basis of 10.1 new SCMC Shares for every one (1) SCMC Shares held after the Share Split. The Bonus Issue was capitalised entirely from the retained earnings of SCMC, the details of which are as follows:

<b>Retained earnings</b>	<b>Company RM 000</b>
Audited as at 31 March 2004	181,383
Amount capitalised for the Bonus Issue	(101,000)
Retained earnings after capitalisation	<u>80,383</u>

The new SCMC Shares issued in respect of the Bonus Issue ranked pari-passu in all respects with the then SCMC Shares. The Bonus Issue was completed on 6 August 2004.

The completion of the Bonus Issue has resulted in an increase in the issued and paid-up share capital of SCMC from RM10,000,000 comprising 20,000,000 SCMC Shares to RM111,000,000 comprising 222,000,000 SCMC Shares.

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**VI. INFORMATION ON SCMC GROUP (Cont'd)**

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**2.3 Acquisition of GMRSB**

On 15 July 2004, SCMC made an offer to all the shareholders of GMRSB for the entire paid-up share capital of GMRSB comprising 4,000,000 ordinary shares in GMRSB at an offer price of RM1.00 per share for a total cash consideration of RM4,000,000. Pursuant to the said offer, as at 31 August 2004, SCMC received acceptances of 3,909,666 ordinary shares of RM1.00 each in GMRSB, comprising 97.74% of the entire paid-up share capital of GMRSB. Subsequently, SCMC undertook a compulsory acquisition of the remaining 90,334 ordinary shares of RM1.00 each representing 2.26% in GMRSB which it does not own, which was completed on 3 September 2004.

The purchase consideration of RM1.00 per ordinary share of RM1.00 each in GMRSB was arrived at after taking into consideration the audited NTL of GMRSB of approximately RM57,795,319 as at 31 March 2003 and the par value of RM1.00 for each ordinary share in GMRSB.

On 10 September 2004, SCMC also settled in full the non-trade debts owed by GMRSB to its major creditors amounting to RM42,823,129.

**2.4 Rights Issue**

Subsequent to the completion of the Share Split and Bonus Issue, SCMC undertook a rights issue of 80,000,000 new SCMC Shares on the basis of approximately 0.36 new SCMC Shares for every one (1) existing SCMC Share held at an issue price of RM0.535 per new SCMC Share. The new SCMC Shares issued in respect of the Rights Issue ranked pari passu in all respects with the SCMC Shares. The Rights Issue was completed on 10 September 2004.

The total gross proceeds arising from the Rights Issue of RM42,800,000 was utilised to finance the part repayment of all non-trade debts owing by GMRSB to its major creditors pursuant to the Acquisition of GMRSB.

The completion of the Rights Issue has resulted in an increase in the issued and paid-up share capital of SCMC from RM111,000,000 comprising 222,000,000 SCMC Shares to RM151,000,000 comprising 302,000,000 SCMC Shares.

**3. Changes in Share Capital**

The authorised share capital of SCMC is RM250,000,000 comprising 500,000,000 SCMC Shares. The issued and paid-up share capital of SCMC as at the date of this Prospectus is RM151,000,000 comprising 302,000,000 SCMC Shares.

**VI. INFORMATION ON SCMC GROUP (Cont'd)**

Details of the changes in the issued and paid-up share capital of the Company since its incorporation are as follows:

<b>Date of allotment/ cancellation</b>	<b>No. of SCMC Shares allotted/ (cancelled)</b>	<b>Par value RM</b>	<b>Consideration</b>	<b>Total issued and paid- up share capital RM</b>
15.03.1983	2	1.00	Subscribers' shares	2
01.03.1988	49,998	1.00	Cash	50,000
21.04.1988	950,000	1.00	Cash	1,000,000
17.04.1993	500,000	1.00	Cash	1,500,000
08.06.1998	5,700,000	1.00	Bonus Issue of approximately 3.8 share for every 1 share held	7,200,000
12.07.2003	2,800,000	1.00	Cash	10,000,000
06.08.2004	20,000,000	0.50	Share Split of one (1) ordinary share of RM1.00 into two (2) ordinary shares of RM0.50 each	10,000,000
06.08.2004	202,000,000	0.50	Bonus Issue	111,000,000
10.09.2004	80,000,000	0.50	Rights Issue	151,000,000

**4. Subsidiaries and Associated Company**

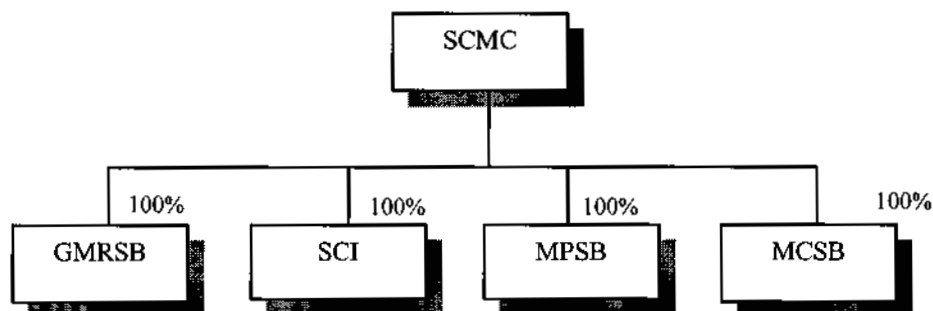
As at the date hereof, the subsidiaries of SCMC are as follows:

<b>Name</b>	<b>Date and country of incorporation</b>	<b>Issued and paid-up capital RM</b>	<b>Effective interest %</b>	<b>Principal activities</b>
GMRSB	26.10.1984; Malaysia	4,000,000	100	Publisher of the newspaper known as "Guang Ming Daily"
SCI	31.05.2000; Malaysia	4,500,000	100	Provision of a super portal to other portals on the worldwide web for the purpose of internet marketing and promotion
MPSB	29.03.1985; Malaysia	500,000	100	Newspaper circulation and distribution agent and provision of editorial services and contract labour
MCSB	13.01.1982; Malaysia	100,000	100	Publishing and distribution of magazines

As at the date hereof, SCMC does not have any associated company.

## VI. INFORMATION ON SCMC GROUP (Cont'd)

The corporate structure of SCMC Group is as follows:



### 4.1 GMRSB

#### (i) History and Business

GMRSB was incorporated on 26 October 1984 as a private limited company under the Act under the name of Commercial Lines Sdn Bhd. On 4 July 1987, it assumed its present name. GMRSB is principally involved in the publishing of the newspaper known as "Guang Ming Daily".

#### (ii) Share Capital

The present authorised share capital of GMRSB is RM25,000,000 comprising 24,000,000 ordinary shares of RM1.00 each and 1,000,000 12% convertible cumulative preference shares of RM1.00 each. The issued and paid-up share capital is RM4,000,000 comprising 4,000,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of GMRSB since incorporation are as follows:

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration	Total issued and paid-up share capital RM
26.10.1984	2	Subscribers' shares	2
22.05.1987	249,998	Cash	250,000
30.07.1987	1,750,000	Cash	2,000,000
22.11.1991	2,000,000	Cash	4,000,000

#### (iii) Subsidiary and Associated Company

As at the date hereof, GMRSB does not have any subsidiary or associated company.



## VI. INFORMATION ON SCMC GROUP (Cont'd)

### 4.2 SCI

#### (i) History and Business

SCI was incorporated on 31 May 2000 as a private limited company under the Act under its present name. SCI is principally engaged in the provision of a super portal to other portals on the worldwide web for the purpose of internet marketing and promotion.

#### (ii) Share Capital

The present authorised share capital of SCI is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM4,500,000 divided into 4,500,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of SCI since incorporation are as follows:

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration	Total issued and paid-up share capital RM
31.05.2000	2	Subscriber's shares	2
20.09.2000	4,499,998	Cash	4,500,000

#### (iii) Subsidiary and Associated Company

As at the date hereof, SCI does not have any subsidiary or associated company.

### 4.3 MPSB

#### (i) History and Business

MPSB was incorporated on 29 March 1985 as a private limited company under the Act. MPSB is principally engaged in newspaper circulation and distribution agent and provision of editorial services and contract labour.

#### (ii) Share Capital

The present authorised share capital of MPSB is RM500,000 comprising 500,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM500,000 divided into 500,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of MPSB since incorporation are as follows:

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration	Total issued and paid-up share capital RM
29.03.1985	2	Subscribers' Shares	2
05.07.1985	9,998	Cash	10,000
22.05.1997	490,000	Cash	500,000

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**VI. INFORMATION ON SCMC GROUP (Cont'd)**


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**(iii) Subsidiary and Associated Company**

As at the date hereof, MPSB does not have any subsidiary or associated company.

**4.4 MCSB****(i) History and Business**

MCSB was incorporated on 13 January 1982 as a private limited company under the Act. Its principal activities are publishing and distribution of magazines.

**(ii) Share Capital**

The present authorised share capital of MCSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM100,000 divided into 100,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of MCSB since incorporation are as follows:

<b>Date of allotment</b>	<b>No. of ordinary shares of RM1.00 each allotted</b>	<b>Consideration</b>	<b>Total issued and paid-up share capital RM</b>
13.01.1982	2	Subscriber's shares	2
18.02.1982	5,998	Cash	6,000
12.10.1994	94,000	Cash	100,000

**(iii) Subsidiary and Associated Company**

As at the date hereof, MCSB does not have any subsidiary or associated company.

## VI. INFORMATION ON SCMC GROUP (Cont'd)

## 5. PROPERTIES

The landed properties of SCMC Group are as follows:

Name of registered owner/lessee	(i) Postal address (ii) Title particulars	Date of issuance of CF	Approximate age of building	Tenure / date of expiry lease	Description and existing use	(i) Land area		(i) Restriction(s) in interest / Encumbrances	Net book value at 31 August 2004 RM
						Built-up area	area		
1. Perbadanan Johor is the registered owner	(i) No. 19, Jalan Angkasa Mas 5, Kawasan Perindustrian Tebrau II, 81100 Johor Bahru, Johor Darul Takzim	6 September 1997	6 years	60 years lease expiring 14 April 2053	2-storey building used as factory housing the printing machine and equipment, warehouse for newsprint and parts	(i) 79,714.72 sq. ft.	(ii) 35,107.53 sq. ft.	(i) Proprietor post Perbadanan Kemajuan Ekonomi Negeri Johor shall not transfer, charge, lease or release howsoever including by way of any agreement for the purpose of releasing/selling this land without the approval of Penguasa Negeri.	4,455,336
Rimbunan Hijau Estate Sdn Bhd has interest as a registered lessee endorsed over the land (the transfer of the lease to SCMC has been submitted to the relevant authorities)	(ii) HSD 210903, Lot PTD 64085, Mukim of Tebrau, Daerah Johor Bahru, Negeri Johor Darul Takzim								
2. SCMC	(i) No. 2771, Mukim 1, Jalan Jelawat, Seberang Jaya Industrial Estate, 13700 Perai	15 November 1997	10 years	60 years leasehold land expiring 29 October 2058	Industrial land with a single-storey building erected thereon used as printing plant and factory office	(i) 131,136.39 sq. ft.	(ii) 19,633.35 sq. ft.	(ii) None. (i) This land shall not be transferred, charged, leased, rented or any dealings whatsoever without the approval of the Pihak Berkuasa Negeri;	2,861,599
	(ii) HSD 43029, PT 3827, Mukim 01, Daerah Seberang Perai Tengah, Negeri Pulau Pinang							(b) this land shall not be subdivided; and	

## VI. INFORMATION ON SCMC GROUP (Cont'd)

Name of registered owner/lessee	(i) Postal address (ii) Title particulars	Date of issuance of CF	Approximate age of building	Tenure / date of expiry lease	Description and existing use	Land area		(i) Restriction(s) in interest / (ii) Encumbrances	Net book value at 31 August 2004 RM
						(i) Built-up area	(ii) Built-up area		
3. Rangkaian Cipta Sdn Bhd is the registered owner of leasehold land (the transfer of the title to SCMC has been submitted to the relevant authorities)	(i) No. 76, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan (ii) HSD 201640, PT 10 Seksyen 13, Bandar Petaling Jaya Daerah Petaling, Negeri Selangor Darul Ehsan	1 July 1991	14 years for 4-storey office block and a printing plant which is currently under-construction	99 years leasehold land expiring 4 June 2063	4 storey office block and a printing plant currently under construction	(i) 189,240.13 sq. ft. (ii) 40,500 sq. ft. (excluding the printing plant currently under construction)	(i) None. (ii) Rangkaian Cipta Sdn Bhd has charged the leasehold land in favour of Alliance Bank Malaysia Berhad. construction The said charge is currently in the process of being discharged;	23,753,582 (excluding the printing plant currently under construction )	
							(c) This land and any other buildings thereon shall not be used for any other purposes except those approved by the Perbadanan Pembangunan Pulau Pinang and Pihak Berkuasa Negeri.		
							(b) MCSB is a lessee of the property for a period of 30 years commencing 16 July 2001. The said lease is currently in the process of being surrendered; and		

## VI. INFORMATION ON SCMC GROUP (Cont'd)

Name of registered owner/lessee	(i) Postal address (ii) Title particulars	Date of issuance of CF	Approximate age of building	Tenure / date of expiry lease	Description and existing use	(i) Land area		(i) Restriction(s) in interest / (ii) Encumbrances	Net book value at 31 August 2004 RM
						Built-up area	area		
4. SCMC	(i) No. 19, Jalan Sungai Keladi 2, 42000 Port Klang Selangor Darul Ehsan	18 December 1992	7 years	60 years leasehold land expiring 9 Feb 2031	1½-storey terrace intermediate shop house currently vacant	(i) 2,000.00sq. ft.	(i) None.	(i) None.	172,382
	(ii) HSD 29742, PT 389 Seksyen 2, Bandar Port Swettenham, Daerah Kelang, Negeri Selangor Darul Ehsan					(ii) 2,500.00 sq. ft.	(ii) None.	(ii) None.	
5. SCMC	(i) No. 12, Jalan Maju, Taman Maju Jaya, 80400 Johor Bahru, Johor Darul Takzim	21 August 1976	25 years	Freehold	3-storey terrace intermediate shop house used as an administrative office	(i) 2,090.03 sq. ft.	(i) None.	(i) None.	440,417
	(ii) HSD 10258, MLO 8164 Mukim of Plentong, Daerah Johor Bahru, Negeri Johor Darul Takzim					(ii) 4,620.00 sq. ft.	(ii) None.	(ii) None.	

## VI. INFORMATION ON SCMC GROUP (Cont'd)

Name of registered owner/lessee	(i) Postal address (ii) Title particulars	Date of issuance of CF	Approximate age of building	Tenure / date of expiry lease	Description and existing use	Land area		(i) Restriction(s) in interest / (ii) Encumbrances	Net book value at 31 August 2004 RM
						(i) Built-up area	(ii) Restriction(s) in interest / (ii) Encumbrances		
6. SCMC	(i) No. 109, Taman Raya, Jalan Merdeka, Melaka	The Historic Melaka City Council letter dated 6 February 2004	25 years	99 years leasehold land expiring 19 August 2075	2½-storey terrace intermediate shop house for use as an administrative office	(i) 1,600.00 sq. ft.	(i) This land shall not be transferred, tenanted or leased except with the approval of Pihak Berkuasa Negeri	220,208	
	(ii) HSD No. 4510, PT, Kawasan Bandar XXXIX, Daerah Melaka Tengah, Melaka					(ii) 3,000.00 sq. ft.	(ii) None.		
7. SCMC	(i) No. 38, Jalan Aziz, Pahang Darul Makmur	Not located by SCMC	25 years	Freehold	3-storey terrace intermediate shop house used as administrative office	(i) 1,600.00 sq. ft.	(i) None.	231,219	
	(ii) GRN 1453, Lot 189 Seksyen 19, Bandar Kuantan, Daerah Kuantan, Negeri Pahang Darul Makmur					(ii) 4,200.00 sq. ft.	(ii) None.		

## VI. INFORMATION ON SCMC GROUP (Cont'd)

Name of registered owner/lessee	(i) Postal address (ii) Title particulars	Date of issuance of CF	Approximate age of building	Tenure / date of expiry lease	Description and existing use	Land area		(i) Restriction(s) in interest / (ii) Encumbrances	Net book value at 31 August 2004 RM
						(i) Built-up area	(ii) Restriction(s) in interest / Encumbrances		
8. Leisure Commerce Square Sdn Bhd as registered owner of leasehold land (pending issuance of strata title to SCMC)	(i) A4-12-20, Commerce Square, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor Darul Ehsan	16 September 1999	4 years	99 years leasehold land expiring on 17 July 2091	Vacant office unit	(i) N/A	(i) This land shall not be transferred, leased or charged except with the approval of the Pihak Berkuasa Negeri.	231,361	
	(ii) Master Title HSD 176575, PT 574 Bandar Sunway, Daerah Petaling, Negeri Selangor Darul Ehsan					(ii) 818 sq. ft.	(ii) None.		
9. Leisure Commerce Square Sdn Bhd (pending issuance of strata title to SCMC)	(i) A4-12-21, Commerce Square, Jalan PJS 8/9, 46150 Petaling Jaya, Selangor Darul Ehsan	16 September 1999	4 years	99 years leasehold land expiring on 17 July 2091	Vacant office unit	(i) N/A	(i) This land shall not be transferred, leased or charged except with the approval of the Pihak Berkuasa Negeri.	231,361	
	(ii) Master Title HSD 176575, PT 574 Bandar Sunway, Daerah Petaling, Negeri Selangor Darul Ehsan					(ii) 818 sq. ft.	(ii) None.		
10. SCMC	(i) Lot 02123, Section 66, Lorong 3, Jalan Semangat, Pending, Kuching, Sarawak	22 September 1997	7 years	60 years leasehold land expiring 5 November 2047	3-storey building block with ground floor for printing whilst 1 <sup>st</sup> and 2 <sup>nd</sup> floor as office	(i) 217,172.11 sq. ft.	(i) The statutory river reserve comprised in this lease is alienated by virtue of a special direction of the Minister for the time being responsible for land under Section 38 of the Sarawak Land Code and this land shall be mixed zone land during the continuance of this lease;	7,026,635	
	(ii) Lot 2123, Section 66, Kuching Town Land District, Sarawak					(ii) 32,446.7 sq. ft.			

**VI. INFORMATION ON SMC GROUP (Cont'd)**

Net book  
value at 31  
August  
2004  
RM

Name of registered owner/lessee	(i) Postal address (ii) Title particulars	Date of issuance of CF	Approximate age of building	Tenure / date of expiry lease	Description and existing use	Land area		Restriction(s) in interest / Encumbrances	
						(i) Built-up area	(ii) Built-up area		
								(i) This land is to be used only for industrial purposes;	
								(b) The development or re- development of this land shall be in accordance with plans sections and elevations approved by the superintendent of Lands and Surveys, Kuching Division;	
								(c) The erection of a building or buildings on this land shall be in accordance with detailed drawings and specifications approved by the Kuching Municipal and shall be completed within 2 years from the date of registration of this lease;	
								(d) No residential accommodation other than accommodation for a watchman with a maximum floor area of 37.2 sq.m. may be permitted on this land;	



## VI. INFORMATION ON SCMC GROUP (Cont'd)

Name of registered owner/lessee	(i) Postal address (ii) Title particulars	Date of issuance of CF	Approximate age of building	Tenure / date of expiry lease	Description and existing use	(i) Land area (ii) Built-up area	(i) Restriction(s) in interest / (ii) Encumbrances	Net book value at 31 August 2004 RM
11. SCMC	(i) No. 3 Lorong Kilang F, Kolombong, 88450 Kota Kinabalu, Sabah (ii) Country Lease 015539983 ("Land 1") and Country Lease 015540011 ("Land 2"), Sabah	26 August 1998	6 years	999 years leasehold land expiring 24 August 2020 for both Land 1 and Land 2	Land 1 - 4-storey building complex occupied with 4 tenants and Land 2 - a vacant lot used as car park	(i) 30,927.57 sq. ft. for Land 1 and 29,185.17 sq. ft. for Land 2 (ii) 28,700.12 sq. ft. for Land 1	(i) None. (ii) The land is alienated for the construction of one industrial building; and (b) Subdivision is prohibited without the written permission of the Director of Lands and Surveys, Kota Kinabalu Division.	4,645,833
							(f) No transfer affecting this land may be effected without the consent in writing of the Director of Lands and Surveys, Kuching Division; and (g) No sublease affecting this land may be effected without the consent in writing of the Director of Lands and Surveys, Kuching Division during the initial period of 5 years from the date of registration of the lease.	
							(i) None for both.	

## VI. INFORMATION ON SCMC GROUP (Cont'd)

Name of registered owner/lessee	(i) Postal address (ii) Title particulars	Date of issuance of CF	Approximate age of building	Tenure / date of expiry lease	Description and existing use	Land area		Restriction(s) in interest / Encumbrances		Net book value at 31 August 2004 RM
						(i) Built-up area	(ii) Restriction(s) in interest / Encumbrances	(i) None.	(ii) None.	
12. GMRSB	(i) 75, Lebuh Katz, 10300 Penang (ii) GRN 19338, Lot 796, Sek 11W, Bandar Georgetown, Daerah Timor Laut, Negeri Pulau Pinang	17 April 1985	20 years	Freehold	4-storey terrace intermediate office building used as an administrative office	(i) 2,660.00 sq. ft. (ii) 9,763.00 sq. ft.	(i) None. (ii) None.		439,060	
13. SCMC	(i) Lot 1865, Section 19, Seduan Land District Upper Lanang Road, Sibul, Sarawak (ii) Lot 03608 Block 19, Seduan Land District, Upper Lanang Road, Sibul, Sarawak	22 November 1999	4 years	60 years leasehold land expiring 14 January 2063	2-storey factory cum office building used as printing plant, store for newsprint and office	(i) 92,548.61 sq. ft. (ii) 24,703.15 sq. ft.	(i) This land is to be used only as a 2-storey detached building for printing hall office and conference room in the following manner: (a) Ground floor and Printing hall and office; (b) 1 <sup>st</sup> floor – Office and conference room and		4,805,289	

## VI. INFORMATION ON SCMC GROUP (Cont'd)

Name of registered owner/lessee	(i) Postal address (ii) Title particulars	Date of issuance of CF	Approximate age of building	Tenure / date of expiry lease	Description and existing use	Land area		(i) Restriction(s) in interest / (ii) Encumbrances	Net book value at 31 August 2004 RM
						(i) Built-up area	(ii) area		
14. SCMC	(i) No. 67, Jalan Macalister, Penang (ii) GRN 19126, Lot 1691, Seksyen 12, Bandar Georgetown, Daerah Timor Laut, Negeri Pulau Pinang	N/A	N/A	Freehold	Vacant. The land is presently a vacated school building which has received approval from the State authorities for commercial use	(i) 15,736.00 sq. ft. (ii) N/A	(i) None. (ii) None.	3,147,000	
							(b) Any alteration to the existing building on this land or any new buildings to be erected thereon shall be in accordance with plans, sections and elevations approved by the Superintendent of Lands and Surveys, Sibul Division and shall also be in accordance with detailed drawings and specifications approved by the Sibul Municipal Council and shall be completed within 1 year from the date of such approval by the Council.		

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**VI. INFORMATION ON SCMC GROUP (Cont'd)**


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**6. Licences**

The material licences of SCMC Group together with salient conditions attaching (if any) and status of compliance are as follows:

**Licences and permits held by SCMC**

Type of Licence/Permit	Location/Publication	Issuing Authority	Effective date	Expiry date of licence	Salient conditions	Status of compliance
Printing press licence	Sibu, Sarawak	KDN	01.08.2004	31.07.2005	The licence shall not, in any manner, be transferred, assigned or otherwise placed under the control of any person other than the licence holder, without the prior permission of KDN.	Met
					The Directors of the licence holder shall not be changed without the prior consent of KDN.	Met. KDN had given its verbal approval for a change in the Company's Directors, which approval was confirmed by the Company's letter to KDN dated 30 August 2004.
Printing press licence	Kuching, Sarawak	KDN	01.08.2004	31.07.2005	The licence shall not, in any manner, be transferred, assigned or otherwise placed under the control of any person other than the licence holder, without the prior permission of KDN.	Met
					The Directors of the licence holder shall not be changed without the prior consent of KDN.	Met. KDN had given its verbal approval for a change in the Company's Directors, which approval was confirmed by the Company's letter to KDN dated 30 August 2004.

## VI. INFORMATION ON SCMC GROUP (Cont'd)

Type of Licence/Permit	Location/Publication	Issuing Authority	Effective date	Expiry date of licence	Salient conditions	Status of compliance
Printing press licence	Johor Bahru, Johor	KDN	01.08.2004	31.07.2005	<p>The licence shall not, in any manner, be transferred, assigned or otherwise placed under the control of any person other than the licence holder, without the prior permission of KDN.</p> <p>The Directors of the licence holder shall not be changed without the prior consent of KDN.</p>	<p>Met. KDN had given its verbal approval for a change in the Company's Directors, which approval was confirmed by the Company's letter to KDN dated 30 August 2004.</p>
Printing press licence	Petaling Jaya, Selangor	KDN	01.08.2004	31.07.2005	<p>The licence shall not, in any manner, be transferred, assigned or otherwise placed under the control of any person other than the licence holder, without the prior permission of KDN.</p> <p>The Directors of the licence holder shall not be changed without the prior consent of KDN.</p>	<p>Met. KDN had given its verbal approval for a change in the Company's Directors, which approval was confirmed by the Company's letter to KDN dated 30 August 2004.</p>

## VI. INFORMATION ON SCMC GROUP (Cont'd)

Type of Licence/Permit	Location/Publication	Issuing Authority	Effective date	Expiry date of licence	Salient conditions	Status of compliance
Manufacturing licence for publishing and printing of newspaper	Petaling Jaya, Selangor	MITI	10.9.1991	N/A	<p>The Company has to inform the MITI once its shareholders' fund reaches RM2.5 million.</p> <p>The MITI must be informed of any appointment and any change in the SCMC's board of directors.</p> <p>If the Company were to use machinery, the prior written consent of the MITI must be obtained together with an independent valuation report prepared by an independent valuer acceptable to the Ministry. The Ministry's consent must also be obtained before any modification, addition or reduction is proposed to machinery which may have a significant impact on the use of human resources and/or production.</p>	<p>Met</p> <p>Met</p> <p>SCMC had on 4 March 2004 notified MITI that SCMC had purchased USD15 million of used machineries from OPG Printing Limited and has confirmed that the purchase was between unrelated parties and at arms' length basis.</p>
Manufacturing licence for publishing and printing of newspaper	Johor Bahru, Johor	MITI	16.3.2004	N/A	-	-
Manufacturing licence for publishing and printing of newspaper	Sibu, Sarawak	MITI	16.3.2004	N/A	-	-
Manufacturing licence for publishing and printing of newspaper	Kuching, Sarawak	MITI	16.3.2004	N/A	-	-

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**VI. INFORMATION ON SCMC GROUP (Cont'd)**


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Type of Licence/Permit	Location/Publication	Issuing Authority	Effective date	Expiry date of licence	Salient conditions	Status of compliance
Licence to carry on direct sales business	Petaling Jaya, Selangor	Ministry of Domestic Trade and Consumer Affairs ("MDTCA"), Controller of Direct Sales	15.10.2003	14.10.2005	<p>To implement only the marketing plan as approved by the Controller of Direct Sales.</p> <p>The Company shall inform the Met Ministry if the Company wishes to expand its business overseas.</p> <p>The Company is not permitted to Met sell products in the form of services for example, health services card and immovable properties.</p> <p>The Company has to notify Met. The MDTCA immediately of any Company changes to the equity structure of the Company.</p> <p>The licence is not transferable Met without the approval of the MDTCA.</p>	<p>Met</p> <p>Met</p> <p>Met</p> <p>The Company has notified MDTCA of the listing and the impending changes to the equity structure. In addition, the Company has also sought a variation in this condition to be limited to a bi-annual notification</p>

## VI. INFORMATION ON SCMC GROUP (Cont'd)

Type of Licence/Permit	Location/Publication	Issuing Authority	Effective date	Expiry date of licence	Salient conditions	Status of compliance
Publication permit	Sin Chew Daily	KDN	16.08.2004	15.08.2005	<p>The permit shall not, in any manner, be transferred, assigned or otherwise placed under the control by a person other than the permit holder, without the prior permission of KDN.</p> <p>No Directors shall be changed without the prior consent of KDN.</p> <p>The permit holder shall notify KDN of any change to the members of the editorial Board or any change to the equity shareholding of the permit holder.</p>	<p>Met</p> <p>Met. KDN had given its verbal approval for a change in the Company's Directors, which approval was confirmed by the Company's letter to KDN dated 28 August 2004.</p> <p>The Company had received verbal approval from KDN to vary the said notification requirement to be limited to bi-annually, which verbal approval was confirmed by the Company's letter to KDN dated 23 August 2004.</p>



## VI. INFORMATION ON SCMC GROUP (Cont'd)

Type of Licence/Permit	Location/ Publication	Issuing Authority	Effective date	Expiry date of licence	Salient conditions	Status of compliance
Publication permit	Sin Chew Daily Edisi Petang	KDN	16.08.2004	15.08.2005	The permit shall not, in any manner, be transferred, assigned or otherwise placed under the control by a person other than the permit holder, without the prior permission of KDN.	Met
					No Directors shall be changed without the prior consent of KDN.	Met. KDN had given its verbal approval for a change in the Company's Directors, which verbal approval was confirmed by the Company's letter to KDN dated 28 August 2004.
					The permit holder shall notify KDN of any change to the members of the editorial Board or any change to the equity shareholding of the permit holder.	The Company had received verbal approval from KDN to vary the said notification requirement to be limited to bi-annually, which verbal approval was confirmed by the Company's letter to KDN dated 23 August 2004.

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**VI. INFORMATION ON SCMC GROUP (Cont'd)**


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Type of Licence/Permit	Location/Publication	Issuing Authority	Effective date	Expiry date of licence	Salient conditions	Status of compliance
Publication permit	Sinaran Sin Chew	KDN	16.08.2004	15.08.2005	<p>The permit shall not, in any manner, be transferred, assigned or otherwise placed under the control by a person other than the permit holder, without the prior permission of KDN.</p> <p>No Directors shall be changed without the prior consent of KDN.</p> <p>The permit holder shall notify KDN of any change to the members of the editorial Board or any change to the equity shareholding of the permit holder.</p>	<p>Met</p> <p>Met. KDN had given its verbal approval for a change in the Company's Directors, which verbal approval was confirmed by the Company's letter to KDN dated 28 August 2004.</p> <p>The Company had received verbal approval from KDN to vary the said notification requirement to be limited to bi-annually, which verbal approval was confirmed by the Company's letter to KDN dated 23 August 2004.</p>

## VI. INFORMATION ON SCMC GROUP (Cont'd)

Type of Licence/Permit	Location/Publication	Issuing Authority	Effective date	Expiry date of licence	Salient conditions	Status of compliance
Publication permit	Cahaya Sin Chew	KDN	16.08.2004	15.08.2005	<p>The permit shall not, in any manner, be transferred, assigned or otherwise placed under the control by a person other than the permit holder, without the prior permission of KDN.</p> <p>No Directors shall be changed without the prior consent of KDN.</p> <p>The permit holder shall notify KDN of any change to the members of the editorial Board or any change to the equity shareholding of the permit holder.</p>	<p>Met</p> <p>Met. KDN had given its verbal approval for a change in the Company's Directors, which verbal approval was confirmed by the Company's letter to KDN dated 28 August 2004.</p> <p>The Company had received verbal approval from KDN to vary the said notification requirement to be limited to bi-annually, which verbal approval was confirmed by the Company's letter to KDN dated 23 August 2004.</p>

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**VI. INFORMATION ON SCMC GROUP (Cont'd)**


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Type of Licence/Permit	Location/Publication	Issuing Authority	Effective date	Expiry date of licence	Salient conditions	Status of compliance
Publication permit	Berita Sin Chew	KDN	16.08.2004	15.08.2005	<p>The permit shall not, in any manner, be transferred, assigned or otherwise placed under the control by a person other than the permit holder, without the prior permission of KDN.</p> <p>No Directors shall be changed without the prior consent of KDN.</p> <p>The permit holder shall notify KDN of any change to the members of the editorial Board or any change to the equity shareholding of the permit holder.</p>	<p>Met</p> <p>Met. KDN had given its verbal approval for a change in the Company's Directors, which verbal approval was confirmed by the Company's letter to KDN dated 28 August 2004.</p> <p>The Company had received verbal approval from KDN to vary the said notification requirement to be limited to bi-annually, which verbal approval was confirmed by the Company's letter to KDN dated 23 August 2004.</p>

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**VI. INFORMATION ON SCMC GROUP (Cont'd)**


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Type of Licence/Permit	Location/Publication	Issuing Authority	Effective date	Expiry date of licence	Salient conditions	Status of compliance
Publication permit	Bintang Sin Chew	KDN	16.08.2004	15.08.2005	<p>The permit shall not, in any manner, be transferred, assigned or otherwise placed under the control by a person other than the permit holder, without the prior permission of KDN.</p> <p>No Directors shall be changed without the prior consent of KDN.</p> <p>The permit holder shall notify KDN of any change to the members of the editorial Board or any change to the equity shareholding of the permit holder.</p>	<p>Met. KDN had given its verbal approval for a change in the Company's Directors, which verbal approval was confirmed by the Company's letter to KDN dated 28 August 2004.</p> <p>The Company had received verbal approval from KDN to vary the said notification requirement to be limited to bi-annually, which verbal approval was confirmed by the Company's letter to KDN dated 23 August 2004.</p>

## VI. INFORMATION ON SCMC GROUP (Cont'd)

## Licence/Permits held by GMRSB

Type of Licence/Permit	Location/Publication	Issuing Authority	Effective date	Expiry date of licence	Salient conditions	Status of compliance
Printing licence	press Seberang Prai Tengah, Pulau Pinang	KDN	15.07.2004	14.07.2005	The licence shall not, in any manner, be transferred, assigned or otherwise placed under the control of any person other than the licence holder, without the prior permission of KDN.  The Directors of the licence holder shall not be changed without the prior consent of KDN.	Met
Publication permit	Guang Ming Daily	KDN	01.04.2004	31.03.2005	The permit shall not, in any manner, be transferred, assigned or otherwise placed under the control by a person other than the permit holder, without the prior permission of KDN.  No Directors shall be changed without the prior consent of KDN.  The permit holder shall notify KDN of any change to the members of the editorial Board or any change to the equity shareholding of the permit holder.	Met
Publication permit	Guang Ming Daily Edisi Petang	KDN	16.08.2004	15.08.2005	The permit shall not, in any manner, be transferred, assigned or otherwise placed under the control by a person other than the permit holder, without the prior permission of KDN.  No Directors shall be changed without the prior consent of KDN.  The permit holder shall notify KDN of any change to the members of the editorial Board or any change to the equity shareholding of the permit holder.	Met
Manufacturing licence for publishing and printing of newspaper	Seberang Perai Tengah, Pulau Pinang	MITI	28.01.2004	N/A	GMRSB has to inform MITI for any sale of shares in GMRSB.	Met

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**VI. INFORMATION ON SCMC GROUP (Cont'd)**


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**Licence/Permits held by MCSB**

Type of Licence/Permit	Location/Publication	Issuing Authority	Effective date	Expiry date of licence	Salient conditions	Status of compliance
Publication permit	Business World	KDN	16.12.2003	15.12.2004	The permit shall not, in any manner, be transferred, assigned or otherwise placed under the control by a person other than the permit holder, without the prior permission of KDN.  No Directors shall be changed without the prior consent of KDN.  The permit holder shall notify KDN of any change to the members of the editorial Board or any change to the equity shareholding of the permit holder.	Met
Publication permit	Star Monthly	KDN	01.12.2003	30.11.2004	The permit shall not, in any manner, be transferred, assigned or otherwise placed under the control by a person other than the permit holder, without the prior permission of KDN.  No Directors shall be changed without the prior consent of KDN.  The permit holder shall notify KDN of any change to the members of the editorial Board or any change to the equity shareholding of the permit holder.	Met

**7. Brand Names and Trademarks**

SCMC Group is the registered proprietor of the trademarks 'Sin Chew Jit Poh' and 'Guang Ming Daily' which have been registered with the relevant authorities in Malaysia. SCMC Group has applied for the registration of the trademark 'Sin Chew Daily' which is currently pending approval from the relevant authorities. SCMC Group also has copyrights over all its proprietary articles published in its publications.

Save for the above, SCMC Group does not own any other intellectual property rights. For risk factors concerning the brand names on the Group's business, please refer to Section IV(5) of this Prospectus.