

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF CAM RESOURCES BERHAD ("COMPANY" OR "CAM") AND THE OFFERORS (AS DEFINED IN THIS PROSPECTUS) AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION GIVEN AND CONFIRM THAT, AFTER HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING.

THE ADVISER AND MANAGING UNDERWRITER ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PUBLIC ISSUE, RESTRICTED OFFER FOR SALE AND SPECIAL ISSUE AND ARE SATISFIED THAT THE PROFIT AND CASHFLOW ESTIMATE AND FORECASTS (FOR WHICH THE DIRECTORS OF CAM ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THIS PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS OF THE COMPANY AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE ISSUE, OFFER OR INVITATION IN RESPECT OF THE PUBLIC ISSUE, RESTRICTED OFFER FOR SALE AND SPECIAL ISSUE BUT THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC ISSUE, RESTRICTED OFFER FOR SALE AND SPECIAL ISSUE.

THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.**

THE VALUATIONS APPROVED OR ACCEPTED BY THE SC SHALL ONLY BE UTILISED FOR THE PURPOSE OF THE CORPORATE PROPOSALS SUBMITTED TO AND APPROVED BY THE SC AND SHALL NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE SUBJECT ASSETS FOR ANY OTHER PURPOSES.

THE KUALA LUMPUR STOCK EXCHANGE ("KLSE") ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST OF THE SECOND BOARD OF KLSE IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE COMPANY OR OF ITS SECURITIES.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC AND LODGED WITH THE REGISTRAR OF COMPANIES, MALAYSIA, WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

IMPORTANT RELEVANT DATES

Opening date	:	30 January 2002
Last date for acceptance and payment	:	18 February 2002
The tentative date for balloting of applications (if necessary)	:	22 February 2002
The tentative date for allotment of securities	:	28 February 2002
The tentative date of listing	:	14 March 2002

Note:-

The application for the Public Issue Shares will open and close at the time and date as stated above or such further period as the Directors and Managing Underwriter may mutually decide.

DEFINITIONS

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

"Acquisitions"	:	Acquisition of CALuminium and Acquisition of CMelamine, collectively
"Acquisition of CALuminium"	:	The acquisition by CAM of the entire issued and paid-up share capital of CALuminium, comprising 3,022,475 ordinary shares of RM1.00 each in CALuminium, for a total purchase consideration of RM39,611,117 satisfied by the issuance of 29,097,000 new Shares at an issue price of approximately RM1.36 per Share
"Acquisition of CMelamine"	:	The acquisition by CAM of 7.35% of the issued and paid-up share capital of CMelamine, comprising 36,002 ordinary shares of RM1.00 each in CMelamine, representing the remaining shares not already held by CALuminium, for a total purchase consideration of RM423,683 satisfied by the issuance of 268,000 new Shares at an issue price of approximately RM1.58 per Share
"ADA"	:	Authorised Depository Agent
"ADA Code"	:	ADA (Broker) Code
"Application"	:	The application for the Public Issue Shares by way of Application Forms or by way of Electronic Share Application
"Application Form"	:	The printed application form for the application for the new Shares
"ATM"	:	Automated Teller Machine
"Board"	:	Board of Directors
"AEMkt"	:	Advance Eagle Marketing Sdn. Bhd. (Company No.: 185748-H), a wholly-owned subsidiary of CAM
"CALuminium"	:	Central Aluminium Manufactory Sdn. Bhd. (Company No.: 44445-V), a wholly-owned subsidiary of CAM
"CAM" or "Company"	:	CAM Resources Berhad (Company No.: 535311-D)
"CAM Group" or "Group"	:	CAM and its subsidiaries
"CDS"	:	Central Depository System
"CIMB"	:	Commerce International Merchant Bankers Berhad (Company No.: 18417-M)
"CMelamine"	:	Central Melamineware Sdn. Bhd. (Company No.: 172944-V), a wholly-owned subsidiary of CAM
"EBIDTA"	:	Earning before interest, depreciation, taxation and amortisation
"Electronic Share Application"	:	The application for the Public Issue Shares through a Participating Financial Institution's ATM
"FIC"	:	Foreign Investment Committee
"Internal Restructuring"	:	The transfer of 92.65% equity interest in CMelamine and 100% equity interest in AEMkt from CALuminium to CAM after the Acquisitions
"Issuing House"	:	Malaysian Issuing House Sdn. Bhd. (Company No.: 258345-X)
"KLSE"	:	Kuala Lumpur Stock Exchange (Company No.: 30632-P)

DEFINITIONS (Cont'd)

"Listing"	:	The admission into the Official List of the KLSE, listing of and quotation for the entire issued and paid-up share capital of CAM, comprising 41,000,000 Shares, on the Second Board of the KLSE
"Listing Exercise"	:	The Restructuring Exercises, Public Issue, Restricted Offer for Sale, Special Issue and the Listing, collectively
"Machines"□	:	Machines which produce numerous types of higher-end kitchen ware
"MCD"	:	Malaysian Central Depository Sdn. Bhd. (Company No.: 165570-W), a subsidiary of the KLSE
"MITI"	:	Ministry of International Trade and Industry
"NTA"	:	Net tangible assets
"Offer Shares"	:	The 7,115,000 Shares to be offered for sale by the Offerors pursuant to the Restricted Offer for Sale
"Offerors"	:	Existing shareholders of CAM who are offering for sale the Offer Shares pursuant to the Restricted Offer for Sale as follows:-

Offeror	No. of Offer Shares offered for sale	Percentage of the enlarged issued and paid-up share capital of CAM
Lee Chin Yen	1,265,000	3.09%
Tan Hong Cheng	1,265,000	3.09%
Hia Wan Kiga	1,265,000	3.09%
SSL	3,320,000	8.10%
	7,115,000	17.37%

"Participating Financial Institutions"	:	The participating financial institution(s) for Electronic Share Application as listed in Section 15.2.4 (ii) of this Prospectus
"PE Multiple"	:	Price-earnings multiple
"Prescribed Security"	:	Ordinary shares of a company prescribed by the KLSE to be deposited in the CDS
"Public Issue"	:	The public issue of 6,150,000 new Shares at an issue price of RM1.38 per Share to the Malaysian public and the eligible Directors and employees of the CAM Group subject to the terms and conditions of this Prospectus
"Public Issue Shares"	:	The 6,150,000 new Shares to be issued pursuant to the Public Issue to the Malaysian public and the eligible Directors and employees of the CAM Group
"Restricted Offer for Sale"	:	The restricted offer for sale of 7,115,000 Offer Shares by the Offerors to Bumiputera investors approved by the MITI at an offer price of RM1.38 per Share, subject to the terms and conditions of this Prospectus
"Restructuring Exercises"	:	The Acquisitions and Internal Restructuring collectively
"ROC"	:	Registrar of Companies
"SC"	:	Securities Commission

DEFINITIONS (Cont'd)

"SC Guidelines"	:	Securities Commission's Policies and Guidelines on Issue/Offer of Securities
"Share(s)"	:	Ordinary share(s) of RM1.00 each in CAM
"Special Issue"	:	The issue of 5,185,000 Special Issue Shares to be issued to Bumiputera investors approved by the MITI at an issue price of RM1.38 per Share, subject to the terms and conditions of this Prospectus
"Special Issue Shares"	:	The 5,185,000 new Shares to be issued pursuant to the Special Issue
"SSL"	:	S.S. Luxware (M) Sdn. Bhd. (Company No.: 177985-P)
"USD"	:	United States Dollar
"Valuer"	:	Messrs. Henry Butcher Lim & Long Sdn. Bhd. (Company No.: 160636-P)
"Vendors of the Land"	:	On 20 April 2000, CMelamine acquired two (2) pieces of land on Mukim Hutan Melintang from the following vendors:- (i) Iylamdham A/P Perianam Pillai (ii) Subramaniam A/L Sithambaram Pillay (iii) Sellaiah A/L Sithambaram Pillay (iv) Loganathan A/L S. Sithambaram @ S. Sithambaram Pillay (v) Kanagaraju A/L S. Sithambaram Pillay (vi) Jeyaletchumi A/P Sithambaram Pillay (vii) Jama A/L Antonysamy (viii) Kalaiselvam A/L Sithambaram Pillay (ix) Periasamy A/L Sithambaram Pillay

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Occupation	Nationality
Lee Chin Yen <i>(Executive Chairman)</i>	116, Taman Laxamana 36000 Teluk Intan Perak Darul Ridzuan	Company Director	Malaysian
Tan Hong Cheng <i>(Managing Director)</i>	2-A, Jalan Perlis Taman Kampar 36000 Teluk Intan Perak Darul Ridzuan	Company Director	Malaysian
Hia Wan Kiga <i>(Non-Executive Director)</i>	Lot 2900, Batu 4 Jalan Maharajalela 36000 Teluk Intan Perak Darul Ridzuan	Company Director	Malaysian
Lee Poh Choo <i>(Executive Director)</i>	116, Taman Laxamana 36000 Teluk Intan Perak Darul Ridzuan	Company Director	Malaysian
Tan Kim Hong <i>(Executive Director)</i>	2-A, Jalan Perlis Taman Kampar 36000 Teluk Intan Perak Darul Ridzuan	Company Director	Malaysian
Chai Moi Kim <i>(Independent Non-Executive Director)</i>	199, Jalan Bidara 1/1, Taman Bidara 68100 Batu Caves, Selayang Selangor Darul Ehsan	Company Director	Malaysian
Azizul Mohd. Othman <i>(Independent Non-Executive Director)</i>	10, Jalan Sarawak, Taman Malaysia 30010 Ipoh Perak Darul Ridzuan	Company Director	Malaysian
Chia Kay Joo <i>(Independent Non-Executive Director)</i>	Lot 12918, Taman Zahari Off Jalan Sultan Abdullah 36000 Teluk Intan Perak Darul Ridzuan	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Chai Moi Kim	Chairman of the Committee	Independent Non-Executive Director
Chia Kay Joo	Member of the Committee	Independent Non-Executive Director
Tan Hong Cheng	Member of the Committee	Managing Director

1. CORPORATE DIRECTORY (Cont'd)

COMPANY SECRETARY

Name	Address	Membership No.
Lim Ming Toong	953, Section 17/49 46400 Petaling Jaya Selangor Darul Ehsan	MAICSA 7000281
Low Mei Ying	43, Jalan Tempinis Lima Lucky Garden 59100 Bangsar Kuala Lumpur	MAICSA 7009428

REGISTERED OFFICE : Mezzanine Floor
No. 8A, Jalan Sri Semantan Satu
Damansara Heights
50490 Kuala Lumpur

HEAD OFFICE OF CAM : Batu 12, Jalan Hutan Melintang
36400, Hutan Melintang, Perak
E-mail address: camsb@tm.net.my
Tel. No.: 05-6411046

PRINCIPAL BANKERS : HSBC Bank Bhd.
2A, Jalan Mahkamah
36000 Teluk Intan
Perak Darul Ridzuan

Malayan Banking Berhad
43-45, Medan Mahkota, Jalan Ah Cheong
36000 Teluk Intan
Perak Darul Ridzuan

RHB Bank Bhd.
Lot PT1374 & 1375
Jalan Hutan Melintang
Taman Sri Perak, Simpang Empat
36400 Hutan Melintang
Perak Darul Ridzuan

AUDITORS AND REPORTING ACCOUNTANTS : Moore Stephens
No. 8A, Jalan Sri Semantan Satu
Damansara Heights
50490 Kuala Lumpur

SOLICITORS FOR THE DUE DILIGENCE : Rashid & Lee
Level 12 & 13, Menara Milenium
8, Jalan Damanlela
Damansara Heights
50490 Kuala Lumpur

SOLICITORS FOR THE LISTING EXERCISE : Teh & Lee
Unit 23-3 (Block SB12)
The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

1. CORPORATE DIRECTORY (Cont'd)

VALUER	:	Henry Butcher Lim & Long Sdn. Bhd. No. 25, Jalan Yap Ah Shak Off Jalan Dang Wangi 50300 Kuala Lumpur
ISSUING HOUSE	:	Malaysian Issuing House Sdn. Bhd. 27th Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur
REGISTRAR	:	PFA Registration Services Sdn. Bhd. Level 13, Uptown 1 No. 1, Jalan SS21/58 Damansara Uptown 47400 Petaling Jaya Selangor Darul Ehsan Tel : 03-77254888
ADVISER, MANAGING UNDERWRITER AND PLACEMENT AGENT	:	Commerce International Merchant Bankers Berhad 10th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur
UNDERWRITERS	:	Commerce International Merchant Bankers Berhad 10th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur CIMB Securities Sdn. Bhd. 9th Floor, Bangunan Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur PM Securities Sdn. Bhd. Ground & First Floor, MUI Plaza Jalan P. Ramlee 50250 Kuala Lumpur Kestrel Securities Sdn. Bhd. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim
LISTING SOUGHT	:	Second Board of the Kuala Lumpur Stock Exchange

2. SUMMARY OF INFORMATION

THIS SECTION IS ONLY A SUMMARY OF THE INFORMATION ABOUT THE CAM GROUP AND INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST IN CAM

2.1 History and Business

CAM was incorporated in Malaysia under the Companies Act, 1965 on 20 December 2000 as a public limited company.

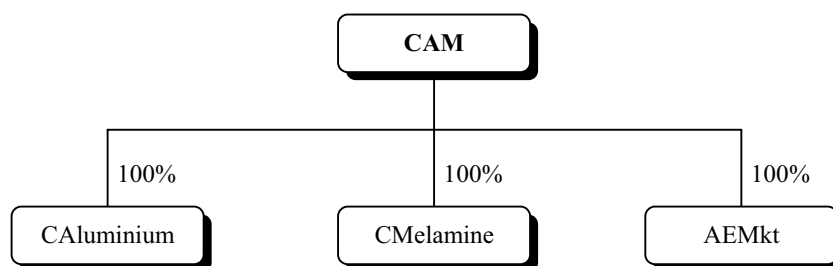
CAM is an investment holding company established principally for the purpose of acquiring the entire issued and paid-up share capital of CALuminium, CMelamine and AEMkt as part of the restructuring and public flotation exercise.

The principal activity of the Company is that of investment holding while the principal activities of its subsidiaries, all of which are incorporated in Malaysia, are as follows:-

Subsidiaries	Effective equity interest held by CAM %	Principal activities
CALuminium	100	The manufacturing and trading of aluminium and stainless steel kitchen ware/sinks and stainless steel kitchen knives
CMelamine	100	The manufacturing and trading of melamine table ware
AEMkt	100	The sale and distribution of aluminium and stainless steel kitchen ware/sinks, stainless steel kitchen knives and melamine table ware

As at the date of this Prospectus, the Company does not have any associated companies.

The CAM Group structure is as follows:-



For further information on the history and activity of the CAM Group, please refer to Section 5 of this Prospectus.

2. SUMMARY OF INFORMATION (Cont'd)

2.2 Shareholdings of Major Shareholders, Directors, Key Management and Key Technical Personnel

2.2.1 Major Shareholders and Promoters

The major shareholders of CAM and their respective shareholdings in the Company, after the Public Issue, Restricted Offer for Sale and the Special Issue, are as follows:-

Name	Designation	Shareholdings after the Public Issue, Restricted Offer for Sale and Special Issue			
		Direct		Indirect	
		No. of Shares held	%	No. of Shares held	%
Lee Chin Yen	Executive Chairman	10,108,000	24.65	-	-
Tan Hong Cheng	Managing Director	7,702,000	18.79	-	-
Hia Wan Kiga	Non-Executive Director	2,730,000	6.66	-	-

2.2.2 Board of Directors, Key Management and Key Technical Personnel

Board of Directors

The Directors of CAM and their shareholdings in the Company, after incorporating the Public Issue, Restricted Offer for Sale and the Special Issue are as follows:-

Name	Designation	Shareholdings after the Public Issue, Restricted Offer for Sale and Special Issue			
		Direct		Indirect	
		No. of Shares held	%	No. of Shares held	%
Lee Chin Yen	Executive Chairman	10,108,000	24.65	-	-
Tan Hong Cheng	Managing Director	7,702,000	18.79	-	-
Hia Wan Kiga	Non-Executive Director	2,730,000	6.66	-	-
Lee Poh Choo	Executive Director	-	-	^{*i} 10,108,000	24.65
Tan Kim Hong	Executive Director	-	-	^{*ii} 7,702,000	18.79
Chai Moi Kim	Independent Non-Executive Director	-	-	-	-
Azizul Mohd. Othman	Independent Non-Executive Director	-	-	-	-
Chia Kay Joo	Independent Non-Executive Director	-	-	-	-

Notes:-

^{*i} Deemed interested by virtue of her father, Lee Chin Yen's shareholding of 10,108,000 Shares.

^{*ii} Deemed interested by virtue of her father, Tan Hong Cheng's shareholding of 7,702,000 Shares.

2. SUMMARY OF INFORMATION (Cont'd)

Key Management

The key management and key technical personnel of the CAM Group and their shareholdings in CAM after the Public Issue, Restricted Offer for Sale and the Special Issue, on the assumption that they fully subscribe to their respective allocation of the Public Issue Shares reserved for the eligible employees and Directors of the CAM Group, are as follows:-

Name	Designation	Shareholdings after the Public Issue, Restricted Offer for Sale and Special Issue			
		Direct		Indirect	
		No. of Shares held	%	No. of Shares held	%
Lee Poh Choo	Executive Director/Factory Manager of CALuminium	-	-	^{*i} 10,108,000	24.65
Tan Kim Hong	Executive Director/Factory Manager of CMelamine	-	-	^{*ii} 7,702,000	18.79
Teoh Eng Wah	Senior Operation and Finance Manager of CALuminium	12,000	*	-	-
En Hock Long	Factory Manager of CALuminium – Alor Setar Branch	11,000	*	-	-
Chew Peik Huon	Administration/Export Market Officer of CALuminium	5,000	*	-	-
Murugaya A/L Shanmugavelu	Assistant Factory Manager of CALuminium	12,000	*	-	-
Mehbob Khan Bin Osman Khan	Assistant Supervisor of CALuminium	6,000	*	-	-
Haslinda Poon Abdullah	Administration Manager of CMelamine	14,000	*	-	-

Key Technical Personnel

Name	Position	Shareholdings after the Public Issue, Restricted Offer for Sale and Special Issue			
		Direct		Indirect	
		No. of Shares held	%	No. of Shares held	%
Chew Beng Huat	Maintenance Manager of CALuminium	-	-	^{*iii} 10,108,000	24.65
Ng Swee Seong	Chief Mechanic of CALuminium	14,000	*	-	-
Yew Yen Chow	Mechanical Engineer of CALuminium	11,000	*	-	-

Notes:-

^{*i} Deemed interest by virtue of her father, Lee Chin Yen's shareholding of 10,108,000 Shares.

^{*ii} Deemed interest by virtue of her father, Tan Hong Cheng's shareholding of 7,702,000 Shares.

^{*iii} Deemed interest by virtue of his brother-in-law, Lee Chin Yen's shareholding of 10,108,000 Shares.

* Negligible

2. SUMMARY OF INFORMATION *(Cont'd)*

2.3 Financial Highlights

The following table sets out a summary of the proforma consolidated results of the CAM Group for the past five (5) financial years ended 31 December 2000 and the seven (7) months financial period ended 31 July 2001, prepared based on the assumption that the current structure of the CAM Group has been in existence throughout the period under review. The proforma consolidated income statement is presented for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 11 of this Prospectus:-

	<-----Financial years ended 31 December----->					7 months financial period ended
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	31.07.01 RM'000
Turnover	43,188	44,588	39,443	44,047	46,944	26,886
Results of operating activities						
EBIDTA	9,105	9,897	7,205	9,383	10,792	7,630
Interest expense	(831)	(1,356)	(1,972)	(1,306)	(1,108)	(629)
Depreciation and amortisation	(1,133)	(1,561)	(1,882)	(1,997)	(2,121)	(1,894)
Exceptional item ⁽ⁱⁱ⁾	-	(339)	-	-	-	-
Profit before taxation and minority interest	7,141	6,641	3,351	6,080	7,563	5,107
Taxation	(1,469)	(1,343)	(416)	(310)	(1,575)	(1,044)
Profit after taxation but before minority interest	5,672	5,298	2,935	5,770	5,988	4,063
Minority interest	-	-	-	-	-	-
Profit after taxation and minority interest	5,672	5,298	2,935	5,770	5,988	4,063
No. of Shares assumed in issue ('000)	29,665	29,665	29,665	29,665	29,665	29,665
Net EPS (sen) ⁽ⁱⁱⁱ⁾	19.12	17.86	9.89	19.45	20.19	^(iv) 23.48

Notes:-

- (i) *The summarised proforma consolidated results of the Group for the five (5) financial years ended 31 December 2000 and the seven (7) months financial period ended 31 July 2001 were prepared based on the audited accounts of CAM, CALuminium, CMelamine and AEMkt after elimination of inter-company transactions and adjustments for under/over provision of taxation to the year in which it relates.*
- (ii) *The exceptional item for the year ended 1997 relates to listing expenses. The listing proposal was subsequently aborted due to weak market sentiment during the period.*
- (iii) *Computed based on the number of Shares in CAM after the Proposed Restructuring of 29,665,000 Shares.*
- (iv) *Annualised earnings is used for the computation*
- (v) *The commentaries on the past results of the subsidiaries of the Group are set out in Section 11 of this Prospectus.*

Detailed information on the financial performance of the Company set out in Section 10 of this Prospectus.

2.3.1 Audit Qualifications in the Audited Accounts for the Past Five (5) Financial Years ended 31 December 2000 and Seven (7) Months Financial Period Ended 31 July 2001

The accounts of the CAM Group for the past five (5) financial years ended 31 December 2000 and seven (7) months financial period ended 31 July 2001 were reported on without any qualification.

2. SUMMARY OF INFORMATION (Cont'd)

2.4 Summary Proforma Consolidated Balance Sheets

The summary proforma consolidated balance sheets of CAM as at 31 July 2001 set out below have been prepared solely to illustrate the proforma effects of the Acquisitions, Special Issue and Public Issue on the assumption that these transactions were effected on that date and should be read with the notes and assumptions to the proforma consolidated balance sheets set out in Section 10 of this Prospectus.

	Audited as at 31 July 2001 RM'000	Proforma 1 After the Acquisitions RM'000	Proforma 2 After the Special Issue RM'000	Proforma 3 After the Public Issue RM'000
Fixed Assets	-	33,780	33,780	33,780
Capital Work-in-Progress	-	1,155	1,155	1,155
Other Investment	-	99	99	99
Current Assets	297	34,482	41,637	48,524
Less: Current Liabilities	1	21,049	21,049	21,049
Net Current Assets	296	13,433	20,588	27,475
	<u>296</u>	<u>48,467</u>	<u>55,622</u>	<u>62,509</u>
Financed by:				
Share capital	300	29,665	34,850	41,000
Share premium	-	10,670	12,640	13,377
Reserve on consolidation	-	2,649	2,649	2,649
Accumulated loss	(4)	(4)	(4)	(4)
Shareholders' equity	296	42,980	50,135	57,022
Non-Current Liabilities	-	5,487	5,487	5,487
	<u>296</u>	<u>48,467</u>	<u>55,622</u>	<u>62,509</u>
NTA	<u>296</u>	<u>42,980</u>	<u>50,135</u>	<u>57,022</u>
NTA per Share (RM)	<u>0.99</u>	<u>1.45</u>	<u>1.44</u>	<u>1.39</u>

2.5 Risk Factors

The following are the main investment considerations (which may not be exhaustive) as extracted from Section 4 of this Prospectus. Applicants for the Public Issue Shares, Offer Shares and Special Issue Shares should carefully consider the following risk factors in addition to the other information contained elsewhere in this Prospectus, before applying for these Shares:-

(i) No prior market for CAM Shares

Prior to the Public Issue, Restricted Offer for Sale and Special Issue, there has been no public market for CAM Shares. There can be no assurance that an active market for the Shares will develop upon listing of the Shares on the Second Board of the KLSE or, if developed, that such a market will be sustained.

(ii) Business risks

Like other business enterprises, the CAM Group is subject to certain business risks inherent in the manufacturing industry. These may include shortages of labour and raw materials, increase in the costs of labour and raw materials, changes in the general economic, technological, business and credit conditions, fluctuation in foreign exchange rates and changes in government policies.

2. SUMMARY OF INFORMATION (Cont'd)

(iii) Competition

The Group's competitors are mainly other local and foreign kitchen/dining ware manufacturers, e.g. those from Thailand (mainly for stainless steel kitchen ware and melamine table ware) and India (mainly for stainless steel kitchen ware).

(iv) Control by substantial shareholders

Upon its listing on the KLSE, the Company would have three (3) major shareholders, namely Lee Chin Yen, Tan Hong Cheng and Hia Wan Kiga who will collectively hold 20,540,000 Shares, representing 50.1% of the Company's enlarged issued and paid-up share capital.

(v) Political, economic and regulatory factors

Any adverse developments in political, economic and regulatory conditions in Malaysia and the Asian region may materially and adversely affect the prospects of the Group and the industry in which it operates.

(vi) Dependence on key personnel

The Group believes that its continued success depends, to a significant extent, upon the abilities and continued efforts of its existing Directors and senior management.

(vii) Contracts

The Group does not have any long-term contracts with either its customers or suppliers.

(viii) Directors' and substantial shareholders' interest in similar business

Tan Hong Cheng (Director and substantial shareholder) and Lee Chin Yen (Director and substantial shareholder) each hold 14.0% equity interest in Ji Seng Hong Plastic Manufacturing Sdn. Bhd. ("Ji Seng Hong"), a company principally involved in the manufacturing of plastic household products.

In addition, Lee Chin Yen has 28.0% indirect interest via his brother-in-laws and a company related to them in Ji Seng Hong.

(ix) New products and markets

The Group intends to introduce new products in the next twelve (12) months, namely electrical water boiler, electrical kettle, stainless steel single bowl and double bowl insert sinks. No assurance can be made for such new products to be marketed successfully.

(x) Foreign exchange risks

The Group is subject to foreign exchange risks through direct and indirect import of raw materials from India, Japan, Korea, Indonesia and Taiwan. The Group is also subject to foreign exchange risks from its export of kitchen ware and kitchen sink and melamine table ware to Singapore, Sri Lanka, Bangladesh, Indonesia, Brunei, the United Arab Emirates and South Africa.

(xi) Supply and cost of raw materials

The Group does not foresee any difficulty in the procurement of raw materials as it sources its supplies from several suppliers. However, there can be no assurance that there will be no change to such situation which may have a material adverse impact on the Group's business.

2. SUMMARY OF INFORMATION (Cont'd)

- (xii) Fluctuations in the selling price of products
- Fluctuations in the selling price of products are normal occurrences in industries where supply and demand are the main determinants of price.
- (xiii) Borrowings
- The Group's total long-term and short-term borrowings as at 30 November 2001 (being the latest practicable date prior to the registration of this Prospectus) amounted to RM2,695,848 million and RM13,666,276 respectively.
- (xiv) Dependency on major customers and suppliers
- For the seven (7) months financial period ended 31 July 2001, the top ten (10) customers accounted for approximately 15.4% of the Group's turnover, with no single customer contributing more than 4% to the Group's turnover. In terms of purchases during the corresponding period, the contribution of the top ten (10) suppliers, excluding intergroup transactions, accounted for approximately 37% of the Group's cost of sales, with no single supplier contributing more than 10% to the Group's cost of sales.
- (xv) Adequacy of insurance coverage on the Group's assets
- As at 31 July 2001, the net book value of building, plant and machinery is approximately RM23.0 million and the value of stocks is approximately RM17.2 million. They have insurance coverage amounting to approximately RM20.5 million and approximately RM16.0 million respectively.
- (xvi) Technology used or to be used by the CAM Group and the rapid development of technological change
- The technology being used by the Group is subject to rapid change. As a result, the Group is subject to risks such as its technology and equipment becoming obsolete and its staff being unfamiliar with any new technology to be adopted. Any new equipment purchased may also have to be adjusted and tested to match the specifications of the Group's products.
- (xvii) Restrictive covenants under borrowing facility agreements
- There are covenants contained in the documentation pertaining to those credit facilities that may limit the Group's operating and financial flexibilities.
- (xviii) Failure/delay in the listing exercise
- The listing exercise is also exposed to the risk that it may fail or be delayed.
- (xix) Profit estimate and forecast
- The profit estimate and forecast of the Group as set out in this Prospectus are based on assumptions which the Directors of CAM believe to be reasonable. However, these assumptions are subject to uncertainties and contingencies.
- (xx) Forward-looking statements
- All forward-looking statements are based on estimations and assumptions made by the Board of Directors of the Company, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors. These factors may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements.

2. SUMMARY OF INFORMATION (Cont'd)

2.6 Principal Statistics relating to the Initial Public Offering

(i) Share Capital	RM
<i>Authorised:-</i>	
100,000,000 Shares	100,000,000
<i>Issued and fully paid-up:-</i>	
29,665,000 Shares	29,665,000
<i>To be issued pursuant to the Special Issue:-</i>	
5,185,000 new Shares	5,185,000
<i>To be issued pursuant to the Public Issue:-</i>	
6,150,000 new Shares	6,150,000
<i>Enlarged issued and fully paid-up upon listing:-</i>	
41,000,000 Shares	41,000,000
<i>To be offered by the Offerors pursuant to the Restricted Offer for Sale</i>	
7,115,000 Shares	7,115,000
(ii) Classes of shares and ranking	
<p>There is only one class of shares in the Company, being ordinary shares of RM1.00 each. The Public Issue Shares, Offer Shares and Special Issue Shares rank pari passu in all respects with each other and the other existing Shares including voting rights and will be entitled to all dividends, rights, allotment and/or other distributions that may be declared after the date of this Prospectus.</p> <p>For further details, please refer to Section 3.2 of this Prospectus.</p>	
(iii) Issue/Offer price for each Public Issue Share/Offer Share/Special Issue Share	RM1.38
(iv) Proforma Group NTA	
Proforma Group NTA <i>(after deducting the estimated listing expenses of RM1,600,000)</i>	RM57,022,000
Proforma Group NTA per Share as at 31 July 2001 <i>(based on the enlarged share capital of 41,000,000 Shares)</i>	RM1.39
<p>Detailed calculation of the Proforma Group NTA is set out in Section 10 of this Prospectus.</p>	

2. SUMMARY OF INFORMATION (Cont'd)

(v) Proforma Consolidated Profit Estimate and Forecast

The proforma consolidated profit estimate and forecast for the financial year ended 31 December 2001 and the financial year ending 31 December 2002 respectively are as follows:-

Year ended/ending 31 December	Estimate 2001 RM'000	Forecast 2002 RM'000
Proforma consolidated profit before taxation	8,396	11,403
Taxation	(1,398)	(2,042)
Proforma consolidated profit after taxation	6,998	9,361
Basic EPS (sen) ^{*1}	23.59	31.56
Diluted EPS (sen) ^{*2}	17.07	22.83
Net PE Multiple based on issue price of RM1.38 per Share (times)	^{*3} 8.08	^{*3} 6.04

Notes:-

^{*1} Based on number of Shares after Acquisitions

^{*2} Based on the enlarged issued and fully paid-up share capital after the Public Issue and Special Issue

^{*3} Based on diluted EPS

(vi) Forecast Dividend

The forecast dividend for the financial year ending 31 December 2002 is as follows:-

Gross dividend per share (sen)	8.00
Net dividend per share (sen)	5.76
Net dividend yield based on the issue price of RM1.38 per Share (%)	4.17
Net dividend cover (times)	3.96

Note:-

* There are covenants contained in the documentation pertaining to the credit facilities of the Group which restrict the declaration and payment of dividend as set out in Section 4.17 of this Prospectus. On 15 January 2002, the Company had sought consent from the financial institution to waive such restriction in the covenant. Such consent is still pending as at the date of this Prospectus.

2.7 Utilisation of Proceeds

The gross proceeds of RM15,642,300 from the Public Issue and Special Issue will be utilised in the following manner:-

	RM'000
Repayment of bank borrowings and banker' acceptances	4,620
Funding for the acquisition of plant and machinery	3,000
Funding of factory expansion	5,200
General working capital	1,222
Estimated expenses relating to the Listing Exercise	1,600
Total utilisation	15,642

Details of the utilisation of proceeds are set out in Section 3.7 of this Prospectus.

2. SUMMARY OF INFORMATION (Cont'd)

2.8 Material Litigation

Save as disclosed below, the Company and its subsidiaries are not engaged in any material litigation, either as plaintiff or defendant and the Directors of the Company do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of CAM and its subsidiaries.

By a Writ of Summons (Ipoh High Court Civil No. 22-161-97) dated 20 November 1997, Parla Krishnan a/l Kalimuthu ("the Plaintiff") applied to the High Court for specific performance for a right of carriage way through CALuminium's landed property in Hutan Melintang pursuant to an agreement made in 12 November 1993. The Plaintiff also applied for an injunction, inter alia, to restraint CALuminium or its agents from closing or blocking the said carriage way.

The Plaintiff in the suit made an application by way of Summons in Chambers (inter partes) on 3 December 1997 for an order of injunction against CALuminium. The order for injunction was granted on 5 February 1998 and CALuminium has filed an appeal (Court of appeal Civil Appeal No. A-02-156-98) against the decision of the High Court judge. Until todate, no hearing has been fixed for the appeal.

Hearing for case management for the High Court matter was fixed on 30 November 2001 and was adjourned and fixed for mention on 8 March 2002. The Directors are of the opinion that the cost of this appeal is not material.

2.9 Material Contracts

Save as disclosed hereunder, there are no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by the Company and its subsidiaries within the two (2) years preceding the date of this Prospectus:-

- (i) Two (2) Sale and Purchase Agreements dated 27 October 2000 and 21 November 2000 between CALuminium and SSL for the acquisition of Machines for an accumulated consideration of RM9,952,696 via issuing 522,475 ordinary shares of CALuminium of RM1.00 each. The transaction was completed on 1 December 2000;
- (ii) Two (2) Sale and Purchase Agreements both dated on 20 April 2000 between CMelamine and Vendors of the Land for a total consideration of RM1,069,938 for two (2) pieces of land held under Geran number 3843, lot number 5298 and Geran number 3844, lot number 5299, Mukim Hutan Melintang, Perak;
- (iii) Tenancy Agreement dated 22 November 2000 between CALuminium and SSL for the rental of a factory located at No. 1, Jalan Timur 1, Kawasan Perusahaan Mergong, Barrage, Off Jalan Lencong Barat, 05050 Alor Setar, Kedah for a rate of RM8,333 per month expiring on 1 December 2002;
- (iv) Conditional sale and purchase agreement dated 29 December 2000 and supplemental agreement dated 28 December 2001 between CAM and the vendors of CALuminium for the acquisition by CAM of the entire issued and paid-up share capital of CALuminium comprising 3,022,475 ordinary shares of RM1.00 each for a purchase consideration of RM39,611,117 satisfied by the issuance of 29,097,000 Shares at approximately RM1.36 per Share. The acquisition was completed on 7 January 2002;

2. SUMMARY OF INFORMATION *(Cont'd)*

- (v) Conditional sale and purchase agreement dated 29 December 2000 and a consolidated, amended and restated share sale agreement dated 14 January 2002 between CAM and the vendors of CMelamine for the acquisition by CAM of the entire issued and paid-up share capital of CMelamine comprising 490,005 ordinary shares of RM1.00 each for a total purchase consideration of RM5,764,393 whereby:-
- (a) RM423,683 to be satisfied by the issuance of 268,000 Shares at approximately RM1.58 per Share (as defined in Acquisition of CMelamine); and
- (b) the balance, of which amounting to RM5,340,710, is to be satisfied by cash (as part of the Internal Restructuring);
- (vi) Conditional sale and purchase agreement dated 29 December 2000 and consolidated, amended and restated share sale agreement dated 14 January 2002 between CAM and CALuminium for the acquisition by CAM of the entire issued and paid-up share capital of AEMkt comprising 450,005 ordinary shares of RM1.00 each for a purchase consideration of RM1,307,950 satisfied by cash (as part of the Internal Restructuring); and
- (vii) Underwriting agreement dated 23 January 2002 between CAM, CIMB and the Underwriters for the underwriting of 2,150,000 Public Issue Shares at an issue price of RM1.38 per Share for an underwriting commission of 2.0% of the said issue price and a managing underwriting commission of 1.0%.

2.10 Material Commitments

Save as disclosed below, there are no material commitments for the capital expenditure incurred or known to be incurred by CAM or its subsidiaries, which may have a material effect on the results or the financial position of the Group.

	Amount RM'000
Approved but not yet contracted for	8,200

These commitments are mainly for the acquisition of plant and machinery and factory expansion. Further details of the commitments are set out in Section 3.7(ii) and (iii) of this Prospectus.

2.11 Contingent Liabilities

Save as disclosed below, there are no contingent liabilities incurred by the Group, which may have a material effect on financial position of the Group.

The Group's tax was under provided by approximately RM0.2 million as at 31 July 2001. The under provision was due to specific provision for doubtful debts not being accepted as a deductible item by the Inland Revenue Board in arriving at the tax charge for the financial year ended 1997 and reinvestment allowance claimed by the Group for qualified capital expenditure incurred in the financial year ended 31 December 1997 not taken into account by the Inland Revenue Board in arriving at the tax assessment for that financial year. The Directors of CAM are of the opinion that the outcome of the claim will be favourable to the Group.

3. PARTICULARS OF THE PUBLIC ISSUE/RESTRICTED OFFER FOR SALE/SPECIAL ISSUE

3.1 INTRODUCTION

This Prospectus is dated 30 January 2002. A copy of this Prospectus has been registered by the SC and lodged with the ROC and neither the SC nor the ROC takes any responsibility for its contents.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, the KLSE has prescribed CAM as a Prescribed Security. In consequence thereof, the Public Issue Shares, Offer Shares and Special Issue Shares offered through this Prospectus will be deposited directly with MCD and any dealings in these Shares will be carried out in accordance with the aforesaid Acts and the Rules of MCD.

An application will be made to the KLSE within three (3) market days from the date of this Prospectus for admission to the Official List of the Second Board of KLSE and for permission to deal in and the listing of and quotation for the entire enlarged issued and paid-up ordinary shares of the Company, including the Public Issue Shares, Offer Shares and Special Issue Shares, which are the subject of this Prospectus, on the Second Board of KLSE. **Any allotment and allocation made on an application to subscribe for securities pursuant to this Prospectus shall be void if the permission is not applied for in the form for the time being required by the stock exchange before the third day on which the exchange is open after the date of issue of the Prospectus or the permission is not granted before the expiration of six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC), provided that the company is notified by or on behalf of the KLSE within the aforesaid time frame.** These ordinary shares will be admitted to the Official List of the Second Board of the KLSE and official quotation will commence after receipt of confirmation from MCD that all CDS accounts of the successful applicants have been duly credited and notices of allotment and notices of allocation have been despatched to all successful applicants.

Acceptance of applications will be conditional upon permission being granted by the KLSE to deal in and quotation for the entire enlarged issued and fully paid-up ordinary shares of CAM on the Second Board of the KLSE. Accordingly, monies paid in respect of any application accepted from the application will be returned without interest if the said permission for listing is not granted within six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC), provided that the applicant is notified by or on behalf of the KLSE within the aforesaid time frame.

Pursuant to the SC Guidelines, at least 25% of the issued and paid-up share capital of the Company must be held by a minimum number of 750 public shareholders holding not less than 1,000 shares of each, of which at least 500 shareholders are members of the public who are not employees of the Company, upon completion of the Public Issue, Restricted Offer for Sale and Special Issue and at the point of listing. In the event that the above requirement is not met pursuant to the Public Issue, Restricted Offer for Sale and Special Issue, the Company may not be allowed to proceed with its listing on the Second Board of the KLSE. In such an event, monies paid in respect of all applications will be returned if the said permission is not granted.

In the case of an application by way of Application Form, an applicant should state his/her CDS account number in the space provided in the Application Form only if he/she presently has such an account. Where an applicant does not presently have a CDS account, he/she should state in the Application Form his/her preferred ADA Code. Where an applicant already has a CDS account, he/she should not complete the preferred ADA Code. In the case of an application by way of Electronic Share Application, only an applicant who is an individual and has a CDS account can make an Electronic Share Application and the applicant shall furnish his/her CDS account number to the Participating Financial Institution by way of keying in his/her Electronic Share Application. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application.

3. PARTICULARS OF THE PUBLIC ISSUE/RESTRICTED OFFER FOR SALE/SPECIAL ISSUE (Cont'd)

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue, Restricted Offer for Sale and Special Issue and if given or made, such information or representation must not be relied upon as having been authorised by CAM and/or CIMB. Neither the delivery of this Prospectus nor any Public Issue, Restricted Offer for Sale and Special Issue made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of CAM or the Group since the date hereof.

This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation to apply for any Public Issue Shares, Offer Shares and Special Issue Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the sale of the Public Issue Shares, Offer Shares and Special Issue Shares in certain other jurisdictions may be restricted by law. Persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

The SC and KLSE assume no responsibility for the correctness of any statements made or opinion or reports expressed in this Prospectus. Admission to the Official List of the Second Board of the KLSE is not to be taken as an indication of the merits of CAM or of its Shares.

If you are in doubt about this Prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser immediately.

3.2 SHARE CAPITAL AND RIGHTS ATTACHING TO THE SHARES

	RM
Authorised	
100,000,000 Shares	100,000,000
Issued and fully paid-up as at the date of this Prospectus	
29,665,000 Shares	29,665,000
To be issued pursuant to the Special Issue	
5,185,000 new Shares	5,185,000
To be issued pursuant to the Public Issue	
6,150,000 new Shares	6,150,000
Enlarged Issued and fully paid-up upon listing	
41,000,000 Shares	41,000,000
To be offered by the Offerors pursuant to the Restricted Offer for Sale	
7,115,000 Shares	7,115,000

The price of RM1.38 for each Public Issue Shares/Offer Shares/Special Issue Shares is payable in full on application.

There is only one (1) class of shares in the Company, being ordinary shares of RM1.00 each. The Public Issue Shares, Offer Shares and Special Issue Shares will rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and will be entitled to all dividends, rights, allotments and/or other distributions that may be declared after the date of this Prospectus.

3. PARTICULARS OF THE PUBLIC ISSUE/RESTRICTED OFFER FOR SALE/SPECIAL ISSUE
(Cont'd)

At any general meeting of the Company, each shareholder shall be entitled to vote in person or by proxy and, on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held. A proxy may but need not be a member of the Company.

Subject to any special rights attaching to any shares that may be issued by the Company in the future, the shareholders of the Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distribution and the whole of any surplus in the event of liquidation of the Company in accordance with the Articles of Association of the Company.

3.3 DETAILS OF THE PUBLIC ISSUE, RESTRICTED OFFER FOR SALE AND THE SPECIAL ISSUE

(a) Public Issue

The Public Issue is subject to the terms and conditions of this Prospectus and upon acceptance, the 6,150,000 Public Issue Shares will be allotted in the following manner:-

(i) Employees of the Group

967,000 Public Issue Shares have been reserved for eligible employees of the CAM Group.

(ii) Private Placement

4,000,000 Public Issue Shares will be placed out by the Placement Agent.

(iii) Malaysian Public

1,183,000 Public Issue Shares are available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

The Public Issue Shares made available to eligible employees of the CAM Group and the Malaysian public as stipulated in paragraphs (i) and (iii) above respectively have been fully underwritten. Any Public Issue Shares not subscribed for under paragraph (i) will subsequently be offered to the Malaysian public.

(b) Offer for Sale and Special Issue

The 7,115,000 Offer Shares and 5,185,000 Special Issue Shares have been reserved for Bumiputera investors approved and recognised by the MITI. As such, the said Shares are not required to be underwritten. However, if the said Shares are not fully subscribed, the balance of the Offer Shares and Special Issue Shares will have to be placed out by Placement Agent to other Bumiputera investors to be approved and recognised by the MITI.

3. PARTICULARS OF THE PUBLIC ISSUE/RESTRICTED OFFER FOR SALE/SPECIAL ISSUE (Cont'd)

3.3.1 Public Shareholding Spread

Pursuant to the SC's Policies and Guidelines on Issue/Offer of Securities, at least 25% of the issued and paid-up share capital of the Company must be held by a minimum number of 750 public shareholders holding not less than 1,000 Shares each, of which at least 500 shareholders are members of the public who are not employees of the Company, upon completion of the Public Issue, Restricted Offer for Sale and the Special Issue and at the point of listing. Upon completion of the Public Issue, Restricted Offer for Sale and the Special Issue and at the point of listing, the Company is expected to have not less than 750 shareholders.

3.3.2 Critical Dates for the Public Issue

Opening date	:	30 January 2002
Last date for acceptance and payment	:	18 February 2002
The tentative date for balloting of applications (if necessary)	:	22 February 2002
The tentative date for allotment of securities	:	28 February 2002
The tentative date of listing	:	14 March 2002

3.4 OPENING AND CLOSING OF APPLICATION LISTS

The application lists will open at 10.00 a.m. on 18 February 2002 and will remain open until 8.00 p.m. on the same day or for such further period or periods as the Directors of the Company in their absolute discretion may decide.

3.5 PURPOSES OF THE PUBLIC ISSUE, RESTRICTED OFFER FOR SALE AND THE SPECIAL ISSUE

The purposes of the Public Issue, Restricted Offer for Sale and the Special Issue are as follows:-

- (i) To enable the Group to gain access to the capital market in order to tap external sources of equity funds for the future expansion and growth of the Group;
- (ii) To provide an opportunity for the Bumiputera investors, Malaysian public and eligible employees and Directors of the CAM Group to participate in the equity and in the continuing growth of the Group by way of equity participation; and
- (iii) To obtain a listing of and quotation for the entire issued and paid-up share capital of CAM on the Second Board of the KLSE.

3.6 BASIS OF ARRIVING AT THE PRICE FOR THE PUBLIC ISSUE, RESTRICTED OFFER FOR SALE AND SPECIAL ISSUE

The price of RM1.38 per Share was determined and agreed upon by the Company and CIMB, as the Adviser and Managing Underwriter, after taking into account, inter-alia, the following factors:-

- (i) The Group's financial and operating history and conditions;

3. PARTICULARS OF THE PUBLIC ISSUE/RESTRICTED OFFER FOR SALE/SPECIAL ISSUE (Cont'd)

- (ii) The prospects of the CAM Group and of the kitchen ware, kitchen sinks and melamine table ware and dining ware industry as outlined in Section 5 of this Prospectus;
- (iii) The forecast price earnings multiple of 6.04 times based on the enlarged share capital of 41,000,000 Shares for the financial year ending 31 December 2002;
- (iv) The proforma consolidated NTA per Share of RM1.39 as at 31 July 2001; and
- (v) The prevailing market conditions and the net PE Multiple of the Consumer Index and the Trading Services Index as at mid-December 2001 of 23.44 times and 55.44 times respectively. (*Source: Investors' Digest, December 2001*)

However, investors should also note that the market prices of the Shares upon and subsequent to listing on the Second Board of the KLSE are subject to the vagaries of the market forces and other uncertainties, which may affect the price of Shares being traded. Investors should also bear in mind the risk factors as set out in Section 4 of this Prospectus before deciding on whether or not to invest in the Shares.

3.7 PROCEEDS OF THE PUBLIC ISSUE AND THE SPECIAL ISSUE AND THE UTILISATION THEREOF

The total gross proceeds receivable by the CAM Group from the Public Issue and the Special Issue of RM15,642,300 will be utilised in the following manner:-

	Notes	RM'000
Repayment of bank borrowings and bankers' acceptances	(i)	4,620
Funding for the acquisition of plant and machinery	(ii)	3,000
Funding of factory expansion	(iii)	5,200
General working capital	(iv)	1,222
Estimated expenses relating to the Listing Exercise	(v)	1,600
Total utilisation		15,642

The proceeds raised from the Public Issue and Special Issue are expected to be fully utilised within a period of eighteen (18) months from the date of listing of the Shares.

The proceeds arising from the Restricted Offer for Sale will be due to the Offerors and any expenses incurred directly in relation thereto will be borne by the Offerors.

Notes:-

(i) **Repayment of bank borrowings and bankers' acceptance**

CAM will utilise RM4.62 million of the proceeds from the Public Issue and Special Issue to repay its existing borrowings. The borrowings were mainly used to finance the purchase of machinery, the acquisition of land, the construction of factory building and the Group's working capital. The interest savings as a result of repayment of the said borrowings is approximately RM0.37 million per annum in interest expense assuming that interest rate is 8% per annum.

The balance outstanding of the borrowings of RM16.36 million as at 30 November 2001 (being the latest practicable date prior to the registration of the Prospectus) to the completion date of the Public Issue and Special Issue will be subsequently reduced as some of the repayment of the borrowings will be made progressively. Should there be any excess/variation from/to the repayment of the aforesaid borrowings, the excess/variation will be utilised to repay other borrowings of the CAM Group, subject always to a total limit of RM4.62 million to be utilised for such purpose.

3. PARTICULARS OF THE PUBLIC ISSUE/RESTRICTED OFFER FOR SALE/SPECIAL ISSUE (Cont'd)

(ii) Funding for the acquisition of plant and machinery

The Group plans to expand its existing operating efficiency and capacity in view of the growing demand for the Group's kitchen ware products and high labour cost. In this connection, it plans to acquire additional automatic polish machines and moulds and dies to address these requirements.

The machinery and equipment that have been identified to be purchased under the above expansion plan are as follows:-

Machinery and equipment	Cost of investment RM'000
Automatic polish machine	2,000
Mould and die	500
Continuing production line	500

The automatic polish machine and continuing production line is to modernise production process and to improve product quality and enhance the efficiency in the production process. The additional moulds and dies are needed so that production capacity of the machines can be increased. The above steps have been taken for purpose of future expansion so that the Group is better equipped to face future competition from other manufacturers.

(iii) Funding of factory expansion

The Group intends to invest approximately RM3.2 million and RM1.0 million for building/acquiring a new factory in Alor Setar and/or any other suitable location and to build an extension to the existing factory in Hutan Melintang respectively.

The Group plans to relocate and re-arrange its stainless steel kitchen ware production facilities to the new factory building and to re-arrange the kitchen sink and aluminium kitchen ware production processes in the existing factory in Hutan Melintang. Both factories will be arranged into one line production process. Production flow time is expected to shorten whilst spoilage is expected to reduce upon completion of the relocation. More importantly, the quality of the product will improve and the delivery lead-time will reduce. The improved efficiency will also translate to reduction in production cost so that the Group is better equipped to face future competition.

CMelamine will invest approximately RM1.0 million to build a new factory in Hutan Melintang. The new factory will house CMelamine's existing production facilities and will provide sufficient space for future expansion.

(iv) General working capital

The proceeds from the Public Issue and Special Issue allocated for the working capital requirements will be utilised to fund the Group's general working capital and administration requirements.

(v) Estimated expenses relating to the listing exercise

The estimated listing expenses that will be paid by the Group include all expenses incurred to list the Shares on the KLSE including underwriting commission incurred for the Public Issue Shares.

The details of the listing expenses expected to be incurred are set-out as follows:-

	RM
Professional fees	800,000
SC's fee	33,000
KLSE's initial listing fee	5,000
Registration fee to increase authorised share capital	40,000
Printing of prospectus	140,000
Advertisement	70,000
Issuing House's fee	127,000

3. PARTICULARS OF THE PUBLIC ISSUE/RESTRICTED OFFER FOR SALE/SPECIAL ISSUE (Cont'd)

	<i>RM</i>
<i>Registration and lodgement fee</i>	<i>5,300</i>
<i>Brokerage</i>	<i>84,870</i>
<i>Underwriting commission</i>	<i>89,010</i>
<i>Placement fees</i>	<i>165,600</i>
<i>Contingencies</i>	<i>40,220</i>
<i>Total</i>	<u><u><i>1,600,000</i></u></u>

3.7.1 Financial impact from utilisation of proceeds

The total gross proceeds from the Public Issue and Special Issue amount to RM15,642,300. An amount of RM4.62 million is earmarked for the repayment of bank borrowings and bankers' acceptance. The said repayment is expected to be completed by mid-2002 and will provide the Group with interest savings of approximately RM0.37 million per annum. Additionally, the Group has allocated RM3.0 million and RM5.2 million for the acquisition of plant and machinery and to finance its factory expansion respectively. Such acquisitions are expected to improve product quality, production efficiency and factory capacity and accordingly further enhance the future earnings potential of the CAM Group.

The Public Issue and Special Issue are also expected to raise an additional RM1.22 million for the working capital which is expected to improve the liquidity and cash flow position of the CAM Group.

The cashflow from the utilisation of proceeds are as follows:-

Cashflow from financial year ending 31 December	2002	2003	Total
	RM'000	RM'000	RM'000
Inflow			
Proceeds from listing	15,642	-	15,642
	<u>15,642</u>	<u>-</u>	<u>15,642</u>
Outflow			
Repayment of bank borrowings and bankers' acceptance	4,620	-	4,620
Funding for the acquisition of plant and machinery	3,000	-	3,000
Funding of factory expansion	4,200	1,000	5,200
Working capital	1,222	-	1,222
Estimated listing expenses	1,600	-	1,600
	<u>14,642</u>	<u>1,000</u>	<u>15,642</u>

The total gross proceeds receivable by CAM from the Public Issue and Special Issue of RM15.642 million are expected to be fully utilised by end of September 2003.

3.8 BROKERAGE AND UNDERWRITING COMMISSION

Brokerage is payable by the Company at the rate of 1.0% of the issue price of RM1.38 per Public Issue Share in respect of successful applications which bear the stamps of CIMB, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

The Managing Underwriter and the Underwriters as mentioned herein have agreed to underwrite 2,150,000 Public Issue Shares which are available for application by the Malaysian public and eligible Directors and employees of the Group. Underwriting commission is payable by the Company at the rate of 2% of the issue price of RM1.38 per Public Issue Share. In addition, a managing underwriter fee of the issue price of RM1.38 per Public Issue Share is payable by the Company at the rate of 1%.

3. PARTICULARS OF THE PUBLIC ISSUE/RESTRICTED OFFER FOR SALE/SPECIAL ISSUE
(Cont'd)

3.9 DETAILS OF UNDERWRITING AGREEMENT

The details of the Managing Underwriter and Underwriters are as follows:-

Managing Underwriter : CIMB
Co – Underwriters : CIMB;
CIMB Securities Sdn. Bhd.;
PM Securities Sdn. Bhd.; and
Kestrel Securities Sdn. Bhd.

The 2,150,000 Public Issue Shares available for application by the Malaysian public and eligible employees of the Group are underwritten by CIMB, CIMB Securities Sdn. Bhd., PM Securities Sdn. Bhd. and Kestrel Securities Sdn. Bhd.. Underwriting commission and managing underwriting commission payable by the Company for the 2,150,000 Public Issue Shares shall be at the rate of 2% and 1% respectively of the issue price of RM1.38 per Public Issue Share and amounts to RM59,340 and RM29,670 respectively.

In accordance with the Underwriting Agreement, in the event of any breach of the warranties or representations set out therein or failure on the part of the Company to perform any of the obligations therein contained or any change rendering any of the said warranties or representations inaccurate in any respect or if any material information shall have been withheld and coming to the notice of the Underwriters prior to the Closing Date or there shall have been prior to the Closing Date such change in national or international monetary, financial, political or economic conditions or exchange control legislation or regulations or currency exchange rates or occurrence as a result of an act or acts of god which would materially prejudice the success of the offering of the Underwritten Shares and their distribution or sale (whether in the primary market or in respect of dealings in the secondary market) or in the event of national disorder, outbreak of war or the declaration of a state of national emergency, each of the Underwriters shall be entitled (but not bound) by notice to the Managing Underwriter to elect to treat such breach, failure or change as releasing or discharging it from its obligations hereunder provided that the Company shall remain liable for the payment of costs and expenses referred to in Clause 13 of the Underwriting Agreement which are incurred prior to or in connection with such release and provided further that failure to make such election aforesaid shall not prejudice the right of any Underwriter to treat any further or other breach, failure or change as releasing and discharging such Underwriter from its obligations as aforesaid.

Some of the salient terms of the Underwriting Agreement are summarised as follows:-

- (i) The obligations of the Underwriters under the Underwriting Agreement shall further be conditional upon:-
 - (a) the issue of the Shares having been approved by the shareholders of the Company in an Extraordinary General Meeting to be convened by the Company;
 - (b) the lodgement and registration with the ROC of the Prospectus together with copies of all documents required under Section 42 of the Companies Act prior to the issuance of the Prospectus to the public;
 - (c) the issuance of the Prospectus to the public within two (2) months from the date hereof or such later date as consented by the Underwriters, advertisement of the Prospectus and all other procedures, requirements, letters and documents required under Chapter 3 of the KLSE Listing Requirements have been complied with;

3. PARTICULARS OF THE PUBLIC ISSUE/RESTRICTED OFFER FOR SALE/SPECIAL ISSUE
(Cont'd)

- (d) the KLSE agreeing in principle to the listing of and quotation for (on terms satisfactory to the Managing Underwriter) the entire issued and paid up share capital of the Company within five (5) months from the date thereof or such later date as consented by the Underwriters prior to the Closing Date, or the Underwriters being reasonably satisfied that such listing and quotation will be granted three (3) Market Days (or such other days as the KLSE may permit) after the submission to the KLSE of the relevant documents required for such listing and quotation for the entire issued and paid up share capital of the Company have been accepted and the respective Shares are deposited in or transferred to the securities account maintained by the entitled shareholders under the Securities Industry (Central Depository) Act, 1991.
- (e) there having been, as at any time thereafter up to and including the Closing Date, no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of the Company and its subsidiaries (which in the reasonable opinion of the Underwriters are or will be material in the context of the issue of the Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect an extent which is or will be material in any of the representations, warranties and undertakings contained in Clauses 3.1 and 3.2 of the Underwriting Agreement if they are repeated on and as of the Closing Date;
- (f) the issue, offering and subscription of the Shares in accordance with the provisions thereof not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including the KLSE);
- (g) all necessary approvals and consents required in relation to the Public Issue, Special Issue and Restricted Offer for Sale including but not limited to governmental approvals having been obtained and are in full force and effects; and
- (h) the Underwriters having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 13 of the underwriting Agreement.

In the event any of the conditions set forth in Clause 4.1 of the Underwriting Agreement are not satisfied, the Underwriters or any of the Underwriters shall, subject as mentioned below, thereupon be entitled but not bound to terminate the Underwriting Agreement by notice given to the Company not later than the Closing Date and upon such termination, the liabilities of the Company and the Underwriters shall become null and void and none of the parties shall have a claim against the other save that each party shall return any and all moneys paid to the other or others under this Agreement within seventy two (72) hours of the receipt of such notice (except for monies paid by the Company for the payment of the expenses as provided in Clause 13) of the Underwriting Agreement. The Underwriters reserve the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriters' rights under the Underwriting Agreement.

3. PARTICULARS OF THE PUBLIC ISSUE/RESTRICTED OFFER FOR SALE/SPECIAL ISSUE
(Cont'd)

- (ii) In further consideration of the Underwriters agreeing at the request of the Company to underwrite the 2,115,000 Public Issue Shares, the Company undertakes with each of the Underwriters, inter alia,-
 - (a) to pay all and any stamp duties and other documentary taxes or duties, including any interest and penalties resulting from the delay or omission on the part of the Company, payable in Malaysia on or in connection with, the creation, issue and allotment of the Shares or the execution of the Underwriting Agreement;
 - (b) to comply with all conditions, if any, imposed by the SC, the KLSE or any other relevant authorities in respect of the Public Issue, Special Issue and Restricted Offer for Sale and the listing of and quotation for the Shares on the Second Board of the KLSE; and
 - (c) to deliver to the Underwriters certified copies of all relevant board of directors' and shareholders' resolutions relating to the Public Issue, Special Issue and Restricted Offer for Sale and the Underwriting Agreement as the Underwriters may reasonably require.

4. RISK FACTORS

Applicants for the Public Issue Shares, Offer Shares and Special Issue Shares should carefully consider the following risk factors (which may not be exhaustive) in addition to the other information contained in this Prospectus before applying for the Public Issue Shares, Offer Shares and Special Issue Shares:-

4.1 No prior market for CAM Shares

Prior to the Public Issue, Restricted Offer for Sale and Special Issue, there has been no public market for CAM Shares. There can be no assurance that an active market for the Shares will develop upon listing of the Shares on the Second Board of the KLSE or, if developed, that such a market will be sustained.

The issue price of RM1.38 per Share has been determined after taking into consideration a number of factors including, but not limited to, the Group's financial and operating history and conditions, its prospects and the prospects of the industries in which the Group operates and the prevailing market conditions prior to the issue of this Prospectus. The price at which CAM Shares will trade on the Second Board of the KLSE after the Public Issue, Restricted Offer for Sale and Special Issue, may be influenced by a number of factors, including the depth and liquidity of the market for the Shares, investors' perception of the CAM Group, the manufacturing industry, in particular, the kitchen ware and table ware as well as political, economic and other conditions, in general.

4.2 Business risks

Like other business enterprises, the Group is subject to certain business risks inherent in the manufacturing industry. These may include shortages of labour and raw materials, increase in the costs of labour and raw materials, changes in the general economic, technological, business and credit conditions, fluctuation in foreign exchange rates and changes in government policies. Although the Group seeks to limit these risks through, inter-alia, the utilisation of automated production processes, a diversified suppliers and customer base and prudent management policies, no assurance can be given that any change to these factors will not have a material adverse effect on the Group's business.

4.3 Competition

The Group's competitors are mainly other local and foreign kitchen/dining ware manufacturers, e.g. those from Thailand (mainly for stainless steel kitchen ware and melamine table ware) and India (mainly for stainless steel kitchen ware). However, the Directors are of the opinion that the competition faced by the Group is minimal as the range of products offered by these competitors is generally limited to certain frequent-flow products e.g. stainless steel source pan, stainless steel double handle pot, stainless steel mug with cover and melamine dinner plate. As such, they are not able to offer complete sets with a full range of products. Notwithstanding the abovementioned factor, no assurance can be given that the Group will be able to maintain its existing market share in the future. In addition, the full implementation of the Asean Free Trade Agreement ("AFTA") in the year 2003 will cause import duty for most products manufactured within the Asean countries to be reduced to a maximum of 5%. This may cause the Group to then face additional competition from foreign kitchen/dining ware manufacturers.

4.4 Control by substantial shareholders

Upon its listing on the KLSE, the Company would have three (3) major shareholders, namely Lee Chin Yen, Tan Hong Cheng and Hia Wan Kiga who will collectively hold 20,540,000 Shares, representing 50.1% of the Company's enlarged issued and paid-up share capital. As a result, it is likely that the said major shareholders will be able to effectively control the business direction and the outcome of certain matters of the Company by virtue of their shareholdings and/or directorship in the Company, unless they are required to abstain from voting by law and/or by the relevant authorities.

5. INFORMATION ON THE CAM GROUP

4.5 Political, economic and regulatory factors

Given the nature of the industry in which CAM Group operates, the CAM Group's operations are closely linked to the economic developments and political stability in Malaysia and countries to which the Group's products are exported and from which the Group sources its raw materials. Any adverse developments in political, economic and regulatory conditions in Malaysia and the South-East Asian region may materially and adversely affect the prospects of the Group and the industry in which it operates. These include increases in interest rates, depreciation of the Ringgit, methods of taxation, currency exchange controls and government policies. There can be no assurance that any change to these factors will not have a material adverse effects on the Group's business.

4.6 Dependence on key personnel

The Group believes that its continued success depends, to a significant extent, upon the abilities and continued efforts of its existing Directors and senior management. However, every effort is presently made to groom the younger members of the senior management to slowly take over from the senior members to ensure a smooth transition in the management team should changes occur and to maintain the Group's continued ability to compete in the kitchen ware and table ware industries.

4.7 Contracts

The CAM Group does not have any long-term contracts with either its customers or suppliers. Although the Group seeks to limit this risk by establishing a large pool of suppliers and customer base, there is no assurance that the Group will be able to maintain continuous sales/purchases with its customers/suppliers in the future.

4.8 Directors' and substantial shareholders' interest in similar business

The Board of Directors of CAM are of the opinion that the relationship of Tan Hong Cheng, Lee Chin Yen and Hia Wan Kiga in their capacities as Directors, promoters and substantial shareholders of CAM do not give rise to any material conflict of interest based on the following:-

Tan Hong Cheng (Director and substantial shareholder) and Lee Chin Yen (Director and substantial shareholder) each hold 14.0% equity interest in Ji Seng Hong Plastic Manufacturing Sdn. Bhd. ("Ji Seng Hong"), a company principally involved in the manufacturing of plastic household products. Although part of Ji Seng Hong's products may be considered as a substitute to CAM's table ware, they are targeting at different market users.

In addition, Lee Chin Yen has 28.0% indirect interest via his brother-in-laws and a company related to them in Ji Seng Hong.

The Audit Committee of CAM will monitor any related party transactions to ensure that any transactions between the CAM Group and its related parties are carried out on commercial terms which will not be detrimental to the CAM Group and to report the positions of such related transactions, if any, in the Annual Report of CAM.

4.9 New products and markets

The Group intends to introduce new products in the next twelve (12) months, namely electrical water boiler, electrical kettle, stainless steel single bowl and double bowl insert sink. It is also actively expanding into new export markets for its products. Although there is an existing market demand for CAM's products and the Group is confident that it will not face significant difficulty in selling these products in local and foreign markets, there is no assurance that the Group will be able to successfully market these new products into the respective markets.

5. INFORMATION ON THE CAM GROUP

4.10 Foreign exchange risks

The Group is subject to foreign exchange risks through direct and indirect import of raw materials from India, Japan, Korea, Indonesia and Taiwan. For the seven (7) months financial period ended 31 July 2001, the direct and indirect importation of raw materials of the Group amounted to approximately RM8.4 million or 66% of its total purchase of raw material. The Group is also subject to foreign exchange risks from its export of kitchen ware and kitchen sink and melamine table ware to Singapore, Sri Lanka, Bangladesh, Indonesia, Brunei, the United Arab Emirates and South Africa, which totalled approximately RM4.5 million or 16.7% of its sales value for the same period. The Group's import is transacted in USD. As for export, except for Singapore, Indonesia and Brunei, the other countries are transacted in USD.

This provides a certain degree of natural hedging to the foreign exchange risks of the direct and indirect importation of raw materials.

4.11 Supply and cost of raw materials

The Group's principal activities are the manufacturing and trading of aluminium and stainless steel kitchen ware/sinks, stainless steel kitchen knives and melamine table ware. For the seven (7) months ended 31 July 2001, the CAM Group's purchase of raw materials is approximately RM12.7 million. It does not foresee any difficulty in the procurement of raw materials as it sources its supplies from several suppliers. There is no over-dependence on any single supplier. However, there can be no assurance that there will be no change to such situation which may have material adverse impact on the Group's business.

4.12 Fluctuations in the selling price of products

Fluctuations in the selling price of products are normal occurrences in industries where supply and demand are the main determinants of price. The Group produces a wide range of kitchen sinks, kitchen wares and melamine table ware. Hence, the Group's risks are minimised should any particular product or market segment suffer from a decline in selling prices or demand. Although the Group seeks to limit this risks through good marketing and business strategies, there can be no assurance that there can be no change to such situation which may have material adverse impact on the Group's business.

4.13 Borrowings

The Group's total long-term and short-term borrowings as at 30 November 2001 (being the latest practicable date prior to the registration of this Prospectus) amounted to RM2,695,848 million and RM13,666,276 respectively of which the interest rates range from 2.95% - 8.70%. The interest expense and interest coverage ratio for the seven (7) months financial period ended 31 July 2001 are RM0.63 million and 9.12 times respectively. As such, any increase in interest rates will increase the burden of the Group with respect to interest payments of the loans depending on the total outstanding loans as at the point in time. There can be no assurance that the performance of the Group would remain favourable in the event of adverse changes in the interest rate.

4.14 Dependency on major customers and suppliers

For the seven (7) months financial period ended 31 July 2001, the top ten (10) customers accounted for approximately 15.4% of the Group's turnover, with no single customer contributing more than 4% to the Group's turnover. In terms of purchases during the corresponding period, the contribution of the top ten (10) suppliers, excluding intergroup transactions, accounted for approximately 37% of the Group's cost of sales, with no single supplier contributing more than 10% to the Group's cost of sales. As such, the risk of over dependency on any particular customer and/or supplier is minimal.

5. INFORMATION ON THE CAM GROUP

4.15 Adequacy of insurance coverage on the Group's assets

As at 31 July 2001, the net book value of building, plant and machinery is approximately RM23.0 million and the value of stocks is approximately RM17.2 million. They have insurance coverage amounting to approximately RM20.5 million and approximately RM16.0 million respectively. In addition, the Group also has fire consequential loss insurance amounting to approximately RM4.0 million. Although the Group has taken the necessary measures to ensure that all its assets are adequately covered by insurance, there can be no assurance that the insurance coverage would be adequate for the replacement cost of the assets or any consequential loss arising therefrom.

4.16 Technology used or to be used by the CAM Group and the rapid development of technological change

The technology being used by the Group is subject to rapid change. As a result, the Group is subject to risks such as its technology and equipment becoming obsolete and its staff being unfamiliar with any new technology to be adopted. Any new equipment purchased may also have to be adjusted and tested to match the specifications of the Group's products.

The CAM Group acknowledges the said risks and is continuously undertaking research and development and exploring other areas of technological improvement, ensuring that staff are continuously trained to align their skills with the requirements of new technologies.

However, there can be no assurance that the rapid development of technological change will not have a material adverse effect on the Group's business.

4.17 Restrictive covenants under borrowing facility agreements

The CAM Group has credit facilities amounting to RM33.2 million granted by various local financial institutions out of which an amount of RM16.36 million is outstanding as at 30 November 2001. There are covenants contained in the documentation pertaining to those credit facilities that may limit the Group's operating and financial flexibilities and the said covenants are, inter-alia, summarised as follows:-

- (a) the borrower shall not declare and pay any dividend or any form of distribution whether the distribution is considered as income or capital in nature. However, the consent from the financial institution on the dividend will not be unreasonably withheld. On 15 January 2002, the Company had sought consent from the financial institution to waive such covenant. Consent to waive this covenant is still pending as at the date of this Prospectus;
- (b) the borrower shall not, without the prior written consent of the financial institutions, decrease or alter the authorised or issued capital or alter the structure thereof or the rights attached thereto;
- (c) the borrower shall not, without the prior written consent of the financial institutions, add to, delete, vary or amend its Memorandum and Articles of Association in any manner or change its financial year or the nature of its business or sell, transfer or otherwise dispose of all or a substantial part of its capital assets or undertake or permit any merger, consolidation or reorganisation;
- (d) the borrower shall not, without the prior written consent of the financial institutions, allow any change in the existing shareholders of the borrower. On 15 January 2002, the Company had sought consent from the respective financial institutions to waive such covenant. Consent to waive this covenant is still pending as at the date of this Prospectus; and

5. INFORMATION ON THE CAM GROUP

- (e) the borrower shall not, without the prior written consent of the financial institution, lend or make advances (other than in the normal course of business) to any person, or enter into any transaction with any person, firm or company except in the ordinary course of business and on arm's length commercial terms or enter into any form of partnership, profit sharing or royalty agreement whereby its income or profits are, or might be, shared with other person, firm or company or enter into any management contract or similar arrangement whereby its business or operations are managed by any other person, firm or company.

Out of the Public Issue and Special Issue proceeds of RM15.642 million, an amount of RM4.62 million will be utilised for the repayment of borrowings.

4.18 Failure/delay in the listing exercise

The listing exercise is also exposed to the risk that it may fail or be delayed should the following events occur:-

- (a) The Bumiputera investors approved by the MITI fail to subscribe to the portion of Shares allocated to them;
- (b) The Underwriters fail to honour their obligations under the underwriting agreement;
- (c) The Underwriters, in honouring their obligations become a shareholder holding 5% or more of the shares in the Company; and
- (d) The Company is unable to meet the public spread requirements i.e. at least 25% of the issued and paid-up capital of the Company must be held by a minimum number of 750 public shareholders holding not less than 1,000 shares each, of which at least 500 shareholders are members of the public who are not employees of the Company, upon completion of the Public Issue and at the point of listing.

4.19 Profit estimate and forecast

The profit estimate and forecast of the Group as set out in this Prospectus are based on assumptions which the Directors of CAM believe to be reasonable. However, these assumptions are subject to uncertainties and contingencies. Because of the subjective judgements and inherent uncertainties underlying the estimate and forecast and because events and circumstances may not occur as expected, there can be no assurance that the profit estimate and forecast contained herein will be realised and actual result may be materially different from those estimate and forecast. Investors are deemed to have read and understood the assumptions and uncertainties underlying the estimate and forecast contained herein.

4.20 Forward-looking statements

Certain statements in this Prospectus are based on historical data which may not be reflective of the future results, and others are forward-looking in nature which are subject to uncertainties and contingencies.

All forward-looking statements are based on estimations and assumptions made by the Board of Directors of the Company, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors. These factors may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements.

Such factors include, inter-alia, general economic and business conditions, competition, the impact of new laws and regulations affecting the CAM Group and the industry, changes in interest rates and changes in foreign exchange rates. In light of these uncertainties, the inclusion of forwarding-looking statements in this Prospectus should not be regarded as a representation or warranty by the Company or its advisers that the plans and objectives of the CAM Group will be achieved.

5. INFORMATION ON THE CAM GROUP

5.1 INFORMATION ON THE CAM GROUP

5.1.1 Incorporation

CAM was incorporated in Malaysia under the Companies Act, 1965 on 20 December 2000 under the name of CAM Resources Berhad. CAM was dormant until it became an investment holding company on 29 December 2000 pursuant to the implementation of the Acquisitions.

The principal activity of CAM's subsidiaries are involved in the manufacturing, sale and distribution of aluminium and stainless steel kitchen ware, sinks and melamine table ware.

5.1.2 Changes in Share Capital

The authorised share capital of CAM is RM100,000,000 comprising 100,000,000 Shares. The issued and paid-up share capital of CAM as at 7 January 2002 is RM29,665,000 comprising 29,665,000 Shares.

The changes in the issued and paid-up share capital of the Company since its incorporation are set out below:-

Date of allotment	No. of Shares allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
20.12.2000	300,000	Subscribers' shares	300,000
07.01.2002	29,097,000	Acquisition of CALuminium at an issue price of RM1.36 per Share	29,397,000
07.01.2002	268,000	Acquisition of CMelamine at an issue price of RM1.58 per Share	29,665,000

The enlarged issued and paid-up share capital of CAM after the Acquisitions, Internal Restructuring, Special Issue and Public Issue will be RM41,000,000 comprising 41,000,000 Shares.

5.1.3 The Restructuring and Listing Exercise

In conjunction with and as an integral part of the listing and quotation for the entire issued and paid-up share capital of CAM on the Second Board of KLSE, the Company undertook a revaluation of all the landed properties of its wholly-owned subsidiaries and a restructuring scheme which was approved by the SC on 24 May 2001, 22 June 2001 and 18 July 2001, MITI on 30 March 2001 and FIC on 24 March 2001 involving the following inter-conditional transactions:-

(a) The revaluation of landed properties of CALuminium and CMelamine

The purpose of the valuation of landed properties of CALuminium and CMelamine (as set out in Section 9.2 of the Prospectus) is to obtain their fair value so as to derive at the adjusted NTA of CALuminium and CMelamine for the purpose of determining the purchase consideration pursuant to the Acquisition of CALuminium and Acquisition of CMelamine respectively.

On 24 May 2001, the SC approved the value of the landed properties of CALuminium and CMelamine to be RM13,104,000 and RM1,070,000 respectively. The approved amount was arrived at based on the valuation by a firm of independent professional Valuers, Messrs. Henry Butcher Lim & Long Sdn. Bhd. per its valuation reports dated 2 and 8 December 2000 of RM15,153,000 and RM1,070,000 respectively. The Board of CAM has decided not to incorporate any revaluation surplus or deficit of the aforesaid landed properties arising from the valuation carried out into the accounts of the respective companies.

5. INFORMATION ON THE CAM GROUP (Cont'd)

A copy of the valuation certificate from the Valuers is reproduced in Section 12 of this Prospectus.

(b) The Acquisition of CALuminium

CAM entered into a conditional share sale agreement on 29 December 2000 and a supplemental agreement on 28 December 2001 with the vendors of CALuminium for the acquisition of the entire issued and paid-up share capital of CALuminium, comprising 3,022,475 ordinary shares of RM1.00 each, for a total purchase consideration of RM39,611,117 to be satisfied by the issuance of 29,097,000 new Shares at approximately RM1.36 per Share. The details of the acquisition are as follows:-

Vendors	Shareholdings in ←-----CALuminium----->		Purchase consideration RM	No. of new Shares issued
	No. of ordinary shares of RM1.00 each held	% held		
Lee Chin Yen	1,167,500	38.63	15,301,775	11,239,000
Tan Hong Cheng	917,500	30.36	12,025,935	8,833,000
Hia Wan Kiga	415,000	13.73	5,438,606	3,995,000
SSL	522,475	17.28	6,844,801	5,030,000
	<u>3,022,475</u>	<u>100.00</u>	<u>39,611,117</u>	<u>29,097,000</u>

The purchase consideration of RM39,611,117 was arrived at based on the audited NTA of CALuminium as at 31 December 2000 of RM32,404,637 and after adjusting for the higher market value of CALuminium's landed properties as approved by the SC.

The computation of the adjusted NTA of CALuminium is set out as follows:-

	RM
Audited NTA of CALuminium as at 31 December 2000	32,404,637
Adjustment made to the higher market value of landed properties of CALuminium	<u>7,206,480</u>
Adjusted NTA of CALuminium	<u>39,611,117</u>

On 7 January 2002, the Acquisition of CALuminium was completed and CALuminium became a wholly-owned subsidiary of CAM.

(c) The Acquisition of CMelamine

CAM entered into a conditional share sale agreement on 29 December 2000 and a consolidated, amended and restated share sale agreement on the 14 January 2002 (collectively known as "CMelamine Agreements") with Lee Chin Yen, Tan Hong Cheng (collectively known as "Minority Shareholders of CMelamine") and CALuminium (please refer to Section 2.9(v) of this Prospectus).

Pursuant to the CMelamine Agreements, CAM agreed to acquire 36,002 ordinary shares of RM1.00 each in CMelamine representing 7.35% of the issued and paid-up share capital of CMelamine from the Minority Shareholders of CMelamine for a total purchase consideration of RM423,683 to be satisfied by the issuance of 268,000 new Shares at approximately RM1.58 per Share ("Acquisition of CMelamine") and also to acquire the balance 92.65% of the equity interest in CMelamine from CALuminium for cash consideration of RM5,340,710 resulting in CMelamine becoming a wholly-owned subsidiary of CAM (as defined in Internal Restructuring as set out in Section 5.1.3(d) below).

5. INFORMATION ON THE CAM GROUP (Cont'd)

The details of the acquisition from the Minority Shareholders of CMelamine are as follows:-

Minority Shareholders	Shareholdings in -----CMelamine-----		Purchase consideration RM	No. of new Shares issued
	No. of ordinary Shares of RM1.00 each held	% held		
Lee Chin Yen	18,001	3.675	211,841.50	134,000
Tan Hong Cheng	18,001	3.675	211,841.50	134,000
	36,002	7.350	423,683.00	268,000

The purchase consideration for the Minority Shareholders' equity interest in CMelamine of RM423,683 was arrived at based on 7.35% of the audited NTA of CMelamine as at 31 December 2000 of RM5,764,393.

On 7 January 2002, the Acquisition of CMelamine was completed and CMelamine became a wholly-owned subsidiary of CAM via its direct 7.35% equity interest in CMelamine and indirect 92.65% equity interest in CMelamine via CALuminium which is a wholly-owned subsidiary of CAM after completing the Acquisition of CALuminium.

(d) Internal Restructuring

Upon completion of the Acquisitions, CAM has also implemented internal restructuring exercises whereby the subsidiaries of CALuminium have been transferred to CAM for a cash consideration equivalent to the NTA of the respective subsidiaries as at 31 December 2000. The respective NTA of the subsidiaries of CALuminium as at 31 December 2000 and the consideration payable are as follows:-

Company	NTA as at 31 December 2000 RM	CALuminium interest %	Cash consideration payable by CAM to CALuminium RM
CMelamine	5,764,393	92.65	5,340,710
AEMkt	1,307,950	100.00	1,307,950
			6,648,660

The consideration for the Internal Restructuring will remain as an inter-company balance between CAM and CALuminium.

On 14 January 2002, the Internal Restructuring was completed and CMelamine and AEMkt became direct wholly-owned subsidiaries of CAM.

(e) The Special Issue

CAM will implement a special issue of 5,185,000 new Shares which are payable in full upon application to Bumiputera investors who are approved and recognised by MITI at an issue price of RM1.38 per Share.

The 5,185,000 new Shares arising from the Special Issue will rank pari passu in all respect with each other and with the existing Shares.

5. INFORMATION ON THE CAM GROUP (Cont'd)

(f) The Restricted Offer for Sale

The Offerors will undertake a restricted offer for sale of 7,115,000 Shares at an offer price RM1.38 per Share to Bumiputera investors approved and recognised by MITI. The details of the Offerors are as follows:-

Name of Offeror	No. of Offer Shares	% of enlarged issued and paid-up share capital of CAM
Lee Chin Yen	1,265,000	3.09%
Tan Hong Cheng	1,265,000	3.09%
Hia Wan Kiga	1,265,000	3.09%
SSL	3,320,000	8.10%
Total	7,115,000	17.37%

The 7,115,000 Shares arising from the Offer for Sale will rank pari passu in all respect with each other and with the existing Shares.

(g) The Public Issue

CAM will implement a public issue of 6,150,000 new Shares which are payable in full upon application to the eligible employees of the CAM Group and the Malaysian public at an issue price of RM1.38 per Share. The 6,150,000 new Shares arising from the Public Issue will rank pari passu in all respect with each other and with the existing Shares.

(h) The Listing

The entire enlarged issued and paid-up share capital of CAM after the Restructuring Exercises, Public Issue and Special Issue comprising 41,000,000 Shares will be admitted into the Official List of the KLSE and listed on the Second Board of the KLSE.

The Special Issue, Restricted Offer for Sale and Public Issue will be implemented simultaneously as part of the initial public offering of CAM.

5.1.4 Subsidiaries and Associated Companies

Details of the subsidiaries of the Group, all of which were incorporated in Malaysia, as at the date of this Prospectus, are as follows:-

Name of company	Date of incorporation	Authorised share capital RM	Issued and paid-up share capital RM	Effective interest held by CAM %	Principal activities
CAuminium	10.01.79	3,500,000	3,022,475	100	The manufacturing and trading of aluminium and stainless steel kitchen ware/sinks and stainless steel kitchen knives
CMelamine	16.08.88	500,000	490,005	100	The manufacturing and trading of melamine table ware
AEMkt	21.08.89	500,000	450,005	100	The sale and distribution of aluminium and stainless steel kitchen ware/sinks, stainless steel kitchen knives and melamine table ware

As at the date hereof, CAM does not have any associated companies.

5. INFORMATION ON THE CAM GROUP (Cont'd)

Further information on the subsidiaries of CAM is as follows:-

(a) CALuminium

(i) Incorporation

CALuminium was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 10 January 1979 under its present name of Central Aluminium Manufactory Sdn. Bhd.

(ii) Principal Activity and Business Overview

CALuminium is principally engaged in the manufacturing and trading of aluminium and stainless steel kitchen ware/sinks and stainless steel kitchen knives. CALuminium commenced operations in 1975 when Lee Chin Yen, Tan Hong Cheng and others formed a partnership to manufacture aluminium household products. In 1979, CALuminium was formed to take over the business of the partnership.

In 1984, CALuminium set up an in-house melting and casting facility to further improve its profit margin. The maximum capacity of this facility is approximately 145 metric tonnes of aluminium plates and circles per month. In 1984, CALuminium ventured into the production of aluminium and stainless steel sinks, in a move to expand its operations and diversification. In 1992, the company further ventured into the production of stainless steel kitchen knives in an effort to complement its wide range of kitchen ware and table ware. In 1993, CALuminium's range of products was further enhanced by the commencement of the production of a wide range of stainless steel kitchen ware.

On 27 October 2000 and 21 November 2000, CALuminium acquired the Machines which can produce various kinds of higher end kitchen ware. The maximum capacity of the Machines is approximately 60 metric tonnes per month.

(iii) Share Capital

The authorised share capital of CALuminium is RM3,500,000 comprising 3,500,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of CALuminium as at 30 November 2001 is RM3,022,475 comprising 3,022,475 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of CALuminium since its incorporation are set out below:-

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
10.01.79	4	Subscribers' shares	4
18.06.79	399,996	Cash	400,000
15.11.79	100,000	Cash	500,000
16.05.81	140,000	Cash	640,000

5. INFORMATION ON THE CAM GROUP *(Cont'd)*

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
16.05.83	64,000	Bonus issue on the basis of 1 for 10	704,000
18.12.84	704,000	Bonus issue on the basis of 1 for 1	1,408,000
18.12.84	60,000	Cash	1,468,000
25.08.89	144,040	Cash	1,612,040
30.10.92	887,960	Cash	2,500,000
01.12.00	261,500	Acquisition of the Machines	2,761,500
01.12.00	260,975	Acquisition of the Machines	3,022,475

(iv) Major Shareholder

CAluminium is a wholly-owned subsidiary of CAM.

(v) Subsidiary and Associated Company

As at the date hereof, CAluminium does not have any subsidiary nor associated companies.

(vi) Profit and Dividend Records

Please refer to the Accountants' Report in Section 11 of this Prospectus.

(b) CMelamine

(i) Incorporation

CMelamine was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 16 August 1988 under its present name of Central Melamineware Sdn. Bhd..

(ii) Principal Activity and Business Overview

CMelamine is principally engaged in the manufacturing and trading of melamine table ware. The company operates its manufacturing activities from a single storey factory located at Railway Wharf, Jalan Maharaja Lela, Teluk Intan, Perak. The factory has been leased from the Malayan Railway Administration since 1980 and the lease is due to expire on 30 April 2003.

(iii) Share Capital

The authorised share capital of CMelamine is RM500,000 comprising 500,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of CMelamine as at 30 November 2001 is RM490,005 comprising 490,005 ordinary shares of RM1.00 each.

5. INFORMATION ON THE CAM GROUP *(Cont'd)*

The changes in the issued and paid-up share capital of CMelamine since its incorporation are set out below:-

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
16.08.88	5	Subscribers' shares	5
31.12.90	200,000	Cash	200,005
17.07.93	240,000	Cash	440,005
30.08.95	50,000	Cash	490,005

(iv) Major Shareholder

CMelamine is a wholly-owned subsidiary of CAM.

(v) Subsidiary and Associated Company

As at the date hereof, CMelamine does not have any subsidiary nor associated companies.

(vi) Profit and Dividend Records

Please refer to the Accountants' Report in Section 11 of this Prospectus.

(c) AEMkt

(i) Incorporation

AEMkt was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 21 August 1989 under the name of Central Aluminium Manufactory (Sabah) Sdn. Bhd.. It changed its name to CAM Marketing Sdn. Bhd. on 5 August 1995 and assumed its present name of Advance Eagle Marketing Sdn. Bhd. on 28 February 2000.

(ii) Principal Activity and Business Overview

AEMkt is principally engaged in the sale and distribution of aluminium and stainless steel kitchen ware/sinks, stainless steel kitchen knives melamine table ware and other household products not manufactured by the Group. Upon its incorporation, AEMkt commenced operations in Tawau, Sabah, serving as a marketing arm for CALuminium and CMelamine to retailers of household products. In 1993, the company temporarily ceased operations due to high operating costs and subsequently resumed operations in September 1995. In addition, AEMkt also operates through 3 branches located in Teluk Intan, Alor Setar and Johor Bahru.

(iii) Share Capital

The authorised share capital of AEMkt is RM500,000 comprising 500,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of AEMkt as at 30 November 2001 is RM450,005 comprising 450,005 ordinary shares of RM1.00 each.

5. INFORMATION ON THE CAM GROUP (Cont'd)

The changes in the issued and paid-up share capital of AEMkt since its incorporation are set out below:-

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
21.08.89	5	Subscribers' shares	5
31.12.90	50,000	Cash	50,005
11.06.99	400,000	Cash	450,005

(iv) Major Shareholder

AEMkt is a wholly-owned subsidiary of CAM.

(v) Subsidiary and Associated Company

As at the date hereof, AEMkt does not have any subsidiary nor associated companies.

(vi) Profit and Dividend Records

Please refer to the Accountants' Report in Section 11 of this Prospectus.

5.2 BUSINESS OVERVIEW AND FUTURE PROSPECTS

The Directors are of the opinion that given the Group's proven track record and its experienced team of key management, the Group is expected to continue to sustain its growth.

5.2.1 Business Dynamics

(i) Wide Range of Products

The products manufactured and distributed by the Group can be categorised as follows:-

- (a) aluminium kitchen ware, e.g. cake tins, trays, bowls, plates, cooking and table pots, kettles, food carriers, water cans and basins;
- (b) stainless steel kitchen ware, e.g. cooking and table pots, saucepans, bonding base source pans, trays, mugs, food carriers, basins, dutch oven and bonding base dutch oven;
- (c) melamine table ware which includes plates and bowls;
- (d) an assortment of kitchen knives varying in size and function; and
- (e) aluminium and stainless steel kitchen sinks.

Presently, the Group manufactures aluminium and stainless steel kitchen ware which are marketed under the brand names of "Eagle" and "CAM". "Eagle", a registered trademark, has been in the market for about 26 years and is well-known among households, restaurateurs and hoteliers. The Group also manufactures aluminium and stainless steel kitchen sinks to cater mainly for the housing industry which are marketed under the brand name of "CAM" and the registered trademark, "Pristile". CAM's sinks are available in twenty three (23) models.

5. INFORMATION ON THE CAM GROUP (Cont'd)

In an effort to further complement its wide range of kitchen ware and table ware, the Group ventured into the production of stainless steel kitchen knives in 1992. These knives are sold under the registered trademark "Kiwi" and "Double Goat" brands. "Double Goat" brand is still pending registration.

With the acquisition of the Machines, CALuminium has ventured into higher value added stainless steel kitchen ware such as dutch oven pots with bonding base and source pans with bonding base. The products are targeted at high income group markets in Malaysia and the export markets.

In 1988, the Group via CMelamine ventured into the production of melamine table ware. This table ware is marketed under the registered trademark of the Group, "Eagle" and is suitable for households and catering businesses. At present, CMelamine's products are available in 16 colours and 11 different designs.

CMelamine produces a wide range of table ware. This includes dinner sets, soup bowls, ladles, ashtrays, kiddy sets, etc. Each comes either with individual designs and/or plain colours, as well as in different sizes and shapes to suit the varying tastes of its customers.

Besides being marketed locally, the Group also markets its products in countries such as Singapore, Brunei, Japan, Sri Lanka, Bangladesh, South Africa, Indonesia and United Arab Emirates.

(ii) Market

Geographical location

The Group serves both the domestic and export markets. At present, its products are exported to Singapore, Sri Lanka, the United Arab Emirates, Japan, Bangladesh, South Africa, Brunei and Indonesia. The Group has set up marketing branches in Johor Bahru, Teluk Intan, Alor Setar and a manufacturing branch in Alor Setar and a show room cum sales representative office in Petaling Jaya to enhance its marketing network in both the southern and northern regions of Malaysia and neighbouring countries such as Singapore, Indonesia and Thailand.

In addition, as part of its expansion plans, the Group has also expanded its production to high value added kitchen ware and kitchen sinks to capture high end markets in Malaysia and developed countries such as Canada, USA and Europe. The Group also plans to set up sales offices in various countries such as Bangladesh and Indonesia.

For the financial period ended 31 July 2001, the percentage of sales to the export market is as follows:-

Export Market	Percentage of export against the total sales of the Group for the seven (7) months financial period ended 31 July 2001
Indonesia	4.5%
Singapore	3.9%
Bangladesh	1.7%
Sri Lanka	1.5%
Canada	1.0%
Others	4.1%

5. INFORMATION ON THE CAM GROUP (Cont'd)

Users

The current main users of the CAM Group kitchen ware products comprise mainly the middle to lower income groups, which form a major portion of the Malaysian population and countries such as Indonesia and Sri Lanka. The new high value added kitchen ware and kitchen sink will target the high income group in Malaysia and also developed countries.

(iii) Product Quality*Kitchen sinks/Kitchen ware*

The Group takes pride in manufacturing quality products. For instance, CALuminium fashions its stainless steel products from top grade Japanese and Korean stainless steel sheets using a hydraulic deep drawing machine with automatic washing, polishing process. This results in quality products with a superior finish.

CALuminium is adopting a new technology in producing the "forged encapsulated impact bonded bottom" (or "Sandwich Technology") for its pots and pans. This Sandwich Technology makes use of 3 alternative layers of stainless steel, aluminium and another layer of stainless steel. The heat diffusing properties of the aluminium mean that:-

- (a) energy is saved and it heats evenly from edge to edge and all across the cooking surface;
- (b) heat spreads quickly and evenly to eliminate hot spots; and
- (c) there is better cooking control and less scorching and burning.

Melamine table ware

CMelamine manufactures its melamine table ware using a non toxic compound such as cellulose and mineral-filled melamine formaldehyde compound called LONGLITE MEJ, which are not only durable and dishwasher safe but also complies with the Food Hygiene Quality Standard established by the Japanese Ministry of Health and Welfare. CMelamine's products are suitable for both households and catering businesses as they are non-toxic, durable, and resistant to scratch, heat, acid, alkali and organic solvents.

The melamine products are processed by compression moulding. This means that under heat and pressure, the resin is softened and funnelled into a desired mould and cures to a solid, infusible and insoluble state through a process of chemical reaction.

This process is called performing. To achieve a better effect in the performing system, CMelamine has standardized the loading weights for each product. That is, first, the number of tablets (as performed material is known) with different sizes and weights should be minimized, and second, every mould should be designed that the loading weight for each item is a multiple of the weight of the tablets.

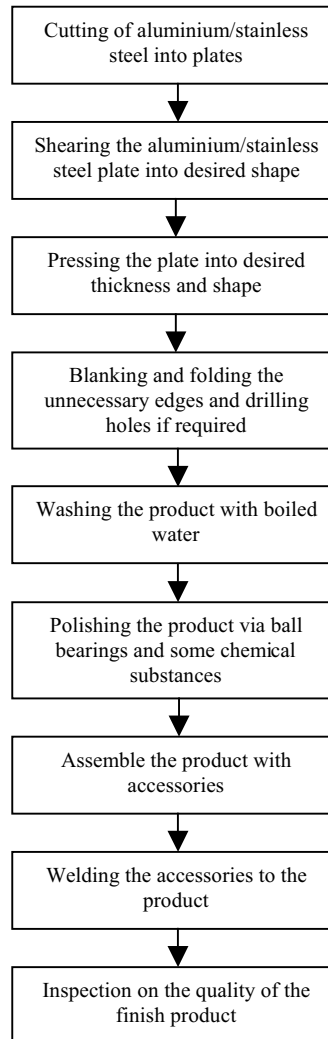
At CMelamine, each moulding process is performed under strict supervision as overheating may decrease the flowability, resulting in misshapen products. When processed following this strict standard, the end result is a high quality melamine product.

5. INFORMATION ON THE CAM GROUP (Cont'd)

The Group's manufacturing processes are also designed such that they support the Group's drive for quality. CALuminium and CMelamine have complied and have been awarded ISO9002 International Standards certification on 10 March 1999 and 30 May 1998 respectively.

(iv) Production

The production processes for the manufacturing of aluminium/stainless steel products are as follows:-



5. INFORMATION ON THE CAM GROUP (Cont'd)

5.2.2 Competition Dynamics**(i) In-house aluminium melting and casting facility**

The Group, via CALuminium, has an in-house melting and casting facility, established since 1984. This internal facility confers the following competitive advantages to the Group:-

Constant supply of aluminium plates and circles

By having an in-house melting and casting facility, the Group is not only assured of a constant and reliable supply of aluminium plates and circles but also better delivery lead times. This facility also renders the Group an added advantage in terms of size flexibility as the Group is able to produce aluminium plates and circles according to its requirements. This advantage is of utmost importance as it provides the Group with the necessary primary materials to manufacture complete kitchen ware sets and market them at favourable prices. At present, there is no fear of a shortage of raw materials such as aluminium ingots and used aluminium products for the melting and casting facility as these materials are available in abundance abroad and locally respectively. The Group currently sources its aluminium ingots from Australia and South Africa.

Used aluminium products are sourced from local secondhand dealers. CAM does not rely heavily on any single supplier and the Group has alternative sources of suppliers in place so that production will not be affected. CALuminium also produces its own accessories for use in the making of its aluminium kitchen sinks and kitchen ware products.

Pricing

The in-house melting and casting facility gives the Group an edge in terms of product pricing. By producing its own aluminium plates and circles, the Group is able to price its aluminium kitchen ware sets more competitively compared to the other manufacturers who source externally processed aluminium plates/circles from third party suppliers thus incurring higher raw material costs. In addition, the Group is also able to further reduce its production cost by recycling the excess metal scraps from its shearing process and spoilage that are damaged during the production process. The cost savings attained by the Group through these activities are passed on to its customers via lower product pricing.

(ii) Engineering and Development ("E&D")

This E&D department does not only boost production efficiency, through the engineering division which specialises in the modification of machinery for the aluminium and stainless steel lines, but also confers upon the Group the competitive edge to consistently design products that meet their customers' requirements. Besides, moulds and dies are also made within the Group and this cut down the time lag involved in using outside suppliers.

CALuminium presently has an in-house E&D facility within its Engineering and Maintenance Division. The E&D department designs, improves and develops existing/new products, in addition to fabricating and modifying machines for CALuminium. There are currently 28 employees in the Engineering and Maintenance Division and E&D is carried out on an on-going basis, in line with the Group's continuous improvement programme to improve product quality and also to introduce new products. For the seven (7) months financial period ended 31 July 2001, the total cost incurred in this Division amounted to approximately RM370,000.

5. INFORMATION ON THE CAM GROUP (Cont'd)

For the financial year ending 31 December 2002, the Group plans to allocate approximately RM700,000 for its E&D activities. The Group intends to extend these activities to the entire Group's operations.

(iii) Investment in High Technology Machinery

The Group acquired an imported high end plant and machinery in December 2000 ("Machines"). The Machines included an impact bonding machine, auto polishing machine and an auto washing machine and are capable of producing high value added stainless steel pots and pans with forge encapsulated impact bonded bottoms. At present, the Board believes that CAM is one of the very few manufacturers in Malaysia capable of producing these products.

(iv) Distribution Network

At present, the Group distributes its products via approximately 380 wholesalers and approximately 730 retailers. The wholesalers are served directly by CALuminium and AEMkt through its head office in Hutan Melintang while the retailers are supported by CMelamine and AEMkt through its 3 branches based in Teluk Intan, Alor Setar and Johor Bahru. The Group has established itself throughout Malaysia with distribution networks in both East and West Malaysia via AEMkt and through these wholesalers. This well established distribution network, coupled with the Group's long relationship with most of its wholesalers indicates the Group's commitment and dedication to customer service. The strategically located Alor Setar and Johor Bahru branches will also play the function of supporting the neighboring countries' sales.

By distributing its products through both wholesalers and AEMkt, the Group is not only able to serve a wider market without having to bear the additional administration costs, but also gain direct access to vital market information and reduce the risk of undue reliance on a limited group of wholesalers.

Further, the Group is planning to set up sales offices in Indonesia and Bangladesh and is also looking to appoint dealers in Thailand, the Philippines, Hong Kong and Vietnam to market its products within the region.

(v) Financing

The Group's cash flow is generally sound with the unutilised financing lines available and its relatively low gearing level. It will be further strengthened from the proceeds from the Public Issue and the Special Issue. As such, the Group is able to finance its future market/production expansion and also its product development plans.

(vi) Reputation

The business of CALuminium has been in existence for approximately 26 years. Its brand names such as "Eagle", "Pristile" and "CAM" are well recognised household names in Malaysia and are available at most retail stores and departmental stores throughout Malaysia.

(vii) Recycling

CALuminium's melting and casting facility make use of used aluminium products purchased from outside sources. Approximately 30% of total CALuminium's raw materials purchased for the first seven (7) months of year 2001 were recycled from used aluminium products.

5. INFORMATION ON THE CAM GROUP (Cont'd)

In addition, CALuminium also makes use of processes offcuts from its own production. Hence, waste is minimised and costs are kept down. CAM's recycling of used aluminium helps in preserving the environment.

(viii) Management Quality

The Group's management team consists of professional managers with qualifications and extensive experience in their respective fields. The Group has a good balance of specialist skills in areas such as operations, engineering, finance and business. The Group's charted growth can be mainly attributed to its management, under the guidance and direction of its Board of Directors. The combined business acumen and vast experience of the Group's management in the kitchen ware and table ware industry augurs well for the future direction and growth of the Group.

CALuminium and CMelamine have been awarded ISO9002 Certificates on 10 March 1999 and 30 May 1998 respectively in recognition of their processing system.

(ix) Employees

As at 30 November 2001, the CAM Group has a total of 620 employees, none of whom belongs to any union and they enjoy a cordial relationship with the management and there has been no major industrial dispute. The breakdown of the total number of employees into categories and the average number of years of service as at 30 November 2001 are as follows:-

Category	Total number of employees	Average number of years of service
Managerial and professional	22	6
Technical and supervisory	81	6
Clerical	42	3
Factory workers	475	4

The training and development programmes undertaken by the CAM Group for the period from 1 January 2001 up to 30 November 2001 are as follows:-

Type of programme	No. of programmes Completed
Managerial	3
Others	1
Total	<u>4</u>

(x) Management Succession Plan

The key management team recognised the need to ensure continuity in management of the CAM Group in order to maintain its competitive edge over the competitors. In this regard, CAM Group's human resource policies include training of its personnel so as to groom the lower and middle management staff to gradually assume the responsibilities of the senior management and as part of its employees' career advancement programme.

To facilitate the development of its staff, CAM Group's functions have been divided into four (4) divisions, namely E&D, Marketing, Production and Finance and Accounts department.

5. INFORMATION ON THE CAM GROUP (Cont'd)

(a) E&D Department

The improvement of technology and innovation of products means that CAM Group will not only need to keep abreast of the latest development in the market but also to forge ahead in order to remain competitive with other players in the industry. In this respect, the E&D Department is headed by its Executive Chairman, Lee Chin Yen, whose responsibilities would include product development and E&D activities of CAM Group. Currently, the E&D Department of CAM Group comprises five (5) senior mechanics together with twenty three (23) other staff in E&D Department.

(b) Marketing Department

The marketing activities of CAM are carried out by its Managing Director, Tan Hong Cheng and is assisted by a Sales Manager, four (4) executives and thirteen (13) sales representatives.

(c) Production Department

The Production Department is an important component as CAM Group is essentially a manufacturing company. Lee Poh Choo and Tan Kim Hong both hold the position of Executive Director of CAM and Factory Manager for CALuminium and CMelamine respectively. They are responsible for overseeing the overall production processes/operations of CAM Group as well as maintaining strict quality control to ensure total customer satisfaction.

(d) Finance and Accounts Department

The Finance and Accounts Department is led by Teoh Eng Wah. He is in charge of financial management, budgetary controls and implementation of accounting and internal control procedures. He is assisted by a Finance Manager and five (5) accounts staff in the Finance and Accounts Department.

5.2.3 Customers

As at 31 July 2001, the Group has a portfolio of established and loyal customers, totalling to approximately 380 wholesalers and approximately 730 retailers. Some of these customers have been with the CAM Group since 1983. Out of the CAM Group's top 10 customers, approximately 60.0% have been with the Group for five (5) or more years as at 31 July 2001. None of the external customers contributed more than 4% of the total sales to the Group for the financial period ended 31 July 2001. Even though the Group does not have any formal long term supply contracts with its customers, the long historical business relationship of the Group with its customers reflects the Group's established reputation.

Essentially, the customer base of the CAM Group is divided into two (2) categories, namely:-

- (a) **Wholesalers:** These are the customers who buy CAM's products in bulk and repackage and sell to smaller traders; and
- (b) **Retailers:** These are the customers who buy CAM's products and resell to end users customers.

5. INFORMATION ON THE CAM GROUP (Cont'd)

5.2.4 Suppliers

The Group has been fortunate in that it has enjoyed good and long-standing (ranging between 6 to 11 years) relationships with the majority of its major suppliers as at 31 July 2001. None of the suppliers contributed more than 10% of the total purchases to the Group for the seven (7) months financial period ended 31 July 2001.

5.2.5 Government Incentives

In a move to encourage the growth of Malaysian brand names, the Malaysian Government has in its 1995 National Budget allowed tax deductions on promotional items with company logos together with other incentives aimed at facilitating and accelerating efforts to promote Malaysian brand names abroad. In 1999 National Budget, the criteria for the eligibility of these incentives are as follows:-

- (a) the company is a company incorporated in Malaysia and at least 70 per centum of the issued share capital of the company is Malaysian owned;
- (b) the company is the registered proprietor of the Malaysian brand name used in the advertisement;
- (c) the Malaysian brand name goods are of export quality;
- (d) the expenditure incurred in advertising the Malaysian brand name goods must be incurred within Malaysia; and
- (e) the expenditure incurred in advertising the Malaysian brand name goods must be of a kind allowable under section 33 of the Income Tax Act, 1967.

In addition to the above, 2002 National Budget also introduced further incentives to promote Malaysia brands in international markets by allowing advertising cost for Malaysia brand names registered overseas and professional fees paid to Malaysia brand management companies be given double tax deduction. Reinvestment allowance is also proposed in the 2002 National Budget to be extended from five (5) years to fifteen (15) years.

(Source : The 2002 Budget Speech, 19 October 2001)

CALuminium and CMelamine have participated in this program to promote their products overseas. This shows that the Group is targeting more export markets and that it is adopting a more aggressive and pro-active marketing approach in selling its products in overseas market.

CALuminium on the other hand has, over a period of approximately 26 years, consistently developed the "Eagle" brand by providing quality products since its inception as a partnership in 1975. This has provided brand recognition and brand loyalty among its customers, and will generally allow the ease of introducing other products and accessories by CALuminium under the same brand.

The Group is preparing itself to face future challenges, such as the ASEAN Common Effective Preferential Tariff Scheme, by striving to be more efficient in its manufacturing process.

5.2.6 Future Plans of the Group

CAM's main growth strategies are to strengthen its existing operations, expand its existing markets and to push for the export markets on both its existing range of products and its higher end products range. Emphasis will continue to be placed on improving product quality and developing new products that meet the needs and requirements of customers. Included amongst the future plans of the Group are the following:-

5. INFORMATION ON THE CAM GROUP (Cont'd)

(i) Modernisation and Expansion

With the view to increase market competitiveness, the Group intends to invest approximately RM3.2 million and RM1.0 million in the acquisition/building a new factory in Alor Setar and/or any other suitable location and to construct an extension to the existing factory in Hutan Melintang respectively.

The Group plans to relocate and re-arrange its stainless steel kitchen ware production facilities to the new factory in Alor Setar and/or any other suitable location and to re-arrange kitchen sinks and aluminium and kitchen ware production in the existing factory in Hutan Melintang. Both factories will be re-arranged into one line production process. Production flow time is expected to shorten and the spoilage is expected to reduce. On top of that, the quality of the product will be further improved and the delivery lead-time will also be reduced. The improved efficiency will also translate to reduction in production cost and provide better customer satisfaction.

CMelamine will invest approximately RM1.0 million to build a new factory in Hutan Melintang and relocate its production there. This will provide CMelamine's ample space for future expansion.

As a gradual step towards the modernisation of its manufacturing activities, the Group intends to purchase an automatic polish machine. This machine will improve the product finishing and also enhance the efficiency in the production process. Besides buying this new machinery, the Group is planning to embark on a modern production process by implementing an automatic production line which is expected to enhance the Group's production efficiency. This is a crucial move as the Group anticipates higher demand when it targets for more export in the future.

(ii) Engineering and Development ("E&D")

CAM has identified two new products that the Group will research, design and manufacture in the future, namely electrical water boiler, electrical kettle, stainless steel single bowl and double bowl insert sink.

(iii) Management Information System ("MIS")

The management also recognises the importance of an effective MIS. The Group computer systems have been upgraded to include local network system to prepare for the current and future challenges.

(iv) Human Resource Development

Human Resource Development will continue to be given priority in the quest for productivity-driven growth in the Group. Hands-on training will continue to be provided in-house. In addition to this, the employees of the Group will also be given the opportunity to attend courses and seminars, where applicable, to upgrade their accounting, technical, engineering and management skills.

5. INFORMATION ON THE CAM GROUP (Cont'd)

(v) Market and Business Development

CAM will continue to intensify its marketing efforts to strengthen its market share, especially in the high-end and export markets. In this respect, the Group will channel its efforts in strengthening its market competitiveness. For the seven (7) months financial period ended 31 July 2001, approximately 16.7% of its turnover amounting to approximately RM4.5 million was derived from export sales.

The Group is seeking to achieve the following:-

(a) Strategy to strengthen local market share

- Launch new products and improve the quality of the existing products. The Group has moved into producing high value added products such as the stainless steel pots, pans with bonding base, stainless steel sinks with double bowl, double bowl with drainage and insert sinks;
- Maintain market share by increasing the number of distribution outlets for the local as well as reducing delivery lead-time to improve customer satisfaction;
- Create brand awareness by advertising in local well circulated newspapers and business magazines. The Group will also introduce its range of products via products catalogue and display signboards in strategic location throughout Malaysia;
- Use local direct sales companies to market and sell its products. The Group has identified a few direct sales companies for this purpose; and
- Personal selling in shopping malls and other public areas. This will allow the Company to explain the products benefits to prospective customers and also collect useful information on competitors' products.

(b) Strategy to capture export market

- Introduce new middle to high end products to new export market such as Canada, South Korea, USA and Europe. Details of the new products, main target markets and the expected launch dates are discussed below;
- Set up sales office and distribution centre in Bangladesh and Indonesia. This will provide better customer service, reduce lead time to customers and provide crucial feedback from foreign customers;
- Participate in overseas trade fairs to promote its products, especially in the Europe and United States; and
- Set up a web site to introduce the Group's products to the international market.

5. INFORMATION ON THE CAM GROUP (Cont'd)

Some of the Group's new products developed/under development are as follows:-

Description	Main target markets	Launched/Expected launch date
Electrical water boiler and electrical kettle	Asia, Middle East and Malaysia	January 2002/July 2002
Stainless steel single bowl and double bowl insert sink	Asia, Middle East, high-end residential in Malaysia	June 2002/ September 2002

5.2.7 Prospects of the Group

The Group's prospects are expected to be bright due to the following factors:-

- the growth of the Group due to the continuous product development of the Group and its effort in entering new market;
- the continued growth of the housing sector mainly fuelled by establishment of new townships (e.g. Putrajaya, Cyberjaya) and improved highway network; and
- there is a big replacement market for melamine ware products from the existing users of plastic plate or chinaware, such as hawker stalls and coffee shops.

5.3 INDUSTRY OVERVIEW AND OUTLOOK

5.3.1 Introduction

The principal activities of the CAM Group comprise mainly the manufacture and trading of kitchen ware, kitchen sink and melamine table ware. Given its principal activities and the market in which the Group's products are being sold to, the Group's future prospects are closely linked to the general domestic and other relevant economic conditions and outlook of the housing sector and to some extent to the economic condition of the countries that it ultimately exports its products to.

5.3.2 Overview of the Malaysian Economy

The performance of the Malaysian economy in 2001 has been adversely affected by the greater-than-expected slowdown in the world economy, particularly in the United State ("US") as well as the continuing weak performance of the Japanese economy. The September 11 attack on the US has led to greater uncertainties with respect to the severity and duration of the recovery in the US. There are concerns on the risk of the US economy entering into a recession and its contagion on other industrialised and developing economies. In the light of the more difficult environment, real Gross Domestic Product ("GDP") growth of the Malaysian economy is projected to grow by 1-2% for 2001.

All major sectors are expected to be adversely affected by the slower growth in the economy, particularly manufacturing which is estimated to record a sharp deterioration in output growth. The steep decline in value added of the manufacturing sector has, however, to some extent been offset by the better performance from the agriculture, construction and services sectors. The services sector has provided the lead in the growth of the economy on account of better performance of government services and other services sub-sectors. In the construction sector, fiscal stimulus efforts by the Government, particularly for infrastructure projects coupled with the construction of low-cost and medium-cost residential houses, have contributed towards its higher growth. In the agriculture sector, the higher output from palm oil has resulted in a higher rate of growth for the sector.

5. INFORMATION ON THE CAM GROUP (Cont'd)

Private consumption spending is expected to expand by 4.1% (2000:16.4%). This is on account of the slight contraction in private sector's disposable income attributable to the lower corporate earnings of the export-oriented industries and the negative wealth effect from the subdued stock market as well as greater uncertainties in employment prospects, which have led to more cautious consumer sentiment. To promote private consumption, the Government has introduced several measures in Budget 2001, including providing higher tax rebates to individual taxpayers, relaxing Government employees' eligibility for car loans, reducing employees' contribution to the Employees Provident Fund as well as removing the RM50 charge on credit cards.

Malaysia's economic growth continues to be achieved within an environment of low inflation and unemployment. Inflation remains subdued and stable largely on account of the moderation in private sector demand as well as measures implemented by the Government to contain price increases. In spite of higher retrenchments, the nation still enjoys full employment.

(Source: Malaysian Economic Report 2001/2002)

5.3.3 Global Economy

Global growth slowed down considerably in 2001, led by a marked downturn in the major industrialised economies. The pace of growth in these economies began to slow down, notably in the US during the second half of 2000. The steeper-than-anticipated slowdown in the US, dismal performance of the Japanese economy as well as weakening domestic demand growth and consumer confidence in Europe have contributed to the global slowdown. The prospects for an early recovery of the US and global economy have become more uncertain with the attack on the US on 11 September and the military operations by the US and its allies to combat terrorism.

Before the attack on the US, a moderate recovery was anticipated, particularly for the US economy in early 2002, with downward pressure on global growth projected to ease in the fourth quarter of 2001. The projected recovery was based on several factors including the easing of fiscal and monetary policies in most industrial countries, the abatement of oil and commodity prices and improved consumer sentiment. However, the economic and financial implications of the recent incident in the US, which adversely affected consumer confidence and investor sentiment, has raised the degree of uncertainty about an early rebound in global growth.

(Source: Malaysian Economic Report 2001/2002)

5.3.4 Overview of the Kitchen Sink Industry

Kitchen sink is pre-installed in almost all newly built houses. For medium range to low-cost houses, Malaysian made aluminium and stainless steel sinks are preferred as these are readily available and cheaper compared to imported kitchen sinks.

The main market potential for kitchen sinks is in new residential construction. Kitchen sinks are fitted as part of the fixtures in virtually every residential housing type before they are occupied. For this type of installation, locally manufactured kitchen sinks are preferred because they are cheaper than imported sinks and are readily available in large numbers.

As far as low to medium cost housing is concerned, developer usually use the cheapest product unless otherwise specified. Although architects are responsible for specifying the type of materials to be used, usually the decision is based on price. Hence, local manufacture of kitchen sink has the advantage over the imported products.

5. INFORMATION ON THE CAM GROUP (Cont'd)

Notwithstanding the economic situation in recent years, the construction of residential property remains active. This is the main driver of demand for kitchen sinks. Under the Seventh Malaysia Plan (1996-2000) a target of 800,000 units was set. Please refer to Section 5.3.5 of this Prospectus.

(Source : Econsearch Research Report dated 14 December 2000)

5.3.5 Overview of the Housing Sector

As the demand for kitchen sinks is mainly derived from the construction sector, the future prospects of this kitchen sink sector is very much dependent on that of the construction sector, in particular, that of residential construction.

According to the Economic Report 2000/2001, the construction of low and medium cost houses (see Table 1 below) continues to be supported through the Government's housing programmes. Various funds were set up for low-cost housing, including the Fund for Hard Core Poor, Fund to Accelerate the Construction of Low-Cost Housing, and the Revolving Fund for Low-Cost Housing.

Through the National Housing Department (SPN), a budget of RM1 billion was allocated in the 2001 budget for low-cost houses. The aim of the project is to wipe out the squatter problem nationwide by 2005. On the other hand, another RM1.3 billion was allocated to the Abandoned Housing Project Rehabilitation Fund, to revive such projects nationwide.

The Government has projected a total of 800,000 houses to be built under the Eighth Malaysia Plan ("EMP"). On top of the number proposed in the EMP, a further 230,000 low-cost houses were proposed by National Housing Council to be built by the various state Governments.

Table 1 : Housing Approval

	1995	1996	1997	1998	1999	2000
Housing approvals	113,183	115,540	188,400	194,092	183,041	*200,000

(Source: Bank Negara Malaysia)

Note:-

* *Estimated*

The figures below show the number of units of houses planned for construction under three consecutive Malaysia Plans. Targets were more than fulfilled in the Sixth Plan period with the private sector constructing some 563,000 units compared to the anticipated private sector achievement of 399,000 units. The private sector target for the Seventh Plan was 568,000 units, with the balance of 232,000 units to be constructed by public sector agencies.

	Target	Actually Constructed
Fifth Malaysia Plan - 1986 -1990	701,500	300,298
Sixth Malaysia Plan - 1991 - 1995	573,000	647,460
Seventh Malaysia Plan - 1996 - 2000	800,000	NA

Note:-

NA *Not available*

5. INFORMATION ON THE CAM GROUP (Cont'd)

Since CALuminium manufactures both aluminium and stainless steel kitchen sinks, they are in a good position to take advantage of the growth in the residential market for all level of housing, from low to high value.

(Source : Econsearch Research Report dated 14 December 2000)

5.3.6 Overview of the Kitchen Ware Industry

Kitchen ware includes cookware (pots and pans for cooking), as well as other utensils used in the kitchen (e.g. cake tins, mugs and teapots).

Kitchen ware are essential household items. Such items are found in all types of dwellings from the very top-end residential units, hotels, restaurants to squatter homes.

In recent years, consumers have become more selective in their choice of products. As consumers' disposable incomes have increased and a greater variety of products have become available, consumers have been able to fulfil a greater range of their needs.

Furthermore, there are those who are health conscious and more perceptive to the danger posed by low quality products or products that are hazardous to health, for example, kitchen ware using copper as a cooking surface or those using lead for glazing surfaces are less healthier. If enough copper leaks out, it can cause nausea, vomiting or diarrhoea, and regular exposure to lead, even at low levels, can cause damage to the nervous system. Hence, the demand for stainless steel cook ware is created.

(Source : Econsearch Research Report dated 14 December 2000)

5.3.7 Overview of the Melamine Table ware

Melamine table ware has unique properties, which makes it a popular choice in restaurants, food courts, stalls, hospitals, hotels, and even airlines. The table ware does not break easily and is chemical and dishwasher safe. It is also highly resistant to boiling water, greases, oils, acids, alkali, and solvents, and is odourless, tasteless and, most importantly, non-toxic. In addition, it has a fine appearance combined with a wide range of colours, shapes and sizes. Each melamine product is glazed to make it last longer.

The market situation for melamine table ware is good as most middle class restaurants and coffee shops prefer melamine over plastic (or chinaware) tableware. Melamine table ware appeals to consumers because it has a high quality finish and does not break easily.

On the other hand, there are those who still use plastic plates or china ware, such as hawker stalls and small coffee shops. These markets could be made aware of the advantages of melamine ware table ware over plastic ware and china ware.

(Source : Econsearch Research Report dated 14 December 2000)

6. INFORMATION ON MAJOR SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

6.1 Major Shareholders and Promoters

6.1.1 Major Shareholders' and Promoters' shareholdings in the Company

Details of the shareholdings of the major shareholders and promoters and their shareholdings in CAM before and after the Public Issue, Restricted Offer for Sale and Special Issue are as follows:-

Name	Before The Public Issue, Restricted Offer for Sale and Special Issue				After The Public Issue, Restricted Offer for Sale and Special Issue			
	<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->	
	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Lee Chin Yen	11,373,000	38.34	-	-	10,108,000	24.65	-	-
Tan Hong Cheng	8,967,000	30.23	-	-	7,702,000	18.79	-	-
Hia Wan Kiga	3,995,000	13.47	-	-	2,730,000	6.66	-	-

6.1.2 Profile

Name	Nationality	Address	Occupation
Lee Chin Yen	Malaysian	116, Taman Laxamana 36000 Teluk Intan Perak Darul Ridzuan	Executive Chairman
Tan Hong Cheng	Malaysian	2-A, Jalan Perlis Taman Kampar 36000 Teluk Intan Perak Darul Ridzuan	Managing Director
Hia Wan Kiga	Malaysian	Lot 2900, Batu 4 Jalan Maharajalela 36000 Teluk Intan Perak Darul Ridzuan	Non-Executive Director

Further details of Lee Chin Yen, Tan Hong Cheng and Hia Wan Kiga are set out in Section 6.2 of this Prospectus.

6.1.3 Major Shareholders' directorships and major shareholdings in other public companies for the past two (2) years

None of the major shareholders of CAM hold any directorships or shares in other public companies incorporated in Malaysia for the past two (2) years.

6. INFORMATION ON MAJOR SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

6.1.4 Changes in Major Shareholders and their shareholdings in CAM since the date of incorporation of CAM are as follows:-

Name	<-----As at 20 September 2000----->				<-----After the Acquisitions as at 7 January 2002----->			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of ordinary shares	%	No. of ordinary shares	%	No. of Ordinary shares	%	No. of ordinary shares	%
Subscribers	300,000	100	-	-	300,000	1.01	-	-
Lee Chin Yen	-	-	-	-	11,373,000	38.34	-	-
Tan Hong Cheng	-	-	-	-	8,967,000	30.23	-	-
Hia Wan Kiga	-	-	-	-	3,995,000	13.47	-	-
SSL	-	-	-	-	5,030,000	16.95	-	-
Tan Huat Seng	-	-	-	-	-	-	^{*i} 5,030,000	16.95
Tan Hoi Chon	-	-	-	-	-	-	^{*i} 5,030,000	16.95
	<u>300,000</u>				<u>29,665,000</u>			

Note:-

^{*i} Deemed interest their respective substantial shareholding of more than 15% in SSL.

6.2 Board of Directors

6.2.1 Profile

The details of the Directors of CAM are as follows:-

Lee Chin Yen, aged 53, was appointed the Executive Chairman of CAM on 29 December 2000. He was appointed the Managing Director of CALuminium in 1979, a Director of CMelamine in 1988 and AEMkt in 1989. A founding member and the driving force in the Group, he commenced his career in 1972 as an apprentice in Choo Chin Wah Company, a company principally involved in the manufacturing of aluminium in Thailand. After acquiring all the technical expertise, he returned to Malaysia in 1975 and formed a partnership with Tan Hong Cheng and others to manufacture aluminium household products in 1975. In 1979, this partnership was incorporated into a private limited company under the name of CALuminium and he was appointed the Managing Director. At present, he is also a committee member of a few associations in Teluk Intan, Perak.

Tan Hong Cheng, aged 53, was appointed as the Managing Director of CAM on 29 December 2000. He was appointed the Managing Director of CMelamine in 1988, a Director of CALuminium in 1979 and AEMkt in 1989. He began his career in Loke Hup Porcelain as a shop assistant. In 1975, he formed a partnership with Lee Chin Yen and others to manufacture aluminium household products. This partnership was subsequently incorporated as CALuminium. He has more than 20 years of experience in the manufacturing of aluminium and stainless steel products. At present, he also sits on the Board of Trustees in San Min Primary and Secondary School and Chong Min Primary School in Teluk Intan, Perak. He is also a committee member of the Chinese Chamber of Commerce in the Lower Perak District.

Hia Wan Kiga, aged 48, was appointed as a Non-Executive Director of CAM on 29 December 2000 and a non-executive director of CALuminium since 1999. He began his career as an apprentice in Sungai Besar Engineering Sdn. Bhd., a company involved in the engineering works. In 1975, he set up his own company under the name of Union Engineering Works Sdn. Bhd., a company principally involved in agriculture engineering. He is presently a committee member of a few local associations.

6. INFORMATION ON MAJOR SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Tan Kim Hong, aged 29, is the Executive Director of CAM at 15 January 2002 and Factory Manager of CMelamine. She joined the Group in 1993 as a clerk and subsequently promoted to her current position since 2000. She is responsible for overseeing the overall production processes and maintenance of product quality in CMelamine.

Lee Poh Choo, aged 27, is an Executive Director of CAM at 15 January 2002. She graduated from the Campbell University, USA in 1998 with a Bachelor's degree in Business Administration. She joined CALuminium in 1998 and was responsible for the area of MIS and Marketing. She was promoted to Factory Manager of CALuminium in December 1998. She is responsible for overseeing the overall production processes and maintenance of product quality in CALuminium.

Chai Moi Kim, aged 44, was appointed as the Independent Non-Executive Director of the CAM on 15 January 2002. He is a member of the Malaysian Association of Certified Public Accountants, the Malaysian Institute of Accountants and the Malaysian Institute of Taxation. He started his career in 1980 as an Articled Clerk with Razak & Co, and subsequently worked with several other established audit firms including an international audit firm until 1988. He left for FACB Resorts Berhad as the Group Accountant in 1989. In 1992, he joined MBf Holdings Berhad as a Senior Manager of the corporate department and subsequently moved to Nat Business Sdn. Bhd., a management services and consultancy company, as a Management Consultant in 1994. In 1995, he left Nat Business Sdn. Bhd. to set up his own audit practice, Kim & Co.. He also sits on the Board of two KLSE listed companies, namely Autoair Holdings Berhad and TAP Resources Berhad where he was appointed as Independent Non-Executive Director since 1997 and 2001 respectively. He also acts as Audit Committee Chairman for Autoair Holdings Berhad and is an Audit Committee Member for TAP Resources Berhad.

Azizul Bin Mohd Othman, aged 40, was appointed as a Independent Non-Executive Director of CAM on 15 January 2002. Presently, he is presently the General Manager of Institute Teknologi Perak. He was responsible for setting up an Islamic independent secondary school, know as Ma'ahad al Ummah in Chepor, Perak in 1989 and he was a Director of Kolej Premier from 1993 to 1998.

Chia Kay Joo, aged 55, was appointed as an Independent Non-Executive Director of CAM on 15 January 2002. He obtained a Bachelor's degree in Law from University of London in 1981 and called to the English Bar in 1982 and admitted as an advocate and solicitor in Malaysia in 1985. He has been practising in the legal profession for approximately 18 years. He was a High Court Interpreter from 1971 to 1981 and a judicial officer serving as the Magistrate at the Teluk Intan Magistrate Court from 1982 to 1984. He left the civil service to set up his own legal practice in 1985.

6.2.2 Directorship and/or major shareholdings in other public companies for the past two (2) years

Save as disclosed below, none of the Directors of CAM have any directorship and/or any substantial shareholdings in other public companies in Malaysia for the past two (2) years.

Name	Company	Date of appointment	Date resigned	Substantial direct shareholdings %
Chai Moi Kim	Autoair Holdings Berhad	1 October 1997	-	Nil
	TAP Resources Berhad	27 December 2001	-	Nil

6. INFORMATION ON MAJOR SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

6.3 Audit Committee

The details of the Audit Committee of CAM are as follows:-

Name	Designation	Directorship <input type="checkbox"/>
Chai Moi Kim	Chairman of the Committee	Independent and Non-Executive Director
Chia Kay Joo	Member of the Committee	Independent and Non-Executive Director
Tan Hong Cheng	Member of the Committee	Managing Director

6.4 Key Management

6.4.1 Profile

The details of the key management of the CAM Group are as follows:-

Teoh Eng Wah, aged 40, was appointed as account executive in 1995 and promoted to the Senior Operations and Finance Manager of CALuminium in 1997. He is currently responsible for the finance and accounting functions of the company. He graduated from the Edith Coven University, Perth, Australia in 1995 with a Bachelor's degree in Business, majoring in Accounting and Management Accounting. He also holds a Diploma in Management Studies from Edward International College, Perth, Australia. At present, he is also an associate member of the Australian Society of Certified Practising Accountants. He started his career in 1981 as a Technician in Architect Team 3, a firm of architects. Prior to joining CALuminium in 1995, he was the Sales Supervisor of SW Trading Sdn. Bhd., a company principally involved in the trading of kitchen utensils.

Mehbob Khan Bin Osman Khan, aged 51, is the Assistant Chief Production Supervisor of CALuminium. He joined the company in 1976 as a technician. In 1991, he was appointed as the Supervisor where he was responsible for the planning of the production output. Prior to joining CALuminium, he was attached to Teong Hin Plastic as a recorder. Having joined CALuminium for more than 20 years, he has vast experience in machine operations and production planning.

Chew Beng Huat, aged 46, was appointed the Maintenance Supervisor of CALuminium in 1978. He is currently the Maintenance Manager and is responsible for the casting of mould dyes and maintenance. In addition, he is also in charge of product design and the maintenance of machinery. Prior to joining the company in 1978, he was attached to Hilir Perak Engineering Workshop as a mechanic. He has more than 20 years of working experience in moulding and the maintenance of machinery.

Ng Swee Seong, aged 48, was appointed the Chief Mechanic of CALuminium in 1984. He joined the company in 1984 as the Head of the Mechanics and is currently responsible for the modification and fabrication of machinery for the forming process. He has more than 20 years of working experience in the designing of moulds and the maintenance of machinery, having gained experience at SEK Workshop and Ngai Heng Foundry where he was a mechanic.

Haslinda Poon Abdullah, aged 57, is the Administration Manager of CMelamine. She is responsible for all the administrative matters of the company. Prior to joining CMelamine in 1994, she was attached to the Majlis Daerah, Hilir Perak where she was the Acting Chief Clerk. She has more than 30 years of experience in administration.

6. INFORMATION ON MAJOR SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT
(Cont'd)

En Hock Long, aged 46, is a factory manager of CALuminium in Alor Setar since December 2000. He was in the Royal Malaysian Air Force from 1977 to 1992. During this period, he studied Aeronautical Engineering at the Northrop University California, USA in 1981. Prior to joining the company in 2000, he was attached to Ocean Eletrical Company Sdn. Bhd. as a site executive in 1992 and subsequently promoted to factory manager in 1997.

Yew Yen Chow, aged 29, is a mechanical engineer in CALuminium. He graduated from De Montfort University, United Kingdom in 1996 with a Certificate in Engineering-Mechatronics. Prior to joining CALuminium in year 2000, he was with SR Technology (M) Sdn. Bhd. in 1996 as an engineer and subsequently joined SSL as an executive in 1997.

Chew Peik Huon, aged 43, is an administration and export market office of CALuminium since 1995. Prior to joining the Group, she was attached to Federal Oil Palm Sdn. Bhd. as a General Clerk and subsequently joined Kuril Plantation Sdn. Bhd. in 1981 as an assistant Chief Clerk.

Murugaya A/L Shanmugavelu, aged 44, was appointed the document control officer of CALuminium in 1996. He was subsequently promoted to assistant factory manager. Prior to joining the company, he was attached to Syarikat Kemasik Sdn. Bhd. as a field conductor and subsequently joined United Plantation Bhd. as the Chief Clerk in 1989.

As at 30 November 2001, save as disclosed below, none of the key management of the Group have any shareholding, direct or indirect, in the Group.

- (a) Lee Poh Choo is deemed interested by virtue of her father, Lee Chin Yen's shareholding interest of 10,108,000 Shares.
- (b) Tan Kim Hong is deemed interested by virtue of her father, Tan Hong Cheng's shareholding interest of 7,702,000 Shares.
- (c) Chew Beng Huat is deemed interested by virtue of his brother-in-law, Lee Chin Yen's shareholding interest of 10,108,000 Shares.

6.4.2 Directorship and/or Major Shareholdings in other public companies for the past two (2) years

None of the key management of the Group has any directorship and/or any substantial shareholdings in other public companies in Malaysia for the past two (2) years.

6.5 Other Matters

- (i) Save as disclosed below, none of the major shareholders, promoters, Directors of the Company and key management of the Group are related to each other:-
 - (a) Tan Kim Hong is daughter of Tan Hong Cheng.
 - (b) Lee Poh Choo is daughter of Lee Chin Yen.
 - (c) Chew Beng Huat is the brother-in-law of Lee Chin Yen.

6. INFORMATION ON MAJOR SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT
(Cont'd)

- (ii) None of the Director and key management are or were involved in the following events:-
 - (a) A petition under any bankruptcy or insolvency laws was filed against such person or any partnership in which he is or was a partner or any corporation of which he is or was a director or key management;
 - (b) Conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; and
 - (c) The subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or governmental body permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.
- (iii) None of the Directors and the key management have any existing or proposed service contracts with CAM or its subsidiaries (other than statutory compensation).

7. APPROVALS AND CONDITIONS

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of CAM on the Second Board of KLSE, the Company undertook a Restructuring Exercise as set out in Section 5.1.3 of this Prospectus, which was approved by the SC, FIC and MITI on 22 June 2001, 18 July 2001, 24 March 2001 and 30 March 2001 respectively. The conditions as imposed by the SC, FIC and MITI in their approvals of the restructuring exercise and the listing of CAM on the Second Board of the KLSE are as follows:-

Authorities	Date Issued	Conditions imposed	Status of compliance																																		
FIC	24.03.01	(i) CAM should have at least 30% equity interests held directly by Bumiputera upon the listing of CAM on the Second Board of the KLSE; and (ii) to obtain the approval of the MITI.	To be complied Met																																		
MITI	30.03.01	(i) to obtain the approval of the SC; (ii) to obtain the approval of the FIC; and (iii) the 12,300,000 Shares reserved for Bumiputera investors shall be allocated to or approved by the MITI after the approval of the SC has been obtained for the Public Issue, Special Issue and Restricted Offer for Sale.	Met Met To be complied																																		
SC	22.06.01 and 18.07.01	(i) Moratorium is to be imposed on 18,450,000 ordinary shares of CAM, representing 45% of the enlarged issued and paid-up capital of CAM, held by the promoters and substantial shareholders of CAM as set out in by paragraph 10.12 of the SC's Guidelines. They are not allowed to sell, transfer or assign for a period of one (1) year from the date of listing of CAM on the KLSE, and thereafter, is only allowed to sell, transfer or assign up to a maximum of one-third (1/3) per annum (on a straight line basis) of their respective shareholdings in every subsequent year. Details of the moratorium are set out as follows:- <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th rowspan="2">Name</th> <th colspan="2">CAM Shares held after the Public Issue, Restricted Offer For Sale and Special Issue</th> <th colspan="2">CAM Shares under moratorium</th> </tr> <tr> <th>No. of Shares held</th> <th>%</th> <th>No. of Shares held</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Lee Chin Yen</td> <td>10,108,000</td> <td>24.65</td> <td>8,381,690</td> <td>20.44</td> </tr> <tr> <td>Tan Hong Cheng</td> <td>7,702,000</td> <td>18.79</td> <td>6,386,602</td> <td>15.58</td> </tr> <tr> <td>Hia Wan Kiga</td> <td>2,730,000</td> <td>6.66</td> <td>2,263,753</td> <td>5.52</td> </tr> <tr> <td>SSL</td> <td>1,710,000</td> <td>4.17</td> <td>1,417,955</td> <td>3.46</td> </tr> <tr> <td>Total</td> <td>22,250,000</td> <td>54.27</td> <td>18,450,000</td> <td>45.00</td> </tr> </tbody> </table>	Name	CAM Shares held after the Public Issue, Restricted Offer For Sale and Special Issue		CAM Shares under moratorium		No. of Shares held	%	No. of Shares held	%	Lee Chin Yen	10,108,000	24.65	8,381,690	20.44	Tan Hong Cheng	7,702,000	18.79	6,386,602	15.58	Hia Wan Kiga	2,730,000	6.66	2,263,753	5.52	SSL	1,710,000	4.17	1,417,955	3.46	Total	22,250,000	54.27	18,450,000	45.00	To be complied
Name	CAM Shares held after the Public Issue, Restricted Offer For Sale and Special Issue			CAM Shares under moratorium																																	
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Lee Chin Yen	10,108,000	24.65	8,381,690	20.44																																	
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SSL	1,710,000	4.17	1,417,955	3.46																																	
Total	22,250,000	54.27	18,450,000	45.00																																	
		(ii) Lee Chin Yen, Tan Hong Cheng and Hia Wan Kiga each has to provide a written undertaking, prior to the issuance of the Prospectus, declaring that they will undertake their management responsibilities throughout the restricted period of moratorium on disposal of Shares;	Met																																		

7. APPROVALS AND CONDITIONS (Cont'd)

Authorities	Date Issued	Conditions imposed	Status of compliance	
SC		(iii) CAM is required to prepare and arrive with an effective management succession plan to ensure a continued management of the Company. CAM must disclose in the Prospectus regarding the management succession plan as stated above. Details of which are set out in Section 5.2.2(x) of the Prospectus.	Met	
		(iv) CAM is required to take proactive steps to collect amount overdue from trade debtor and make sufficient provision for doubtful debts before the issuance of this Prospectus.	Met	
		(v) Conditions on properties:- Subsidiary/ Building		
		CAuminium/ Factory building held under GM 544A, Lot 51, Hutan Melintang	Condition (i) To produce the factory building plan which has been approved by the appropriate authorities; (ii) The Certificate of Fitness of Occupation (CF) to be obtained prior to the issuance of the Prospectus.	Met
		CAuminium/ Office building/ Factory building held under GM846, Lot 49 and GM875, Lot 2486, Hutan Melintang	(i) To obtain approval from the appropriate authorities or "rectify" the building structures/additional building/factory expansion and office prior to the issuance of the Prospectus.	Met
		(vi) The promoters and Directors of CAM must provide written undertakings that they will not be involved in any new business that will give rise to a conflict of interest situation with the existing business of CAM. In this regard, all important related involvement of the promoters and Directors of CAM and any proposed involvement in any business, if any, should be disclosed in the Prospectus of CAM.	Met	
		(vii) CAM is required to fully comply with the relevant requirements pertaining to the listing of companies as stipulated in the SC's policies and guidelines on issue/offer of securities, in particular Chapter 7, 10 and 25 of the aforesaid guidelines.	Will be complied, if applicable	

7. APPROVALS AND CONDITIONS (Cont'd)

Authorities	Date Issued	Conditions imposed	Status of compliance
		<p>(viii) In respect of the utilisation of proceeds from the Public Issue and Special Issue (as disclosed in Section 3.7 of this Prospectus):-</p> <p>(a) Approval of the SC must be obtained for any change in the utilisation of the proceeds from the Public Issue and Special Issue if the changes involve utilisation for purposes other than the core business of the CAM Group;</p> <p>(b) Approval of the shareholders of CAM must be obtained for any change equal to 25% or more of the original utilisation of the proceeds from the Public Issue and Special Issue. If the changes being contemplated is less than 25%, appropriate disclosures must be made to the shareholders of CAM;</p> <p>(c) Any extension of time from the period already determined by CAM in respect of the utilisation of the proceeds from the Public Issue and Special Issue must be approved by a conclusive resolution of the Board of Directors of CAM and must be fully disclosed to the KLSE; and</p> <p>(d) Appropriate disclosures on the status of utilisation of proceeds must be made in the quarterly reports and annual reports of CAM until the proceeds have been fully utilised.</p> <p>(ix) Any future business transactions between the CAM Group and companies related to the promoter and/or Directors of the CAM Group are to be transacted at arms length. CAM's Audit Committee is required to monitor such transactions and the Board of Directors of CAM is required to report such transactions, if any, in the Annual Report of CAM annually;</p>	<p>To be complied, if applicable</p> <p>To be complied, if applicable</p> <p>To be complied, if applicable</p> <p>To be complied, if applicable</p> <p>To be complied, if applicable</p>

8. RELATED PARTY TRANSACTIONS

8.1 Related-party transactions

Save as disclosed below, there are no transactions, existing or potential entered or to be entered by CAM or its subsidiaries during the last two (2) financial years ended 31 December 2001, which involved the interest, direct or indirect of Directors, major shareholders and/or persons connected with such Directors or major shareholder as defined under Section 122A of the Companies Act, 1965:-

- (i) Hia Wan Kiga, a substantial shareholder and promoter of CAM, has more than five (5) years relationship with the Group in supplying machinery, building material, equipment etc. before he became a shareholder of the CALuminium in the year 1999. The Group has transactions worth approximately RM360,000 with Hia Wan Kiga after he became a shareholder of the CALuminium.
- (ii) SSL, a substantial shareholder of CAM arising from the disposal of the Machines to CALuminium for RM9,952,696 and after the Acquisition of CALuminium, leased a factory in Alor Setar to CALuminium for a monthly rental of RM8,333 expiring on 1 December 2002 ("Lease Agreement"). SSL sold kitchen ware worth approximately RM490,000 to AEMkt and purchased approximately RM270,000 of raw material from CALuminium in the financial year ended 31 December 2000 prior to SSL becoming a shareholder in CALuminium. In addition, CALuminium purchases raw material amounted to approximately RM820,000 from SSL for the first eleven (11) months of the year 2001.
- (iii) Rubysteel Metal Industry (M) Sdn. Bhd. (*formerly known as Chun Giap Metal Industry Sdn. Bhd.*) ("Rubysteel"), a company related to Khor Mooi Soong and Khor Mooi Huat (both are brothers-in-laws of Tan Hong Cheng), has purchased goods worth approximately RM60,000 from CMelamine and sold machineries worth approximately RM40,000 to CALuminium within the first eleven (11) months of the year 2001.
- (iv) Caelygirl (M) Sdn. Bhd. ("Caelygirl"), a company related to Khor Mooi Soong (brother-in-law of Tan Hong Cheng), has purchased goods worth approximately RM330,000 from the Group within the first eleven (11) months of the year 2001.

Except for the Lease Agreement which the Directors believed to be approximately 20% lower than the market rate, all other transactions with the above parties have been carried out at arm's length.

The management of CAM estimates that the Group will have recurrent transactions amounting to approximately RM70,000 per annum and RM360,000 per annum with Rubysteel and Caelygirl respectively. The nature of these recurrent transactions mainly relate to the sale of finished products to RubySteel and Caelygirl and such transactions will be negotiated on an arm's length basis.

8.2 Conflict of interest

8.2.1 There is no conflict of interest between the Group and its Adviser, Reporting Accountants, Solicitors and Valuers.

8.2.2 Save as disclosed below, none of the Directors or major shareholders of CAM or its subsidiaries have any interest, direct or indirect, in any business carrying on a similar trade as CAM or its subsidiaries and which is not quoted on a stock exchange.

- (a) Tan Hong Cheng (Managing Director and substantial shareholder) and Lee Chin Yen (Executive Chairman and substantial shareholder) each respectively holds 14.0% equity interest in Ji Seng Hong Plastic Manufacturing Sdn. Bhd. ("Ji Seng Hong"), a company principally involved in the manufacturing of plastic household products. Although part of Ji Seng Hong's products may be deemed as a substitute to CAM's table ware, its products are targeted at different market users.

In addition, Lee Chin Yen has 28.0% indirect interest via his brother-in-laws and a company related to them in Ji Seng Hong.

8. RELATED PARTY TRANSACTIONS (Cont'd)

- (b) Khor Mooi Soong and Khor Mooi Huat, both are brothers-in-law of Tan Hong Cheng, hold 14.29% and 21.43% equity interest in Rubysteel respectively. Rubysteel is a company principally involved in the manufacturing of metal household products. Rubysteel may be regarded as one of the major competitors of the Group as it is involved in the manufacturing of metal household products such as stainless steel kitchen ware.

8.3 Declaration

- (i) CIMB hereby confirms that there are no existing or potential conflicts of interest in its capacity either as the Adviser or the Underwriter for the Initial Public Offering.
- (ii) Messrs. Rashid & Lee and Messrs. Teh & Lee have given their confirmation that there are no existing or potential conflicts of interest in their capacity as the Solicitors for the Initial Public Offering.
- (iii) Messrs. Moore Stephens has given its confirmation that there are no existing or potential conflicts of interest in its capacity as Reporting Accountants.
- (iv) Messrs. Henry Butcher Lim & Long Sdn. Bhd. has given its confirmation that there are no existing or potential conflicts of interest in its capacity as Valuers.
- (v) Messrs. Econsult Sdn. Bhd. has given its confirmation that there are no existing or potential conflicts of interest in its capacity as industry expert.

9. OTHER INFORMATION CONCERNING THE GROUP

9.1 Licenses and permits

The licenses and permits which have been obtained by the Group which are still applicable as at the date of their Prospectus are as follows:-

(i) CALuminium

Authorities	Date issued	Licence No.	Type of business approved	Equity Conditions imposed	Status
MITI	28.05.97	A010838	Licensed manufacturer for aluminium household ware	At least 80% of the shares of the company must be held by Malaysians, of which at least 30% must be held by investors nominated and approved by the MITI	80% Malaysian's condition is met. 30% Bumiputera investors' condition will be met upon listing.
MITI	28.05.97	A010837	Licensed manufacturer for stainless steel household ware	At least 80% of the shares of the company must be held by Malaysians, of which at least 30% must be held by investors nominated and approved by the MITI	80% Malaysian's condition is met. 30% Bumiputera investors' condition will be met upon listing.

CALuminium had been approved by MITI to manufacture stainless steel household ware in Alor Setar Branch on 13 December 2000. The conditions of the approval are similar to licence no. A 010837 above. As at the date of this Prospectus, CALuminium is still waiting for the approval from other relevant authorities.

(ii) CMelamine

Authorities	Date issued	Licence No.	Type of business approved	Equity Conditions imposed	Status
MITI	19.08.97	A010958/ A010959	Licensed manufacturer for melamine household products	At least 80% of the shares of the company must be held by Malaysians, of which at least 30% must be held by investors nominated and approved by the MITI.	80% Malaysian's condition is met. 30% Bumiputera investors' condition will be met upon listing.
				Prior written approval must be obtained from the MITI for the transfer of shares held by foreigners.	N/A

9. OTHER INFORMATION CONCERNING THE GROUP (Cont'd)

9.2 Landed properties

A summary of the information on landed properties owned by the Group as at 30 November 2001 is as follows:-

Registered /Beneficial Owner/Title and Location/Share owned	Description/ existing use	Tenure/ age of building	Land area/ built-up area sq. ft.	Net book value @ 31.07.01 RM	Open market valuation by Valuers RM	Open market value as approved by SC and adopted by CAM RM	Revaluation surplus/ (deficit) RM
CAluminium							
GM 612 Lot 48 Mukim Hutan Melintang (3/4 share)	Vacant land	Freehold/ -	143,748/ -	156,460	198,000	198,000	41,540
GM 624 Lot 3516 Mukim Hutan Melintang (1/10 share)	Vacant land	Freehold/ -	281,506/ -	78,095	55,000	55,000	(23,095)
HS(D) LP 15142 PT. 20041, Mukim Durien Sebatang	Vacant land	Freehold/ -	1,308,020/ -	1,326,462	1,441,000	1,441,000	114,538
GM 550 Lot 889 Mukim Changkat Jong	Vacant land	Freehold/ -	72,658/ -	8,719	100,000	70,000	61,281
GM 544A Lot 51 Mukim Hutan Melintang	Factory land/Factory	Freehold/ 4	155,455/ 48,000	96,450/ 1,486,513	778,000/ 3,456,000	3,500,000	1,917,037
GM 846 Lot 49, GM 875 Lot 2486, Mukim Hutan Melintang	Factory land/Factory and office	Freehold/ 18	278,784/ 141,165	510,000/ 2,012,527	1,255,000/ 7,730,000	7,700,000	5,177,473
LP 10607, PT 3257, Mukim Hutan Melintang	Double Storey House-	Freehold/ 5	3,062/ 1,812	170,546	140,000	140,000	(30,546)
				5,845,772	15,153,000	13,104,000	7,258,228
CMelamine							
Geran no. 3843 Lot no. 5298 Mukim Hutan Melintang	Vacant land	Freehold/ -	224,062/ -	^{*i} 452,965	437,000	437,000	(15,965)
Geran no. 3844 Lot no. 5299 Mukim Hutan Melintang	Vacant land	Freehold/ -	324,250/ -	^{*i} 653,703	633,000	633,000	(20,703)
				1,106,668	1,070,000	1,070,000	(36,668)

Notes:-

^{*i} Based on purchase consideration and incidental cost amounting to RM36,730. Both properties are acquired on 20 April 2000.

The open market valuations of the above landed properties owned by CALuminium and CMelamine were carried out by the Valuers. The properties of CALuminium and CMelamine were valued using the comparison method, contractor's method of valuation and residual method of valuation on 2 December 2000 and 8 December 2000 respectively.

9. OTHER INFORMATION CONCERNING THE GROUP (Cont'd)

Valuation certificates pertaining to the abovementioned landed properties are enclosed in Section 12 of this Prospectus. Any revaluation surplus or deficit of the aforesaid landed properties will not be incorporated into the accounts of the respective companies.

The following properties of CALuminium and CMelamine were not valued:-

	Company	Property	Rationale for not revalued/not accounted for in the revaluation
(i)	CALuminium	Wooden staff quarters	Amount immaterial
(ii)	CALuminium	Extension of building situated on the land held under GM544A, Lot 51 and GM875, Lot 2486 of Mukim Hutan Melintang, Perak	The extension of building was only completed in April 2001 and the cost of the extended building is not considered to be significant.
(iii)	CMelamine	Vacant land held under Geran no. 3843, Lot 5298 and Grean no. 3844, Lot 5299 of Mukim Hutan Melintang, Perak	Both properties were only acquired on 20 April 2000 and the shortfall of RM36,668 is mainly due to capitalisation of expenses incidental to the acquisition. This shortfall is not accounted for in the revaluation on the ground of materiality.
(iv)	CMelamine	Factory building located on a leasehold land expiring in year 2003	The Group intends to write down the value of this factory building by the financial year ending 31 December 2003 and shift CMelamine's operations to a new factory premises. Hence the leasehold building is therefore not valued.

9.3 Properties Acquired

Save as disclosed below, the Group has not acquired any properties in the two (2) years preceding the date of this Prospectus.

On 20 April 2000, the CMelamine acquired two (2) pieces of agricultural land adjacent to each other located in Hutan Melintang for a total consideration of RM1,106,668. Please refer to Section 9.2 of this Prospectus for more details.

10. FINANCIAL INFORMATION

10.1 Historical Financial Information

(a) Proforma Consolidated Income Statement

The following is a summary of the proforma audited consolidated results of the Group for the past five (5) financial years ended 31 December 2000 and the 7 months ended 31 July 2001 prepared on the assumption that the current structure of the Group has been in existence throughout the years under review. The proforma consolidated income statement is presented for illustrative purpose only and should be read in conjunction with the accompanying notes and assumption included the Accountants' Report as set out in Section 11 of this Prospectus:-

	<-----Financial years ended 31 December----->					7 months ended 31 July 2001
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	RM'000
Turnover	43,188	44,588	39,443	44,047	46,944	26,886
Results of operating activities						
EBIDTA	9,105	9,897	7,205	9,383	10,792	7,630
Interest	(831)	(1,356)	(1,972)	(1,306)	(1,108)	(629)
Depreciation and amortisation	(1,133)	(1,561)	(1,882)	(1,997)	(2,121)	(1,894)
Exceptional item	-	(339)	-	-	-	-
Profit before taxation and minority interest	7,141	6,641	3,351	6,080	7,563	5,107
Taxation	(1,469)	(1,343)	(416)	(310)	(1,575)	(1,044)
Profit after taxation but before minority interest	5,672	5,298	2,935	5,770	5,988	4,063
Minority interest	-	-	-	-	-	-
Profit after taxation and minority interest	5,672	5,298	2,935	5,770	5,988	4,063
No. of Shares assumed in issue ('000)	29,665	29,665	29,665	29,665	29,665	29,665
Net EPS (sen) ^(iv)	19.12	17.86	9.89	19.45	20.19	*23.48

Notes:-

- (i) The summarised proforma consolidated profit and loss results of the Group for the five (5) financial years ended 31 December 2000 and the seven (7) months ended 31 July 2001 were prepared based on the audited accounts of CAM, CALuminium, CMelamine and AEMkt after elimination of inter-company transactions and adjustments for under/over provision of taxation to the year in which it relates.
- (ii) The exceptional item for the year ended 1997 relates to listing expenses. The listing proposal was subsequently aborted due to weak market sentiment during the period.
- (iii) The commentaries on the past results of the subsidiaries of the Group are set out in Section 11 of this Prospectus.
- (iv) Computed based on the number of Shares in CAM after the Proposed Restructuring of 29,665,000 Shares.
- * Annualised earning is used for the computation

10. FINANCIAL INFORMATION (Cont'd)**(b) Segmental data**

The table below sets out the segmental analysis by subsidiaries for the past 5 financial years ended 31 December 2000 and the 7 months ended 31 July 2001 which is prepared based on the proforma consolidated results of the CAM Group on the assumption that the current structure of the CAM Group has been in existence throughout the periods under review. The proforma consolidated results are based on the audited accounts of CAM, CALuminium, CMelamine and AEMkt and have been prepared on a time apportioned basis, where appropriate.

(i) By subsidiary companies:-

Year	<---CALuminium--->		<---CMelamine--->		<---AEMkt--->	
	Revenue RM'000	Profit Before Taxation RM'000	Revenue RM'000	Profit Before Taxation RM'000	Revenue RM'000	Profit Before Taxation RM'000
1996	24,845	5,630	6,493	1,679	17,511	342
1997	29,191	4,757	8,691	1,869	15,827	92
1998	26,639	2,619	8,561	618	13,207	63
1999	32,982	5,386	9,139	1,074	14,359	391
2000	33,567	6,355	10,388	1,578	16,299	628
7 months ended 31 July 2001	18,370	3,233	6,433	1,210	10,806	699
Total	165,594	27,980	49,705	8,028	88,009	2,215

(ii) By products:-

Turnover	1996	1997	1998	1999	2000	7 months ended 31 July 2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Kitchen ware/sinks	26,500	31,778	30,012	36,134	37,154	20,725
Table ware	6,499	8,116	6,988	7,700	9,361	5,828
Others	10,189	4,694	2,443	213	429	333
Total	43,188	44,588	39,443	44,047	46,944	26,886

Profit before taxation	1996	1997	1998	1999	2000	7 months ended 31 July 2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Kitchen ware/sinks	5,253	4,897	2,832	5,151	6,138	4,071
Table ware	1,689	1,717	507	923	1,408	1,016
Others	199	27	12	6	17	20
Total	7,141	6,641	3,351	6,080	7,563	5,107

(iii) By geographical location:-

Turnover	1996	1997	1998	1999	2000	7 months ended 31 July 2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
West Malaysia	28,031	33,746	27,864	30,730	30,987	18,393
East Malaysia	12,002	7,297	9,709	7,230	7,055	4,009
Asia except Malaysia	2,829	3,482	512	5,202	4,717	2,967
Others	326	63	1,358	885	4,185	1,517
Total	43,188	44,588	39,443	44,047	46,944	26,886

10. FINANCIAL INFORMATION (Cont'd)**(c) Directors' Declaration of Financial Performance**

Save as disclosed in this Prospectus, the financial conditions and operations of the Company and its subsidiaries were not affected by any of 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) material capital expenditure commitments;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Group; and
- (iv) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

(d) Working Capital, Borrowings, Litigation and Contingent Liabilities

The Directors of CAM are of the opinion that, after taking into account the cashflow forecast of the Group, banking facilities available and the gross proceeds from the Public Issue and Special Issue, the Group will have adequate working capital for its present and foreseeable future requirements.

As at 30 November 2001, (being the last practical date at which such amounts could be calculated prior to the printing of this Prospectus):-

- (i) total outstanding bank borrowings, overdrafts and banking facilities of the Group amounted to RM16.36 million. Details of the Group's outstanding bank borrowings, overdrafts and banking facilities are as follows:-

	As at 30 November 2001
	RM
Long-term borrowings	2,695,848
Short-term borrowings	13,666,276
Total borrowings	<u>16,362,124</u>
Represented by:-	
Interest-bearing	16,362,124
Non interest-bearing	-
Total borrowings	<u>16,362,124</u>

Note:-

* *The numbers mentioned above have not been audited.*

- (ii) as disclosed in Section 2.11 of this Prospectus, except for an under provision of taxation by approximately RM0.2 million as at 31 July 2001, neither CAM nor its subsidiaries have any contingent liabilities which have a material effect on the financial position of CAM or its subsidiaries; and
- (iii) as disclosed in Section 2.8 of this Prospectus, except one appeal made by CALuminium, neither CAM nor its subsidiaries are engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of CAM or its subsidiaries and the Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of CAM or its subsidiaries.

10. FINANCIAL INFORMATION (Cont'd)**10.2 Proforma Consolidated Profit Estimate and Forecast**

The Directors of CAM estimate and forecast that, barring unforeseen circumstances, the proforma consolidated profit estimate and forecast of CAM for the financial year ended 31 December 2001 and the financial year ending 31 December 2002 respectively are as follows:-

Financial year ending 31 December	Estimate 2001	Forecast 2002
	RM'000	RM'000
Turnover	55,003	65,639
Proforma consolidated profit before taxation	8,396	11,403
Taxation	(1,398)	(2,042)
Proforma consolidated profit after taxation	6,998	9,361
No. of ordinary shares assumed in issue ('000)	41,000	41,000
Gross EPS (sen)	20.48	27.81
Net EPS (sen)	17.07	22.83
Net PE Multiple based on the Issue Price of RM1.38 per Share (times)	8.08	6.04

The principal assumptions upon which the proforma consolidated profit estimate and forecast of the Group for the financial year ended 31 December 2001 and the financial year ending 31 December 2002 are set out in Section 10.7 of the Prospectus.

10.3 Directors' Analysis of the Proforma Consolidated Profit Estimate and Forecast***Financial year ended 31 December 2001***

For the financial year ended 31 December 2001, turnover for the Group was estimated to increase by 17% from RM46.9 million in financial year ended 2000 to RM55.0 million. The increase in the Group's turnover for the financial year was expected to be contributed by aggressive marketing strategy to target both the local supermarket and local hypermarket outlets. In addition, the Machines acquired in December 2000 had operated for the full financial year and hence was expected to contribute approximately RM2.5 million in sales for financial year ended 2001.

The gross profit of the Group financial year ended 2001 was expected to increase to RM15.9 million and the after tax profit was expected to increase to RM7.0 million. The gross profit margin and the after tax profit margin for financial year ended 2001 was expected to be 29% and 12.7% respectively.

Financial year ending 31 December 2002

Group turnover for the financial year ending 31 December 2002 is forecasted to increase by 19.3% from previous financial year to RM65.6 million. The increase in the Group's turnover for the financial year is mainly due to the introduction of new ranges of high quality finishing stainless steel household wares by CALuminium coupled with aggressive marketing to strengthen the Group's products dominance in light of the impending potential upon full implementation of The Asean Free Trade Area ("AFTA") in financial year ending 2003. The high quality finishing stainless steel household wares are expected to contribute approximately RM6.3 million to the turnover of the Group.

The after tax profit of the Group for financial year ending 2002 is expected to increase to RM9.4 million with a after tax profit margin of 14.3% as compared to the after tax profit margin of 12.7% for financial year ended 2001.

10. FINANCIAL INFORMATION (Cont'd)

The improvement in the after tax profit margin is mainly due to the expected increase in sales of high quality finishing stainless steel household wares, which earned higher profit margin although marketing expenses are also expected to increase from RM0.3 million in financial year ended 2001 to RM0.6 million in financial year ending 2002.

The Directors of CAM have reviewed and analysed the reasonableness of the basis and assumptions used in deriving the profit estimate and forecast for the financial year ended 31 December 2001 and financial year ending 31 December 2002. The Directors of CAM are of the opinion that the profit estimate and forecast for the financial year ended 31 December 2001 and financial year ending 31 December 2002 to be reasonable in light of the future prospects of the kitchen sink, kitchen ware and table ware industries. The Group is confident of achieving the estimate and forecast sales due to the Group's established distribution network, aggressive marketing plan locally and abroad and higher quality products which target at higher income group and export market.

10.4 Dividend Forecast

It is the policy of the Directors of CAM to recommend dividends to allow shareholders to participate in the profits of the Company as well as leaving adequate reserves for the future growth of the Company.

Further dividends may be waived if:-

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

Notwithstanding the above, based on the forecast profit after taxation of RM9,361,000 for the financial year ending 31 December 2002, the Directors of CAM anticipate that, in the absence of unforeseen circumstances, the Company will be in a position to propose a gross dividend of 8 sen per Share for the financial year ending 31 December 2002 based on its issued and paid-up share capital of 41,000,000 Shares in issue.

The intended appropriation of the forecast profit after taxation for the financial year ending 31 December 2002 will be as follows:-

	Year ending 31.12.2002 RM'000
Profit before taxation	11,403
Less: Taxation	(2,042)
Profit after taxation	9,361
Less: Proposed net dividend of 5.76 sen per share (net of tax of 28%)	(2,362)
Profit retained for the financial year	6,999
Forecast gross dividend per ordinary share (sen)	8.00
Forecast net dividend per ordinary share (sen)	5.76
Forecast net dividend yield based on the issue price of RM1.38 per share (%)	4.17
Net dividend cover based on forecast net dividend of 5.76 sen per share (times)	3.96

There is no assurance as to future dividends or distributions since these are dependent upon earnings, capital requirements and other factors.

10. FINANCIAL INFORMATION (Cont'd)

On 31 December 2001, CALuminium and CMelamine have proposed a special dividend of RM1,962,000 and RM352,803 respectively for the financial year ended 31 December 2001 ("Special Dividend"). The Special Dividend was approved by the SC, via its letter dated 7 January 2002 and paid to the previous shareholders of CALuminium and CMelamine in January 2002. As such, successful applicants, placees and approved Bumiputera shareholdings to the Special Issue Shares, Public Issue Shares and Offer Shares pursuant to this Prospectus will not be entitled to the Special Dividend declared for the financial year ended 31 December 2001.

10.5 Sensitivity Analysis

The sensitivity analysis is prepared based on the profits forecast assumptions set out in Section 10 herein. The principal bases and assumptions upon which the sensitivity analysis on the Group's profit before taxation have been made are as follows:-

- (i) The selected variable item will vary $\pm 5%$, $\pm 10%$ and $\pm 20%$ from the base case.
- (ii) The gross profit margin of its operations will be maintained at the same percentage as in the base case.
- (iii) Except for the selected variable items, the same assumptions for the other items as for the base case shall apply.

The following scenario attempts to show the impact of changes in profit together with changes in turnover, volume and cost of sales.

(a) Changes in selling price**Consolidated profit forecast for the financial year ending 31 December 2002**

	-20%	-10%	-5%	0%	+5%	+10%	+20%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit before taxation	(1,725)	4,839	8,121	11,403	14,685	17,967	24,531
Profit after taxation	(1,430)	4,340	7,231	9,361	11,071	12,781	16,581

(b) Changes in volume**Consolidated profit forecast for the financial year ending 31 December 2002**

	-20%	-10%	-5%	0%	+5%	+10%	+20%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit before taxation	8,447	9,925	10,664	11,403	12,142	12,881	14,359
Profit after taxation	7,311	8,464	8,912	9,361	9,809	10,257	11,156

(c) Changes in cost of sales**Consolidated profit forecast for the financial year ending 31 December 2002**

	-20%	-10%	-5%	0%	+5%	+10%	+20%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit before taxation	20,005	15,704	13,554	11,403	9,252	7,102	2,801
Profit after taxation	13,418	11,390	10,375	9,361	8,244	6,366	2,615

Comments

Based on the above assumptions, the sensitivity analysis shows that the Group will still remain profitable over the forecast year except for a 20% downward variation on selling price.

10. FINANCIAL INFORMATION (Cont'd)

10.6 Proforma Consolidated Balance Sheets and Reporting Accountants' Letter

(Prepared for inclusion in this Prospectus)

MOORE STEPHENS
CHARTERED ACCOUNTANTS

8A Jalan Sri Semantan Satu
Damansara Heights
50490 Kuala Lumpur
Malaysia

Tel: 603 254 1888
Fax: 603 254 7673

**REPORTING ACCOUNTANTS' LETTER ON THE
PROFORMA CONSOLIDATED BALANCE SHEETS OF
CAM RESOURCES BERHAD**

(Prepared for inclusion in this Prospectus)

The Board of Directors
CAM RESOURCES BERHAD
Mezzanine Floor
No. 8A, Jalan Sri Semantan Satu
Damansara Heights
50490 Kuala Lumpur


Dear Sirs,

PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 JULY 2001

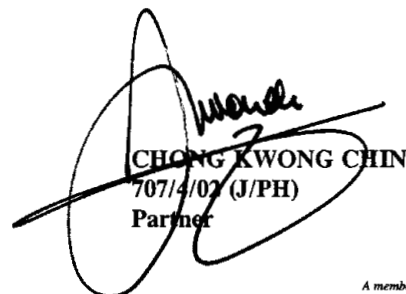
We have reviewed the proforma consolidated balance sheets of CAM Resources Berhad ("CAM") and its subsidiaries as at 31 July 2001 together with the notes thereto, for which the Directors are solely responsible, as set out in the accompanying statement for inclusion in the Prospectus to be dated 30 January 2002, in connection with the public issue 6,150,000 new ordinary shares of RM1.00 each at an issue price of RM1.38 per new ordinary share, the special issue and restricted offer for sale of 5,185,000 new ordinary shares of RM1.00 each and 7,115,000 ordinary shares of RM1.00 each respectively to Bumiputera investors approved by the Ministry of International Trade and Industry at an issue/offer price of RM1.38 per ordinary share and the admission to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of CAM on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the proforma consolidated balance sheets, which are prepared for illustrative purposes only, have been prepared in accordance with the bases set out in the notes to the proforma consolidated balance sheets.

Yours faithfully,


MOORE STEPHENS
Chartered Accountants
(AF.0282)

Dated: 23 January 2002


CHONG KWONG CHIN
7074/02 (J/PH)
Partner

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10. FINANCIAL INFORMATION (Cont'd)**MOORE STEPHENS**
CHARTERED ACCOUNTANTS**CAM RESOURCES BERHAD**
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 JULY 2001

The proforma consolidated balance sheets of CAM Resources Berhad ("CAM or Company") as set out below are prepared solely for illustrative purposes only to show the effects of the acquisitions of 100% equity interest in Central Aluminium Manufactory Sdn Bhd ("CALuminium") and 7.35% equity interest in Central Melamineware Sdn Bhd ("CMelamine"), the special issue of CAM's shares to Bumiputera investors approved by the Ministry of International Trade and Industry and the public issue (details of which are set out in the accompanying Notes to the Proforma Consolidated Balance Sheets), had these transactions been effected on 31 July 2001.

	Company As At 31.07.2001 RM'000	Proforma (I) After Acquisitions RM'000	Proforma (II) After Special Issue RM'000	Proforma (III) After Public Issue RM'000
NON-CURRENT ASSETS				
Fixed Assets	-	33,780	33,780	33,780
Capital Work-In-Progress	-	1,155	1,155	1,155
Other Investments	-	99	99	99
CURRENT ASSETS	297	34,482	41,637	48,524
LESS: CURRENT LIABILITIES	1	21,049	21,049	21,049
NET CURRENT ASSETS	296	13,433	20,588	27,475
	296	48,467	55,622	62,509
CAPITAL AND RESERVES:-				
Share Capital	300	29,665	34,850	41,000
Share Premium	-	10,670	12,640	13,377
Reserve on consolidation	-	2,649	2,649	2,649
Accumulated losses	(4)	(4)	(4)	(4)
SHAREHOLDERS' EQUITY	296	42,980	50,135	57,022
NON-CURRENT LIABILITIES	-	5,487	5,487	5,487
	296	48,467	55,622	62,509
Net tangible assets ("NTA")	296	42,980	50,135	57,022
NTA per share (RM)	0.99	1.45	1.44	1.39

10. FINANCIAL INFORMATION (Cont'd)**MOORE STEPHENS**
CHARTERED ACCOUNTANTS**CAM RESOURCES BERHAD**
NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 JULY 2001

1. The proforma consolidated balance sheets have been prepared based on the audited balance sheet of CAM and its subsidiaries, namely CALuminium, CMelamine and Advance Eagle Marketing Sdn Bhd ("AEMkt"), as at 31 July 2001.
2. The bases and accounting principles applied for the preparation of the proforma consolidated balance sheets are consistent with those previously adopted in the preparation of CAM's group financial statements.
3. The proforma consolidated balance sheets incorporate, on a proforma basis, the following transactions as if they were effected on 31 July 2001:-

3.1 Proforma (I)

Proforma (I) incorporates the effects of the following transactions:

- (i) Payment of special dividend by CALuminium of 109% less tax at 28% based on its entitled issued and paid-up share capital comprising 2,500,000 ordinary shares of RM1.00 each and by CMelamine of 100% less tax at 28% based on its entire issued and paid-up share capital with net dividend amounting to RM1,962,000 and RM352,803 respectively, to their existing shareholders. The total issued and paid-up share capital of CALuminium at the date of payment of dividend comprises 3,022,475 ordinary shares of RM1.00 each. However, 522,475 ordinary shares of RM1.00 each which were issued on 1 December 2000 as consideration for acquisition of machinery and equipment pursuant to two (2) sale and purchase agreements dated 27 October 2000 and 21 November 2000, were not entitled to the special dividend. In respect of the dividend payment by CMelamine, RM326,881 is attributable to CALuminium and balance of RM25,922 is attributable to the existing minority shareholders. For the purpose of this proforma, the dividends are assumed to be accrued under current liabilities;
- (ii) Acquisition by CAM of the entire issued and paid-up share capital of CALuminium comprising 3,022,475 ordinary shares of RM1.00 each for a purchase consideration of RM39,611,117 to be satisfied by the issuance of 29,097,000 new ordinary shares of RM1.00 each in CAM at an issue price of approximately RM1.36 per new ordinary share. The purchase consideration of RM39,611,117 was arrived at based on the audited consolidated net tangible assets of CALuminium as at 31 December 2000 of RM32,404,637 and after adjusting for enhancement in value of the landed properties of CALuminium by RM7,206,480. The enhancement in value is computed based on the difference between the net book value of CALuminium's landed properties as at 31 December 1999 totaling RM5,897,520 and their market valuation approved by the Securities Commission totaling RM13,104,000. For the purpose of this proforma balance sheet, it is assumed that the same valuation amount of RM13,104,000 represents the fair value of the said landed properties at the assumed date of acquisition of CALuminium on 31 July 2001;
- (iii) Acquisition by CAM of the remaining 36,002 ordinary shares of RM1.00 each of CMelamine not already held by CALuminium representing 7.35% equity interest in CMelamine for a purchase consideration of RM423,683 to be satisfied by the issuance of 268,000 new ordinary shares of RM1.00 each in CAM at an issue price of approximately RM1.58 per new ordinary share; and
- (iv) Acquisition by CAM from CALuminium the entire investment in the subsidiaries of CALuminium, namely 100% equity interest in AEMkt and 92.65% equity interest in CMelamine, for cash consideration equivalent to CALuminium's share of net tangible assets of these subsidiaries as at 31 December 2000.

(The above transactions are collectively referred to as "Acquisitions")

10. FINANCIAL INFORMATION (Cont'd)

MOORE STEPHENS
CHARTERED ACCOUNTANTS

3.2 Proforma (II)

Proforma (II) incorporates the effects of Proforma (I) and the special issue of 5,185,000 new ordinary shares of RM1.00 each in CAM to Bumiputera investors approved by the Ministry of International Trade and Industry at an issue price of RM1.38 per new ordinary share ("Special Issue").

Proceeds from the Special Issue are assumed to be retained in cash and bank balance.

3.3 Proforma (III)

Proforma (III) incorporates the effects of Proforma (I) and (II) and the public issue of 6,150,000 new ordinary shares of RM1.00 each in CAM at an issue price of RM1.38 per new ordinary share ("Public Issue").

Proceeds from the Public Issue, after payment of the estimate expenses relating to the listing exercise, are assumed to be retained in cash and bank balance and the total estimated expenses relating to the listing exercise of RM1,600,000 are charged to the share premium account arising from the Public Issue.

4. The movements in share capital, share premium account and reserve on consolidation are as follows:-

	Share Capital RM'000	Share premium RM'000	Reserve on consolidation RM'000
As per CAM's audited balance sheet at 31 July 2001	300	-	-
New ordinary shares of RM1.00 each issued pursuant to the Acquisitions	29,365	10,670	-
Reserve on consolidation arising from acquisition of CALuminium and 7.35% of CMelamine pursuant to the Acquisitions	-	-	2,649
As per Proforma I	29,665	10,670	2,649
New ordinary shares of RM1.00 each to be issued pursuant to the Special Issue	5,185	1,970	-
As per Proforma II	34,850	12,640	2,649
New ordinary shares of RM1.00 each to be issued pursuant to the Public Issue	6,150	2,337	-
Estimated expenses relating to the listing exercise charged against share premium account	-	(1,600)	-
As per Proforma III	41,000	13,377	2,649

10. FINANCIAL INFORMATION (Cont'd)

10.7 Reporting Accountants' Letters on the Proforma Consolidated Profit Estimate and Forecast

MOORE STEPHENS
CHARTERED ACCOUNTANTS

8A Jalan Sri Semantan Satu
Damansara Heights
50490 Kuala Lumpur
Malaysia

Tel: 603 254 1888
Fax: 603 254 7673

**REPORTING ACCOUNTANTS' LETTER ON THE
PROFORMA CONSOLIDATED PROFIT ESTIMATE AND FORECAST OF
CAM RESOURCES BERHAD**

(Prepared for inclusion in this Prospectus)

The Board of Directors
CAM RESOURCES BERHAD
Mezzanine Floor
No. 8A, Jalan Sri Semantan Satu
Damansara Heights
50490 Kuala Lumpur


Dear Sirs,

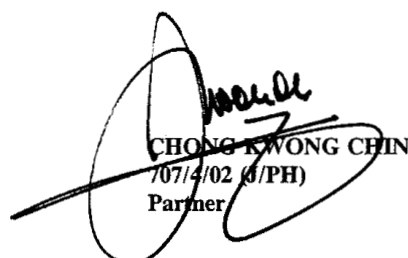
PROFORMA CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2001 AND THE FINANCIAL YEAR ENDING 31 DECEMBER 2002 RESPECTIVELY

We have reviewed the accounting policies and calculations for the proforma consolidated profit estimate and forecast of CAM Resources Berhad ("CAM") and its subsidiaries ("Group"), for which the Directors are solely responsible, for the financial year ended 31 December 2001 and the financial year ending 31 December 2002 respectively as set out in the accompanying statement for inclusion in the Prospectus to be dated 30 January 2002, in connection with the public issue of 6,150,000 new ordinary shares of RM1.00 each at an issue price of RM1.38 per new ordinary share, the special issue and restricted offer for sale of 5,185,000 new ordinary shares of RM1.00 each and 7,115,000 ordinary shares of RM1.00 each respectively to Bumiputera investors approved by the Ministry of International Trade and Industry at an issue/offer price of RM1.38 per ordinary share and the admission to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of CAM on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the proforma consolidated profit estimate and forecast, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors as set out in the Appendix and are presented on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully,


MOORE STEPHENS
Chartered Accountants
(AF.0282)


CHONG KWONG CHIN
707/4/02 (P/PH)
Partner

Dated: 23 January 2002

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throughout the world*

10. FINANCIAL INFORMATION (Cont'd)

MOORE STEPHENS
 CHARTERED ACCOUNTANTS

APPENDIX

The Directors of CAM Resources Berhad ("CAM") estimate and forecast that, in the absence of unforeseen circumstances, the proforma consolidated profit of CAM and its subsidiaries ("Group") for the financial year ended 31 December 2001 and the financial year ending 31 December 2002 respectively will be as follows: -

	2001 RM'000	2002 RM'000
Proforma consolidated profit before taxation	8,396	11,403
Taxation	(1,398)	(2,042)
Proforma consolidated profit after taxation	<u>6,998</u>	<u>9,361</u>
Net earnings per share based on proforma consolidated profit after taxation and on the enlarged issued and paid-up share capital of 41,000,000 ordinary shares of RM1.00 each (sen)	17.07	22.83
Net price earnings multiple based on issue price of RM1.38 per share (times)	8.08	6.04

The principal assumptions upon which the proforma consolidated profit estimate and forecast of the Group for the financial year ended 31 December 2001 and the financial year ending 31 December 2002 respectively have been prepared are set out below: -

1. The proforma consolidated profit estimate and forecast have been prepared on the assumption that the existing group structure of CAM has been in existence since 1 January 2001;
2. The public issue of 6,150,000 new ordinary shares of RM1.00 each ("Public Issue") and the special issue of 5,185,000 new ordinary shares of RM1.00 each to Bumiputera investors approved by the Ministry of International Trade and Industry ("Special Issue"), at an issue price of RM1.38 per new ordinary share are expected to be completed in early March 2002;
3. The proceeds from the Public Issue and the Special Issue will be utilised as follows: -

	RM'000
Repayment of bank borrowings and bankers' acceptances	4,620
Funding for the acquisition of plant and machinery	3,000
Funding of factory expansion	5,200
General working capital	1,222
Estimated expenses relating to the listing exercise	<u>1,600</u>
Total utilisation	<u>15,642</u>

10. FINANCIAL INFORMATION (Cont'd)

MOORE STEPHENS
CHARTERED ACCOUNTANTS

APPENDIX
(Cont')

4. There will be no significant changes to the prevailing Malaysian, regional and world economic conditions that may directly or indirectly affect the performance of the Group;
5. There will be no significant changes in the prevailing legislation or government regulations including exchange control which will adversely affect the Group's activities or the market in which the Group operates;
6. There will be no significant changes to the prevailing rates and bases of taxation, levies and other duties applicable to the Group and the tax charge relating to prior years which is in dispute with the Inland Revenue Board involving approximately RM0.2 million will be resolved in the Group's favour such that no provision will be required for this tax in the estimate and forecast years;
7. There will be no significant changes in the current structure and principal activities of the Group;
8. There will be no major industrial disputes or any other abnormal circumstances of which will adversely affect the Group's operations, business or assets;
9. The exchange rate of Ringgit Malaysia will continue to be pegged against the United States Dollar ("USD") at RM3.80:USD1.00 and there will be no significant fluctuations in the prevailing exchange rates of other foreign currencies against the USD;
10. There will be no significant changes in the management structure, accounting and operating policies from those presently adopted by the Group;
11. Inflation rate will not fluctuate significantly from its present level;
12. Existing financing facilities of the Group will remain available at interest rates of between 5.5% and 8.8%. The Group will also be able to obtain additional financing facilities when necessary, at interest rates approximating those currently available to the Group;
13. Capital expenditure programme will be implemented and incurred as scheduled and that there will be no other material acquisitions or disposals of capital assets;
14. There will be no shortages in the supply of raw materials and labour that will delay the scheduled operations;
15. There will be no significant changes in the prices of raw materials, labour costs and other operating overheads of which will adversely affect the performance of the Group; and
16. The timing and quantum of income and costs will be earned and incurred respectively as planned and there will be no material bad or doubtful debts in the estimate and forecast years.