

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF SMIS CORPORATION BERHAD ("SMIS") 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 STATEMENT OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING.

THE ADVISER, UNDERWRITER AND PLACEMENT AGENT 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 AND ARE SATISFIED THAT THE PROFIT ESTIMATE AND FORECAST (FOR WHICH THE DIRECTORS OF SMIS ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THE PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE PUBLIC ISSUE BUT THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC ISSUE. THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF SMIS 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 KUALA LUMPUR STOCK EXCHANGE ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF SMIS 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.

INDICATIVE TIMETABLE

Events	Scheduled date
OPENING DATE	13 March 2002
CLOSING DATE	27 March 2002*
TENTATIVE BALLOTING DATE	1 April 2002*
TENTATIVE ALLOTMENT DATE	12 April 2002*
TENTATIVE LISTING DATE	18 April 2002*

Note:-

* *Or such further date or dates as the Directors of SMIS in their absolute discretion may decide.*

DEFINITIONS

In this Prospectus, unless otherwise stated, the following abbreviations shall have the following meanings:-

ABS	-	Antilock Brake System
Acquisition of GCI	-	Acquisition of 1,164,978 ordinary shares of RM1.00 each in GCI, representing 75.83% of the issued and paid-up share capital of GCI, for a purchase consideration of RM17,166,219, satisfied by an issuance of 14,801,000 new ordinary shares of RM1.00 each in SMIS at an issue price of approximately RM1.16 per share credited as fully paid-up, and acquisition of 371,324 ordinary shares of RM1.00 each representing the remaining 24.17% of the issued and paid-up share capital of GCI for a cash consideration of RM5,471,548 to be settled at a later date
Acquisition of MIS	-	Acquisition of 7,210,000 ordinary shares of RM1.00 each in MIS, representing the entire equity interest therein, for a purchase consideration of RM22,225,297, satisfied by an issuance of 19,149,000 new ordinary shares of RM1.00 each in SMIS at an issue price of approximately RM1.16 per share credited as fully paid-up
Acquisition of Sanyco	-	Acquisition of 2,450,000 ordinary shares of RM1.00 each in Sanyco, representing 49.00% of the issued and paid-up share capital of Sanyco, for a purchase consideration of RM4,036,821, satisfied by an issuance of 3,480,000 new ordinary shares of RM1.00 each in SMIS at an issue price of approximately RM1.16 per share credited as fully paid-up, and acquisition of 2,550,000 ordinary shares of RM1.00 each representing the remaining 51.00% of the issued and paid-up share capital of Sanyco for a cash consideration of RM4,201,589 to be settled at a later date
Acquisitions	-	Acquisition of GCI, Acquisition of MIS and Acquisition of Sanyco collectively
ADA	-	Authorised Depository Agent
ADA Code	-	ADA (Broker) Code
AFTA	-	ASEAN Free Trade Agreement
Arrangement I	-	Arrangement by vendors of MIS and a vendor of GCI, whereby out of the total new ordinary shares of RM1.00 each in SMIS issued to the said vendors pursuant to the Acquisition of MIS and Acquisition of GCI, 12,200,000 new SMIS shares were issued directly to their nominee, MIYES. In consideration for the issuance of SMIS shares to MIYES, Umberston, then the holding company of MIYES, issued 12,199,998 new Umberston shares to the said vendors
Arrangement II	-	Arrangement by a vendor of Sanyco, namely San Yes, whereby out of the total new ordinary shares of RM1.00 each in SMIS issued to San Yes pursuant to the Proposed Sanyco Acquisition, 3,480,000 new shares were issued directly to its nominee, MIYES. In consideration for the issuance of SMIS shares to MIYES, MIYES issued 3,480,000 new MIYES shares to San Yes
Arrangements	-	Arrangement I and Arrangement II collectively
ASEAN	-	Association of South-East Asian Nations

DEFINITIONS (Cont'd)

ATM	-	Automated Teller Machine
CBU	-	Completely built-up
CDS	-	Central Depository System
CIMB	-	Commerce International Merchant Bankers Berhad (18417-M)
CKD	-	Completely knocked-down
Disposal	-	Disposal of two (2) subscribers' shares by the existing shareholders of Umberston to a vendor of MIS for a cash consideration of RM2.00 after the Arrangements
EPS	-	Earnings per share
FIC	-	Foreign Investment Committee
GCI	-	Grand Carpet Industries Sdn. Bhd. (107286-A), a wholly-owned subsidiary of SMIS
GDP	-	Gross Domestic Product
Government	-	The Government of Malaysia
ISO	-	International Standards Organisation
Issue Shares	-	7,360,000 new ordinary shares of RM1.00 each in SMIS to be issued pursuant to the Public Issue
KLSE	-	Kuala Lumpur Stock Exchange (30632-P)
MAA	-	Malaysian Automotive Association
MAICSA	-	Malaysian Association of the Institute of Chartered Secretaries and Administrators
Market Day	-	A day when the KLSE is open for trading
MCD	-	Malaysian Central Depository Sdn. Bhd. (165570-W), a subsidiary of KLSE
MIH	-	Malaysian Issuing House Sdn. Bhd. (258345-X)
MIS	-	Machinery & Industrial Supplies Sdn. Bhd. (24972-V), a wholly-owned subsidiary of SMIS
MITI	-	Ministry of International Trade and Industry
MIYES	-	MIYES Holdings Sdn. Bhd. (491842-U)
NTA	-	Net tangible assets
OEM	-	Original equipment manufacturer
Participating Financial Institution(s)	-	The participating financial institution(s) for Electronic Share Application as listed in Section 22.5(ii)(o) of this Prospectus

DEFINITIONS (Cont'd)

PE multiple	-	Price earnings multiple
Perodua	-	Perusahaan Otomobil Kedua Sdn. Bhd. (54795-V)
Proton	-	Perusahaan Otomobil Nasional Berhad (100995-U)
Public Issue	-	Issue of 7,360,000 new ordinary shares of RM1.00 each by SMIS at an issue price of RM1.15 per share to eligible employees and customers of the SMIS Group and the Malaysian public
QS	-	Quality Standards
R&D	-	Research and development
San Yes	-	San Yes Automotive Technology Co., Ltd. (73005256), a public company incorporated in Taiwan, Republic of China
Sanyco	-	Sanyco Grand Industries Sdn. Bhd. (217057-D), a wholly-owned subsidiary of SMIS
SC	-	Securities Commission
SIRIM	-	SIRIM Berhad (36747-V)
SMIS or the Company	-	SMIS Corporation Berhad (491857-V)
SMIS Group or the Group	-	SMIS and its wholly-owned subsidiaries namely GCI, MIS and Sanyco
Umberston	-	Umberston Holdings Sdn. Bhd. (430398-M)
sq. ft.	-	square feet
sq. m.	-	square metre
RM and sen	-	Ringgit Malaysia and sen respectively
AUD	:	Australian Dollar
JYP	-	Japanese Yen
NT\$	-	New Taiwan Dollar
USD	-	United States of America Dollar

TABLE OF CONTENTS

	PAGE
1. CORPORATE DIRECTORY	1
2. INTRODUCTION	4
3. INFORMATION SUMMARY	6
4. RISK FACTORS	16
5. SHARE CAPITAL	24
6. DETAILS OF THE PUBLIC ISSUE	25
6.1 Particulars of the Public Issue	25
6.2 Indicative Timetable	28
6.3 Closing of Applications	28
6.4 Purposes of the Public Issue	28
6.5 Pricing of the Issue Shares	28
6.6 Proceeds from the Public Issue and Proposed Utilisation	29
6.7 Brokerage and Underwriting Commission	30
6.8 Estimated Listing Expenses	30
7. INFORMATION ON THE SMIS GROUP	31
8. INDUSTRY OVERVIEW	61
9. FUTURE PROSPECTS AND PLANS	66
10. INFORMATION ON MAJOR SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT	67
11. MORATORIUM ON SHARES	81
12. RELATED-PARTY TRANSACTIONS	82
13. OTHER INFORMATION	84
14. FINANCIAL INFORMATION	87
14.1 Historical Financial Information	87
14.2 Future Financial Information	96
14.3 Dividend Estimate and Forecast	100
14.4 Recoverability of Trade Debts	100

TABLE OF CONTENTS *(Cont'd)*

	PAGE
15. PROFORMA CONSOLIDATED BALANCE SHEETS AND REPORTING ACCOUNTANTS' LETTER THEREON	102
16. ACCOUNTANTS' REPORT	106
17. VALUATION CERTIFICATE	135
18. DIRECTORS' REPORT	143
19. ADDITIONAL INFORMATION	144
20. CONSENTS	158
21. DOCUMENTS AVAILABLE FOR INSPECTION	159
22. PROCEDURE FOR APPLICATION AND ACCEPTANCE	160
23. RESPONSIBILITY STATEMENT	181

1. CORPORATE DIRECTORY

Directors

Name	Address	Occupation	Nationality
Datuk Abdul Rashid bin Abdul Manaf (Chairman)	5, Jalan Dungun Damansara Heights 50490 Kuala Lumpur Wilayah Persekutuan	Advocate & Solicitor	Malaysian
Tan Teck @ Chin Sien Chin (Vice Chairman)	EB/9/5 Eastside Apt One Ampang Avenue Jalan Ampang Utama 2/2 Off Jalan Ampang 68000 Ampang Selangor Darul Ehsan	Company Director	Malaysian
Mohd. Riani bin Osman (Executive Director)	5, Jalan Istana 12/4 Bukit Kayangan 40000 Shah Alam Selangor Darul Ehsan	Company Director	Malaysian
Ng Wai Kee (Executive Director)	7, Persiaran Negeri Sembilan Federal Hill 50480 Kuala Lumpur Wilayah Persekutuan	Company Director	Malaysian
Yap Siew Foong (Executive Director)	7, Persiaran Negeri Sembilan Federal Hill 50480 Kuala Lumpur Wilayah Persekutuan	Company Director	Malaysian
Cham Bee Sim (Executive Director)	9, Jalan Sri Hartamas 5 Sri Hartamas 50480 Kuala Lumpur Wilayah Persekutuan	Company Director	Malaysian
Danny Ng Siew L'Leong (Independent Non-Executive Director)	21, Jalan 4/105 Taman Midah Jalan Cheras 56000 Kuala Lumpur Wilayah Persekutuan	Company Director	Malaysian
Pauline Teh @ Pauline Teh Abdullah (Independent Non-Executive Director)	28, Jalan 17/35 Taman Tan Sri Lee Yan Lian 46400 Petaling Jaya Selangor Darul Ehsan	Management Consultant	Malaysian
Mohamed Ghazali bin Kamal Baharein (Independent Non-Executive Director)	23, Jalan Melor Taman Uda Jaya Ampang Jaya 68000 Ampang Selangor Darul Ehsan	Project Management Consultant	Malaysian

1. CORPORATE DIRECTORY (Cont'd)

Audit Committee

Name	Designation	Directorship
Danny Ng Siew L'Leong	Chairman of the Committee	Independent Non-Executive Director
Ng Wai Kee	Member of the Committee	Executive Director
Pauline Teh @ Pauline Teh Abdullah	Member of the Committee	Independent Non-Executive Director

Company Secretary : Lum Chee Yeng
(MAICSA 0880217)
14, Jalan SS22/35
Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan

: Tai Yit Chan
(MAICSA 7009143)
888, Happy Garden
Jalan Kuchai Lama
58200 Kuala Lumpur

Registered Office : 11th Floor, Wisma Damansara
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan
Telephone no.: 03-2557188

Management Office : 19, Jalan Dua
Off Jalan Chan Sow Lin
55200 Kuala Lumpur
Wilayah Persekutuan
Telephone no.: 03-92219898
Email: ykcheak@missb.po.my

Auditors and Reporting Accountants : KPMG
Chartered Accountants
Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

Solicitors : Raslan Loong
SERLAH
Level 3A Menara John Hancock
6, Jalan Gelenggang
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

1. CORPORATE DIRECTORY (Cont'd)

<i>Valuers</i>	:	Henry Butcher, Lim & Long Sdn. Bhd. (160636-P) 25, Jalan Yap Ah Shak Off Jalan Dang Wangi 50300 Kuala Lumpur Wilayah Persekutuan
<i>Principal Bankers</i>	:	United Overseas Bank (Malaysia) Berhad (271809-K) Level 7, Menara UOB, Jalan Raja Laut 50050 Kuala Lumpur Wilayah Persekutuan EON Bank Berhad (92351-V) Wisma Cyclecarri 288, Jalan Raja Laut 50350 Kuala Lumpur Wilayah Persekutuan
<i>Issuing House</i>	:	Malaysian Issuing House Sdn. Bhd. (258345-X) 27th Floor, Menara Multipurpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur
<i>Registrars</i>	:	M&C Services Sdn. Bhd. (3775-X) 11th Floor, Wisma Damansara Jalan Semantan Damansara Heights 50490 Kuala Lumpur Wilayah Persekutuan
<i>Adviser, Underwriter and Placement Agent</i>	:	Commerce International Merchant Bankers Berhad (18417-M) 8th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur Wilayah Persekutuan
<i>Listing Sought</i>	:	Second Board of KLSE

2. INTRODUCTION

This Prospectus is dated 13 March 2002.

A copy of this Prospectus has been registered by the SC and lodged with the Registrar of Companies who takes no responsibility for its contents.

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 quotation for the entire issued and fully paid-up ordinary shares of the Company, including the Issue Shares, which are the subject of this Prospectus, on the Second Board of KLSE. These ordinary shares will be admitted to the Official List of the Second Board of 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 have been dispatched to all successful applicants.

The SC has approved the Public Issue on 12 April 2001, 31 October 2001 and 24 January 2002 and the approval shall not be taken to indicate that the SC recommends the Public Issue. The SC shall not be liable for any non-disclosure on the part of SMIS 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 KLSE assumes no responsibility for the correctness of any of the statements made or opinions or reports 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, the Public Issue or of its ordinary shares.

Acceptance of applications will be conditional upon permission being granted by KLSE to deal in and for the quotation of the entire enlarged issued and fully paid-up ordinary shares of SMIS on the Second Board of KLSE. Accordingly, monies paid in respect of any application accepted from the applications will be returned without interest if the said permission for listing is not granted within 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 timeframe.

Pursuant to the Policies and Guidelines on Issue/Offer of Securities issued by the SC, 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 upon completion of the Public Issue. In the event that the above requirement is not met pursuant to the Public Issue, the Company may not be allowed to proceed with its listing on the Second Board of KLSE. In the event thereof, monies paid in respect of all applications will be returned if the said permission is not granted.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, the KLSE has prescribed SMIS as a CDS counter. In consequence thereof, the shares issued through this Prospectus will be deposited directly with MCD and any dealings in these shares will be carried out in accordance with the aforesaid Act and the Rules of MCD.

An applicant should state his CDS account number in the space provided in the Application Form if the applicant presently has such an account and should not complete the preferred ADA code. Where an applicant does not presently have a CDS account, the applicant should state in the Application Form his or 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 CDS account number if the instructions on the ATM screen at which he/she enters his/her Electronic Share Application requires him/her to do so. A corporation or institution cannot apply for the Issue Shares by way of Electronic Share Application.

2. INTRODUCTION (Cont'd)

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue and if given or made, such information or representation must not be relied upon as having been authorised by SMIS and/or CIMB. Neither the delivery of this Prospectus nor any Public 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 the SMIS Group since the date hereof.

The distribution of this Prospectus and the sale of the Issue Shares are subject to Malaysian law and the Company takes no responsibility for the distribution of this Prospectus and/or sale of the Issue Shares outside Malaysia. Persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation of an offer to buy any Issue Shares in any jurisdiction in which such offer is not authorised or lawful or to any person to whom it is unlawful to make such offer.

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

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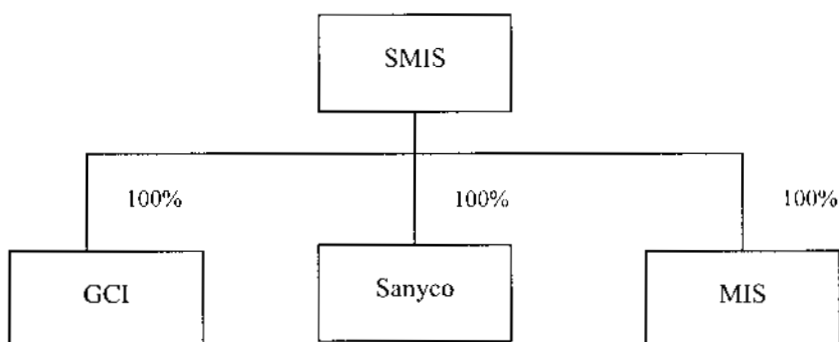
3. INFORMATION SUMMARY

THIS SECTION OF THE PROSPECTUS REPRESENTS ONLY A SUMMARY OF THE SALIENT INFORMATION IN RELATION TO THE SMIS GROUP AND THE PUBLIC ISSUE. INVESTORS SHOULD READ AND UNDERSTAND THE FULL TEXT OF THIS PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST IN THE ISSUE SHARES.

3.1 History and Business

SMIS was incorporated in Malaysia under the Companies Act, 1965 on 19 August 1999 as a private limited company under the name Asuncion Corporation Sdn. Bhd. and subsequently assumed the name of SMIS Corporation Sdn. Bhd. on 19 April 2000. It was converted to a public company on 7 June 2000 and adopted its present name.

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



The principal activity of SMIS is investment holding while the principal activities of its subsidiaries are as follows:-

Name	Country of incorporation	Equity interest %	Principal Activities
GCI	Malaysia	100.00	Manufacturing and trading of carpets of all descriptions.
Sanyco	Malaysia	100.00	Manufacturing of automotive braking and motorcycle components.
MIS	Malaysia	100.00	Trading in machinery and industrial parts supplies.

Further information on the history and business of the SMIS Group can be found in Section 7 of this Prospectus.

3.2 Risk Factors

The following is a summary of the risk factors (which may not be exhaustive) which applicants for the Issue Shares should carefully consider in addition to other information contained elsewhere in this Prospectus before applying for the Issue Shares. For a more detailed discussion on the above risk factors, please refer to Section 4 of this Prospectus.

- (i) No prior market for SMIS's shares and as such no assurance that an active market for SMIS's shares will develop upon its listing or, if developed, such market will be sustained;
- (ii) The agreement of the Underwriter to underwrite 3,740,000 Issue Shares is not an indication of the merits or assurance of the value of the Issue Shares;

3. INFORMATION SUMMARY *(Cont'd)*

- (iii) Ability of single largest shareholder, MIYES, to control the outcome of certain matters requiring the vote of the Company's shareholders;
- (iv) Fluctuations in the supply and cost of raw materials;
- (v) Fluctuations in selling prices and volumes of the Group's products;
- (vi) Foreign exchange risk as a significant part of the Group's purchases are conducted in USD;
- (vii) Competition from various quarters;
- (viii) No long term contracts with its customers and to a certain extent dependent on Proton for revenue;
- (ix) Risks inherent in the Group's businesses;
- (x) Dependence on the abilities and efforts of key personnel;
- (xi) Challenges arising from trade liberalisation pursuant to AFTA;
- (xii) Actual results may be materially different from profit estimate and forecast;
- (xiii) Financial risks arising from changes in interest rate or withdrawal of financial facilities;
- (xiv) Covenants set out in the credit facility agreements entered into by the subsidiaries of SMIS may limit the SMIS Group's operating and financial flexibility;
- (xv) Uncertainties encountered in new markets ventured into by the Group;
- (xvi) Risk of inadequate or incomplete insurance coverage;
- (xvii) Risk of unfavourable changes in loan regulations;
- (xviii) Detrimental effect of slow collection of trade receivables;
- (xix) Risk of non-renewal of licence and technical assistance agreement; and
- (xx) Risk of failure or delay in the listing exercise.

3.3 Future Prospects of the SMIS Group

The Directors of SMIS believe that the Group will continue to achieve good and sustainable growth in its core businesses, in part due to:-

- (a) The increasing demand for automobiles which will lead to increased demand for the Group's products; and
- (b) The continuing success of the national car project in the domestic and export car markets, which will also augur well for the Group's products.

In view of the above, the Directors of SMIS are of the opinion that the Group's prospects are reasonably good.

3. INFORMATION SUMMARY (Cont'd)

Please refer to Section 8 and Section 9 of this Prospectus for a detailed discussion on the industry overview and future prospects and plans of the SMIS Group.

3.4 Major Shareholders, Promoters, Directors and Key Management of SMIS

3.4.1 Major Shareholders

Designation	Before the Public Issue				After the Public Issue			
	No. of ordinary shares of RM1.00 each held				No. of ordinary shares of RM1.00 each held			
	Direct	%	Indirect	%	Direct	%	Indirect	%
MIYES	15,680,000	41.88	-	-	15,680,000	35.00	-	-
Umberston	-	-	15,680,000*	41.88	-	-	15,680,000*	35.00
San Yes	-	-	15,680,000*	41.88	-	-	15,680,000*	35.00
Ng Kwee Eng	1,373,418	3.67	15,680,000 [#]	41.88	1,373,418	3.07	15,680,000 [#]	35.00
Yap Siew Foong Executive Director	1,263,730	3.37	15,680,000 [#]	41.88	1,263,730	2.82	15,680,000 [#]	35.00
Mohd. Riani bin Osman Executive Director	5,270,036	14.08	-	-	5,270,036	11.76	-	-
Ujana Makmur Sdn. Bhd.	3,122,984	8.34	-	-	3,122,984	6.97	-	-
Tan Sri Zaki bin Azmi	-	-	3,122,984 [^]	8.34	-	-	3,122,984 [^]	6.97
Datuk Abdul Rashid bin Abdul Manaf Chairman	-	-	3,122,984 [^]	8.34	-	-	3,122,984 [^]	6.97
Alimad Redza bin Abdullah	2,205,607	5.89	-	-	2,205,607	4.92	-	-
Shahrir bin Abdul Jalil	2,205,607	5.89	-	-	2,205,607	4.92	-	-

Notes:-

* *Deemed interested through MIYES.*

Deemed interested through Umberston and MIYES.

[^] *Deemed interested through Ujana Makmur Sdn. Bhd..*

The shareholdings disclosed above do not include allocation to eligible employees pursuant to the Public Issue.

3.4.2 Promoters

Datuk Abdul Rashid bin Abdul Manaf, Tan Teck @ Chin Sien Chin, Mohd. Riani bin Osman, Ng Wai Kee, Yap Siew Foong and Cham Bee Sim individually and collectively are promoters of the Company. Their details are set out in Section 3.4.3 below.

3. INFORMATION SUMMARY (Cont'd)

3.4.3 Directors

Designation	Before the Public Issue				After the Public Issue				
	No. of ordinary shares of RM1.00 each held				No. of ordinary shares of RM1.00 each held				
	Direct	%	Indirect	%	Direct	%	Indirect	%	
Datuk Abdul Rashid bin Abdul Manaf	Chairman	-	-	3,122,984 [^]	8.34	-	-	3,122,984 [^]	6.97
Tan Teck @ Chin Sien Chin	Vice Chairman	1,484,212	3.96	-	-	1,484,212	3.31	-	-
Mohd. Riani bin Osman	Executive Director	5,270,036	14.08	-	-	5,270,036	11.76	-	-
Ng Wai Kee	Executive Director	700,900	1.87	-	-	700,900	1.56	-	-
Yap Siew Foong	Executive Director	1,263,730	3.37	15,680,000 [#]	41.88	1,263,730	2.82	15,680,000 [#]	35.00
Cham Bee Sim	Executive Director	149,572	0.40	-	-	149,572	0.33	-	-
Danny Ng Siew L'Leong	Independent Non-Executive Director	-	-	-	-	-	-	-	-
Pauline Teh @ Pauline Teh Abdullah	Independent Non-Executive Director	-	-	-	-	-	-	-	-
Mohamed Ghazali bin Kamal Baharein	Independent Non-Executive Director	-	-	-	-	-	-	-	-

Notes:-

[^] Deemed interested through Ujana Makmur Sdn. Bhd..

[#] Deemed interested through Umberston and MIYES.

3.4.4 Key Management

Designation	Before the Public Issue				After the Public Issue				
	No. of ordinary shares of RM1.00 each held				No. of ordinary shares of RM1.00 each held				
	Direct	%	Indirect	%	Direct	%	Indirect	%	
Yap Meow Lim	Sales Director of MIS	1,484,212	3.96	-	-	1,484,212	3.31	-	-
Ng Eng Bee	Sales Director of MIS	501,010	1.34	-	-	501,010	1.12	-	-
Soon Ching Lee	Operations Manager of GCI	-	-	-	-	-	-	-	-
Soo Hak Min	Deputy General Manager of Sanyco	-	-	-	-	-	-	-	-
Padmanabhan Krishna Murthy	Head, Business Development of MIS	-	-	-	-	-	-	-	-

3. INFORMATION SUMMARY (Cont'd)

Designation	Before the Public Issue				After the Public Issue			
	No. of ordinary shares of RM1.00 each held				No. of ordinary shares of RM1.00 each held			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Kok Pooi Chen	-	-	-	-	-	-	-	-
Cheak Yew Kun	-	-	-	-	-	-	-	-

Note:-

The shareholdings disclosed above do not include allocation to employees pursuant to the Public Issue.

Further information on the major shareholders, promoters, Directors and key management of the SMIS Group can be found in Section 10 of this Prospectus.

3.5 Financial Summary

(a) Proforma Consolidated Results

The following is a summary of the proforma audited consolidated results of the SMIS Group for the past five (5) financial years ended 31 December 1996 to 2000 and eleven (11) months ended 30 November 2001, prepared on the assumption that the current structure of the Group has been in existence throughout the years/period under review:-

	Financial year ended 31 December					11 months ended 30 November
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Revenue	57,531	67,643	35,184	51,479	62,402	61,676
Profit before depreciation, interest and taxation	11,229	9,524	3,758	11,272	11,505	11,736
Exceptional items	(498)	730	-	(1,500)	-	-
Depreciation	(1,272)	(1,509)	(1,649)	(1,721)	(1,968)	(1,884)
Interest expense	(1,882)	(1,395)	(887)	(514)	(359)	(219)
Interest income	97	11	477	203	168	72
Profit before taxation	7,674	7,361	1,699	7,740	9,346	9,705
Taxation	(2,102)	(1,827)	(891)	(198)	(2,708)	(2,837)
Profit after taxation	5,572	5,534	808	7,542	6,638	6,868
No. of ordinary shares assumed in issue ('000)	37,440	37,440	37,440	37,440	37,440	37,440
Net EPS (RM)	0.15	0.15	0.02	0.20	0.18	*0.20
Gross dividend rate (%)	-	-	-	-	-	**13.09

Note:-

* Annualised.

** Tax-exempt dividend.

3. INFORMATION SUMMARY (Cont'd)

	Financial year ended 31 December					11-month period ended 30 November
	1996	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Expenditure carried forward written off	(498)	-	-	-	-	-
Gain/(loss) on disposal of investment in subsidiaries in MIS	-	730	-	(1,500)	-	-
	(498)	730	-	(1,500)	-	-

(ii) There were no extraordinary and exceptional items during the years/period under review other than as disclosed in (i) above.

(iii) The increase in proforma Group revenue for the year ended 31 December 1997 was as a result of the continued growth in the Malaysian economy and local automotive industry.

Proforma Group profit before taxation decreased in spite of the increase in revenue for the year ended 31 December 1997 mainly due to higher cost of imported materials in view of the volatile exchange rates which commenced in mid 1997.

(iv) Proforma Group revenue and profit before taxation for the year ended 31 December 1998 declined mainly due to the lower demand for motor vehicles arising from the economic slowdown. This has resulted in lower demand for automotive parts and components manufactured by the Group. The greater decline in proforma Group profit before taxation as compared to proforma Group revenue is mainly due to a loss incurred by a subsidiary during the year due to higher costs of material and certain fixed overhead costs which did not vary with the decline in sales.

(v) Proforma Group revenue and profit before taxation for the 2 years ended 31 December 1999 and 2000 increased as a result of the improvement in the Malaysian economy and an increase in motor vehicle sales.

(vi) The effective tax rate in 1996 was lower than the statutory tax rate applicable due to the utilisation of unabsorbed capital allowances brought forward and unutilised business losses in one of the subsidiaries incurred in prior years.

The effective tax rate in 1997 was lower than the statutory tax rate applicable due to the availability of Pioneer Status incentive and utilisation of reinvestment allowance in certain subsidiaries. In addition, one of the subsidiaries had an exceptional gain on disposal of investment in subsidiaries which was not taxable.

The effective tax rate in 1998 was higher than the statutory tax rate applicable due to certain expenses being disallowed by Inland Revenue Board for tax purposes of a subsidiary and loss incurred by another subsidiary for the year which cannot be set off against the profits of the proforma Group for tax purposes.

Income tax was not provided in 1999 in view of the tax waiver for 1999 pursuant to the Income Tax (Amendment) Act, 1999. The taxation charge for the year relates to deferred taxation.

The effective tax rate in 2000 was higher than the statutory tax rate applicable due to certain expenses which are not deductible for tax purposes.

The audited financial statements of SMIS and its subsidiaries for the above financial years/period have not been subject to any auditors' qualification.

3. INFORMATION SUMMARY (Cont'd)

Please refer to Section 14.1.1 of this Prospectus for details of the historical financial information on the Group.

(b) Proforma Consolidated Balance Sheets

The Proforma Consolidated Balance Sheets of SMIS as at 30 November 2001 as set out below are provided for illustrative purposes only to show the effects of the Acquisition of MIS, GCI and Sanyco, and the Public Issue in conjunction with its flotation on the Second Board of KLSE on the assumption that these transactions were completed on 30 November 2001 and should be read in conjunction with the notes and assumptions to the Proforma Consolidated Balance Sheets as set out in Section 15 of this Prospectus.

	Audited as at 30 November 2001 RM'000	Proforma (I) After the Acquisitions RM'000	Proforma (II) After Proforma (I) and Public Issue RM'000
PROPERTY, PLANT AND EQUIPMENT	-	24,146	27,750
CURRENT ASSETS	10	43,199	44,134
CURRENT LIABILITIES	(3)	(13,904)	(13,487)
NET CURRENT ASSETS	7	29,295	30,647
	7	53,441	58,397
FINANCED BY:-			
SHARE CAPITAL	10	37,440	44,800
SHARE PREMIUM	-	5,998	4,534
ACCUMULATED LOSS	(3)	(3)	(3)
RESERVE ON CONSOLIDATION	-	8,363	8,363
SHAREHOLDERS' FUNDS	(7)	51,798	57,694
LONG TERM AND DEFERRED LIABILITIES	-	1,643	703
	(7)	53,441	58,397
NTA per share (RM)	0.70	1.38	1.29

3.6 Principal Statistics Relating to the Public Issue

(i) Share Capital

	RM
<i>Authorised</i> 60,000,000 ordinary shares of RM1.00 each	<u>60,000,000</u>
<i>Issued and fully paid-up as at the date of this Prospectus</i> 37,440,000 ordinary shares of RM1.00 each	37,440,000
<i>To be issued pursuant to the Public Issue</i> 7,360,000 ordinary shares of RM1.00 each	<u>7,360,000</u>
	<u>44,800,000</u>

3. INFORMATION SUMMARY (Cont'd)

Please refer to Section 5 of this Prospectus for further information on the share capital of SMIS.

(ii) Classes of Shares and Rights

There is only one class of shares in SMIS, being ordinary shares of RM1.00 each. The Issue Shares will rank pari passu in all respects with the existing issued and paid-up ordinary shares of RM1.00 each of SMIS including voting rights, dividends and distribution that may be declared subsequent to the date of the allotment and issuance of the Issue Shares.

Subject to any special rights attaching to any shares that may be issued by the Company in the future, the shareholders of ordinary shares in 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 distributions and the whole of any surplus in the event of liquidation of the Company.

At every general meeting of SMIS, each shareholder shall be entitled to vote in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney to 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.

Please refer to Section 5 of this Prospectus for further details on the share capital of SMIS.

(iii) **Issue price per ordinary share of RM1.00 each** RM1.15

(iv) Proforma Group NTA

Proforma Group NTA as at 30 November 2001 (after deducting estimated listing expenses of RM2.568 million) RM57.694 million

Proforma Group NTA per share (based on the enlarged share capital of 44,800,000 ordinary shares of RM1.00 each) RM1.29

(v) Proforma Consolidated Profit Estimate and Consolidated Profit Forecast

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

Financial year ended/ending 31 December	Proforma estimate	Forecast
	2001 RM'000	2002 RM'000
Consolidated profit after taxation	7,318	8,343
Less: preacquisition profit	(7,333)	(630)
	(15)	7,713
Net (loss)/earnings per share (sen)	*(150.00)	*19.82
Net PE multiple based on issue price of RM1.15 per share (times)	N/A	5.80

3. INFORMATION SUMMARY (Cont'd)

Notes:-

- # based on paid-up share capital of 10,000 ordinary shares.
 * based on weighted average number of shares of 38,920,833 assuming the Public Issue is completed by mid-April 2002.

Further information on the proforma consolidated profit estimate and consolidated profit forecast of the SMIS Group is set out in Section 14.2 of this Prospectus.

(vi) Dividend Forecast

The Directors of SMIS do not intend to propose any dividends for the financial year ended 31 December 2001.

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

Financial year ending 31 December	Forecast 2002
Tax-exempt dividend per share (sen)	5.00
Gross dividend yield based on the issue price of RM1.15 per share (%)	4.35
Net dividend cover (times)	3.72

Please refer to Section 14.3 of this Prospectus for further details of the dividend forecast.

3.7 Utilisation of Proceeds

The total gross proceeds of RM8,464,000 from the Public Issue will be utilised over a period of two (2) years from 2002 to 2003 in the following manner:-

	RM'000
Repayment of bank borrowings	1,357
Capital expenditure	3,604
Working capital	935
Estimated listing expenses	2,568
	<u>8,464</u>

Details of the utilisation of proceeds is set out in Section 6.6 of this Prospectus.

3.8 Material Litigation, Commitments and Contingent Liabilities

(i) Material Litigation

The SMIS Group is not engaged in any litigation or arbitration, either as plaintiff or defendant which has a material effect on the financial position of SMIS or its subsidiaries, and the Directors 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 financial position or business of the Company or its subsidiaries.

(ii) Material Commitments

As at 1 March 2002 (being the latest practicable date prior to the registration of this Prospectus), the Directors are not aware of any capital commitments which, upon

3. INFORMATION SUMMARY (Cont'd)

becoming enforceable, may have a material impact on the profit or net assets value of the Group.

(iii) Contingent Liabilities

As at 1 March 2002 (being the latest practicable date prior to the registration of this Prospectus), the Directors are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group.

3.9 Summary of Production Technology and R&D Activities

The Group's manufacturing plants are automated and fitted with machinery capable of mass volume production. This is supported by a R&D department which is committed to enhancing production processes to improve accuracy, precision and efficiency. Additionally, the Group has a Licence & Technical Assistance Agreement with its foreign shareholder, San Yes from Taiwan, Republic of China, to facilitate the transfer of technological know-how for the manufacture of certain automotive brake and clutch components. In the Licence and Technical Assistance Agreement, San Yes had agreed to provide technical assistance in the manufacture and sale of licensed devices for master cylinder, proportioning valve, clutch master cylinder, clutch slave cylinder and wheels cylinder.

For a more detailed discussion on the above, please refer to Section 7.5.1 (iii) to (vi) of this Prospectus.

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