

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF STONE MASTER CORPORATION BERHAD (498639-X) ("SMCB") AND THE OFFERORS 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.

COMMERCE INTERNATIONAL MERCHANT BANKERS BERHAD (18417-M), THE ADVISER, 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 OFFER FOR SALE AND IS SATISFIED THAT THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST (FOR WHICH THE DIRECTORS OF SMCB ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THIS 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 THIS PUBLIC ISSUE AND OFFER FOR SALE. HOWEVER, THE APPROVAL OF THE SC SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THIS PUBLIC ISSUE OR OFFER FOR SALE, WHICH ARE THE SUBJECT OF THIS PROSPECTUS. THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF SMCB 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 VALUATION OF THE PROPERTIES APPROVED OR ACCEPTED BY THE SC SHALL ONLY BE UTILISED FOR THE PURPOSE OF THE LISTING PROPOSAL 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 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 SMCB OR OF ITS ORDINARY SHARES.

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

INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for SMCB's entire enlarged issued and paid-up share capital on the Second Board of the Kuala Lumpur Stock Exchange is set out below:-

EVENT	DATE
OPENING OF APPLICATION FOR THE ISSUE SHARES AND OFFER SHARES	29 May 2002
CLOSING OF APPLICATION FOR THE ISSUE SHARES AND OFFER SHARES	11 June 2002*
TENTATIVE BALLOTING DATE OF APPLICATIONS FOR THE ISSUE SHARES AND OFFER SHARES	End June 2002
TENTATIVE ALLOTMENT DATE FOR THE ISSUE SHARES AND OFFER SHARES	End June 2002
TENTATIVE LISTING DATE	Early July 2002

Note:-

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

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DEFINITIONS

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

Acquisitions	- Acquisition of SPG, Acquisition of RMT and Acquisition of FEMT collectively
Acquisition of FEMT	- Acquisition of the entire equity interest in FEMT, comprising 50,000 ordinary shares of RM1.00 each, for a purchase consideration of RM1,391,151, satisfied wholly by the issuance of 1,390,830 new ordinary shares of RM1.00 each in SMCB, credited as fully paid-up, at an issue price of approximately RM1.00 per new SMCB shares
Acquisition of RMT	- Acquisition of the entire equity interest in RMT, comprising 1,000,000 ordinary shares of RM1.00 each, for a purchase consideration of RM4,886,039, satisfied wholly by the issuance of 4,884,913 new ordinary shares of RM1.00 each in SMCB, credited as fully paid-up, at an issue price of approximately RM1.00 per new SMCB shares
Acquisition of SPG	- Acquisition of the entire equity interest in SPG, comprising 10,000,000 ordinary shares of RM1.00 each, for a purchase consideration of RM34,072,114, satisfied wholly by the issuance of 34,064,257 new ordinary shares of RM1.00 each in SMCB, credited as fully paid-up, at an issue price of approximately RM1.00 per new SMCB shares
ADA	- Authorised Depository Agent
ADA Code	- ADA (Broker) Code
ATM	- Automated Teller Machine
CDS	- Central Depository System
CIMB	- Commerce International Merchant Bankers Berhad (18417-M)
Electronic Share Application	- The application for the IPO Shares through a Participating Financial Institution's ATM
EPS	- Earnings per share
FEMT	- Far East Marble & Tiling Sdn. Bhd. (175739-X), a wholly-owned subsidiary of SMCB
FIC	- Foreign Investment Committee
FSB	- Fastra Sdn. Bhd. (163305-U), a wholly-owned subsidiary of SPG
IPO	- Initial public offering of SMCB Shares comprising the Public Issue and the Offer for Sale
IPO Shares	- The Issue Shares and Offer Shares, collectively
Issue Shares	- 1,650,000 new ordinary shares of RM1.00 each in SMCB to be issued pursuant to the Public Issue
KLSE	- Kuala Lumpur Stock Exchange (30632-P)
Listing	- Listing of and quotation for the entire issued and paid-up capital of SMCB on the Second Board of KLSE
MCD	- Malaysian Central Depository Sdn. Bhd. (165570-W), a subsidiary of KLSE
MIH	- Malaysian Issuing House Sdn. Bhd. (258345-X)

DEFINITIONS (Cont'd)

MITI	-	Ministry of International Trade and Industry									
NTA	-	Net tangible assets									
Offer for Sale	-	Offer for sale of the Offer Shares at an offer price of RM1.15 per share to the Malaysian public and identified investors									
Offer Shares	-	3,420,000 ordinary shares of RM1.00 each in SMCB to be offered for sale pursuant to the Offer for Sale									
Offerors	-	The existing shareholders of SMCB who are offering for sale the Offer Shares as follows:-									
		<table border="0"> <thead> <tr> <th style="text-align: left;">Name</th> <th style="text-align: right;">No. of Offer Shares</th> <th style="text-align: right;">% of the enlarged share capital</th> </tr> </thead> <tbody> <tr> <td>Ng Kay Kim</td> <td style="text-align: right;">2,420,000</td> <td style="text-align: right;">5.76</td> </tr> <tr> <td>Dato' Haji Abdul Aziz bin Mohamed</td> <td style="text-align: right;">1,000,000</td> <td style="text-align: right;">2.38</td> </tr> </tbody> </table>	Name	No. of Offer Shares	% of the enlarged share capital	Ng Kay Kim	2,420,000	5.76	Dato' Haji Abdul Aziz bin Mohamed	1,000,000	2.38
Name	No. of Offer Shares	% of the enlarged share capital									
Ng Kay Kim	2,420,000	5.76									
Dato' Haji Abdul Aziz bin Mohamed	1,000,000	2.38									
Participating Financial Institution(s)	-	The participating financial institutions for Electronic Share Application as listed in Section 25.5(ii)(o) of this Prospectus									
PE Multiple	-	Price earnings multiple									
Public Issue	-	Public issue of the Issue Shares at an issue price of RM1.15 per share to eligible employees of the SMCB Group and the Malaysian public									
RMT	-	Rainbow Marble & Tiling Sdn. Bhd. (157870-H), a wholly-owned subsidiary of SMCB									
SASB	-	Stone Arena Sdn. Bhd. (439847-T), a 80%-owned subsidiary of SPG									
SAVSB	-	Stone Avenue Sdn. Bhd. (412576-A), a 60%-owned subsidiary of SPG									
SC	-	Securities Commission									
SMCB or Company	-	Stone Master Corporation Berhad (498639-X)									
SMCB Group or Group	-	SMCB and its subsidiaries									
SMCB Shares	-	Ordinary shares of RM1.00 each in SMCB									
SM(M)SB	-	Stone Master (Malaysia) Sdn. Bhd. (227204-P), a wholly-owned subsidiary of SPG									
SPG	-	S.P. Granite Sdn. Bhd. (181862-H), a wholly-owned subsidiary of SMCB									
SPG Group	-	SPG and its subsidiaries									
RM and sen	-	Ringgit Malaysia and sen respectively									
USD	-	United States of America Dollar									

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1. CORPORATE DIRECTORY

Directors

Name	Address	Occupation	Nationality
Dato' Haji Abdul Aziz bin Mohamed <i>(Executive Chairman)</i>	4, Jalan 4/1 Taman Tun Abdul Razak 68000 Ampang Selangor Darul Ehsan	Company Director	Malaysian
Ng Kay Kim <i>(Managing Director)</i>	12, Medan Tambun 31400 Ipoh Perak Darul Ridzuan	Company Director	Malaysian
Lim Chong Kwee <i>(Executive Director)</i>	2, Jalan Selar 2 Taman Dato Amar Diraja 86000 Kluang Johor Darul Takzim	Company Director	Malaysian
Wang Kong @ Wong Khiew <i>(Executive Director)</i>	92, Leboh Raya Semangat Satu Taman Rapat Indah 31350 Ipoh Perak Darul Ridzuan	Company Director	Malaysian
Lee Fook Kow <i>(Executive Director)</i>	12, Jalan BU 1/9 Bandar Utama, 47800 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Hwang Teck Seng <i>(Executive Director)</i>	69, Persiaran Rapat Baru 4 Medan Lapangan Legenda 31350 Ipoh Perak Darul Ridzuan	Company Director	Malaysian
Dato' Mohamed Yunus bin Mohd Noor <i>(Independent Non-Executive Director)</i>	No. 1, Jalan 5/17 46000 Petaling Jaya Selangor Darul Ehsan	Consultant	Malaysian
Rafeat bin Mohd Noh <i>(Independent Non-Executive Director)</i>	No. 11A, Jalan Subang Permai 11 Seksyen U6 Desa Subang Permai 40150 Shah Alam	Sales Manager	Malaysian
Khoo Peng Lai <i>(Independent Non-Executive Director)</i>	57, Jalan 16/9, 46350 Petaling Jaya Selangor Darul Ehsan	Accountant	Malaysian

1. CORPORATE DIRECTORY (Cont'd)

Audit Committee

Name	Designation	Directorship
Khoo Peng Lai	Chairman of the Committee	Independent Non-Executive Director
Rafeat bin Mohd Noh	Member of the Committee	Independent Non-Executive Director
Lim Chong Kwee	Member of the Committee	Executive Director

Company Secretary : Yau Foong Hun (MAICSA No.: 0820510)
32, Pinggiran Semarak Api
Sierramas
47000 Sungai Buloh
Selangor Darul Ehsan

Registered Office/Head/Management Office : No. 78, Jalan SS21/39
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

Tel. No.: 603-7729 6633
Fax. No.: 603-7727 2388
E-mail: stmpj@po.jaring.my

Principal Bankers : EON Bank Berhad
733 & 740, Jalan Gopeng
Taman Chandan Desa
Simpang Pulai
31300 Ipoh
Perak Darul Ridzuan

Bumiputra-Commerce Bank Berhad
48 & 50, Jalan SS 21/35
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

Bank Muamalat Malaysia Berhad
45, Jalan SS 2/64
46300 Petaling Jaya
Selangor Darul Ehsan

RHB Bank Berhad
No. 9 & 11, Jalan Sutera
Taman Sentosa
80150 Johor Bahru
Johor Darul Takzim

OCBC Bank (Malaysia) Berhad
No. 2, Jalan Dato' Maharajalela
30000 Ipoh
Perak Darul Ridzuan

1. **CORPORATE DIRECTORY** (*Cont'd*)

- Reporting Accountants and Auditors of SMCB** : Arthur Andersen & Co.
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
- Auditors of SPG, SM(M)SB, FSB and FEMT** : Messrs. Lim Siang Guan & Co.
1B1-B, Jalan Sultan Yussuf
30000 Ipoh
Perak Darul Ridzuan
- Auditors of SASB** : Messrs. Tan & Associates
Lot 9-2, 2nd Floor
Lorong Pokok Kayu Manis 2
Damai Commercial Centre
Phase 4, Jalan Damai
88300 Kota Kinabalu
Sabah
- Auditors of SAVSB** : Messrs. Kong Pak Nam & Co.
No. 9, 2nd Floor, Jalan Song Thian Cheok
P.O. Box 571
93712 Kuching
Sarawak
- Auditors of RMT** : Messrs. Low & Co
21A, Jalan Anggerek 39
Taman Johor Jaya
81100 Johor Bahru
Johor Darul Takzim
- Registrar** : Signet Share Registration Services Sdn. Bhd.
11th Floor, Tower Block
Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur

Tel. No.: 603-2145 4337
- Valuers** : Colliers, Jordan Lee & Jaafar (JH) Sdn. Bhd.
Suite 326, 3rd Floor
Pan Global Plaza
Jalan Wong Ah Fook
80000 Johor Bahru
Johor Darul Takzim

Colliers, Jordan Lee & Jaafar (PG) Sdn. Bhd.
Lot 2.01, 2nd Floor
Southern Bank Building
21, Lebuhr Pantai
10300 Pulau Pinang

1. **CORPORATE DIRECTORY** (*Cont'd*)

<i>Valuers (Cont'd)</i>	Colliers, Jordan Lee & Jaafar Sdn. Bhd. Suites 1, 2 & 3, Tingkat Kedua Labrooy House Jalan Dato Sagor 30000 Ipoh Perak Darul Ridzuan
	Colliers, Jordan Lee & Jaafar Sdn. Bhd. Level 6, Block G North Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur
	Colliers, Jordan Lee & Jaafar Sdn. Bhd. 9A, Kompleks Negeri Jalan Dr. Krishnan 70000 Seremban Negeri Sembilan Darul Khusus
	Rahim & Co. Chartered Surveyors (Sarawak) Sdn. Bhd. 2nd Floor, 14, Jalan Kulas 1 Lot 373 Section 11 93400 Kuching Sarawak
<i>Issuing House</i>	: Malaysian Issuing House Sdn. Bhd. 27 th Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur
<i>Solicitors for the IPO</i>	: Lee Choon Wan & Co. 12, Lorong Dungun Damansara Heights 50490 Kuala Lumpur
<i>Adviser, Underwriter and Placement Agent</i>	: Commerce International Merchant Bankers Berhad 8 th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur
<i>Listing Sought</i>	: Second Board of KLSE

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2. INTRODUCTION

This Prospectus is dated 29 May 2002.

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

An application will be made to the KLSE within three (3) market days of the issuance 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 IPO Shares, which are the subject of this Prospectus. 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 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 issued and fully paid-up ordinary shares of the Company, including the IPO Shares within six (6) weeks from the date of this Prospectus or such longer period as may be specified by the SC, provided the Company is notified by or on behalf of KLSE within the six (6) weeks or such longer period as may be specified by the SC. Accordingly, monies paid in respect of any application accepted will be returned without interest if the said permission from the KLSE is not granted.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, the KLSE has prescribed SMCB 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.

Pursuant to the SC's Policies and Guidelines on Issue/Offer of Securities, the Company needs to have at least 25% of the enlarged issued and paid-up share capital in the hands of public shareholders and a minimum number of 750 public shareholders (of which at least 500 shareholders are members of the public who are not employees of the Company) holding not less than 1,000 shares each upon completion of the IPO. The Company is expected to achieve this at the point of listing. In the event that the above requirement is not met pursuant to the IPO, the Company may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all applications will be returned if the said permission is not granted.

An applicant should state his/her CDS account number in the space provided in the Application Form if the applicant presently has such an account. 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 or she should not complete the preferred ADA Code. For application using the Electronic Share Application, an applicant must have a CDS account.

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

The distribution of this Prospectus and the sale of the IPO Shares are subject to Malaysian law and the Company takes no responsibility for the distribution of this Prospectus and/or sale of the IPO 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 IPO 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.

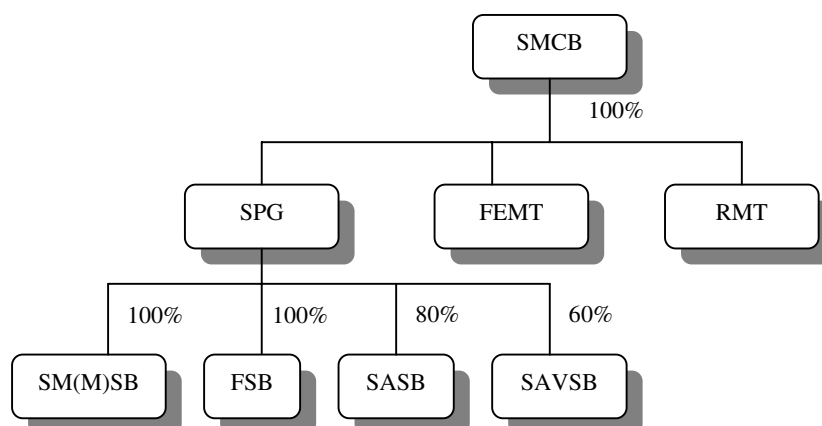
3. INFORMATION SUMMARY

The following is only a summary of the salient information about the SMCB Group and of the IPO. Investors should read and understand the whole Prospectus prior to deciding whether to invest in the IPO Shares. The following information is derived from, and should be read in conjunction with, the full text of this Prospectus.

3.1 History and Business

SMCB was incorporated in Malaysia under the Companies Act, 1965 on 11 November 1999 as a public limited company under its present name. On 8 February 2000, it obtained its Certificate of Commencement of Business from the Registrar of Companies, and in accordance with Section 142 of the Companies Act, 1965, held a statutory meeting on 8 March 2000.

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



SMCB is principally an investment holding company while the principal activities of its subsidiaries, all of which were incorporated in Malaysia, are as follows:-

Subsidiaries	Principal activities
SPG	Manufacturer and merchant of marble and granite products and trading in ceramic tiles and contract works
RMT	Trading in marble and granite, ceramic tiles and sanitary ware
FEMT	Trading of marble and granite, ceramic tiles and sanitary ware
Subsidiaries of SPG	
SM(M)SB	Marble and granite merchant, contractor and trading of ceramic tiles, sanitary ware and related products
FSB	Dormant
SASB	Trading of marble and granite, ceramic tiles and sanitary ware
SAVSB	Trading of marble and granite, ceramic tiles and sanitary ware

As of the date hereof, SMCB does not have any associated company. Further information on SMCB and its subsidiaries are set out in Sections 8 and 10 of this Prospectus respectively.

3. INFORMATION SUMMARY (Cont'd)

3.2 Major Shareholders, Promoters, Directors and Key Management

3.2.1 Major Shareholders

The major shareholders (holding 5% or more of the issued and paid-up share capital) of SMCB and their respective shareholdings after the IPO, are as follows: -

Name	Designation	After the IPO			
		-----No. of ordinary shares held-----			
		Direct	%	Indirect	%
Ng Kay Kim	Managing Director	10,865,060	25.87	-	-
Dato' Haji Abdul Aziz bin Mohamed	Executive Chairman	7,345,743	17.49	-	-
Lim Chong Kwee	Executive Director	3,859,081	9.19	-	-
Wang Kong @ Wong Khiew	Executive Director	3,065,783	7.30	-	-
Lee Fook Kow	Executive Director	3,065,783	7.30	-	-

3.2.2 Promoters

Ng Kay Kim, Dato' Haji Abdul Aziz bin Mohamed, Lim Chong Kwee, Wang Kong @ Wong Khiew and Lee Fook Kow, individually and collectively are the promoters of the Company, details of whom are set out in Section 3.2.1 above.

3.2.3 Directors

The Directors of SMCB and their shareholdings after the IPO are as follows: -

Name	Designation	After the IPO			
		-----No. of ordinary shares held-----			
		Direct	%	Indirect	%
Dato' Haji Abdul Aziz bin Mohamed	Executive Chairman	7,345,743	17.49	-	-
Ng Kay Kim	Managing Director	10,865,060	25.87	-	-
Lim Chong Kwee	Executive Director	3,859,081	9.19	-	-
Wang Kong @ Wong Khiew	Executive Director	3,065,783	7.30	-	-
Lee Fook Kow	Executive Director	3,065,783	7.30	-	-
Hwang Teck Seng	Executive Director	654,881	1.56	-	-
Dato' Mohamed Yunus bin Mohd Noor	Non-Executive Director	-	-	-	-
Rafeat bin Mohd Noh	Non-Executive Director	-	-	-	-
Khoo Peng Lai	Non-Executive Director	-	-	-	-

3. INFORMATION SUMMARY (Cont'd)

3.2.4 Key Management

The key management personnel of SMCB and their shareholdings after the IPO are as follows:-

Name	Designation	After the IPO			
		-----No. of ordinary shares held-----			
		Direct	%	Indirect	%
Hwang Hien Chai	Managing Director of FEMT	689,652	1.64	-	-
Hwang Hin Chuan	Group Production Manager	654,881	1.56	-	-
Tan Eu Sin	Group Chief Financial Officer	-	-	-	-
Chong Foh Ngan	Group Processing Manager	-	-	-	-
Pua Boon Leng	Group Marketing Manager	-	-	-	-
Teoh Yee Kian	Group Project Manager	-	-	-	-
Sim Kheng Leong	Managing Director of SAVSB	-	-	-	-
Ng Hoi San	Executive Director of SASB	-	-	-	-
Lily Oh	Branch Manager of RMT	-	-	-	-
Wong Yun Thiam	Group Assistant Site Manager	-	-	-	-
Tan Siew Sheng	Group Assistant Site Manager	-	-	-	-
Chan Hong Kit	Assistant Project Manager of SM(M)SB	-	-	-	-

Note:-

The shareholdings disclosed above do not include allocations of the Issue Shares reserved for eligible employees of the SMCB Group pursuant to the Public Issue.

Detailed information on the major shareholders, promoters, Directors and key management of SMCB is set out in Section 9 of this Prospectus.

3.3 Risk Factors

An investment in shares listed/to be listed on KLSE involves a number of risks. Investors should rely on their own evaluations and to carefully consider the investment considerations, together with other information contained in this Prospectus before subscribing to any of the IPO Shares, which are the subject of this Prospectus.

The following are some of the main risk factors (which may not be exhaustive), as extracted from Section 5 of this Prospectus, which applicants for the IPO Shares should carefully consider, in addition to other information contained elsewhere in this Prospectus, before applying for the IPO Shares:-

(i) No prior market for SMCB's shares

Prior to this IPO, there was no public market for SMCB's shares. There can be no assurance that an active market for SMCB's shares will develop upon its listing on the Second Board of KLSE or, if developed, that such market will be sustained.

(ii) Delay in or abortion of the listing of SMCB

The occurrence of certain events may cause a delay or the abortion of the listing of SMCB on the Second Board of KLSE. These events include, inter-alia, the rescission of the Underwriting Agreement or the Company being unable to meet the minimum number of 750 public shareholders (of which at least 500 shareholders are members of the public who are not employees of the Company) holding not less than 1,000 shares in SMCB each upon completion of the IPO.

3. INFORMATION SUMMARY *(Cont'd)*

(iii) Control by substantial shareholders

Following the IPO, Ng Kay Kim, Hwang Hien Chai, Hwang Teck Seng and Hwang Hin Chuan who are family members will own in total approximately 30.63% of the Company's issued and paid-up share capital and will jointly be the single largest group of shareholders of the Company.

(iv) Supply and cost of raw materials

The long term viability of the SMCB Group depends significantly on the long term sustainable supply and cost of marble and granite blocks, being the main raw materials used for the production of the Group's products.

(v) Fluctuations in selling prices of granite and marble products

The SMCB Group faces fluctuations in selling prices of granite and marble products.

(vi) Foreign exchange risk

The Group's future growth and level of profitability is expected to be linked to the political and economic development of the countries where the Group's suppliers are located. In addition, SMCB's results will also be subject to fluctuations in foreign currency value of the USD in the event that the RM peg is no longer maintained by the Government.

(vii) Competition

The Group's main products face competition both from local and foreign producers as well as from substitute products like ceramics.

(viii) Business risks

The Group is not insulated from the risks inherent in the manufacturing and construction industry and those specific to the marble and granite industry.

(ix) Dependence on key personnel

The Group success will depend, to a significant extent, upon the abilities and continued efforts of its existing Directors and key management.

(x) Collection of Trade Debts

There can be no assurance that the SMCB Group will be able to collect all trade debts due from its customers or within the normal credit periods. The industry in which the SMCB Group is involved in tend to experience a relatively higher percentage of bad and doubtful debts to turnover.

(xi) Limit on operating and financial flexibility

The covenants set out in credit facility agreements entered into by SMCB and its subsidiaries may limit the SMCB Group's operating and financial flexibility.

(xii) Profit estimate and forecast

This Prospectus contains certain estimates and forecasts that are based on reasonable assumptions that are nevertheless subject to uncertainties and contingencies.

3. INFORMATION SUMMARY *(Cont'd)*

(xiii) Political, economic and regulatory considerations

Like all other business entities, changes in political, economic and regulatory conditions in Malaysia and elsewhere could materially and adversely affect the financial and business prospects of the Group and the markets of its end products.

(xiv) Future prospects

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.

For a more detailed commentary, please refer to Section 5 of this Prospectus.

3.4 Future Prospects and Plans of the SMCB Group

Growth in the construction sector is expected to be sustained at 2.4%, with impetus coming from the civil engineering and residential sub-sectors.

In view of the recovery in the Malaysian economy, the Group's future expansion will involve capacity expansion, broadening and increasing its marketing capabilities and an emphasis on human resource development. The immediate future will see the extension of its current manufacturing facility from a built-up area of 13,622 square metres to 19,000 square metres. The factory extension is expected to be completed in the year 2003. Accordingly, the Group is targeting to incur capital expenditure of RM3.58 million in the financial year 2003/2004. The Group plans to expand its direct marketing efforts by opening new branches in other strategic locations like Ipoh and Malacca in the financial year 2003/2004.

Looking further ahead, the Group also has plans over the next three (3) years to embark on further horizontal expansion which will entail venturing into manufacturing-related products like monuments and tombstones. Furthermore, the Group is looking into branching out into hard landscaping work which would involved the supply and installation of paving rocks, pebbles and landscaping rocks.

For a more detailed commentary, please refer to Section 7 of this Prospectus.

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3. INFORMATION SUMMARY (Cont'd)

3.5 Financial Highlights

3.5.1 Proforma Consolidated Income Statements

The following is a summary of the proforma audited consolidated income statements of the SMCB Group for the past five (5) financial years ended 31 March 1997 to 2001 and the eight (8)-month period ended 30 November 2001, prepared for illustrative purpose only, on the assumption that the current structure of the Group has been in existence throughout the financial years and period under review:-

	-----Financial year ended 31 March-----					Eight (8)- month period ended 30 November
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2001 RM'000
Turnover	46,036	59,730	59,018	68,458	78,471	65,842
Earnings before interest, depreciation, taxation and amortisation	7,147	10,332	9,647	12,240	13,651	9,488
Interest expense	(2,230)	(3,458)	(3,099)	(1,876)	(2,043)	(1,576)
Depreciation	(268)	(463)	(532)	(1,786)	(1,976)	(1,530)
Amortisation	-	-	-	-	-	-
Profit before taxation	4,649	6,411	6,016	8,578	9,632	6,382
Taxation	(1,756)	(2,406)	(284)	(2,303)	(3,078)	(2,302)
Profit after taxation	2,893	4,005	5,732	6,275	6,554	4,080
Minority interests	-	67	24	(100)	102	156
Profit for the year attributable to shareholders	2,893	4,072	5,756	6,175	6,656	4,236
No. of ordinary shares assumed in issue ('000)#	40,350	40,350	40,350	40,350	40,350	40,350
Net EPS (sen)	7.17	10.09	14.27	15.30	16.50	15.75*
Gross dividend rate (%)	-	-	-	-	-	-

Notes:-

The assumed issued and paid-up share capital of 40,350,000 ordinary shares of RM1.00 each is based on the issued and paid-up share capital of SMCB after the Acquisitions.

* Annualised.

Further details on the proforma consolidated income statements are set out in Section 11.1 of this Prospectus.

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3. INFORMATION SUMMARY (Cont'd)

3.5.2 Proforma Consolidated Balance Sheets

The following is a summary of the proforma consolidated balance sheets of the SMCB Group as at 30 November 2001, prepared for illustrative purposes, only to show the effects of the Acquisitions and IPO, on the assumption that these transactions were completed on 30 November 2001:-

	Audited as at 30 November 2001	Proforma (I) After the Acquisitions	Proforma (II) After Proforma (I) and IPO
	RM'000	RM'000	RM'000
NET CURRENT (LIABILITIES)/ASSETS	(957)	21,521	22,707
PROPERTY, PLANT AND EQUIPMENT	-	29,457	29,457
OTHER INVESTMENTS	-	288	288
DEFERRED EXPENDITURE	889	889	-
HIRE PURCHASE PAYABLES	-	(600)	(600)
TERM LOAN	-	(1,659)	(1,659)
DEFERRED TAXATION	-	(138)	(138)
MINORITY INTEREST	-	(261)	(261)
	(68)	49,497	49,794
SHAREHOLDERS' FUNDS:			
Share capital	10	40,350	42,000
Share premium reserve	-	9	-
Profit and loss account	(78)	(78)	(1,422)
Reserve arising from consolidation	-	9,216	9,216
	(68)	49,497	49,794
Net (liabilities)/tangible assets per share (RM)	(95.7)	1.20	1.19

Further details of the proforma consolidated balance sheets of SMCB as at 30 November 2001 are set out in Section 17 of this Prospectus. The above summary should be read with the notes and assumptions to the proforma consolidated balance sheets set out in Section 17 of this Prospectus.

3.5.3 Consolidated Profit Estimate and Forecast

The consolidated profit estimate and forecast for the financial year ended 31 March 2002 and financial year ending 31 March 2003 respectively are as follows:-

Financial year ended/ending 31 March	Proforma Estimate 2002	Forecast 2003
	RM'000	RM'000
Consolidated profit before taxation and minority interests	11,431	13,388
Taxation	(4,060)	(4,910)
Minority interests	(125)	(200)
Consolidated profit after taxation and minority interests	7,246	8,278
Pre-acquisition profit	(7,256)	-
Consolidated (loss)/profit after taxation, minority interests and pre-acquisition profit	(10)	8,278

3. INFORMATION SUMMARY (Cont'd)

Financial year ended/ending 31 March	Proforma Estimate 2002	Forecast 2003
Net (loss per share)/EPS (sen)	(100.00) ⁽ⁱ⁾	19.71 ⁽ⁱⁱ⁾
Net PE Multiple based on issue price of RM1.15 per share (times)	N/A	5.83

Notes:-

N/A Not applicable.

(i) Based on the issued and paid-up share capital of 10,000 ordinary shares of RM1.00 each.

(ii) Based on enlarged issued and paid-up share capital of 42,000,000 ordinary shares of RM1.00 each.

The principal bases and assumptions upon which the consolidated profit estimate and forecast of SMCB have been made are set out in Section 16.1 of this Prospectus.

3.5.4 Dividend Forecast

The Directors of SMCB do not intend to declare any dividends for the financial year ended 31 March 2002.

The forecast dividend for the financial year ending 31 March 2003 is as follows:-

Financial year ending 31 March	Forecast 2003
Gross dividend per ordinary share (sen)	5.00
Net dividend per ordinary share (sen)	3.60
Gross dividend yield based on the issue price of RM1.15 per share (%)	4.35
Net dividend yield based on the issue price of RM1.15 per share (%)	3.13
Net dividend cover (times)	5.47

Further information on the dividend forecast of SMCB is set out in Section 16.4 of this Prospectus.

3.6 Principal Statistics Relating to the IPO

(i) Share Capital	RM
Authorised	
50,000,000 ordinary shares of RM1.00 each	<u>50,000,000</u>
Issued and fully paid-up as at the date of this Prospectus	
40,350,000 ordinary shares of RM1.00 each	40,350,000
To be issued pursuant to the Public Issue	
1,650,000 ordinary shares of RM1.00 each	<u>1,650,000</u>
Total enlarged share capital	<u>42,000,000</u>
To be offered pursuant to the Offer for Sale	
3,420,000 ordinary shares of RM1.00 each	<u>3,420,000</u>

Further details on the Share capital are set out in Section 4.3 of this Prospectus.

3. INFORMATION SUMMARY (Cont'd)

(ii) **IPO price of RM1.15 per ordinary share of RM1.00 each**

The factors taken into consideration in the pricing of the IPO Shares are set out in Section 4.6 of this Prospectus.

(iii) **Proforma Group NTA**

Proforma Group NTA as at 30 November 2001 (*after the Acquisitions and IPO*) RM49,794,000

Proforma Group NTA per share (*based on the enlarged share capital of 42,000,000 ordinary shares of RM1.00 each*) RM1.19

3.7 Utilisation of Proceeds

The total gross proceeds of approximately RM1.898 million from the Public Issue will be utilised by the Company in the following manner:-

	RM'000
Working capital	298
Estimated listing expenses	1,600
	<u>1,898</u>

Details of the utilisation of proceeds are set out in Section 4.7 of this Prospectus.

3.8 Material Litigation, Material Commitments for Capital Expenditure and Contingent Liabilities

(i) **Material litigation**

Save as disclosed in Section 22.5 of this Prospectus, neither SMCB nor its subsidiaries are engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of SMCB 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 position or business of SMCB or its subsidiaries.

(ii) **Material commitments for capital expenditure**

Save for an amount of RM3.58 million for capital expenditure which has been approved but not contracted for, there are no material commitments for capital expenditure, which upon enforceable, may have a substantial impact on the financial position of the Group as at 15 May 2002 (being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus).

(iii) **Contingent liabilities**

There are no material contingent liabilities incurred by SMCB and its subsidiaries as at 15 May 2002 (being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus), other than those incurred in the ordinary course of business.

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4. PARTICULARS OF THE IPO

4.1 Opening and Closing of Application

Applications will be accepted from 10.00 a.m. on 29 May 2002 and will close at 8.00 p.m. on 11 June 2002 or such other date and time as the Directors of SMCB and the Underwriter in their absolute discretion may decide. Late applications will not be accepted.

4.2 Indicative Timetable

The indicative timing of events leading up to the Listing is set out below:-

Event	Date
Opening of Application for the IPO Shares	29 May 2002
Closing of Application for the IPO Shares	11 June 2002*
	Tentative Date
Balloting date for applications for the IPO Shares	End June 2002
Allotment of the IPO Shares to successful applicants	End June 2002
Listing of the Company's entire enlarged issued and paid-up share capital on the Second Board of KLSE	Early July 2002

Note:-

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

4.3 Share Capital

	RM
Authorised	
50,000,000 ordinary shares of RM1.00 each	<u>50,000,000</u>
Issued and fully paid-up as at the date of this Prospectus	
40,350,000 ordinary shares of RM1.00 each	40,350,000
To be issued pursuant to the Public Issue	
1,650,000 ordinary shares of RM1.00 each	<u>1,650,000</u>
Total enlarged share capital	<u>42,000,000</u>
To be offered pursuant to the Offer for Sale	
3,420,000 ordinary shares of RM1.00 each	<u>3,420,000</u>

The issue price of RM1.15 for each IPO Share is payable in full on application.

There is only one class of shares in SMCB, 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 SMCB including voting rights and dividends and distribution that may be declared subsequent to the date of the allotment and issuance of the Issue Shares.

4. PARTICULARS OF THE IPO (Cont'd)

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 SMCB, 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.

4.4 Details of the IPO

The IPO is subject to the terms and conditions of this Prospectus and upon acceptance, the IPO Shares will be allocated in the following manner:-

4.4.1 Public Issue at an Issue Price of RM1.15 per Issue Share

(i) **Eligible Employees of the SMCB Group**

650,000 of the Issue Shares have been reserved for eligible employees of the SMCB Group. Any Issue Shares not allocated to eligible employees will be made available for application by Malaysian citizens, companies, co-operatives, societies and institutions.

(ii) **Malaysian Public**

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

4.4.2 Offer for Sale at an Offer Price of RM1.15 per Offer Share

(i) **Malaysian Public**

500,000 of the Offer Shares will available for application by Malaysian citizens, companies, co-operatives, societies and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions.

(ii) **Identified Investors**

2,920,000 of the Offer Shares have been reserved for private placement to identified investors.

The Issue Shares in respect of Section 4.4.1(i) above are allocated to the eligible employees of the SMCB Group based on their job position as at 31 March 2002. Based on the aforesaid criteria, there are 220 employees who are eligible to be allocated the 650,000 Issue Shares.

4. PARTICULARS OF THE IPO (Cont'd)

The Issue Shares under Section 4.4.1(i), 4.4.1(ii) and the Offer Shares under Section 4.4.2(i) have been fully underwritten by the Underwriter at an underwriting commission of two point five per cent (2.50%) of the issue/offer price of RM1.15 per IPO Share. The Offer Shares in respect of Section 4.4.2(ii) above need not be and therefore will not be underwritten. An Underwriting Agreement was entered into between SMCB, the Offerors and the Underwriter on 14 May 2002. Details on the brokerage and underwriting commission relating to the IPO are set out in Section 4.8 of this Prospectus.

Any Issue Shares under Section 4.4.1(i) above not taken up by eligible employees of the SMCB Group will be made available for application by Malaysian citizens, companies, co-operatives, societies and institutions of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions.

The minimum number of SMCB Shares to be subscribed pursuant to the IPO is 5,070,000 ordinary shares of RM1.00 each at an issue/offer price of RM1.15 per share to meet the objectives of the Company.

4.5 Purposes of the IPO

The purposes of the IPO are as follows:-

- (i) To provide the Company access to the capital market to raise funds for future expansion, diversification, modernisation and continued growth of the SMCB Group;
- (ii) To provide an opportunity for eligible employees of the SMCB Group and the Malaysian public to participate in the equity and continuing growth of the Group; and
- (iii) To obtain listing of and quotation for the entire issued and paid-up ordinary shares of SMCB on the Second Board of KLSE.

4.6 Pricing of the IPO Shares

The issue/offer price of RM1.15 per IPO Share was determined and agreed upon by the Company and CIMB as Adviser, Underwriter and Placement Agent after taking into account, inter-alia, the following factors:-

- (i) The Group's qualitative and quantitative factors as described in Section 8 and 11.1 of this Prospectus respectively;
- (ii) The Group's consolidated profit estimate and forecast for the financial year ended 31 March 2002 and financial year ending 31 March 2003 respectively and the net PE Multiple for the financial year ending 31 March 2003 as set out in Section 16.1 of this Prospectus;
- (iii) The industries the Group operates in, and the future plans and prospects of the Group as described in Sections 6 and 7 respectively of this Prospectus;
- (iv) The Group's proforma consolidated NTA per share after the IPO as set out in Section 17 of this Prospectus; and
- (v) The forecast net dividend yield for the financial year ending 31 March 2003 as set out in Section 16.4 of this Prospectus.

However, investors should note that the market price of SMCB's shares upon the Listing are subject to vagaries of market forces and other uncertainties, which may affect the price of SMCB's shares being traded. Investors should form their own views on the valuation of the IPO Shares before deciding to invest in the IPO Shares.

4. PARTICULARS OF THE IPO (Cont'd)

4.7 Utilisation of Proceeds

The total gross proceeds of approximately RM1.898 million to be raised from the Public Issue will be utilised in the following manner:-

	Note	RM'000
Working capital	(1)	298
Estimated listing expenses	(2)	1,600
		<u>1,898</u>

Notes:-

- (1) *The proceeds will be utilised for the core-business activities of the Group, namely in the manufacturing and marketing of granite and marble products, sales and installation of marble/granite slabs, tiles, ceramic tiles and sanitary ware.*
- (2) *The estimated expenses, including brokerage and underwriting commission relating to the Issue Shares, incidental to the listing of and quotation for the entire issued and paid-up ordinary shares of the Company on the Second Board of KLSE amounting to approximately RM1.60 million will be borne by the Company and will be utilised within six (6) months from the date of Listing.*

Out of the RM1.60 million estimated listing expenses, approximately RM950,000 is provided for fees for professional services rendered by advisers and experts.

The total gross proceeds from the Offer for Sale of approximately RM3.93 million arising from the Offer for Sale shall accrue entirely to the Offerors and no part of the proceeds of the Offer for Sale is receivable by SMCB. All expenses including brokerage, underwriting commission and placement fees relating to the Offer Shares shall be borne by the Offerors.

4.8 Brokerage and Underwriting Commission

Brokerage relating to the Issue Shares will be borne by the Company at the rate of one percent (1.0%) of the issue price of RM1.15 per share in respect of successful applications bearing the stamp of CIMB, a member company of the KLSE, a member of the Association of Banks in Malaysia, a member of the Association of Merchant Banks in Malaysia or MIH.

Brokerage with respect to the Offer Shares is payable at a rate of 1.0% of the offer price of RM1.15 on the Offer Shares by the Offerors.

CIMB has agreed to underwrite the Issue Shares and 500,000 of the Offer Shares which are available for application by the Malaysian public and eligible employees of the SMCB Group pursuant to the IPO. The underwriting commission amounting to RM47,438 and RM14,375 relates to the underwriting of the 1,650,000 Issue Shares and 500,000 of the Offer Shares respectively and is payable by the Company and the Offerors respectively at the rate of two point five percent (2.5%) of the issue/offer price of RM1.15 per IPO Share being underwritten.

The salient terms of the Underwriting Agreement dated 14 May 2002 entered into between the Company, Offerors and CIMB ("Agreement") are summarised as follows:-

- (i) The obligations of the Underwriter under the Agreement shall be conditional upon the fulfilment and/or satisfaction of the following:-
 - (a) the KLSE having agreed in principle to the listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of the KLSE.

4. PARTICULARS OF THE IPO (Cont'd)

- (b) the issuance of and subscription for the Public Issue Shares and the 500,000 Offer Shares available for subscription by the Malaysian public pursuant to and in accordance with the provisions of the Agreement and in the Prospectus 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 agency, legislative, executive or regulatory body or authority of Malaysia (including the KLSE);
 - (c) the approval from the SC in respect of the Prospectus and registration of the Prospectus with the SC pursuant to the Securities Commission Act 1993 and subsequent lodgement of the Prospectus with the Companies Commission of Malaysia;
 - (d) there having been, as at any time from the date of the Agreement up to and including the closing date for application of the IPO Shares or the Extended Closing Date (being a date not later than three (3) months from the date of the Agreement), as the case may be, no event of default pursuant to the provisions appearing in the Agreement, and no breach of any representation, warranty, covenant, undertaking or obligation of the Company and the Offerors in the Agreement or which is contained in any certificate, statement, or notice provided under or in connection with the Agreement in any material respect;
 - (e) the execution of all agreements in relation to the private placement in a form and manner acceptable to the Placement Agent;
 - (f) the Underwriter having been reasonably satisfied that arrangements have been made by the Company to ensure payment of all expenses payable under the Agreement; and
 - (g) the Company meeting the public spread requirement under the KLSE Listing Requirements.
- (ii) Notwithstanding anything appearing in the Agreement, the Underwriter may, at any time, be entitled to terminate its obligations under the Agreement by notice in writing delivered to the Company and/or the Offerors, if in the reasonable opinion of the Underwriter, there shall have occurred, happened or come into effect, any of the following circumstances, on or before the closing date for application of the IPO Shares or the Extended Closing Date as the case may be, namely:-
- (a) any change in national or international monetary, financial, political or economic conditions (including but not limited to conditions of the stock markets in Malaysia and overseas, foreign exchange markets or money markets or that with regard to inter-bank offer or interest rates in Malaysia and overseas) which would, in the reasonable opinion of the Underwriter, materially and adversely affect the Company and the offering, issuance of the IPO Shares, the business or prospects of the Company and/or its subsidiaries;
 - (b) any change in exchange controls or currency exchange rates as would, in the reasonable opinion of the Underwriter, materially and adversely affect the success of the issuance and offering of the IPO Shares and their distribution or sale (whether in the primary market or in respect of dealings in the secondary market);

4. PARTICULARS OF THE IPO (Cont'd)

- (c) any development, occurrence or any change or prospective change in or any introduction or prospective introduction of any legislation, regulation, policy, directive, guideline, ruling or any request or interpretation by the SC, any other regulatory authority or any governmental body, whether or not having the force of law, or occurrence of any other nature, which would, in the reasonable opinion of the Underwriter, materially and adversely affect the Company and the offering, issuance of the IPO Shares, the business or prospects of the Company or any member of the Group;
 - (d) any Government requisition or occurrence of any other nature which, in the reasonable opinion of the Underwriter, materially and adversely affects or would materially and adversely affect the business and/or financial position of any member of the Group;
 - (e) any breach of the representations, warranties, covenants and undertakings set out in the Agreement by the Company and/or Offerors or any withholding of information of a material nature from the Underwriter which would, in the reasonable opinion of the Underwriter, materially and adversely affect the offering, issuance of the IPO Shares;
 - (f) any event or series of events beyond the reasonable control of the Underwriter which has or is likely to have the effect of making any material part of the Agreement incapable of performance in accordance with its terms and which prevents the processing of applications, crediting of accounts and/or payments pursuant to the IPO or pursuant to its underwriting; or
 - (g) the imposition of any moratorium, suspension or material restriction on trading in securities generally in the KLSE due to exceptional financial circumstances or otherwise.
- (iii) In the event that the closing date for application of the IPO Shares or the Extended Closing Date, as the case may be, falls after three (3) months from the date of the Agreement, the Agreement will lapse and the Underwriter will be released and discharged from all of its obligations under the Agreement and the Company may enter into a fresh underwriting agreement with the same and/or different underwriters.
- (iv) In addition to but not in derogation to paragraph (ii) above, no party is liable to any other party for its failure to perform or delay in performing all or any part of the Agreement which is directly or indirectly due to any cause or circumstances beyond the control of such party, including:-
- (a) any acts of God, fire, flood, storm, earthquake, typhoon, tidal wave, plague or other epidemics;
 - (b) any war, armed conflict or serious threat of the same, hostilities, sabotage, mobilisation, blockade, embargo, detention, revolution, riot, looting, lockout, strike or other labour dispute;
 - (c) any unavailability of transportation or severe economic dislocation; and
 - (d) any imposition or change of governmental laws, orders, regulations, sanctions or restrictions.

4. PARTICULARS OF THE IPO *(Cont'd)*

In the event of the occurrence of the events in (iv) above, the Underwriter shall be entitled to terminate its obligations under the Agreement on delivery of a notice by hand or by facsimile transmission and the Underwriter and the Company shall confer with the view of deferring the IPO or to amend its terms or the terms of the Agreement and/or to enter into a new underwriting agreement accordingly but neither the Company nor the Underwriter shall be under any obligation to make a fresh agreement.

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5. RISK FACTORS

Applicants for the IPO Shares should carefully consider the following (which may not be exhaustive) in addition to the other information contained elsewhere in this Prospectus before applying for the IPO Shares:-

5.1 No Prior Market for SMCB's Shares

Prior to this IPO, there was no public market for SMCB's shares. There can be no assurance that an active market for SMCB's shares will develop upon its listing on the Second Board of KLSE or, if developed, that such market will be sustained. The issue/offer price of RM1.15 per IPO Share was determined after taking into consideration a number of factors, including but not limited to those set out in Section 4.6 of this Prospectus. The price at which SMCB's shares will trade on the Second Board of KLSE upon or subsequent to the Listing will be dependent upon market forces beyond the control of the Company.

5.2 Delay in or Abortion of the Listing of SMCB

The occurrence of any one or more of the following events may cause a delay in or abortion of the Listing:-

- (a) the identified investors failing to subscribe to the portion of Offer Shares to be placed to them;
- (b) the Underwriter exercising its rights pursuant to the Underwriting Agreement discharging itself from its obligations thereunder; or
- (c) the Company is unable to meet the public spread requirement, that is, 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 IPO, and at the point of Listing.

Although the Directors of SMCB and the Offerors will endeavour to ensure compliance by SMCB of the various listing requirements, including, inter-alia, the public spread requirement imposed by the SC and KLSE, for the successful Listing, no assurance can be given that the abovementioned factors will not cause a delay in or abortion of the Listing.

5.3 Control by Substantial Shareholders

Following the IPO, Ng Kay Kim, Hwang Hien Chai, Hwang Teck Seng and Hwang Hin Chuan who are family members, the relationships of which are disclosed under Section 9.6 of this Prospectus, will own in total approximately 30.63% of the Company's issued and paid-up share capital and will jointly be the single largest group of shareholders of the Company. Therefore, it is likely that they will be able to influence the outcome of certain matters requiring the vote of the Company's shareholders, unless they are required to abstain from voting by law and/or by the relevant authorities.

5. RISK FACTORS *(Cont'd)*

5.4 Supply and Cost of Raw Materials

SMCB sources its raw materials of marble and granite blocks locally and abroad. The overseas materials are sourced from suppliers from different countries as raw materials from different countries differ in colour, tone and quality. Hence, the Group's profit will be subject to fluctuations due to changes in the cost of marble and granite blocks. Furthermore, the Group does not enter into any long term supply agreements with its suppliers as it does not see a need to enter into supply contracts for raw materials nor to own a quarry as deposits of marble and granite are huge and abundant locally and abroad. New varieties are extracted and introduced constantly. In Italy for instance, quarries in Carrara, where marble blocks have been extracted from since the Roman Empire, still stand out today as one of the major marble extraction sites in the world.

Locally, the Group purchases marble and granite mainly from Rock Chemical Industries Sdn. Bhd., Hock Heng Granite Sdn. Bhd. and Malaysian Rock Products Sdn. Bhd. respectively. Hence, the possibility of over-dependence on these three (3) suppliers may arise. The Group purchases local marble mainly from Rock Chemical Industries Sdn. Bhd. as its quarries are amongst the biggest in the Keramat Pulai area, in terms of production and deposits. In addition, the marble blocks produced are of larger sizes suitable for marble slab production. Local granite on the other hand is purchased mainly from Malaysian Rock Products Sdn. Bhd. and Hock Heng Granite Sdn. Bhd. as their materials are well established in the market and quality proven. Besides that, their quarries boast of high deposits and output.

In order to reduce the risk of over-dependence on the above-mentioned suppliers, the Group is always on the look out for alternative suppliers. Moreover, the Group has been enjoying good business relationships with most of its suppliers. The suppliers have stayed with the Group since its inception. The marble and granite industry is also assured of smooth and continued supply of raw blocks with the advancement in block extraction techniques. These techniques involve the use of advanced equipment such as diamond wire saws, and heavy lifting facilities like derrick cranes and wheel loaders. This has led to better quarry management, which in turn has resulted in less wastage, higher economies of scale and lower extraction costs. Although the Group does not foresee any difficulty in the procurement of the raw materials, no assurance can be given that any change to these factors will not have material adverse impact on the Group's business.

5.5 Fluctuations in Selling Prices of Granite and Marble Products

Fluctuation in price is a normal occurrence in industries where supply and demand are the main determinants of price. But with foresight, experience and good marketing and business strategies, the adverse impact of any price fluctuation can be reduced. The Group offers a wide range of marble and granite products both local and imported, with diverse prices as well as substitutes such as ceramics. The Group also maintains a wide range of stocks in a variety of colours and sizes to ensure availability. Hence, the Group's risks are reduced should any product or market suffer from a decline in selling prices or demand. Besides that, the Group is consistently sourcing for cheaper alternatives and substitutes. To maintain an effective cost control, the Group is also selective and only goes for suitable and quality blocks that provide better yields. Bulk purchases of raw materials are also favoured as these will entail bulk discounts and savings in handling and administration costs. Although the Group seeks to limit these risks, no assurance can be given that any change to these factors will not have material adverse impact on the Group's business.

5. RISK FACTORS (*Cont'd*)

5.6 Foreign Exchange Risk

Based on the audited accounts for the financial year ended 31 March 2001, approximately 65.7% and 86.6% (whilst for the eight (8)-months period ended 30 November 2001, approximately 94.9% and 91.4%) of the Group's marble and granite blocks respectively were imported mainly from Iran, Indonesia, India, Spain, Norway, Vietnam and South Africa. As such, the Group's future growth and level of profitability is expected to be linked to the political and economic development of these countries, where the Group's suppliers are located. The future growth of these economies may be affected by changes in inflation, interest rates, taxation and other political, economic or social developments. In addition, SMCB's results will also be subject to fluctuations in foreign currency value of the USD in the event that the fixed exchange rate of USD1.00 to RM3.80 imposed by Bank Negara Malaysia since September 1999 is no longer maintained by the Government.

5.7 Competition

The Group's main products face competition from both local and foreign producers as well as from substitute products like ceramics. However, granite and marble, being natural products, are renowned for their aesthetic beauty and prestige, two qualities that substitute materials will find difficult to match. The Group strives to stay ahead of competition. In order to be competitive, the Group manufactures a wide range of local as well as imported granite and marble products. Furthermore, to complement its granite and marble range, it also distributes and trades in ceramic tiles. The Group continues to develop and source for new, innovative and value-added products to serve its broad base of customers. The Group also provides installation services. The Group has also set up branches, showrooms and warehouses in strategic locations in Kuala Lumpur, Selangor Darul Ehsan, Penang, Johor Darul Takzim, Sabah and Sarawak to provide prompt and direct services to its customers in the respective areas. Having its own marketing branches and showrooms enables the Group to sell directly to end users hence enjoying higher margins. Besides that, the close contact with customers enables the Group to obtain quick feedback from its customers. Although the Group strives to remain competitive in the industry, no assurance can be given that SMCB will be able to maintain its existing market share in Malaysia and overseas in the future.

5.8 Business Risks

The Group is not insulated from the risks inherent in the manufacturing and construction industry and those specific to the marble and granite industry. For example, the Group may be affected by a general downturn in the global, regional and national economy, specifically, the Malaysian economy, entry of new players, constraints in labour supply, changes in law and tax legislation affecting the industry, increase in production costs, changes in business and credit conditions, fluctuations in foreign exchange rates, introduction of new technologies and collectibility of debts.

Although the Group seeks to limit these risks through, inter-alia, expansion of export markets, development of new products and a diversified market network, no assurance can be given that any change of these factors will not have a material adverse effect on the Group's business.

5.9 Dependence on Key Personnel

The Group believes that its continued success will depend, to a significant extent, upon the abilities and continued efforts of its existing Executive Directors and key management. The loss of any of the Group's Executive Directors or members of the key management may affect the Group's performance. The Group's future success will also depend upon its ability to attract and retain experienced personnel. It is the Group's practice to retain the services of these Executive Directors and senior management whenever possible and to also attract and retain experienced personnel. The Group has experienced a relatively low turnover rate in its key management to date.

5. RISK FACTORS (*Cont'd*)

5.10 Collection of Trade Debts

The construction and property development related business tend to allow relatively long credit periods for payment of sales. Despite this, there can be no assurance that the SMCB Group will be able to collect all trade debts due from its customers or within the Group's normal credit periods. Any significant bad debts or slow collection of the trade debts may have a material adverse impact on the Group's cashflow position and/or profitability. In order to minimise the occurrence of bad debts and/or to expedite the collection of debts, the management has implemented credit risk procedures to assess credit worthiness of its customers and to monitor the status of the Group's debts and its collection. However, the industry in which the SMCB Group is involved in tend to experience a relatively higher percentage of bad and doubtful debts to turnover.

As at 30 November 2001 the SMCB Group's proforma trade debtors (net of intercompany balances and provision for doubtful debts) amounted to RM53,285,193. Pursuant to the condition imposed by the SC as set out in Section 13 of this Prospectus, Messrs. Arthur Andersen & Co. had via its letter dated 2 May 2002 certified that all trade debts as at 30 November 2001, which exceeded the credit periods have been adequately provided for. Details on the trade debtors ageing analysis are set out in Section 11.3.

5.11 Limit on Operating and Financial Flexibility

The subsidiaries of SMCB, have entered into various credit facility agreements with banks or financiers to finance its operations and business activities. These agreements contain, inter-alia, covenants which may limit the SMCB Group's operating and financial flexibility. Any act by the SMCB Group falling within the ambit or scope of such covenants will require the consent of the relevant banks or financiers. Breach of such covenants may give rise to a right by the bank or the financier to terminate the relevant credit facility and/or enforce any securities granted, in relation to that credit facility or may cause a cross default on other credit facilities. The Board of Directors of SCMB are aware of such covenants and shall take all precautions necessary to prevent any breach of these agreements.

5.12 Profit Estimate and Forecast

This Prospectus contains profit estimates and forecasts that is based on reasonable assumptions of the Directors that are nevertheless subject to uncertainties and contingencies. Because of the subjective judgements and inherent uncertainties and because events and circumstances frequently do not occur as expected, there can be no assurance that the estimate and forecast as contained herein will be realised and actual results may be materially different from that shown. Investors will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the estimate and forecast that is contained herein.

5.13 Political, Economic and Regulatory Considerations

Like all other business entities, changes in political, economic and regulatory conditions in Malaysia and elsewhere could material and adversely affect the financial and business prospects of the Group and the markets of its end products. Amongst the political, economic and regulatory uncertainties are the changes in political leadership, expropriation, nationalisation, re-negotiation or nulification of existing sales orders and contracts, changes in interest rates and methods of taxation and currency exchange rules and contracts.

5. RISK FACTORS *(Cont'd)*

5.14 Future Prospects

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 estimates and assumptions made by the Company, and although believed to be reasonable by the Directors, are subject to known and unknown risks, uncertainties and other factors which 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 Group and the industry, changes in interest rates and changes in foreign exchange rate. In the light of these and other uncertainties, the inclusion of a forward-looking statement 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 Group will be achieved.

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6. INDUSTRY OVERVIEW

6.1 Overview of the Malaysian Economy

The country's economic performance in 2001 was significantly influenced by the unprecedented external developments during the year that had widespread implications on the global economy. Being a highly open economy, Malaysia was affected by the weak external economic environment.

The slowdown in the US economy became more apparent in the early part of the year prompting the government to adopt pre-emptive action through fiscal stimulants in March 2001 to sustain economic growth. The measures were in the form of increasing the number of public construction projects, boosting domestic consumption, reducing the property overhang, continuing the accommodative monetary policy, improving financing to small and medium industries, promoting the services sector including the tourism sector more aggressively and maintaining the ringgit peg.

Despite the difficult external environment, economic fundamentals remain strong. Balance of payments of the current account is projected to record a surplus of 7.9% of Gross National Product. As at the end of December 2001, external reserves have stabilised at a higher USD30.8 billion and is adequate to finance 5.7 months of imports. The external debt remains low. Inflation is expected to remain subdued with an anticipated increase of less than 2% in Consumer Price Index. The economy is expected to continue experiencing full employment (2001: 3.7%) despite the weakened labour market. The ample liquidity in the banking system allows low interest rates and ensured financing of economic activities at reasonable costs. Meanwhile the ringgit peg provides stability and predictability to facilitate economic activities.

Prospects of an earlier recovery in the economy was marred by the September 11 attack on the United States leading to greater uncertainty over external developments. However, the Government has taken swift pre-emptive measures to improve domestic demand and encourage consumer spending to stimulate the economy.

(Source: Property Market Report 2001)

As we enter the year 2002, indications are that world trade is expected to recover to about 2.5% in 2002. Growth in the major industrial countries as a group is expected to stabilise at 1.1%, reflecting a stronger growth of 1.4% in the US economy.

Malaysia is well positioned to benefit from the emerging recovery in the global economy. Real Gross Domestic Product growth in the Malaysian economy is projected to recover to 3.5% in 2002. The projection is based on stronger growth in private consumption, a modest recovery in private investment, sustained public sector expenditure and moderate growth in exports.

(Source: Statement by Governor of Bank Negara Malaysia at the Bank Negara Malaysia 2001 Annual Report Press Conference)

6.2 Overview of the Construction Sector and Marble and Granite Industry Sub-sector

(i) Industry growth and size

Growth in the construction sector was supported by fiscal stimulus programme and low interest rates. The positive effects of the fiscal stimulus programme were reflected in the continued output expansion of construction-related materials to meet demand from the construction sector. The production of iron and steel products as well as non-metallic mineral products, including cement and concrete products, tiles and ceramic products expanded further during the year.

6. INDUSTRY OVERVIEW *(Cont'd)*

Capital spending in the construction sector in 2001 was supported by the construction of several highway projects, including SPRINT Highway and Elevated Highway (completed 2001) as well as Kajang Ring Road, SPRINT Highway (Package C), Kajang-Seremban Expressway and Guthrie Corridor Expressway. Investment in the residential sub-sector continued to be high, due mainly to the construction activities for affordable housing and selected high-cost housing in strategic locations.

(Source: Bank Negara Malaysia Annual Report 2001)

The non-metallic mineral products industry covers cement, concrete, ceramic, glass, limestone, marble and granite products. A total of 22 (2000 : 25) projects of a value of RM1,977.3 million (RM1,766.3 million: 2000) were approved in the non-metallic mineral products industry for the year 2001. Foreign investments totalled RM1,595.4 million, while domestic investments amounted to RM381.9 million.

A total of 19 applications of a value of RM308.8 million were received for the manufacture of construction related non-metallic mineral products. Of the total, 12 would be for the manufacture of cement and concrete products; four for lime and lime products; and one each for ceramic roofing tiles, marble tiles and granite tiles.

(Source: Report on Performance of the Manufacturing Sector 2000 & 2001 by Malaysian Industrial Development Authority.)

The marble and granite industry is closely related to the property sector and construction industry and thus would generally move in tandem with the expansion and contraction in these industries.

The price of residential properties has generally been stable. The Malaysian House Price Index ("HRM"), which tracks the movement in prices of residential landed properties, apartments and condominiums, showed that the price of houses has stabilised, increasing by 0.9% (2000 : 14.3%). The highest price increases were for residential properties in Seremban-Sepang and Ipoh-Kinta with price increases of 5.2% and 2.5%, respectively.

With respect to newly completed purpose-built offices, as of June 2001, vacant space increased by 2.8% (end June 2000 : 2.46 million sq.m.). Occupancy rates in Kuala Lumpur increased slightly during the second half to 77.1% compared to 76.6% in the previous quarter. The occupancy rate in Johor Bahru, however, declined to during the same period.

With regard to the commercial property sector, while the take-up rate improved slightly from 73.7% at end-December 2000 to 74.4% at end June 2001, the property overhang for shopping complexes remains large, with 1.4 million sq.m.. Transactions in industrial property declined by 22.6% in unit terms and 52.1% in value terms during the first half of 2001 compared to the second half of 2000, reflecting largely the slowdown in the manufacturing sector.

The Government continued to place priority in the construction of low - and medium-cost houses in line with the objective of providing affordable houses to all Malaysians. A total of 192,000 low-cost units are targeted to be built during the Eighth Malaysia Plan, of which 175,000 units will be implemented through the Public Low-Cost Housing Programme. To cater within the Kuala Lumpur and other major cities, 5,936 units are being constructed under the Integrated Housing Programme.

(Source : Economic Report 2001/2002)

6. INDUSTRY OVERVIEW *(Cont'd)*

In the year 2001, the residential sector or the market continued to show growth in the number of transactions with the focus on the affordable housing segment of RM150,000 and below. This situation is likely to carry through to next year. The improved disposable income from the pay rise for public sector employees and tax cuts announced in the Budget 2002 together with competition amongst banks for more residential mortgage loans, low interest rates and high liquidity will have a favourable impact on the residential sector with an expected improvement in the number of transactions next year.

(Source: Property Market Report 2001)

The outlook for the office sub-sector for 2002 is not encouraging pressured by oversupply and economic conditions. Space filled up in newer office buildings are more a shift from existing office buildings at the expense of rental reductions or incentives to maintain rentals. The situation is unlikely to change for the better until the economy picks up with more expansion in the services sector and more employment.

Recovery in the property sector hinges on the health of the Malaysian economy. Effective monitoring and timely disbursement are crucial factors in determining the success of stimulants put in place by the government in bringing about the desired economic outcome of the country barring no further adverse external developments in 2002.

(Source: Property Market Report 2001)

(ii) **Industry life cycle**

The Directors of SMCB believe that the local granite and marble industry is currently in the growth phase of its industry life cycle. Currently there are only a few main players manufacturing both marble and granite locally. The high level of investment, technical knowledge and expertise required in the industry is a barrier to new entrants. The growth in the economy will also lead to higher living standards which in turn will drive the demand for the more prestigious granite and marble products.

(Source: Directors' Estimates)

(iii) **Government legislation, policies and incentives**

The pump priming efforts of the government and the home ownership drive should result in a bigger market for the Group's granite and marble products given that the Group's products are used directly by these two sectors.

(iv) **Capital or labour intensive**

The granite and marble industry is moderately capital intensive. Capital investment requirements for the machinery are moderately high. Besides that, there is also a need to keep relatively high levels of stock as it is necessary to be able to provide clients with a wide variety of choices and in large quantities. Thus, a large amount of capital is required to commence and continue operations.

(v) **Dependence on other industries**

The performance of the granite and marble industry is dependent mainly on the performance of the property sector and the construction industry.

6. INDUSTRY OVERVIEW (Cont'd)

(vi) Industry dynamics

(a) Nature of industry

The granite and marble industry is divided into upstream and downstream industries. Upstream operations refer to quarrying operations where the raw marble and granite blocks are extracted from the hills. Downstream operations, on the other hand, involves the transformation of the raw blocks into granite and marble products.

(b) Competition

Competition within the industry is in the form of pricing, quality, colour, origin and design. Locally manufactured granite and marble products also face competition from imports while exports compete with other granite and marble producing countries. In addition, granite and marble products also face competition from substitute products like ceramic tiles.

(c) Ease of entry

The entry-barrier for new entrants into the granite and marble industry is relatively high mainly due to the level of technical skill and the amount of capital investment required. The capital requirement may be a deterring factor to new entrants. Besides that, new entrants may not have established distribution channels both locally and overseas already established by existing players.

(vii) Summary of outlook and areas of growth

Despite being adversely affected by the protracted slowdown in the US economy which was exacerbated further by the 11 September incident in the US, the Malaysian economy is expected to show positive growth in 2002.

There is a degree of consensus that the coming year with the positive turn of events in the aftermath of the 11 September incident and the measures put in place by the government will spur the economy.

Revival of confidence in the Malaysian economy was reflected in the local bourse, which continued its upward trend from 600 points recorded in October to 696 points by December 2001.

(Source: Property Market Report 2001)

The Group is currently identifying future areas of growth. There are plans to expand its market share overseas by exporting more aggressively to its existing markets while exploring new markets. At the same time, the Group is also looking at venturing into the manufacturing of higher value-added products like monuments and tombstones whilst expanding on its trading of ceramic tiles, roof tiles, sanitary ware and landscaping rocks.

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7. FUTURE PROSPECTS AND PLANS

7.1 Future prospects

The Malaysian economy is expected to strengthen in 2002 following a strengthening of external demand. Past trends show that there is a brief lag between the recovery in the major economies and recovery in Malaysian exports. As such, the timing and magnitude of the recovery would have a significant impact on the Malaysian economy. Current indications suggest that external demand will not pick up as strongly as in the 1999-2000 period, where recovery was mainly led by the internet-boom and the Y2K factor. The current economic upturn is taking place amidst global excess capacity, particularly in the technology sector. External demand is, therefore, expected to strengthen gradually. Against this background, the recovery in the Malaysian economy would be modest, with real GDP expanding by 3.5% in 2002.

At this juncture, latest indicators show signs of stabilisation in the Malaysian economy. The index of leading economic indicators compiled by the Department of Statistics, Malaysia, which provides early indications on the direction of economic growth, has already registered five consecutive months of positive growth since July 2001. This suggests that the Malaysian economy would turn around in the first quarter of 2002. Indications, however, are that growth would strengthen in the second half-year when external demand improves more significantly.

Growth in the construction sector is expected to be sustained at 2.4%, with impetus coming from the civil engineering and residential sub-sectors. Low interest rates and various pre-emptive measures implemented by the Government to address the excess supply situation in the property market will continue to support demand for residential housing. The relaxation of the FIC guidelines on foreign acquisition of properties in April 2001 has helped to reduce the property overhang in the sub-sector. The Government has waived the stamp duty charged for the purchase of residential property from developers registered with the Real Estate and Housing Developers' Association Malaysia, for a period of six months, effective 1 January 2002. On 27 November 2001, Bank Negara Malaysia lifted the restriction on the provision of bridging finance for the development of residential properties above RM250,000 and shop houses exceeding RM250,000 per unit located within residential areas, provided the projects have achieved break-even sales. Growth in the civil engineering sub-sector is envisaged to be supported by privatised projects as well as fiscal spending on infrastructure development. Meanwhile, activity in the non-residential sub-sector would continue to be constrained by excess capacity with activity focused mainly on ongoing projects.

The Budget 2002 announced in October 2001 included measures likely to have a positive effect on the property market, in particular the residential sector. These measures are:-

- A raise in disposable income. Personal income levels will rise through individual tax cuts of between 1% to 2% for all income bands, reduction in the maximum tax rate from 29% to 28% and an increase in chargeable income from exceeding RM150,000 to exceeding RM250,000 which is subject to the maximum tax rate. Bonus was also paid to the government workforce;
- a 10% increase in the salaries of civil servants beginning 2002;
- a raise in overtime allowances for medical officers and annual gratuity rates for security forces;
- the removal of restriction on bonus payments to two months in the private sector;
- lower import duties on a number of household products; and
- tax incentives to encourage private investments in domestic economic activities, in particular the manufacturing, agriculture and service sectors.

7. FUTURE PROSPECTS AND PLANS *(Cont'd)*

The outlook for the property sector therefore appears promising for the coming year for it forms an integral part of the economy. But the performance of the property market cannot be generalised. It is made up of various sectors, which showed different performances depending on the type, price range, location, supply and demand for the properties.

In the year 2001, the residential sector of the market continued to show growth in the number of transactions with the focus on the affordable housing segment of RM150,000 and below. This situation is likely to carry through to next year. The improved disposable income from the pay rise for public sector employees and tax cuts announced in the Budget 2002 together with competition amongst banks for more residential mortgage loans, low interest rates and high liquidity will have a favourable impact on the residential sector with an expected improvement in the number of transactions next year.

(Source: Bank Negara Annual Report 2001)

As a result of the close link between the marble and granite industry to the property sector and the construction industry, its progress would generally move in tandem with the expected expansion in these industries.

Since the local stone industry first began to take shape in the early 60s to the present day, the supply of marble and granite blocks progressively expanded. With the abundance production of these blocks and competitive pricing (locally manufactured versus previously imported prices), a strong demand of the Group's products was generated. Now, the Group's products can be found in various commercial buildings, hotels, condominium, hospitals, mosques, temples and residential homes.

The Directors of SMCB are anticipating that with the expected recovery of the Malaysian economy and the higher disposal income, the population will probably be seeking a better standard of living. The 25-30 age group who is more affluent than before, will drive the demand for a more prestigious yet affordable marble and granite products whilst the 30-45 age group will probably be looking for a second, more luxurious house or upgrading their present houses thus increasing further demand for marble and granite. Furthermore, marble and granite are cooling to touch, most suitable for wall and floor finishes for tropical climates like Malaysia.

The limestone (marble) quarry in Simpang Pulai produces world class white and pink marble and, the Directors of SMCB plan, over the next three (3) years, to embark on a more aggressive drive to export these products.

Marble and granite with its aesthetic value and intrinsic beauty that is difficult to duplicate and replace, have been associated with mankind for centuries and are destined to stay for years to come.

(Source: Directors' Estimates)

7.2 Future plans

The Group's future expansion will involve capacity expansion, broadening and increasing its marketing capabilities and an emphasis on human resource development. The immediate future will see the extension of its current manufacturing facility from a built-up area of 13,622 square metres to 19,000 square metres. The factory extension is expected to be completed by the end of the year 2003. Accordingly, the Group is targeting to incur capital expenditure of RM3.58 million in the financial year 2003/2004. The Group also plans to set up a sizing plant and bigger warehousing facility in the southern region.

7. FUTURE PROSPECTS AND PLANS (*Cont'd*)

The Group plans to expand its direct marketing efforts by opening new branches in other strategic locations like Ipoh and Malacca in the financial year 2003/2004. Direct selling to end users through its showrooms and branches results in more accurate market feedback from the industry. On top of that, the Group will have the benefit of better profit margins through direct sales. This strategy is also aimed at creating a reputation and brand name awareness for the Group's products. Even as the Group emphasises direct sales, sales through dealers will be no less important and the Group will continue to expand its network of over 400 dealers nation-wide.

Looking further ahead, the Group also has plans over the next three (3) years to embark on further horizontal expansion. Horizontal expansion will entail venturing into manufacturing-related products like monuments and tombstones. Apart from the normal installation services, the Group plans over the next three (3) years to provide additional services by setting up an in-house interior designing unit to provide customised designs for customers and to follow-up with installation services. Furthermore, the Group is looking into branching out into hard landscaping work which would involve the supply and installation of paving rocks, pebbles and landscaping rocks.

Going forward, the Group will also continue to focus on its human resource development both in terms of technical ability, as well as working environment. The personal development of the Group's employees is important to the Group in the long-term as it would lead to an increase in productivity and work ethics, and this would flow down to the Group's bottom line. Currently, various forms of training are being provided all year round to enhance the skills and efficiency of employees of all levels. The training programmes, both technical and non-technical in nature, are conducted either externally or in-house. The wide range of training programmes include those on production skills, machinery operation techniques, sales and marketing, negotiation skills, taxation, computers and information technology. On-the-job training is also provided under the supervision of supervisors and managers. Employees are also encouraged to rotate their jobs within the Group to make themselves versatile and skillful in all areas. Employees are also sent out regularly for external seminars or courses. Apart from being trained locally, the employees are also sent overseas from time to time to international expositions and reputable quarries and stone-manufacturing plants to acquire the latest skills and knowledge on various areas.

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8. INFORMATION ON THE SMCB GROUP

8.1 History

SMCB was incorporated in Malaysia under the Companies Act, 1965 on 11 November 1999 as a public limited company under its present name. On 8 February 2000, it obtained its Certificate of Commencement of Business from the Registrar of Companies, and in accordance with Section 142 of the Companies Act, 1965, held a statutory meeting on 8 March 2000.

SMCB is principally an investment holding company while its subsidiaries are principally involved in the manufacture and trading of granite and marble products, trading of ceramic tiles and sanitary ware and contract works.

8.2 Share Capital

The present authorised and issued and fully paid-up share capital of SMCB as at the date hereof are as follows:-

	No. of shares	Par Value RM	Total share capital RM
Authorised:-			
Ordinary shares	50,000,000	1.00	50,000,000
Issued and fully paid-up:-			
Ordinary shares	40,350,000	1.00	40,350,000

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

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Issued and paid-up share capital RM
11.11.99	10,000	1.00	Subscribers' shares	10,000
01.04.02	40,340,000	1.00	Issued at par pursuant to the Acquisitions	40,350,000

8.3 Restructuring and Listing Exercise

In conjunction with, and as an integral part of the Listing, the Company undertook a restructuring exercise, which was approved by the following authorities:-

- (i) SC, on 4 January 2001 and 29 January 2002;
- (ii) FIC, on 6 June 2000 and 20 March 2002; and
- (iii) MITI, on 22 July 2000 and 13 December 2001.

8. INFORMATION ON THE SMCB GROUP (Cont'd)

The restructuring exercise involved the following:-

8.3.1 Acquisitions

(i) Acquisition of SPG

On 17 April 2000, SMCB entered into a conditional Sale and Purchase Agreement with the shareholders of SPG for the acquisition of the entire equity interest in SPG comprising 10,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM27,914,995, to be satisfied wholly by the issuance of 27,914,995 new ordinary shares of RM1.00 each in SMCB, credited as fully paid-up, at an issue price of RM1.00 per new SMCB share.

On 15 March 2001, SMCB entered into a Supplemental Sale and Purchase Agreement with the shareholders of SPG pursuant to the SC's revision to the open market values of SPG Group's landed properties, for the acquisition of the entire equity interest in SPG, comprising 10,000,000 ordinary shares of RM1.00 each, for a revised purchase consideration of RM27,418,657, to be satisfied wholly by the issuance of 27,418,657 new ordinary shares of RM1.00 each in SMCB, credited as fully paid-up, at an issue price of RM1.00 per new SMCB share.

On 29 March 2002, SMCB entered into a second Supplemental Sale and Purchase Agreement with the shareholders of SPG to revise the purchase consideration for the acquisition of the entire equity interest in SPG, comprising 10,000,000 ordinary shares of RM1.00 each, to RM34,072,114, satisfied wholly by the issuance of 34,064,257 new ordinary shares of RM1.00 each in SMCB, credited as fully paid-up, at an issue price of approximately RM1.00 per new SMCB share.

The vendors of SPG, their respective shareholdings therein and the number of SMCB shares issued to them pursuant to the Acquisition of SPG are as follows:-

Vendors	-----Shareholdings in SPG -----		No. of new SMCB ordinary shares issued as consideration
	No. of shares held	% held	
Ng Kay Kim	3,900,000	39.00	13,285,060
Dato' Haji Abdul Aziz bin Mohamed	2,450,000	24.50	8,345,743
Wang Kong @ Wong Khiew	900,000	9.00	3,065,783
Lee Fook Kow	900,000	9.00	3,065,783
Mariah binti Yahya	550,000	5.50	1,873,534
Annas bin Ahmad	500,000	5.00	1,703,213
Yacob bin Mat Yim	500,000	5.00	1,703,213
Tan Chee Huat	300,000	3.00	1,021,928
	<u>10,000,000</u>	<u>100.00</u>	<u>34,064,257</u>

The purchase consideration of RM34,072,114 was arrived at on a willing-buyer willing-seller basis after taking into consideration the audited consolidated NTA of SPG as at 31 March 2001 of RM31,661,897, less additional provision for doubtful debts of RM510,992 and incorporating RM2,921,209 of the total RM5,358,209 in revaluation surplus.

The Acquisition of SPG was completed on 1 April 2002.

8. INFORMATION ON THE SMCB GROUP (Cont'd)

(ii) Acquisition of RMT

On 17 April 2000, SMCB entered into a conditional Sale and Purchase Agreement with the shareholders of RMT for the acquisition of the entire equity interest in RMT comprising 1,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM3,999,053, to be satisfied wholly by the issuance of 3,999,053 new ordinary shares of RM1.00 each in SMCB, credited as fully paid-up, at an issue price of RM1.00 per new SMCB share.

On 15 March 2001, SMCB entered into a Supplemental Sale and Purchase Agreement with the shareholders of RMT pursuant to the SC's revision to the open market values of RMT's landed properties, for the acquisition of the entire equity interest in RMT, comprising 1,000,000 ordinary shares of RM1.00 each, for a revised purchase consideration of RM3,412,652, to be satisfied wholly by the issuance of 3,412,652 new ordinary shares of RM1.00 each in SMCB, credited as fully paid-up, at an issue price of RM1.00 per new SMCB share.

On 29 March 2002 SMCB entered into a second Supplemental Sale and Purchase Agreement with the shareholders of RMT to revise the purchase consideration for the acquisition of the entire equity interest in RMT, comprising 1,000,000 ordinary shares of RM1.00 each, to RM4,886,039, satisfied wholly by the issuance of 4,884,913 new ordinary shares of RM1.00 each in SMCB, credited as fully paid-up, at an issue price of approximately RM1.00 per new SMCB share.

The vendors of RMT, their respective shareholdings therein and the number of SMCB shares issued to them pursuant to the Acquisition of RMT are as follows:-

Vendors	-----Shareholdings in RMT -----		No. of new SMCB ordinary shares issued as consideration
	No. of shares held	% held	
Lim Chong Kwee	790,000	79.00	3,859,081
Hwang Teck Seng	70,000	7.00	341,944
Hwang Hin Chuan	70,000	7.00	341,944
Hwang Hien Chai	70,000	7.00	341,944
	1,000,000	100.00	4,884,913

The purchase consideration of RM4,886,039 was arrived at on a willing-buyer willing-seller basis after taking into consideration the audited NTA of RMT as at 31 March 2001 of RM4,742,972, less additional provision for doubtful debts of RM10,475 and incorporating RM153,542 of the total RM582,542 in revaluation surplus.

The Acquisition of RMT was completed on 1 April 2002.

8. INFORMATION ON THE SMCB GROUP (Cont'd)

(iii) Acquisition of FEMT

On 17 April 2000, SMCB entered into a conditional Sale and Purchase Agreement with the shareholders of FEMT for the acquisition of the entire equity interest in FEMT comprising 50,000 ordinary shares of RM1.00 each for a total purchase consideration of RM1,990,405, to be satisfied wholly by the issuance of 1,990,405 new ordinary shares of RM1.00 each in SMCB, credited as fully paid-up, at an issue price of RM1.00 per new SMCB share.

On 15 March 2001, SMCB entered into a Supplemental Sale and Purchase Agreement with the shareholders of FEMT pursuant to the SC's revision to the open market values of FEMT's landed properties, for the acquisition of the entire equity interest in FEMT, comprising 50,000 ordinary shares of RM1.00 each, for a revised purchase consideration of RM1,983,144, to be satisfied wholly by the issuance of 1,983,144 new ordinary shares of RM1.00 each in SMCB, credited as fully paid-up, at an issue price of RM1.00 per new SMCB share.

On 29 March 2002, SMCB entered into a second Supplemental Sale and Purchase Agreement with the shareholders of FEMT to revise the purchase consideration for the acquisition of the entire equity interest in FEMT, comprising 50,000 ordinary shares of RM1.00 each, to RM1,391,151, satisfied wholly by the issuance of 1,390,830 new ordinary shares of RM1.00 each in SMCB, credited as fully paid-up, at an issue price of approximately RM1.00 per new SMCB share.

The vendors of FEMT, their respective shareholdings therein and the number of SMCB shares issued to them pursuant to the Acquisition of FEMT are as follows:-

Vendors	-----Shareholdings in FEMT ---		No. of new SMCB ordinary shares issued as consideration
	No. of shares held	% held	
Hwang Hien Chai	12,500	25.00	347,708
Hwang Teck Seng	11,250	22.50	312,937
Hwang Hin Chuan	11,250	22.50	312,937
Tan Seng Keat	7,500	15.00	208,624
Hwang Herng Fuh	7,500	15.00	208,624
	50,000	100.00	1,390,830

The purchase consideration of RM1,391,151 was arrived at on a willing-buyer willing-seller basis after taking into consideration the audited NTA of FEMT as at 31 March 2001 of RM1,705,790, less additional provision for doubtful debts of RM880,012 and incorporating RM565,373 of the total RM1,021,373 in revaluation surplus.

The acquisition of FEMT was completed on 1 April 2002.

The 40,340,000 new ordinary shares of RM1.00 each in SMCB issued pursuant to the Acquisitions rank pari passu in all respects with the existing ordinary shares of SMCB and carry all rights to receive in full all dividends and other distributions declared and paid subsequent to the allotment thereof. Upon completion of the Acquisitions, the issued and paid-up share capital of SMCB increased from 10,000 ordinary shares of RM1.00 each to 40,350,000 ordinary shares of RM1.00 each.

8. INFORMATION ON THE SMCB GROUP *(Cont'd)*

8.3.2 Public Issue

SMCB is now making a public issue of 1,650,000 new ordinary shares of RM1.00 each at an issue price of RM1.15 per new ordinary share to eligible employees of the SMCB Group, and the Malaysian public, which is the subject of this Prospectus.

Upon completion of the Public Issue, the issued and fully paid-up share capital for SMCB will increase from 40,350,000 ordinary shares of RM1.00 each to 42,000,000 ordinary shares of RM1.00 each.

8.3.3 Offer for Sale

In conjunction with the Public Issue, the Offerors will offer for sale 3,420,000 ordinary shares of RM1.00 each in SMCB at an offer price of RM1.15 per share to the Malaysian public and identified investors (by way of private placement), which is the subject of this Prospectus.

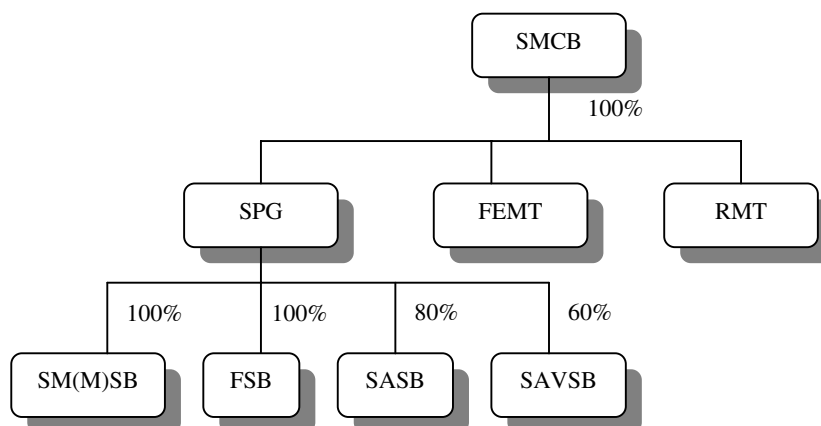
8.3.4 Listing and Quotation

Listing of and quotation for the 42,000,000 ordinary shares of RM1.00 each, representing the entire enlarged issued and fully paid-up share capital of SMCB will be sought on the Second Board of KLSE.

8.4 Business Overview of the Group

SMCB is principally an investment holding company while its subsidiaries are principally involved in the manufacturing and trading of granite and marble products, ceramic tiles and sanitary ware, and contract works. The Group manufactures various types of granite and marble products such as random slabs, tiles, skirtings and columns. The Group operates a granite and marble processing factory on a 23,008 square metres site located at Mukim of Sungai Raia/Raya, District of Kinta, Perak, Darul Ridzuan. The Group currently has nine showrooms located in Kuala Lumpur, Damansara Utama, Klang, Prai, Penang, Johor Bahru, Kluang, Kuching and Kota Kinabalu with floor spaces ranging from 60 square metres to 465 square metres (some of which are rented). In addition, the Group also has sizing plants and warehouses in Shah Alam, Penang, Kuching and Kota Kinabalu, stand-alone warehouses at Johor Bahru and Kluang with built-up areas ranging from 108 square metres to 1,650 square metres (some of which are rented).

The present structure of the SMCB Group is as follows:-



8. INFORMATION ON THE SMCB GROUP *(Cont'd)*

8.4.1 Range of Products

The Group manufactures a wide range of local and imported granite and marble products such as random slabs, cut to size, tiles, skirting, columns, vanity tops, table tops, solid curves and segmented panels, tessellated marble and granite, broken marble and granite, tumbled marble, limestone and sandstone. These products are manufactured in various finishes such as in polished, honed, flamed, bush hammered or sand blasted finishes.

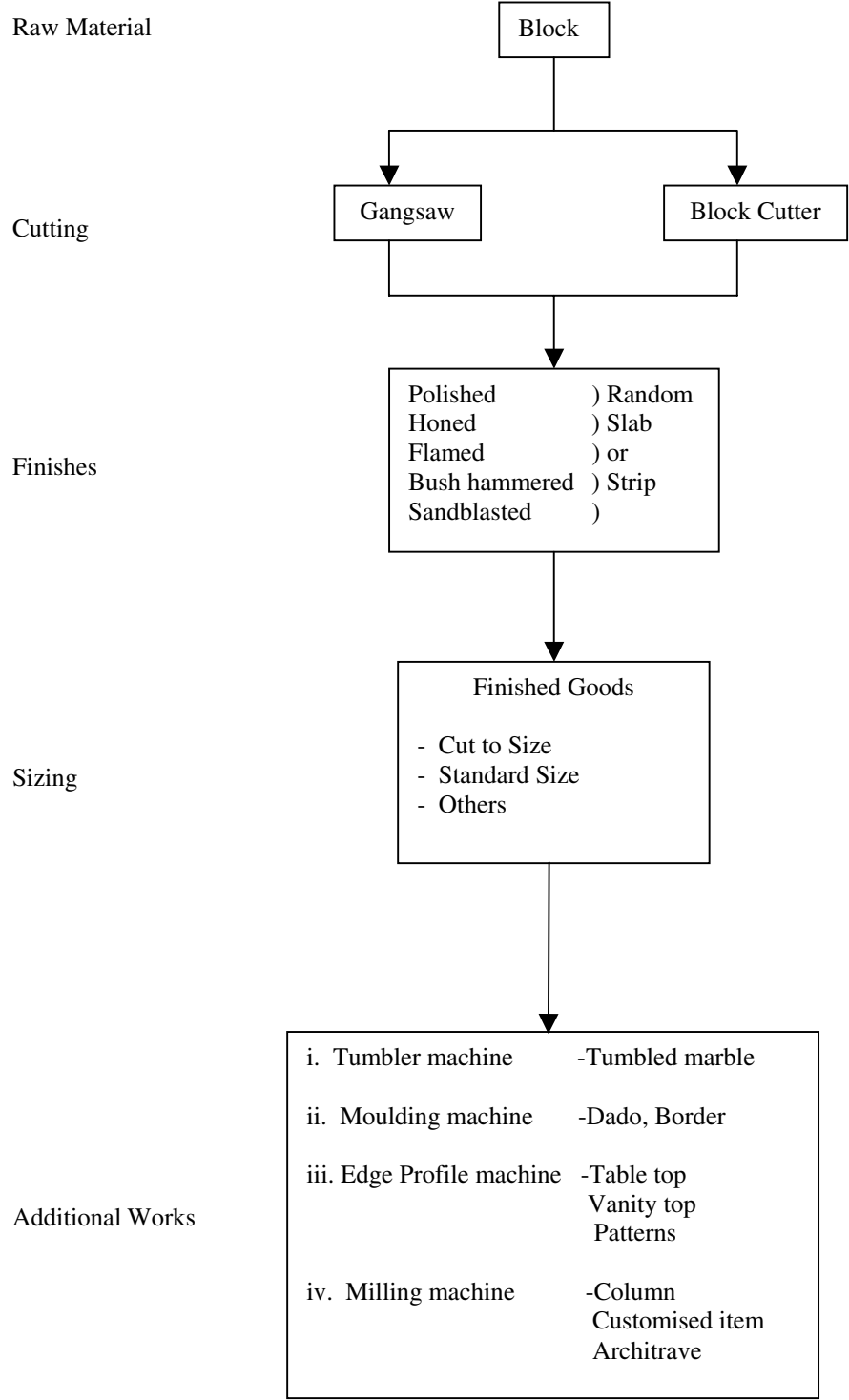
The different finishings result in varying appearances of the finished products. The standard thickness of the granite and marble products are 20 millimetres and 12 millimetres, but products can also be made to customers' specifications. Aside from these manufactured products, the Group is also involved in the trading of local and imported ceramic tiles, glass blocks, cobble stones, slates, sanitary ware and fittings.

8.4.2 Production Process and Technology

The Group uses the current Italian technology in its manufacturing and production process. The Group's stone-cutting machinery is imported from Italy, which is internationally recognised as one of the world's leaders in the marble and granite industry. In the Group's factory at Simpang Pulai, Perak, raw blocks of marble and granite are put through giant cutters called the "gangsaw" and the "block cutter". Blocks that pass through the gangsaw are cut into "random slabs" while those which go through the block cutter are cut into "strips". Some marble random slabs are required to be reinforced with fibre netting and glue before going through the polishing process. As for granite random slabs and strips, they are either polished to bring out the shine, honed for a smooth surface or flamed, bush-hammered or sandblasted for a rough surface. Both the marble and granite random slabs and strips can be sold as they are or can be cut further into standard sizes or into different sizes ("cut to size") according to customers' preference. They can also be turned into tiles and other value-added products such as table tops, vanity tops, columns, dado and borders. Finally all the products will go through stringent sorting and selection for colour, tone and shade before being transferred out of the factory. Quality control is conducted throughout the manufacturing and production process. A flow chart illustrating the entire production process is set out as follows: -

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8. INFORMATION ON THE SMCB GROUP (Cont'd)



8. INFORMATION ON THE SMCB GROUP (Cont'd)

8.4.3 Operating Efficiency and Capacity

The Group currently has seven (7) block cutters and eleven (11) gangsaws with a capacity to produce approximately 302,000 square metres of granite and marble a year. The Group is planning to purchase additional block cutters and gangsaws in the financial year 2003/2004 should the demand for its products increases. The approximate production capacity of the Group for the four (4) financial years ended 31 March 2001 and the eight (8)-month period ended 30 November 2001 are as follows: -

	-----Year ended 31 March-----				Eight (8)- month period ended 30 November
	1998	1999	2000	2001	2001
Production capacity (square metres)	215,800	257,000	257,000	302,000	302,000
Block cutters (units)	7	7	7	7	7
Gangsaw (units)	9	10	10	11	11

Note:-

Production capacity has been pro-rated on a time basis as two of the subsidiaries had 31 December year ends previously

8.4.4 Marketing and Distribution

Products manufactured by the Group are sold locally as well as exported overseas. Locally, the Group's products are marketed through dealers and its own branches and showrooms located throughout most of the states in Malaysia. All branches have their own warehouses to ensure prompt and steady supplies of goods to customers. All subsidiaries except for RMT and FSB have their own sizing plants to enable customers to view and select their preferred material and additional work required. Cutting to size, edge profiling, opening and polishing of basin holes, can be done immediately to ensure fast delivery of goods to the customers. The Group has a distribution network of over 400 dealers to ensure a wide coverage of the market throughout Malaysia. Apart from selling its manufactured products, the Group also provides installation services for marble, granite and ceramic tiles. The Group is also involved in tendering for marble and granite supply and installation projects.

The following is a list of major projects (projects with value more than RM100,000) completed/supplied by subsidiaries within the Group during the last five (5) financial years:-

Project title	Owner/Client/Main Contractor	Value RM'000	Date of Commencement	Date of Completion
SM(M)SB				
1. Mandarin Oriental Hotel, Kuala Lumpur	Asas Klasik Sdn. Bhd.	7,600	June 1996	August 1998
2. Menara City One, Kuala Lumpur	Guobena Sdn. Bhd.	400	July 1996	May 1997
3. Gold Course Hotel, Klang	Goldcourse Sdn. Bhd.	800	November 1996	March 1998
4. Palace of Golden Horses, Kuala Lumpur	Country Heights Holdings Berhad	400	December 1996	October 1997
5. Hospital Universiti Kebangsaan Malaysia	Jabatan Kerja Raya	1,100	February 1996	September 1997

8. INFORMATION ON THE SMCB GROUP (Cont'd)

Project title	Owner/Client/Main Contractor	Value RM'000	Date of Commencement	Date of Completion
SM(M)SB (Cont'd)				
6. Damansara Uptown Project, Petaling Jaya	Shimizu Corporation	1,700	December 1995	January 1998
7. KLIA Short Term Car Park, Sepang	Malaysia Airport Berhad	600	August 1997	December 1997
8. MNRB Building, Kuala Lumpur	Panelex Sdn. Bhd.	2,300	January 1997	January 1999
9. Maple Suite Service Apartment, Kuala Lumpur	Lian Seng Co. Sdn. Bhd.	11,900	January 1996	December 1997
10. Menara Landmark, Johor Bahru	SsangYong Engineering & Construction Co. Ltd.	1,000	March 1997	March 1998
11. National Sport Complex, Kuala Lumpur	ASC Engineering Sdn. Bhd.	1,100	July 1997	July 1998
12. EPF Building, Ipoh	Employees Provident Fund	600	July 1997	May 1998
13. John Hancock Building, Kuala Lumpur	RB Construction Sdn. Bhd.	500	November 1997	June 1998
14. Mont Kiara (MK5) Condominium, Desa Sri Hartamas	Sunrise Berhad	300	April 1998	December 1999
15. Mont Kiara (MK7) Commercial Center, Mont Kiara, Kuala Lumpur	Sunrise Berhad	700	November 1998	March 2000
16. Kajang Prison Warden's Quarters, Kuala Lumpur	Durabeau Corporation Sdn. Bhd.	1,700	October 1999	March 2000
17. Cititel Hotel (Midvalley) Kuala Lumpur	Mid Valley City Sdn. Bhd.	531	May 2000	October 2000
18. Menara Intan, Klang	Trend Intan Development Sdn. Bhd.	260	November 2000	January 2001
19. Pantai Plaza, Kuala Lumpur	Atlas Corporation Sdn. Bhd.	4,100	September 1998	April 2000
20. Kia Peng Service Apartment, Kuala Lumpur	Kia Peng Development Sdn. Bhd.	5,300	June 1999	June 2000
21. Montere Golf & Country Resort, Shah Alam	MWE Advanced Structure Sdn. Bhd.	500	June 1996	May 2001
22. Mandarin Oriental Hotel, Kuala Lumpur	Natcon-Kumagai Joint Venture	1,868	June 2000	July 2001
24. Kota Kemuning Bungalow Scheme, Shah Alam Selangor.	Hicom-Gamuda Development Sdn. Bhd.	500	November 2000	August 2001
25. Grand Palace Hotel	Resort Villa Development Sdn. Bhd.	860	April 2001	July 2001
26. Cyberjaya Development Flagship Zone	A1-Ambia Sdn. Bhd.	265	July 2001	September 2001
FEMT				
1. Taman Dahlia, Kedah	Hoo Yuen (M) Sdn. Bhd.	1,550	April 1996	September 1997
2. Shooting Range, Pulau Langkawi	KLK Resources Sdn. Bhd.	800	June 1996	December 1997

8. INFORMATION ON THE SMCB GROUP (Cont'd)

Project title	Owner/Client/Main Contractor	Value RM'000	Date of Commencement	Date of Completion
FEMT (Cont'd)				
3. Bandar Machang Bubuk (Phase 1&2), Pulau Pinang	Penbina Sdn. Bhd.	1,800	August 1996	August 1997
4. City Plaza and Holiday Villa, Alor Star, Kedah	Aima Development Sdn. Bhd.	1,400	September 1996	February 1997
5. Penang Indoor Stadium Arena (PISA), Pulau Pinang	Bridgecon Engineering Sdn. Bhd.	1,650	December 1996	December 1997
6. Evergreen Laurel Hotel, Penang	Kajima (M) Sdn. Bhd.	300	March 1997	December 1998
7. Micasa Hotel Apartment, Kuala Lumpur	Ivana Decor Sdn. Bhd.	2,000	April 1997	September 1997
8. Mara Institut, Pulau Langkawi, Kedah	KLK Resources Sdn. Bhd.	580	January 1998	June 1999
9. University Utara Malaysia, Kedah	Aima Development Sdn. Bhd.	530	April 1999	October 1999
10. Pearl View Hotel, Perai, Pulau Pinang	Gan Realty Sdn. Bhd.	400	August 1999	October 1999
11. Mid Valley Megamall, Kuala Lumpur	IJM-IT&T Joint Venture	400	September 1999	October 1999
12. Holiday Inn Hotel, Penang	Pembinaan Loma Sdn. Bhd.	400	September 1999	January 2000
13. Pangsapuri Melur, Butterworth, Pulau Pinang	Tanjung Park Development Sdn. Bhd.	500	October 1999	March 2000
14. Pusat Medan Selera, Putra Jaya Selangor.	KLK Kontrekbina Sdn. Bhd.	140	June 1999	November 2000
15. 13 units Double Storey Terrace House, Butterworth	Airmas Development Sdn. Bhd.	178	July 2000	October 2000
16. Mimos Building at Kulim Hi-Tech Park, Kedah	Aima Construction Sdn. Bhd.	130	August 2000	November 2000
17. USM, Package 4, Transkrian Nibong Tebal, Pulau Pinang	Jamil Ghani construction Sdn. Bhd.	230	October 2000	March 2001
18. Jabil Circuit Sdn. Bhd.(Plant2), Pulau Pinang	Rimbaco Sdn. Bhd.	120	September 2000	December 2000
19. PPH Club House & 110 units hotel room, Pulau Pinang	Bayan Juara Sdn. Bhd.	250	October 2000	December 2000
20. Bandar Macang Bubok (Phase 2A), Bukit Mertajam, Pulau Pinang	Penbina Sdn. Bhd.	700	May 1999	October 2000
21. Wisma Sin Kang, George Town, Pulau Pinang	Penbina Sdn. Bhd.	150	June 1999	October 2000
22. 108 units double storey terrace houses (Phase 1A), Parit Buntar, Perak	Menteri Berseri Sdn. Bhd.	182	January 2000	September 2000
23. Taman Kenangan, Kedah	Sin Chooi Huat (Tanab) Sdn. Bhd.	700	February 2000	October 2000
24. Mukim Naga Lilit Daerah Kulim, Kedah.	Abadiah Development Sdn. Bhd.	322	July 2000	August 2001
25. Taman Gemilang, Lunas, Kedah	Airmas Construction Sdn. Bhd.	875	September 2000	June 2001
26. Bandar Laguna Merbuk, Sungai Petani, Kedah	Berlian Sakati Sdn. Bhd.	2,000	January 1997	December 2001

8. INFORMATION ON THE SMCB GROUP (Cont'd)

Project title	Owner/Client/Main Contractor	Value RM'000	Date of Commencement	Date of Completion
FEMT (Cont'd)				
27. Super Komtar Pinang (Renovation)	Shan-Hai Kwong Hwa Construction	450	August 2001	November 2001
28. Bertam UDA Club House, Kepala Batas, Pulau Pinang	Hooi Chuan Enterprise Sdn. Bhd.	220	June 2001	August 2001
29. 80 units of single storey semi-detached houses, Taman Menteri Selama, Perak	Epic Valley Engineering Sdn. Bhd.	110	June 2001	August 2001
30. 78 units of single storey terrace houses, Taman Mergong, Alor Setar	Sing Kong Seng Enterprise Sdn. Bhd.	120	July 2001	October 2001
31. Sepang IPD, Selangor	Seraimas Bina Sdn. Bhd.	150	July 2001	October 2001
32. Shangri-La Hotel, Penang	Ivana Decor Sdn. Bhd.	124	August 2001	September 2001
33. Office Building at Penang	Kejuruteraan Sdn. Bhd.	125	December 2000	September 2001
34. 122 units of double storey terrace houses, Parit Buntar (Phase 1B), Perak	Menteri Berseri Sdn. Bhd.	555	December 2000	August 2001
35. Sekolah Menengah Taman Uda Seberang Prai Tengah, Penang	Jamil Ghani Construction Sdn. Bhd.	111	May 2001	September 2001
36. Sekolah Menengah Bukit Minyak, Pulau Pinang	Jamil Ghani Construction Sdn. Bhd.	297	May 2001	September 2001
37. Sekolah Menengah Mengkuang, Bukit Mertajam, Pulau Pinang	Jamil Ghani Construction Sdn. Bhd.	121	September 2001	October 2001
38. Kompleks Mara, Langkawi (Cafeteria Area), Kedah	KLK Kontrekbina Sdn. Bhd.	545	July 2001	September 2001
SASB				
1. Buddhist Cultural Centre, Luyang, Kota Kinabalu, Sabah	Wei Hing Sdn. Bhd.	168	March 1999	December 1999
2. Jesselton Club, Kota Kinabalu	Madarat Renovation Sdn. Bhd.	116	August 2000	September 2000
3. OUB Bank, Kota Kinabalu	Sabico Sdn. Bhd.	210	November 2000	December 2000
4. Sekolah Menengah Ugama Islam, Papar, Sabah	Rimas Enterprise	173	July 2000	November 2000
5. QEH Staff Quarters, Kota Kinabalu	Panji Keagungan Sdn. Bhd.	218	September 2000	November 2000
6. Encik Kasmin Detached House, Kota Kinabalu	H.P. Enterprise	128	July 2000	April 2001
7. S.M. Bahagia, Tawau, Sabah	Poteck Enterprise Sdn. Bhd.	141	January 2001	April 2001
8. Klinik Kesihatan Tungku, Lahad Datu, Sabah	Puncak Deras Sdn. Bhd.	132	March 2001	May 2001
9. Kesihatan Tandek, Kota Marudu, Sabah	Jas Kembang Development Sdn. Bhd.	175	May 2001	January 2002

8. INFORMATION ON THE SMCB GROUP (Cont'd)

Project title	Owner/Client/Main Contractor	Value RM'000	Date of Commencement	Date of Completion
SASB (Cont'd)				
10. SMK Agama, Sandakan	Sin Kong Construction Sdn. Bhd.	129	September 2001	March 2002
11. SMK Elopura II Sandakan, Sabah	Welindustrade Sdn. Bhd.	163	October 2001	March 2002
SAVSB				
1. Hock Lee Centre, Kuching, Sarawak	NCC-PE Joint Venture	1,400	May 1999	November 1999
2. Sarawak Timber Association Secretariat Building, Kuching, Sarawak	Pembinaan Emas Sdn. Bhd.	1,000	September 1999	March 2000
3. De Summit Condominium, Kuching, Sarawak	Pembinaan TJL(Sarawak) Sdn. Bhd.	2,700	August 1998	March 2001
4. Kasuma Resorts, Kuching, Sarawak	Gasing Heights (Sarawak) Sdn. Bhd.	300	November 1998	December 2000
5. Sarawak State Mosque, Kuching, Sarawak	Jabatan Kerja Raya	300	October 1999	June 2000
6. Bangunan Masja	Nizawa Corporation Sdn. Bhd.	800	April 2001	September 2001
7. Riverine Resorts	Road Builder Berhad	200	April 2001	July 2001

The following is a list of major ongoing projects presently being undertaken by subsidiaries within the Group:-

Project title	Owner/Client/Main contractor	Value RM'000	Date of Commencement	Expected Date of Completion
SM(M)SB				
1. Berjaya Times Square, Kuala Lumpur	Invescor - Dumez Jaya-Woh Hup JV	7,622	January 1998	December 2002
2. IOI Grand Palace Hotel, Selangor	Resort Villa Development Sdn. Bhd.	4,500	October 2001	June 2002
3. 48 Units (RP3F1) Bungalow/semi detached, Kota Kemuning	Gamuda Trading Sdn. Bhd.	335	March 2002	August 2002
4. 18 Units (RP3F1) Bungalow/semi detached, Kota Kemuning	Gamuda Trading Sdn. Bhd.	154	March 2002	August 2002
5. Muar Prison - Warden Quarters	Mutual Way Development & Construction Sdn. Bhd.	582	September 2002*	September 2003
6. 90 units of two storey terrace house, 8 units of double storey shop house and infrastructure work on Lot 157955, Mukim Ulu Kinta, Perak	Syarikat Yom Pembinaan & Pembangunan Sdn. Bhd.	571	September 2002*	September 2003
7. Westin Hotel (external), Kuala Lumpur	Ireka Engineering & Construction Sdn. Bhd.	650	April 2002	February 2003

8. INFORMATION ON THE SMCB GROUP *(Cont'd)*

	Project title	Owner/Client/Main contractor	Value RM'000	Date of Commencement	Expected Date of Completion
SM(M)SB <i>(Cont'd)</i>					
8.	Mutiara Hotel, Kuala Lumpur	Landscan (M) Sdn. Bhd.	1,650	April 2002	August 2002
9.	Kuala Lumpur Monorail	Monorail Malaysia Technology Berhad	357	March 2002	June 2002
10.	Mutiara Hotel (Lobby) Kuala Lumpur	Victor & Mendez (M) Sdn. Bhd.	150	May 2002	August 2002
11.	Putrajaya Parcel E	Victor & Mendez (M) Sdn. Bhd.	900	June 2002*	November 2002
12.	Putrajaya Convention Centre	Victor & Mendez (M) Sdn. Bhd.	2,800	June 2002*	December 2002
FEMT					
1.	Taman Tambun Indah, Simpang Ampat, Perak	Kejuruteraan Hock Kheng Sdn. Bhd.	400	January 1998	June 2002
2.	Metro Hospital (Sungai Petani)	Binascan Engineering Sdn. Bhd.	330	October 2001	June 2002
3.	1472 units of Low Cost Flats (22 blocks) Payu Nahu, Sg Petani, Kedah	Berlian Sakti Sdn. Bhd.	466	December 2001	June 2002
4.	2 blocks Marin Quarters at Penang	Seraimas Bina Sdn. Bhd.	135	October 2001	May 2002
5.	Taiping Hawker Center, Perak	Seng Seng Construction Sdn. Bhd.	140	March 2002	May 2002
6.	220 units L.M.C. Tanjung Park, Penang	Ivory Associates Sdn. Bhd.	145	March 2002	June 2002
7.	Taman Anggerik, Alor Setar, Kedah	Aima Construction Sdn. Bhd.	140	April 2002	June 2002
8.	14 units Double Storey Semi Detached at Butterworth, Pulau Pinang	Airmas Construction Sdn. Bhd.	306	August 2001	May 2002
9.	68 units Double Storey Semi Detached Paya Terobong, Pulau Pinang	Berlian Sakti Sdn. Bhd.	750	October 2001	April 2003
10.	Kompleks Penjara Pokok Sena, Kedah	KLK Kontrekbina Sdn. Bhd.	547	February 2002	October 2002
11.	Kolej Damansara Utama Extension Block (Penang Branch)	Berlian Sakti Sdn. Bhd.	526	October 2001	July 2002
SASB					
1.	Taman Ridge View, Kota Kinabalu	Yun Siong Construction Company	160	November 2001	June 2002
2.	Kudat Resort Hotel, Kudat, Sabah	Illumina Sdn. Bhd.	230	May 2002	August 2002
3.	New Damai Club, Luyang, Kota Kinabalu	Fatt Ho Construction Sdn. Bhd.	110	May 2002	June 2002
*	<i>Expected date of commencement</i>				

8. INFORMATION ON THE SMCB GROUP (Cont'd)

The respective percentages of the Group's sales for the financial year ended 31 March 2001 and the eight (8)-month period ended 30 November 2001 are as follows:-

	Financial year ended -----31 March 2001-----		Eight (8)-month period ended -----30 November 2001-----	
	RM'000	%	RM'000	%
Export Sales	917	1.2	470	0.7
Local Sales	77,554	98.8	65,372	99.3
	78,471	100.0	65,842	100.0

Overseas sales for the financial year ended 31 March 2001 and the eight (8)-month period ended 30 November 2001 are exported principally to Singapore, Japan and Canada.

8.4.5 Quality Control

The Group conducts quality control throughout the manufacturing process from the time the marble and granite blocks are brought in until the final product is produced. The incoming blocks are examined and measured for size, shape, colour, consistency and defects to determine the quality of the blocks. After it is cut, measurements are also made for thickness variance, defects and markings to determine the quality of the slabs. Subsequently, upon being polished, flamed or honed, measurements are again made to determine the flatness, glossiness and defects. Finally, after the slabs are sized down, they are gauged for squareness, thickness, colour tone and shade and defects to ensure the quality of the finished products.

8.4.6 Sourcing of Raw Materials

The Group sources its raw materials both locally as well as from overseas. Local marble is mainly sourced from the Keramat Pulai area, located about 8 kilometres south of the Ipoh city in the state of Perak Darul Ridzuan. Keramat Pulai, dubbed as the "Carrara of Malaysia" (Carrara in Italy is a world-renowned block extraction centre and a centre for marble and granite manufacturing) by the Ipoh marble processing industry, is a major marble block extraction area in Malaysia due to its abundant marble (limestone) deposits and intensive quarry activities. The Group's stone processing plant is situated in the vicinity of the Keramat Pulai quarries. Other marble extraction areas in Malaysia are Langkawi Island and the state of Sabah. Local granite on the other hand, is mainly procured from the states of Johor Darul Takzim and Malacca. Other major granite block extraction states are Negeri Sembilan Darul Khusus and Terengganu Darul Iman. As for foreign marble and granite blocks, the Group imports from various countries throughout the world. Among the countries are Italy, Spain, Vietnam, South Africa, China, Iran, India and Indonesia.

8. INFORMATION ON THE SMCB GROUP (Cont'd)

In relation to the imported marble and granite blocks, set out below are the major countries and their respective percentages of the Group's total purchases of marble and granite in quantity respectively, for the financial year ended 31 March 2001 and the eight (8)-month period ended 30 November 2001:-

Countries	Financial year ended 31 March 2001		Eight (8)-month period ended 30 November 2001	
	Marble	Granite	Marble	Granite
	%	%	%	%
Iran	31.4	-	47.5	-
Indonesia	8.8	-	13.0	-
India	-	15.6	-	9.4
Spain	3.0	3.1	3.8	0.8
Italy	14.6	-	3.4	-
China	-	4.5	-	3.2
Norway	-	4.5	-	2.1
Vietnam	-	4.0	-	2.5
South Africa	-	1.2	-	2.9
Brazil	-	2.2	-	0.9
Egypt	2.9	-	7.0	-
Pakistan	2.3	-	-	-
Portugal	0.9	-	0.5	-
Finland	-	0.4	-	1.5
Others	0.6	-	-	1.5
	64.5	35.5	75.2	24.8
Percentage of overseas purchases to total purchases	65.7%	86.6%	94.9%	91.4%

The main overseas suppliers of marble and their respective percentages of the Group's total import in quantity for the financial year ended 31 March 2001 and eight (8)-month period ended 30 November 2001 are as follows: -

Suppliers	Years of relationship	Financial year ended 31 March 2001 %	Eight (8)-month period ended 30 November 2001 %
Mehrdad Fadae (<i>Iran</i>)	4	26.3	3.1
Hexafort Sdn. Bhd.*	2	-	56.4
Valta Srl (<i>Italy</i>)	6	19.5	6.0
Tehran Afra Co. Ltd. (<i>Iran</i>)	3	18.5	2.4
PT Makassor Marmer Muliaindah (<i>Indonesia</i>)	5	13.6	17.3
		77.9	85.2

* Local agent for a supplier from Iran.

8. INFORMATION ON THE SMCB GROUP (Cont'd)

The main overseas suppliers of granite and their respective percentages of the Group's total import in quantity for the financial year ended 31 March 2001 and eight (8)-month period ended 30 November 2001 are as follows: -

Suppliers	Years of relationship	Financial year ended 31 March 2001 %	Eight (8)-month period ended 30 November 2001 %
Maruti Exports (India)	3	24.5	3.6
Enterprising Enterprises (India)	8	15.7	10.8
Lundhs Labrador AS (Norway)	6	12.7	7.1
Quanzhou Jinsan Stone Industrial and Commercial Co. (China)	6	5.5	13.0
Select Multirock Pte. Ltd. (India)	2	1.7	12.0
		60.1	46.5

The composition of countries imported from is not constant from year to year since trends change frequently and products from different countries differ in colour, tone and quality. For this reason, the Group is constantly sourcing for products from different countries in order to obtain better prices and products to suit the latest trends. As such, the list of major countries and suppliers imported from in the future may be different from that shown above.

The main local suppliers of marble and their respective percentages of the Group's total local purchases in quantity for the financial year ended 31 March 2001 and eight (8)-month period ended 30 November 2001 are as follows: -

Suppliers	Years of relationship	Financial year ended 31 March 2001 %	Eight (8)-month period ended 30 November 2001 %
Rock Chemical Industrial Berhad	9	93.0	71.4
Oxfordbase Stone Industrial Sdn Bhd	1	-	28.6
		93.0	100.0

The main local suppliers of granite and their respective percentages of the Group's total local purchases in quantity for the financial year ended 31 March 2001 and eight (8)-month period ended 30 November 2001 are as follows: -

Suppliers	Years of relationship	Financial year ended 31 March 2001 %	Eight (8)-month period ended 30 November 2001 %
Malaysian Rock Products Sdn. Bhd.	6	17.1	48.8
Hock Heng Granite Sdn. Bhd.	3	50.5	51.2
Euro Marble & Granite Sdn. Bhd.	9	32.4	-
		100.0	100.0

The Group does not have any supply agreements with quarry owners. This is in view that granite and marble from a certain quarry would have nearly similar features in terms of colour, tone and quality. As trends and consumer tastes are constantly changing, the Group has to have the flexibility of sourcing for the types of granite and marble that are popular at any point in time. Supply contracts would curtail this flexibility, unless the supplier has many quarries (which is usually not the case), as the Group would be unable to switch to other suppliers as easily when trends change.

8. INFORMATION ON THE SMCB GROUP (Cont'd)

8.5 Location of Production Facilities and Principal Place of Business

The location of principal assets, production facilities and place of business of the Group are as follows:-

Head office	:	SMCB No. 78, Jalan SS 21/39 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan
Factory	:	Lot No.PT399, 2.5km, Off Jalan Pengkalan Mukim Sg. Raya, Simpang Pulai 31300 Kg. Kepayang Perak Darul Ridzuan
Subsidiaries	:	(i) SPG No. 78, Jalan SS 21/39 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan (ii) SM(M)SB No.78, Jalan SS21/39 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan No. 53, Jalan Batai Laut 5 Kawasan 16 Taman Intan 41300 Klang Selangor <i>(rented premise)</i> No. 316, Ground Floor, 2½ Miles Jalan Ipoh 51200 Kuala Lumpur <i>(rented premise)</i> (iii) FEMT 48, Jalan Jelutong 11600 Pulau Pinang No.22 & 24, Lorong Kurau 1 Chai Leng Park 13700 Prai Pulau Pinang

8. INFORMATION ON THE SMCB GROUP *(Cont'd)*

Subsidiaries <i>(Cont'd)</i>	(iv)	RMT No. 41, 43 , Batu 7, Jalan Kota Tinggi 81100 Pandan, Johor Bahru Johor Darul Takzim <i>(No. 43 is a rented premise)</i> No. 4, 6 , 8, Jalan Desa Taman Desa 86000 Kluang Johor Darul Takzim <i>(rented premises)</i>
	(v)	SASB Lot No.4, Ground Floor Kolam Centre, Jalan Kolam 88300 Kota Kinabalu Sabah <i>(rented premise)</i>
	(vi)	SAVSB Lot 2791, S/L 5, Ground – 1 st Floor 3 rd Mile, Jalan Tun Ahmad Zaidi Adruce 93150 Kuching Sarawak <i>(rented premise)</i>

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8. INFORMATION ON THE SMCB GROUP (Cont'd)

8.6 Subsidiaries and Associated Companies

Details of SMCB's subsidiaries as at the date hereof, all of which are incorporated in Malaysia, are as follows:-

Name	Date of incorporation	Issued and paid-up share capital RM	Effective interest held %	Principal activities
SPG	13.05.89	10,000,000	100	Manufacturer and merchant of marble and granite products and trading in ceramic tiles and contract works
RMT	28.11.86	1,000,000	100	Trading in marble and granite, ceramic tiles and sanitary ware
FEMT	10.11.88	50,000	100	Trading of marble and granite, ceramic tiles and sanitary ware
Subsidiaries of SPG				
SM(M)SB	19.10.91	1,500,000	100	Marble and granite merchant, contractor and trading of ceramic tiles, sanitary ware and related products
FSB	10.08.87	20,000	100	Dormant
SASB	22.07.97	100,000	80	Trading of marble and granite, ceramic tiles and sanitary ware
SAVSB	05.12.96	500,000	60	Trading of marble and granite, ceramic tiles and sanitary ware

As at the date of this Prospectus, SMCB does not have any associated company. Further information on the abovementioned subsidiaries are set out in Section 10 of this Prospectus.

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9. INFORMATION ON MAJOR SHAREHOLDERS, PROMOTERS, BOARD OF DIRECTORS, KEY MANAGEMENT AND EMPLOYEES

9.1 Major Shareholders

9.1.1 Major shareholders' shareholdings in SMCB

The major shareholders (holding 5% or more of the issued and paid-up share capital of SMCB) of SMCB, all of whom are Malaysians, and their respective shareholdings, according to the Register of Substantial Shareholders before and after the IPO, are as follows:-

Name	Designation	-----Before the IPO -----				-----After the IPO -----			
		No. of ordinary shares held		%		No. of ordinary shares held		%	
		Direct	%	Indirect	%	Direct	%	Indirect	%
Ng Kay Kim	Managing Director	13,285,060	32.92	-	-	10,865,060	25.87	-	-
Dato' Haji Abdul Aziz bin Mohamed	Executive Chairman	8,345,743	20.68	-	-	7,345,743	17.49	-	-
Lim Chong Kwee	Executive Director	3,859,081	9.56	-	-	3,859,081	9.19	-	-
Wang Kong @ Wong Khiew	Executive Director	3,065,783	7.60	-	-	3,065,783	7.30	-	-
Lee Fook Kow	Executive Director	3,065,783	7.60	-	-	3,065,783	7.30	-	-

9.1.2 Profile

Ng Kay Kim, aged 52, was appointed Managing Director of SMCB on 3 April 2002. He graduated in 1973 with a Bachelor of Science (Accounting) degree from the National Cheng Kung University in Taiwan. He also holds a post graduate diploma in Financial Studies from the University of Strachclyde in the United Kingdom. He has twenty six (26) years of experience in the stone works industry, with in depth knowledge in every aspect of the business including quarrying, sourcing of raw blocks, setting up of production facilities, factory management and marketing. His involvement in the marble and granite industry began in 1976 when he joined Ipoh Granite & Marble Sdn. Bhd. as an Accountant. Seeing the potential of the industry, he ventured out on his own in 1978. From a small, humble factory using manually operated machinery, he successfully expanded to own a major marble-processing plant using modern Italian machinery. Over the years, he mastered the finer points in the selection and sorting of colours, product finishings and packing requirements. Realising the vast export potential of local Ipoh marble, he subsequently pioneered the export of Ipoh marble to the world market in 1986 (prior to that year, Ipoh marble was only meant for local consumption). In 1992, he set up SPG. His leadership and management capabilities, coupled with his technical know-how and vast experience, helped SPG expand to its current state. He also sits on the boards of several other private limited companies.

9. INFORMATION ON MAJOR SHAREHOLDERS, PROMOTERS, BOARD OF DIRECTORS, KEY MANAGEMENT AND EMPLOYEES (Cont'd)

Dato' Haji Abdul Aziz bin Mohamed, aged 60, was appointed the Executive Chairman of SMCB on 3 April 2002. He graduated in 1964 with a Bachelor of Economics degree from the University of Malaya, and went on to complete a Post Graduate in Management and Public Administration in the same institution. He is a member of the British Institute of Management (MBIM) as well as the Malaysian Institute of Management (MIM). After graduation, he served in the Malaysian Administrative and Diplomatic Service before resigning in 1974 to join the private sector. His last post in the Civil Service was in the Ministry of Primary Industries as Assistant Director in the Commodities Division from where he was later seconded to RISDA as Director of Management and Finance in 1972. In January 1975 he joined Harrisons & Crosfield (M) Sdn. Bhd. as a Commodity Trader and rose to become the Joint Managing Director. While he was in Harrisons & Crosfield (M) Sdn. Bhd., he was also the Joint Managing Director for Malex Industries Bhd. and Perakayuan Tenggara Sdn. Bhd.. He was also given the task of Director of Air Cargo operations and insurance at Harrisons & Crosfield (M) Sdn. Bhd. He has vast experience in commodities trading, timber extraction and sawmilling operations, plantation development and finance. He left Harrisons & Crosfield (M) Sdn. Bhd. in 1988. Presently, he serves as the Chairman of MGR Corporation Berhad and Executive Chairman of WiraTel (M) Sdn. Bhd.. He has other business ventures of his own involving wood-based products, property development, publications, computer and information technology related businesses. He is a serving volunteer officer with the Malaysian Armed Forces for the last 36 years and is presently holding the rank of Colonel, commanding Regiment 506 (Askar Wataniah) Kelantan.

Lim Chong Kwee, aged 53, was appointed Executive Director of SMCB on 3 April 2002. He is also the Managing Director of RMT. He graduated in 1974 with a Bachelor of Science in Accounting degree from the National Cheng Kung University in Taiwan. He joined Sri Hartamas Corporation Bhd. as Chief Accountant in 1975 until 1980. He held similar positions in Emtex Corporation Bhd. between 1981 and 1984, and in Ace Tours & Travel Sdn. Bhd. from 1985 to 1986. He left Ace Tours in 1986 and founded RMT. He has successfully steered the company out of two recessions in the late 80s and late 90s.

Wang Kong @ Wong Khiew, aged 59, was appointed Executive Director of SMCB on 3 April 2002. He has more than twenty seven (27) years of experience in the stone industry. He joined Ipoh Granite & Marble Sdn. Bhd., which is one of the pioneers in Malaysia's stone industry, as Factory Manager in 1975. Three years later, he joined Ng Kay Kim to help set up a marble-processing plant. His vast experience includes production scheduling, factory management, quality control and quarry operations. He is also very familiar with the upgrading of machinery and is capable of remodelling machinery to suit special stone processing needs. He once supervised the overall planning, production and operation of five quarries. He is also a trained master in granite and marble handicraft works. He also sits on the board of several other private limited companies.

Lee Fook Kow, aged 52, was appointed Executive Director on 3 April 2002. He graduated in 1976 with a Bachelor of Science (Chemical Engineering) degree from the Taiwan National University. He has twenty five 25 years experience in the stone industry. His experience includes quarry and factory operations as well as marketing. His involvement in the stone industry began when he joined Ipoh Granite & Marble as Assistant Manager in 1976 before venturing out on his own two years later together with Ng Kay Kim and Wang Kong @ Wong Khiew. He has also been a director of SM(M)SB since its inception and been playing an active role in project and dealer sales. He is also in charge of SM(M)SB's fabricating and sizing plant in Shah Alam. He also sits on the board of several other private limited companies.

9. INFORMATION ON MAJOR SHAREHOLDERS, PROMOTERS, BOARD OF DIRECTORS, KEY MANAGEMENT AND EMPLOYEES (Cont'd)

9.1.3 Other directorships and major shareholdings

Other than the major shareholders set out below, none of the other major shareholders of SMCB hold other directorships and has major shareholdings in other public companies incorporated in Malaysia for the past two (2) years, as at 31 March 2002:-

Name	Company	Appointed/ (Resigned)	Directorship	-----No. of ordinary shares held-----			
				Direct	%	Indirect	%
Ng Kay Kim	MGR Corporation Berhad	(31.01.2001)	Director	187,600	0.37	-	-
Dato' Haji Abdul Aziz bin Mohamed	Kemayan Corporation Bhd.	(01.05.2000)	Director	-	-	-	-
	MGR Corporation Bhd.	16.06.1991	Director	-	-	-	-

9.1.4 Changes in major shareholders and their shareholding

Name	As at the date of incorporation				After the Acquisitions but before the IPO			
	-----No. of ordinary shares held-----		-----No. of ordinary shares held-----		-----No. of ordinary shares held-----		-----No. of ordinary shares held-----	
	Direct	%	Indirect	%	Direct	%	Indirect	%
Lim Guat Ching	5,000	50.00	-	-	5,000	0.01	-	-
Tan Peck Luan	5,000	50.00	-	-	5,000	0.01	-	-
Ng Kay Kim	-	-	-	-	13,285,060	32.92	-	-
Dato' Haji Abdul Aziz bin Mohamed	-	-	-	-	8,345,743	20.68	-	-
Lim Chong Kwee	-	-	-	-	3,859,081	9.56	-	-
Wang Kong @ Wong Khiew	-	-	-	-	3,065,783	7.60	-	-
Lee Fook Kow	-	-	-	-	3,065,783	7.60	-	-

Note:-

Save as disclosed above, there were no changes in the major shareholders of SMCB since its incorporation on 11 November 1999 up to the completion of the Acquisitions.

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9. INFORMATION ON MAJOR SHAREHOLDERS, PROMOTERS, BOARD OF DIRECTORS, KEY MANAGEMENT AND EMPLOYEES (Cont'd)

9.2 Promoters

Ng Kay Kim, Dato' Haji Abdul Aziz bin Mohamed, Lim Chong Kwee, Wang Kong @ Wong Khiew and Lee Fook Kow, individually and collectively are the promoters of the Company. Their details are set out in Sections 9.1.1 and 9.3.1 of this Prospectus. Their profiles are set out in Section 9.1.2 of this Prospectus. Other than as disclosed in Section 9.1.3 of this Prospectus, none of the promoters hold other directorships and has major shareholdings in other public companies incorporated in Malaysia for the past two (2) years as at 31 March 2002.

9.3 Board of Directors

9.3.1 Directors' shareholdings in SMCB

The Directors' of SMCB and their shareholdings, according to the Register of Directors and Directors' Shareholdings, before and after the IPO, are as follows:-

Name	Designation	Before the IPO				After the IPO			
		-----No. of ordinary shares held-----		-----No. of ordinary shares held-----		-----No. of ordinary shares held-----		-----No. of ordinary shares held-----	
		Direct	%	Indirect	%	Direct	%	Indirect	%
Dato' Haji Abdul Aziz bin Mohamed	Executive Chairman	8,345,743	20.68	-	-	7,345,743	17.49	-	-
Ng Kay Kim	Managing Director	13,285,060	32.92	-	-	10,865,060	25.87	-	-
Lim Chong Kwee	Executive Director	3,859,081	9.56	-	-	3,859,081	9.19	-	-
Wang Kong @ Wong Khiew	Executive Director	3,065,783	7.60	-	-	3,065,783	7.30	-	-
Lee Fook Kow	Executive Director	3,065,783	7.60	-	-	3,065,783	7.30	-	-
Hwang Teck Seng	Executive Director	654,881	1.62	-	-	654,881	1.56	-	-
Dato' Mohamed Yunus bin Mohd Noor	Non-Executive Director	-	-	-	-	-	-	-	-
Rafeat bin Mohd Noh	Non-Executive Director	-	-	-	-	-	-	-	-
Khoo Peng Lai	Non-Executive Director	-	-	-	-	-	-	-	-

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9. INFORMATION ON MAJOR SHAREHOLDERS, PROMOTERS, BOARD OF DIRECTORS, KEY MANAGEMENT AND EMPLOYEES (Cont'd)

9.3.2 Profile

The profiles of Ng Kay Kim, Dato' Haji Abdul Aziz bin Mohamed, Lim Chong Kwee, Wang Kong @ Wong Khiew and Lee Fook Kow are set out in Section 9.1.2 of this Prospectus. The profiles of Hwang Teck Seng, Dato' Mohamed Yunus bin Mohd Noor, Rafeat bin Mohd Noh and Khoo Peng Lai are set out below:-

Hwang Teck Seng, aged 42, was appointed Executive Director of SMCB on 3 April 2002. He is also the General Manager of SPG Group. He graduated with a Bachelor of Science (Business Administration) degree from the California State University in 1984. He joined S.P. Marble Sdn. Bhd. in 1984 as an Accountant and stayed on until 1991, working his way up to become General Manager of the company. He later joined the SPG Group in 1992. With eighteen (18) years of experience in the stone works industry, Mr. Hwang is very well versed in overall planning and implementation, management and administration, as well as financial control of stone manufacturing. He is also very familiar with the international stone and stone-related markets. Having travelled extensively, he has considerable exposure in quarry operations in several major marble and granite block-producing countries. He also acquired considerable experience in identifying and procuring quality stone blocks. He also regularly participates in major international stone product and machinery fairs. In the process, he has become very well informed of the latest technology available in the stone industry, the current trends in colour, pattern and design of stone materials as well as the overall direction in the global stone industry.

Dato' Mohamed Yunus bin Mohd Noor, aged 62, was appointed Non-Executive Director of SMCB on 3 April 2002. He graduated with Masters in Education (Counselling Psychology) and Certificate of Teaching from the University of Canterbury, New Zealand. Prior to his retirement in 1995, he worked in the education administration, lecturing and counselling for more than 39 years. He was the Head of the Counselling Centre of Institute Technology MARA in 1968 and subsequently was appointed the Dean of Student Affairs in 1970. He joined the University of Malaya in 1971 as the Head of Department of Psychology. He was also appointed as Director of several centres in the university and finally the Deputy Vice Chancellor. Currently, he is a free lance consultant and has been a consultant to several ministries and foreign missions.

Rafeat bin Mohd Noh, aged 51, was appointed Non-Executive Director of SMCB on 3 April 2002. He is presently, the Sales Manager of Johan Ceramics Berhad. He has more than twenty (20) years experience in the ceramic tiles and building materials industry. He started his career as a senior supplies clerk with a leading tyre manufacturer, Dunlop Malaysian Industries Sdn. Bhd. in 1974. He then joined H & R Johnson (M) Sdn. Bhd. a ceramic tiles manufacturer as marketing officer in 1981 and was promoted to marketing executive in 1982. In 1991, he joined Perangsang Dagang Sdn. Bhd. as the Project Development Manager in charge of the project sales. He is involved in developing sales and promotion of the company products and agency lines. He joined SM(M)SB in May 2000. His vast experience in ceramics and building materials would contribute towards fulfilling customers' expectations and eventual achievement of the Group's objectives. His responsibilities during his employment with the Group include working closely with consultants, architects, and specifiers to identify their needs for design services and technical information and the likes. He played an important role in liaising and planning with production division to provide requirement of products to be on time to ensure prompt delivery of customer's orders. Besides working closely with the Marketing Manager and implementing marketing programmes, he has also given valuable advices in enabling them to carry out their roles, duties and activities effectively. He left SM(M)SB on 22 March 2002 to join Johan Ceramics Berhad.

9. INFORMATION ON MAJOR SHAREHOLDERS, PROMOTERS, BOARD OF DIRECTORS, KEY MANAGEMENT AND EMPLOYEES (Cont'd)

Khoo Peng Lai, aged 48, was appointed Non-Executive Director of SMCB on 3 April 2002. He is a Fellow member of the Association of Chartered Certified Accountants with more than 17 years experience as a practicing accountant in Malaysia under his own firm, Khoo & Co., Chartered Accountants which he set up in April 1984. Prior to that, he was based in London for 9 years where he received his training and experience in audit, accountancy and management consultancy. He is also a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants as well as a Fellow member of the Malaysian Institute of Taxation. He is now a senior partner in Sekhar & Tan, Chartered Accountants when Khoo & Co. merged with the former in January 2001. He also sits on the board of several private limited companies.

9.3.3 Other directorships and major shareholdings

The directorships of Ng Kay Kim and Dato' Haji Abdul Aziz bin Mohamed in other public companies for the past two (2) years as at 31 March 2002 have been disclosed in Section 9.1.3 of this Prospectus.

Save as disclosed above, none of the other Directors holds or has held any directorships and has major shareholdings in other public companies for the past two (2) years as at 31 March 2002.

9.4 Key Management

9.4.1 Key management personnel's shareholdings in SMCB

The key management personnel of the SMCB Group and their shareholdings after the IPO are as follows:-

Name	Designation	After the IPO			
		-----No. of ordinary shares held-----			
		Direct	%	Indirect	%
Hwang Hien Chai	Managing Director of FEMT	689,652	1.64	-	-
Hwang Hin Chuan	Group Production Manager	654,881	1.56	-	-
Tan Eu Sin	Group Chief Financial Officer	-	-	-	-
Chong Foh Ngan	Group Processing Manager	-	-	-	-
Pua Boon Leng	Group Marketing Manager	-	-	-	-
Teoh Yee Kian	Group Project Manager	-	-	-	-
Sim Kheng Leong	Managing Director of SAVSB	-	-	-	-
Ng Hoi San	Executive Director of SASB	-	-	-	-
Lily Oh	Branch Manager of RMT	-	-	-	-
Wong Yun Thiam	Group Assistant Site Manager	-	-	-	-
Tan Siew Sheng	Group Assistant Site Manager	-	-	-	-
Chan Hong Kit	Assistant Project Manager of SM(M)SB	-	-	-	-

Note:-

The shareholdings disclosed above do not include allocations of the Issue Shares reserved for eligible employees of the SMCB Group pursuant to the Public Issue.

9. INFORMATION ON MAJOR SHAREHOLDERS, PROMOTERS, BOARD OF DIRECTORS, KEY MANAGEMENT AND EMPLOYEES (*Cont'd*)

9.4.2 Profile

Hwang Hien Chai, aged 39, is the Managing Director of FEMT with seventeen (17) years of experience in the marble and granite industry. He joined S.P. Marble Sdn. Bhd. as Production Supervisor in 1985 for three years before setting up FEMT in October 1988. His experience includes sourcing for materials, site/project management and marketing. He has also been exposed to various processes in marble and granite manufacturing, material selection, quality control, production scheduling and organising labour requirements. Besides setting up FEMT, Mr. Hwang is also noted for his instrumental role in building up the company from just a supplier and dealer in marble and granite materials to a contractor supplying and installing marble and granite slabs and ceramic tiles.

Hwang Hin Chuan, aged 40, is the Production Manager of the Group. He completed his Sixth Form education in 1984 and joined S.P. Marble Sdn. Bhd. the same year as Factory Supervisor. He was subsequently promoted to Factory Manager. In 1992, he joined SPG and assisted the company's directors in the design and setting-up of a stone processing plant. He has vast experience in production scheduling, organising labour requirements, quality control, supervision, and training of workers and overall day-to-day factory management. He is also very familiar with the technical aspects of stone-processing machinery. From 1992 to 1993, Mr. Hwang also received "Saw Master" training from Val DiMagra Graniti in Italy and Edeh Marble Co. Ltd., in Taiwan. He also travels regularly to visit marble and granite-processing plants in Italy and Taiwan, which are two of the major stone-processing countries in the world.

Tan Eu Sin, aged 54, is the Chief Financial Officer of the Group. He is a Certified Practising Accountant with Associateship in Accountancy from the Western Australia Institute of Technology (*currently known as Curtin University*) and a member of the Malaysian Institute of Accountants. In 1974, he was appointed as the Accountant for an investment brokering firm in Perth, Australia, W.A. Pines Pty. Ltd., and two years later, he became the Accountant of Koperasi Pasaraya Malaysia Berhad where he was principally responsible for the setting up of the accounting, budgetary and management information system. From 15 January 1983 to 31 March 1984, he was the Finance and Administrative Manager of Supreme Plantation Industries Berhad, a company principally engaged in the business of plantation, manufacturing of chemicals and oil refinery, before practising as an Accountant cum Company Secretary cum Tax Consultant for a period of some 5 years from 1985 to 1989 under Proline Management Sdn. Bhd., an accounting cum consultancy company. During his stay in Australia, he also worked as a Tax Consultant for Income Tax Professional, a taxation consultancy firm, from 1 February 1989 to 30 November 1989, and as an Accountant for Tubemakers of Australia Ltd., a company manufacturing precision products from 11 December 1989 to 2 August 1991. Upon his return to Malaysia in February 1992, he joined MGR Corporation Berhad as the Financial Controller. He has accumulated extensive experience in financial management, budgetary control, corporate and professional skills, which were essential in contributing towards the integrity of MGR's management information systems.

9. INFORMATION ON MAJOR SHAREHOLDERS, PROMOTERS, BOARD OF DIRECTORS, KEY MANAGEMENT AND EMPLOYEES (Cont'd)

Chong Foh Ngan, aged 43, is the Processing Manager of the Group. He obtained a Certificate in Electrical Engineering (Instrumentation & Control) from the Ungku Omar Polytechnic in Ipoh in 1980. During the same year, he joined Anglo-American Corporation (Ipoh) as Assistant Factory Manager. From 1984 to 1995, he joined several other stone or stone-related companies including S.P. Marble Sdn. Bhd. and SPG. He held various positions such as Project Executive, Production Supervisor and Processing Manager. His overall experience spanning over twenty two (22) years stands him in good stead in the marble and granite industry. His current responsibilities include overseeing processing functions from material requisition to final delivery, scrutinising installation drawings and project cut-lists, slab selection, assignment of machines and workers, finished-slab inspection and marking, and packing requirements.

Pua Boon Leng, aged 36, is the Marketing Manager of the Group. He is a diploma holder in Building Technology, having graduated in 1990 from Kolej Tunku Abdul Rahman. He also graduated with a Master of Science in Construction Project Management degree from University of Manchester Institute of Science and Technology in 1992. He is an incorporated member of the Chartered Institute of Building, United Kingdom. He joined SM(M)SB upon graduation. He has twelve (12) years of experience in the stone works industry. His experience includes factory supervision, site/project management and marketing. His site and project management experience includes an attachment with a general building contractor, Josu Engineering Sdn. Bhd. and two years in marketing and site supervision with SP Marble Sdn. Bhd.. Working in the factory has given him the knowledge of granite and marble production, scheduling as well as material selection, quality control and management of production and operations. He has travelled extensively and is highly knowledgeable on different types of stones. He is responsible for the sales and marketing plans, working with established distributors and establishing new distribution networks, initiating and implementing creative marketing programmes and the training and management of the sales team. He is also responsible for following up on projects and monitoring the installation process.

Teoh Yee Kian, aged 47, is the Project Manager of the Group. He graduated with a Bachelor of Applied Science from University Sains Malaysia in 1978. He has twenty (20) years of experience in the stone industry. He joined Langkawi Marble Co. Sdn. Bhd. as an Assistant Site Manager in 1981. Later, he was promoted to be the Project Manager. He joined SM(M)SB in November 1991 as the Project Manager. His responsibilities include keeping track of changes in the world-wide trend of marble and granite supply and usage, securing and implementing projects. He maintains regular contact with developers, consultants and contractors to develop new businesses. In implementing stone works projects, his scope of works include co-ordinating material supply from the quarry and factory, organising engineering calculations and stone tests for clients' appraisal, organising installation work at site, and general contract administration. His experience includes installation of stone works for projects ranging from residential units to prestigious hotels and high rise office towers.

Sim Kheng Leong, aged 40, is the Managing Director of SAVSB. He completed his Sixth Form education in 1982. He started off his career in the financial industry immediately after his studies when he joined Standard Chartered Bank (*currently known as Standard Chartered Bank Malaysia Berhad*) in Miri as a General Clerk from 1982 to 1983 and then Koperasi Serbaguna Miri Berhad, as a Finance Officer from 1984 to 1988. In 1988, he switched to the marble and granite industry, when he became a director of Crystal Marble & Granite Sdn. Bhd. and Criscom Sdn. Bhd.. Mr. Sim eventually joined Stone Avenue Sdn. Bhd. in Kuching as its managing director, bringing along with him almost a decade of experience in the marble and tiling works industry. Under his charge are tender preparation and submission, progress claims and variation orders. He is also responsible for co-ordination between factory and site with regards to quality of workmanship and delivery of materials.

9. INFORMATION ON MAJOR SHAREHOLDERS, PROMOTERS, BOARD OF DIRECTORS, KEY MANAGEMENT AND EMPLOYEES (Cont'd)

Ng Hoi San, aged 37, is the Executive Director of SASB. He has sixteen (16) years of experience in the stone and ceramic tiles industry. He started as a Site Supervisor with Modern Furnishing Centre Sdn. Bhd. in 1983 and was there for two years. He then joined Mepoh Enterprise Sdn. Bhd. as Sales Executive from 1986 to 1991, before becoming Sales Manager in Modern Marble (KK) Sdn. Bhd. from 1992 to 1993. In 1994, he moved over to Modern Granite (S) Sdn. Bhd., also as Sales Manager, until 1995. In 1996, he joined KMT Marble & Tiling Sdn. Bhd. for a year, after which he was appointed to his present position in SASB. With his hands-on experience and active participation in the company's daily business, Mr. Ng is well capable of leading SASB.

Chan Hong Kit, aged 37, is the Assistant Project Manager of SM(M)SB. He graduated from Kolej Tunku Abdul Rahman in 1986 with a Certificate in Building Technology. He is also a Royal Charter Associate Member of The Chartered Institute of Building (United Kingdom) whereby he is a member since 1993. His career in the construction industry started of as a Site Supervisor for SCK Construction Sdn. Bhd. from 1989 to 1991 and then joint Hazama Corporation as an Architecture Supervisor from 1991 to 1992. His responsibility then was to manage and implement interior finishes works that include furniture works. From there he join Mahajaya Property Sdn. Bhd. as a Clerk of Works until he eventually join SM(M)SB in May 2000. He is responsible for the project management and implementation, which include leading a team of Site Managers, Site Agent and Quantity Surveyor. He is also responsible for the projects contractual correspondences and payments collection.

Lily Oh, aged 44, has been the Branch Manager of RMT in Kluang, Johor Darul Takzim, since joining RMT in May 1988. After completing her Fifth Form education in 1977, she started working career as a clerk with Oh Building Construction the following year. She moved on to become Executive Officer of Johor Cooperative Industrial Sdn. Bhd. between 1979 and 1988, where she was in charge of the sales and marketing of houses in Taman Bahagia, Batu Pahat, and Taman Muhibbah, Kluang. She was also in charge of the day-to-day operations of 690 acres of oil palm and rubber estates. Her twelve years experience in the construction industry has contributed to the growth of RMT. Her current responsibilities at RMT include marketing, where she maintains close contact with housing developers, and contractors. She also manages the day-to-day operations as well as personnel and general administrative work of RMT.

Wong Yun Thiam, aged 40, is the Assistant Site Manager of the Group. He joined the Group in 1996 and has had thirteen (13) years of extensive experience in the general building construction works industry. He specialises in tiling and stone works. His experience includes co-ordination, monitoring, supervision and management on site. Besides that, he also attends site meetings with all the parties involved regarding the projects on hand. He prepares progress claims, variation orders and co-ordinates between factory and site regarding the delivery and control of materials. He also communicates with all the sub-contractors on site matters.

Tan Suew Sheng, aged 40, is the Assistant Site Manager of the Group. He passed the Land Surveying of 1st Department test in 1981. He joined the Group in 1995 and has thirteen (13) years of experience in the general building construction works industry. His experience includes quantity surveying work, preparing bills of quantity for architectural and structural works, variation orders, monthly progress claim reports and materials, equipment and labour costing. He co-ordinates work at site and attends meetings with the architects, interior designers, landscapers, project managers and sub-contractors regarding the plans and details, shop drawings, and cutting lists.

9. INFORMATION ON MAJOR SHAREHOLDERS, PROMOTERS, BOARD OF DIRECTORS, KEY MANAGEMENT AND EMPLOYEES (Cont'd)

9.5 Employees

The Directors of SMCB are supported by a team of qualified management staff who are experienced in the field of manufacturing and marketing of marble and granite products. As at 31 March 2002, the Group has a workforce of 280 employees. None of the employees of the Group belong to any labour union. They enjoy a cordial relationship with the management.

Its employees could be generally segregated into 6 categories, namely:-

Category	Number of employees	Approximate average years of service
Managerial	11	6.5
Executive	30	2.0
Supervisory	64	2.0
Clerical	7	2.0
General and factory workers	119	1.0
Contract workers	49	2.0
	280	

9.6 Family Relationships

Hwang Teck Seng, Hwang Hin Chuan and Hwang Hien Chai are brothers. Hwang Teck Seng, Hwang Hin Chuan, Hwang Hien Chai and Pua Boon Leng are nephews of Ng Kay Kim. Lily Oh is the wife of Lim Chong Kwee. Save for the above, none of the major shareholders, promoters Directors and senior management are related to each other.

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10. INFORMATION ON SUBSIDIARIES

10.1 SPG

10.1.1 History and Business

SPG is a wholly-owned subsidiary of SMCB and was incorporated in Malaysia under the Companies Act, 1965 on 13 May 1989 under its current name. SPG is principally involved in carrying on the business as manufacturer and merchant of marble and granite products as well as trading in ceramic tiles and contract works.

SPG commenced operations in 1993 at its factory complex located at Mukim of Sungai Raia/Raya, District of Kinta, in the vicinity of Ipoh, Perak Darul Ridzuan.

SPG's integrated production system employs modern machinery including granite and marble gangsaws and blockcutters, polishing lines and bridge cutters operated by skilled employees to maintain exacting standards in its products.

As it produces a wide range of both local and imported granite and marble products, SPG could be one of the largest granite and marble manufacturers in Malaysia in terms of product range.

10.1.2 Share Capital

The present authorised share capital of SPG is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each, all of which have been issued and fully paid-up.

Changes in the issued and paid-up share capital of SPG since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Issued and paid-up share capital RM
13.05.89	2	1.00	Cash	2
30.01.92	999,998	1.00	Cash	1,000,000
13.01.93	2,000,000	1.00	Cash	3,000,000
01.07.93	1,000,000	1.00	Cash	4,000,000
26.02.97	2,000,000	1.00	Consideration other than cash	6,000,000
11.10.98	4,000,000	1.00	Cash	10,000,000

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10. INFORMATION ON SUBSIDIARIES (Cont'd)

10.1.3 Subsidiaries and Associated Company

The details of the subsidiaries of SPG, all of which are incorporated in Malaysia, are as follows:-

Name	Date of incorporation	Issued and paid-up share capital RM	Effective interest %	Principal activities
SM(M)SB	19.10.91	1,500,000	100	Marble and granite merchant and contractor, trading of ceramic tiles, sanitary ware and related products
FSB	10.08.87	20,000	100	Dormant
SASB	22.07.97	100,000	80	Trading of marble and granite, ceramic tiles and sanitary ware
SAVSB	05.12.96	500,000	60	Trading of marble and granite, ceramic tiles and sanitary ware

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

10.1.4 Profit and Dividend Records

The following is a summary of the audited results of SPG for the past five (5) financial years ended 31 March 1997 to 2001 and the eight (8)-month period ended 30 November 2001:-

	-----Financial year ended 31 March-----					Eight (8)- month period ended 30
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	November 2001 RM'000
Turnover	10,890	11,329	11,134	14,308	16,070	11,300
Profit before taxation	1,420	1,112	960	1,932	2,633	2,013
Taxation	(681)	(700)	-	(41)	(290)	(495)
Profit after taxation	739	412	960	1,891	2,343	1,518
No. of ordinary shares in issue ('000)	6,000	6,000	10,000	10,000	10,000	10,000
Net EPS (sen)	12.32	6.87	12.18 [#]	18.91	23.43	22.77*
Gross dividend rate (%)	-	-	-	-	-	-

Notes:-

Computed based on weighted average number of ordinary shares in issue of 7,884,932.

* Annualised.

(i) There was no extraordinary/exceptional item in respect of the financial years and period under review.

(ii) The increase in turnover for the financial year ended 31 March 1998 was due to the demand for marble and granite products from the completed and near completed buildings developed prior to the recession to complement the internal and external finishings. However, profit before taxation declined due to the decrease in sales margin as a result of the change in sales mix and increased interest expenses on borrowings for the financing of plant and machinery, and depreciation on these plant and machinery.

10. INFORMATION ON SUBSIDIARIES (Cont'd)

- (iii) *The decrease in turnover and profit before taxation for the financial year ended 31 March 1999 is in tandem with the overall depressed economic condition.*
- (iv) *The increase in turnover and profit before taxation for the financial year ended 31 March 2000 was mainly in line with the recovery of the construction industry and the economy.*
- (v) *The increase in turnover and profit before taxation for the financial year ended 31 March 2001 was due to the continue recovery of the economy resulting in the increased in demand for marble and granite slabs.*
- (vi) *The tax liability for the financial year ended 31 March 1997 and 1998 was due to a restatement to take into account the tax payable in respect of dividend income received from SM(M)SB in the financial year 31 March 2001. There was no tax charge in 1999 as it was a tax waiver year. The taxation charge for the financial years ended 31 March 2001 and 2002 was in relation to rental and interest income only as SPG has sufficient unabsorbed losses and unutilised capital allowance to set-off against business income.*

10.2 SM(M)SB

10.2.1 History and Business

SM(M)SB is a wholly-owned subsidiary of SPG and was incorporated in Malaysia under Companies Act, 1965 on 19 October 1991 under its current name. SM(M)SB is principally a marble and granite merchant, contractor and is involved in trading of ceramic tiles, sanitary ware and related products.

SM(M)SB has three (3) showrooms situated in Selangor Darul Ehsan, namely in Kuala Lumpur, Damansara Utama and Klang while its warehouse cum sizing plant is located in Shah Alam, also in Selangor Darul Ehsan. Because of its geographical location, SM(M)SB services clients mainly in the central region of Malaysia. However, it is not restricted by this and is involved in projects elsewhere as well. Aside from trading in granite and marble, SM(M)SB also specialises in marble and granite supply and installation projects. The list of current and completed projects by SM(M)SB are as set out in Section 8.4.4 of this Prospectus.

10.2.2 Share Capital

The present authorised share capital of SM(M)SB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which 1,500,000 ordinary shares have been issued and fully paid-up.

Changes in the issued and paid-up share capital of SM(M)SB since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Issued and paid-up share capital RM
19.10.91	2	1.00	Cash	2
27.01.92	99,998	1.00	Cash	100,000
23.11.92	400,000	1.00	Cash	500,000
20.01.95	1,000,000	1.00	Consideration other than cash	1,500,000

10. INFORMATION ON SUBSIDIARIES (Cont'd)**10.2.3 Subsidiary and Associated Company**

As at the date hereof, SM(M)SB does not have any subsidiary or associated company.

10.2.4 Profit and Dividend Records

The following is a summary of the audited results of SM(M)SB for the past five (5) financial years ended 31 March 1997 to 2001 and the eight (8)-month period ended 30 November 2001:-

	-----Financial year ended 31 March-----					Eight (8)- month period ended 30 November 2001 RM'000
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	
Turnover	20,508	30,621	26,482	30,173	35,456	28,111
Profit before taxation	4,915	6,698	6,451	6,923	7,638	5,272
Taxation	(1,531)	(1,977)	(6)	(1,952)	(2,370)	(1,629)
Profit after taxation	3,384	4,721	6,445	4,971	5,268	3,643
No. of ordinary shares in issue ('000)	1,500	1,500	1,500	1,500	1,500	1,500
Net EPS (sen)	225.60	314.73	429.67	331.40	351.20	364.30*
Gross dividend rate (%)	166.67	166.67	166.67	166.67	166.67	111.33

Notes:-

* Annualised.

- (i) There was no extraordinary/exceptional item in respect of the financial years and period under review.
- (ii) The significant improvement in turnover and profit before taxation for the financial year ended 31 March 1998 was due to increase in retail sales and completion of several major projects during the year.
- (iii) The decrease in turnover and profit before taxation for the financial year ended 31 March 1999 was due to the decrease in demand for the company's products as a result of the economic downturn.
- (iv) The increase in turnover and profit before taxation for the financial year ended 31 March 2000 was mainly due to the increase in demand for marble slabs and tiling as well as other construction related products in line with the improvement of the construction industry which move in tandem with the recovery of the economy.
- (v) The increase in turnover and profit before taxation for the financial year ended 31 March 2001 was due to higher trading sales in line with the recovery in the economy. Despite the increase in turnover, SM(M)SB recorded a slight decrease in pre-tax margin as a result of the company's change in marketing strategy to capture higher market share.
- (vi) The effective tax refer for the years 1997, 1998, 2000 and 2001 were higher than the statutory tax rate applicable were mainly due to certain expenses being disallowed for taxation purpose. The provision for taxation for the year 1999 relates to deferred taxation as there was no income tax as 1999 was a tax waiver year.

10. INFORMATION ON SUBSIDIARIES (Cont'd)

10.3 FSB

10.3.1 History and Business

FSB is a wholly-owned subsidiary of SPG and was incorporated in Malaysia under the Companies Act, 1965 on 10 August 1987 under its current name. FSB is currently a dormant company holding a piece of industrial land measuring approximately 4.10 acres located in the Mukim of Sungai Raia/Raya, District of Kinta, Perak Darul Ridzuan.

10.3.2 Share Capital

The present authorised share capital of FSB is RM25,000 comprising 25,000 ordinary shares of RM1.00 each, of which 20,000 ordinary shares have been issued and fully paid-up.

Changes in the issued and paid-up share capital of FSB since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Issued and paid-up share capital RM
10.08.87	2	1.00	Cash	2
03.02.94	19,998	1.00	Cash	20,000

10.3.3 Subsidiary and Associated Company

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

10.3.4 Profit and Dividend Records

The following is a summary of the audited results of FSB for the five (5) financial years ended 31 March 1997 to 2001 and the eight (8)-month period ended 30 November 2001:-

	-----Financial year ended 31 March-----					Eight (8)-month period ended 30 November 2001
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	RM'000
Turnover	-	-	-	-	-	-
Loss before taxation	(5)	(11)	(11)	(16)	(20)	(5)
Taxation	-	-	-	-	-	-
Loss after taxation	(5)	(11)	(11)	(16)	(20)	(5)
No. of ordinary shares in issue ('000)	20	20	20	20	20	20
Net loss per share (sen)	(25.00)	(55.00)	(55.00)	(80.00)	(100.00)	(37.50)*
Gross dividend rate (%)	-	-	-	-	-	-

Notes:-

* Annualised.

(i) There was no extraordinary/exceptional item in respect of the financial years and period under review.

(ii) The expenses incurred throughout the financial years under review were mainly for statutory purposes.

10. INFORMATION ON SUBSIDIARIES (Cont'd)

10.4 SASB**10.4.1 History and Business**

SASB is a 80% owned subsidiary of SPG and was incorporated in Malaysia under the Companies Act, 1965 on 22 July 1997 under its current name. SASB commenced operations in 1997 and is principally involved in the trading of marble and granite, ceramic tiles and sanitary ware.

SASB's showroom is located in Kota Kinabalu , Sabah. SASB's warehouse cum sizing plant is also located in Kota Kinabalu. SASB is responsible for the Group's trading business in Sabah. SASB is also involved in marble and granite installation projects and the details of the projects are as set out in Section 8.4.4 of this Prospectus.

10.4.2 Share Capital

The present authorised share capital of SASB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, all of which have been issued and fully paid-up.

Changes in the issued and paid-up share capital of SASB since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Issued and paid-up share capital RM
22.07.97	100	1.00	Cash	100
27.02.98	99,900	1.00	Cash	100,000

10.4.3 Subsidiary and Associated Company

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

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10. INFORMATION ON SUBSIDIARIES (Cont'd)

10.4.4 Profit and Dividend Records

The following is a summary of the audited results of SASB for the period from 22 July 1997 (date of incorporation) to 31 March 1998, three (3) financial years ended 31 March 2001 and the eight (8)-month period ended 30 November 2001:-

	Period from 22 July 1997 to 31 March				Eight (8)- month period ended 30 November 2001 RM'000
	1998 RM'000	-Financial year ended 31 March- 1999 RM'000	2000 RM'000	2001 RM'000	
Turnover	31	1,218	2,088	2,977	2,321
(Loss)/Profit before taxation	(69)	42	37	41	70
Taxation	-	-	(1)	(17)	(28)
(Loss)/Profit after taxation	(69)	42	36	24	42
No. of ordinary shares in issue ('000)	100	100	100	100	100
Net (loss)/earnings per share (sen)	(785.15) [#]	42.00	36.00	24.00	63.00*
Gross dividend rate (%)	-	-	-	-	-

Notes:-

- # Annualised and computed based on the simple weighted average number of ordinary shares of 13,130 in issue during the period.
- * Annualised.
- (i) There was no extraordinary/exceptional item in respect of the financial periods and years under review.
- (ii) SASB commenced operations on 1 January 1998. As such, its activities during the financial period ended 31 March 1998 were minimal.
- (iii) The higher turnover and profit before taxation for the financial year ended 31 March 1999 were derived from new projects secured during the year.
- (iv) Despite recorded a higher turnover for the financial year ended 31 March 2000, profit before taxation decreased by 11.90%. The decrease was mainly due to lower margin for new projects secured during the financial year and also due to increase in operating and finance expenses.
- (v) The company continued its marketing strategy of lowering its gross margin to capture market share and henceforth enabling SASB to establish its market presence in Sabah. As a result thereof, turnover continue to increase for the financial year ended 31 March 2001 to RM2.98 million while maintaining a reasonable level of profit margin.
- (vi) There was no taxation charge for financial year 1999 as it was a tax waiver year. The lower taxation charge for financial year 2000 was due to utilisation of unabsorbed losses brought forward from 1998. The higher taxation charge for the financial year ended 2001 was due to certain expenses not allowed for taxation purpose.

10. INFORMATION ON SUBSIDIARIES (Cont'd)

10.5 SAVSB**10.5.1 History and Business**

SAVSB is a 60% owned subsidiary of SPG and was incorporated in Malaysia under the Companies Act, 1965 on 5 December 1996 as Quantum Rainbow Sdn. Bhd.. Subsequently, it changed its name to Stone Avenue Sdn. Bhd. on 10 January 1997. SAVSB commenced operations in 1997 and is principally involved in the trading of marble and granite, ceramic tiles and sanitary ware.

SAVSB's showroom and warehouse cum sizing plant are located in Kuching, Sarawak and the company handles the Group's trading operations in Sarawak. SAVSB also undertakes marble and granite installation projects and the details of the projects are as set out in Section 8.4.4 of the Prospectus.

10.5.2 Share Capital

The present authorised share capital of SAVSB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which 500,000 ordinary shares have been issued and fully paid-up.

Changes in the issued and paid-up share capital of SAVSB since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Issued and paid-up share capital RM
05.12.96	2	1.00	Cash	2
27.02.97	499,998	1.00	Cash	500,000

10.5.3 Subsidiary and Associated Company

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

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10. INFORMATION ON SUBSIDIARIES (Cont'd)

10.5.4 Profit and Dividend Records

The following is a summary of the audited results of SAVSB for the period from 5 December 1996 (date of incorporation) to 31 March 1998, three (3) financial years ended 31 March 2001 and eight (8)-month period ended 30 November 2001:-

	Period from 5 December 1996 to 31 March				Eight (8)- month period ended 30 November 2001
	1998 RM'000	-Financial year ended 31 March- 1999 RM'000	2000 RM'000	2001 RM'000	
Turnover	887	1,651	4,561	2,152	3,279
(Loss)/Profit before taxation	(133)	78	574	83	355
Taxation	-	-	(172)	(40)	(100)
(Loss)/Profit after taxation	(133)	78	402	43	255
No. of ordinary shares in issue ('000)	500	500	500	500	500
Net (loss)/earnings per share (sen)	(24.39) [#]	15.61	80.40	8.60	76.50*
Gross dividend rate (%)	-	-	-	-	-

Notes:-

- # Annualised and computed based on the simple weighted average number of ordinary shares of 412,863 in issue during the period.
- * Annualised.
- (i) There was no extraordinary/exceptional item in respect of the financial periods and years under review.
- (ii) The increase in turnover and profit before taxation for the financial year ended 31 March 1999 was attributed to a major contract secured in the year as well as being the first full financial year in operation.
- (iii) The increase in turnover for the financial year ended 31 March 2000 was mainly due to the spill over effect of the contract secured in 1999 but which was substantially undertaken in financial year 2000 and partially due to increase in the demand for marble slabs and ceramic tiles as a result of the recovery of the economy. Profit before taxation increased by 635.90% for the financial year ended 31 March 2000 was due to higher margin earned from the contract secured in 1999.
- (iv) The decrease in turnover and profit before taxation for the financial year ended 31 March 2001 was mainly due to the completion of most of the major contracts secured in previous years.
- (v) There was no taxation charge for the financial year 1999 as it was a tax waiver year. The higher taxation charge for the financial year ended 2000 and 2001 were due to certain expenses being disallowed for taxation purpose.

10. INFORMATION ON SUBSIDIARIES (Cont'd)

10.6 RMT**10.6.1 History and Business**

RMT is a wholly-owned subsidiary of SMCB and was incorporated in Malaysia under the Companies Act, 1965 on 28 November 1986 under its current name. RMT commenced operations in 1986 and is principally involved in trading of marble and granite, ceramic tiles and sanitary ware.

RMT has two showrooms in Johor Darul Takzim, one in Johor Bahru and the other in Kluang. Its warehouses are also located at these two places. RMT markets the Group's products in the southern region.

10.6.2 Share Capital

The present authorised share capital of RMT is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, all of which all have been issued and fully paid-up.

Changes in the issued and paid-up share capital of RMT since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Issued and paid-up share capital RM
28.11.86	2	1.00	Cash	2
21.11.88	49,998	1.00	Cash	50,000
30.11.91	150,000	1.00	Consideration other than cash	200,000
28.06.94	400,000	1.00	Bonus issue on the basis of two (2) new ordinary shares for every existing share held	600,000
28.06.94	200,000	1.00	Cash	800,000
25.10.99	200,000	1.00	Bonus issue on the basis of one (1) new ordinary share for every four (4) existing shares held	1,000,000

10.6.3 Subsidiary and Associated Company

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

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10. INFORMATION ON SUBSIDIARIES (Cont'd)

10.6.4 Profit and Dividend Records

The following is a summary of the audited results of RMT for the past five (5) years ended 31 December 1996 to 2000 and for eleven (11)-month period ended 30 November 2001:-

	-----Financial year ended 31 December-----					Eleven (11)- month period ended 30 November 2001 RM'000
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	
Turnover	16,727	19,187	18,012	22,466	25,385	34,390
Profit before taxation	366	436	597	1,019	1,480	1,845
(Taxation)/overprovision of taxation	(110)	(135)	(180)	7	(400)	(520)
Profit after taxation	256	301	417	1,026	1,080	1,325
No. of ordinary shares in issue ('000)	800	800	800	1,000	1,000	1,000
Net EPS (sen)	25.60#	30.01#	41.70#	102.60	108.00	144.55*
Gross dividend rate (%)	-	-	-	-	-	-

Notes:-

- # Computed based on the assumption that the 1,000,000 shares were issued throughout the years under review.
- * Annualised.
- (i) There was no extraordinary/exceptional item in respect of the financial years and period under review.
- (ii) The increase in turnover and profit before taxation for the financial year ended 1997 was due to increased sales of ceramic tiles.
- (iii) The decrease in turnover for the financial year ended 31 December 1998 was due to the economic downturn resulting in the softening of demand for ceramic tiles. However, profit before taxation improved slightly due to better gross profit margin compared to the previous year.
- (iv) The increase in turnover and profit before taxation for the financial year ended 31 December 1999 was in tandem in the recovery of the economy.
- (v) The increase in turnover and profit before taxation for the financial year ended 31 December 2000 was mainly due to the recovery of the construction industry, in tandem with the recovery of the economy. The company's aggressive sales strategy also contributed to the increase.
- (vi) There was no taxation charge for the financial year ended 1999 as it was a tax waiver year. The credit balance represents overprovision of taxation in prior years. The higher taxation charge for the remaining years under review were mainly due to certain expenses being disallowed for taxation purpose.

10. INFORMATION ON SUBSIDIARIES (Cont'd)

10.7 FEMT**10.7.1 History and Business**

FEMT is a wholly-owned subsidiary of SMCB and was incorporated in Malaysia under the Companies Act, 1965 on 10 November 1988. FEMT commenced operations in 1988 and is principally involved in the trading of marble and granite, ceramic tiles and sanitary ware.

FEMT's showrooms are located in Prai and Penang whilst its warehouse cum sizing plant is located in Butterworth and another warehouse is located in Penang. Aside from trading, FEMT also carries out marble and granite installation projects. The details of the completed and current projects of FEMT are as set out in Section 8.4.4 of this Prospectus.

10.7.2 Share Capital

The present authorised share capital of FEMT is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 50,000 ordinary shares have been issued and fully paid-up.

Changes in the issued and paid-up share capital of FEMT since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Issued and paid-up share capital RM
10.11.88	2	1.00	Subscribers' shares	2
06.06.89	24,998	1.00	Cash	25,000
01.11.95	25,000	1.00	Cash	50,000

10.7.3 Subsidiary and Associated Company

As of the date hereof, FEMT does not have any subsidiary or associated company.

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10. INFORMATION ON SUBSIDIARIES (Cont'd)

10.7.4 Profit and Dividend Records

The following is a summary of the audited results of FEMT for the past five (5) years ended 31 December 1996 to 2000 and for eleven (11)-month period ended 30 November 2001:-

	-----Financial year ended 31 December-----					Eleven (11)- month period ended 30 November 2001 RM'000
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	
Turnover	4,681	8,803	6,264	6,992	9,732	14,397
Profit before taxation	157	985	490	618	435	531
Taxation	(40)	(312)	(193)	(7)	(153)	(193)
Profit after taxation	117	673	297	611	282	338
No. of ordinary shares assumed in issue ('000)	50	50	50	50	50	50
Net EPS (RM)	2.34	13.46	5.94	12.22	5.64	7.37*
Gross dividend rate (%)	-	-	-	-	-	-

Notes:-

* Annualised.

- (i) There was no extraordinary/exceptional item in respect of the financial years and period under review.
- (ii) The increase in turnover and profit before taxation for the financial year ended 31 December 1997 was due to a major contract secured for the Penang Indoor Stadium Arena and higher contribution from projects which were nearing completion.
- (iii) The decrease in turnover and profit before taxation for the financial year ended 31 December 1998 was due to significant decrease in demand as a result of the economic downturn.
- (iv) The increase in the turnover and profit before taxation for the financial year ended 31 December 1999 was mainly due to the increase in overall market demand for marble slabs and tiling as the economy recovers from downturn. The decrease in interest expense as a result of the decrease in interest rate also contributed to the increase in profit before taxation.
- (v) The increase in turnover for the financial year ended 31 December 2000 was mainly due to the increase in demand for ceramic tiles. Despite the increase in turnover, profit before taxation decreased as a result of lower margin of the ceramic tiles sold.
- (vi) The effective tax rate was lower than the statutory tax rate in financial year ended 1996 was mainly due to utilisation of unabsorbed losses brought forward. The higher taxation charge for the financial years from 1997 until 2000 (save for 1999) were due to certain expenses being disallowed for taxation purpose. There was no taxation charge in financial year ended 1999 as it was a tax waiver year.

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11. FINANCIAL INFORMATION

11.1 Proforma Consolidated Income Statements

The following is a summary of the proforma audited consolidated income statements of the SMCB Group for the past five (5) financial years ended 31 March 1997 to 2001 and the eight (8)-month period ended 30 November 2001 prepared on the assumption that the current structure of the Group has been in existence throughout the financial years and period under review:-

	-----Financial year ended 31 March-----					Eight (8)- month period ended 30 November
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2001 RM'000
Turnover	46,036	59,730	59,018	68,458	78,471	65,842
Earnings before interest, depreciation, taxation and amortisation	7,147	10,332	9,647	12,240	13,651	9,488
Interest expense	(2,230)	(3,458)	(3,099)	(1,876)	(2,043)	(1,576)
Depreciation	(268)	(463)	(532)	(1,786)	(1,976)	(1,530)
Amortisation	-	-	-	-	-	-
Profit before taxation	4,649	6,411	6,016	8,578	9,632	6,382
Taxation	(1,756)	(2,406)	(284)	(2,303)	(3,078)	(2,302)
Profit after taxation	2,893	4,005	5,732	6,275	6,554	4,080
Minority interests	-	67	24	(100)	102	156
Profit for the year attributable to shareholders	2,893	4,072	5,756	6,175	6,656	4,236
No. of ordinary shares assumed in issue ('000) [#]	40,350	40,350	40,350	40,350	40,350	40,350
Net EPS (sen)	7.17	10.09	14.27	15.30	16.50	15.75*
Gross dividend rate (%)	-	-	-	-	-	-

Notes:-

- # The assumed issued and paid-up share capital of 40,350,000 ordinary shares of RM1.00 each is based on the issued and paid-up capital of SMCB after the Acquisitions.
- * Annualised.
- (i) The increase in the Group's turnover and profit before taxation for the financial year ended 31 March 1998 was due to increase in demand for marble and granite used for the completion of several projects during the year.
- (ii) The decrease in the Group's turnover and profit before taxation for the financial year ended 31 March 1999 resulted from less market demand for its products due to the economic downturn. However, this decrease in turnover was mitigated by being able to secure several new projects in Sabah and Sarawak.
- (iii) For the financial year ended 31 March 2000, the Group turnover and profit before taxation increased by 16.00% and 42.59% respectively. The increase was mainly due to increased demand for marble and granite in tandem with the recovery of the economy. The decrease in interest expense also contributed to the increase in profit of the Group.
- (iv) The increase in the Group's proforma turnover for the financial year ended 31 March 2001 resulted from the increase in demand for its products. The increase in demand was fuelled by the Group's concerted marketing effort to establish and strengthen its market share in the marble and granite industry in view of the improved economic climate. Profit before taxation increase by 12.29% to RM9.63 million in line with the increase in turnover.
- (v) There was no exceptional or extraordinary item in the financial years/period under review.
- (vi) The results of the companies with different financial year-ends have been adjusted to be co-terminous with the proposed financial year end of SMCB, which is 31 March.
- (vii) The effective tax rate of the Group is higher in financial years ended 31 March 1997, 1998 and 2001 as compared to the statutory tax rate as certain expenses were disallowable deductions for tax purposes. There was no tax charge for the financial year 1999 as the amount payable was waived in accordance with the Income Tax (Amendment) Act, 1999. The provision for taxation for the financial year ended 1999 was related to deferred taxation.

11. FINANCIAL INFORMATION (Cont'd)

11.2 Segmental Analysis

The breakdown of contribution to the proforma Group's revenue and profit before taxation by each major product category for the past five (5) financial years ended 31 March 2001 and eight (8)-month period ended 30 November 2001 are as follows:-

Contribution to revenue	-----Year ended 31 March-----					Eight (8)- month period ended 30 November 2001
	1997 %	1998 %	1999 %	2000 %	2001 %	
Marble & Granite	55.76	60.82	62.54	57.19	57.80	49.89
Ceramic tiles	43.66	38.48	36.67	42.14	41.85	49.09
Sanitary wares	0.02	0.02	0.28	0.26	0.04	0.18
Others	0.56	0.68	0.51	0.41	0.31	0.84
	100.00	100.00	100.00	100.00	100.00	100.00

Contribution to profit before tax	-----Year ended 31 March-----					Eight (8)- month period ended 30 November 2001
	1997 %	1998 %	1999 %	2000 %	2001 %	
Marble & Granite	87.05	85.52	82.72	81.94	78.76	71.45
Ceramic tiles	11.63	13.11	14.23	15.91	19.70	25.84
Sanitary wares	0.01	(0.05)	0.05	0.02	0.01	0.01
Others	1.31	1.42	3.00	2.13	1.53	2.70
	100.00	100.00	100.00	100.00	100.00	100.00

Details on the contribution to revenue and profit before taxation by companies are set out in Section 10.

11.3 Trade Debtors Ageing Analysis

The trade debtors ageing analysis based on the latest available audited accounts as at 30 November 2001 are as follows:-

Company	Within the six (6) months credit period RM	Exceeding the six (6) months credit period RM	Total RM
SPG	4,374,000	2,660,277	7,034,277
SM(M)SB	16,694,217	9,005,238	25,699,455
SAVSB	1,891,323	531,672	2,422,995
SASB	667,274	613,264	1,280,538
FEMT	5,458,721	3,022,078	8,480,799
RMT	14,078,888	2,519,118	16,598,006
	43,164,423	18,351,647	61,516,070
Less: Intercompany balances	(3,268,211)	(3,166,927)	(6,435,138)
	39,896,212	15,184,720	55,080,932
Provision for bad and doubtful debts	-	(1,326,794)	(1,326,794)
	39,896,212	13,857,926	53,754,138

11. FINANCIAL INFORMATION (Cont'd)

The Reporting Accountants have assessed the recoverability of the abovementioned trade debts as at 30 November 2001. Based on their review up to 31 March 2002, the Reporting Accountants have proposed a further provision for doubtful debts of RM468,945. This additional provision for doubtful debts has been agreed by the management of the SMCB Group and accordingly was provided in the accounts for the financial year ended 31 March 2002.

Accordingly, the net trade debts after taking into consideration the additional provision for doubtful debts of RM468,945 are as follows:-

	Within the six (6) months credit period RM	Exceeding the six (6) months credit period RM	Total RM
Total trade debts net of intercompany balances and provision for doubtful debts	39,896,212	13,857,926	53,754,138
Less: Additional provision for doubtful debts	-	(468,945)	(468,945)
	<u>39,896,212</u>	<u>13,388,981</u>	<u>53,285,193</u>

The management of the SMCB Group has improvised and implemented a group wide policy on credit control and application procedures with respect to credit sales with third parties. With its new credit control policy implemented on April 2002, the management has placed strict emphasis on bad debts prevention with proper and stringent policy for the opening of new credit accounts and monitoring of existing debtors.

In addition, the management will ensure that appropriate action is taken to minimise the risk of non-collectibility, such as issuing reminder notices, reducing or terminating sales to customers with long outstanding debts and taking legal actions, amongst others. Accordingly, the Directors of SMCB are of the view that the outstanding trade debts exceeding the credit period are recoverable and that continuous emphasis will be placed to minimise the risk of non-collectibility of trade debts presently and in the future.

11.4 Declaration

Save as disclosed in this Prospectus, the financial performance, position and operations of SMCB 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 SMCB Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of the SMCB Group;
- (ii) other material capital expenditure commitments for capital expenditure;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the SMCB 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.

11. FINANCIAL INFORMATION (Cont'd)

11.5 Working Capital, Material Commitments for Capital Expenditure, Borrowings, and Contingent Liabilities
(i) Working Capital

The Directors of SMCB are of the opinion that, barring any unforeseen circumstances and after taking into account the cash flow forecast, banking facilities and net proceeds from the Public Issue, the Group will have adequate working capital for its present and foreseeable requirements.

(ii) Borrowings

As at 15 May 2002, (being the last practical date at which such amounts could be calculated prior to the printing of this Prospectus) the total outstanding bank borrowings, overdrafts and banking facilities of the Group amounted to approximately RM38.51 million, all of which are interest bearing. Details of the Group's outstanding bank borrowings, overdrafts and banking facilities are as follows:-

	RM'000
Long-term borrowings	
- Term loan	1,489
Short-term borrowings	
- Term loan	373
- Bank overdraft	9,442
- Trade line (Bankers' Acceptance, Trust Receipts, Letter of Credit and Bank Guarantee)	27,206
Total borrowings	38,510

(iii) Material Commitments for Capital Expenditure

Save for an amount of RM3.58 million for capital expenditure which has been approved but not contracted for, there are no material commitments for capital expenditure, which upon enforceable, may have a substantial impact on the financial position of the Group as at 15 May 2002 (being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus).

(iv) Contingent Liabilities

There are no material contingent liabilities incurred by SMCB and its subsidiaries as at 15 May 2002 (being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus), other than those incurred in the ordinary course of business.

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12. OTHER INFORMATION CONCERNING THE SMCB GROUP

12.1 Major Licenses and Permits

SPG has been issued a Manufacturing Licence by the MITI to act as a licensed manufacturer for marble and granite tiles and slabs from 16 February 2000, the details of which are as follows:-

Company	Authority	Type Of Approvals/ Major Licences/ Permits	Expiry Date	Equity Conditions Attached	Status of Compliance
SPG	MITI	Manufacturing Licence or "Lesen Pengilang" under the Industrial Co-ordination Act, 1975 to produce marble tiles/ slabs and granite tiles/slabs at Lot No. PT 399, 2.5 km, Off Jalan Pengkalan, Mukim Sg. Raya, Simpang Pulai, 31300 Kampung Kepayang, Perak	-	Any disposal of equity interest held by foreigners in SPG must first obtain the approval of the MITI.	SPG is currently a wholly owned subsidiary of SMCB. Will ensure compliance when applicable.

12.2 Landed Properties

A summary of the information on landed properties owned by the SMCB Group are as follows:-

Title/ Location	Registered/ Beneficial owner/Postal address (if applicable)	Existing use/ Des- cription of property	Land area/ Built-up area	Tenure (years)	Appro- ximate age of building as at 30.11.01 (years)	Net book value as at 30.11.01 RM	Open market value ascribed by valuer RM	Open market value approved by the SC RM	Re- valuation surplus/ (deficit) RM
Properties held for owner occupation									
P.T. 399, Title No. H.S. (D) 54475 (formerly H.S.(D) KA 54475), Mukim of Sungai Raya, District of Kinta, Perak Darul Ridzuan; and	SPG/ Lot PT 399, 2.5km, Off Jalan Pengkalan, Mukim Sg. Raya, Simpang Pulai, 31300 Kg. Kepayang, Perak Darul Ridzuan	Industrial/ Granite/ Marble processing factory complex	23,008 sq.m/ 13,617 sq.m.	P.T. 399: 60 years lease expiring 23 June 2046	3 - 9 years	4,202,807	7,205,000	7,205,000	3,002,193
Lot No. 202190, Pajakan Negeri 123433, Mukim of Sungai Raya, District of Kinta, Perak Darul Ridzuan				Lot 202190: 60 years lease expiring 26 February 2053					
Lot No. PTD 4421, Title No. HS(D) 19589, in the Mukim of Tebrau, District of Johor Bahru, Johor Darul Takzim	RMT/ No. 41, Batu 7, Jalan Kota Tinggi, 81100 Pandan, Johor Bahru, Johor Darul Takzim	Industrial/ Single storey workshop building	191.843 sq.m/ 238.4 sq.m.	Freehold	21	443,582	900,000	455,000	11,418
Lot No. PTD 38552, Title No. HS(D) 23176, in the Mukim and District of Kluang, Johor Darul Takzim	RMT/ No. 1, Jalan Desa 3, Taman Desa, 86000 Kluang, Johor Darul Takzim	Commercial/ Double storey shophouse used as a store	254.126 sq.m/ 359.7 sq.m.	Freehold	11	175,727	310,000	267,000	91,273

12. OTHER INFORMATION CONCERNING THE SMCB GROUP (Cont'd)

Title/ Location	Registered/ Beneficial owner/Postal address (if applicable)	Existing use/ Description of property	Land area/ Built-up area	Tenure (years)	Approximate age of building as at 30.11.01 (years)	Net book value as at 30.11.01 RM	Open market value ascribed by valuer RM	Open market value approved by the SC RM	Re- valuation surplus/ (deficit) RM
Lot No. PTD 38553, Title No. HS(D) 23177, in the Mukim and District of Kluang, Johor Darul Takzim	RMT/ No. 2, Jalan Desa 3, Taman Desa, 86000 Kluang, Johor Darul Takzim	Commercial/ Double storey shophouse used as a store	143.079 sq.m/ 200.2 sq.m.	Freehold	11	107,455	240,000	153,000	45,545
P.T. No. PTBM/C 005 (Lot No. 1423 HS(D) 20747 (formerly HS(D) 870), & Lot No. 1424 HS(D) 20748 (formerly HS(D) 871), Mukim 1, District of Seberang Perai Tengah, Pulau Pinang	FEMT/ 22 & 24, Lorong Kurau 1, Chai Leng Park, 13700 Prai, Pulau Pinang	Building /Single-storey terrace house (two units) renovated into showroom	Lot 1423 143.1 sq.m/ Lot 1424 273.2 sq.m.	Freehold	About 21 years but extended and renovated to form a showroom about 2 years ago.	472,511	950,000	950,000	477,489
Lot No. 1418, Geran 34353 Section 9W, North-East District, Pulau Pinang	FEMT/ 48, Jalan Jelutong, 11600 Pulau Pinang	Building/ Single-storey building used as showroom and store	470 sq. m/439.81 sq.m.	Freehold	About 41 years but extensively renovated about 8 years ago.	421,191	1,000,000	1,000,000	578,809
Lot 191, Block 238 Kuching North Land District, 8th Mile, Jalan Batu Kitang, 93250 Kuching Sarawak	SAVSB/ Lot 191, Block 238 KNLD, 8th Mile, Jalan Batu Kitang, 93250 Kuching Sarawak	Land with a factory building and workers quarters	8,944 sq.m/ 923.5 sq.m.	Leasehold expiring 31 December 2038	2	900,168	900,000 [^]	900,000	(168)
Lot No. 3392, HS(D) 20724 (formerly HS(D) 322), Mukim 16, Seberang Perai Tengah, Pulau Pinang	FEMT/ 59, Jalan Machang Bubuk, Taman Machang Bubuk, 14020 Bukit Mertajam, Pulau Pinang	Building/ Three-storey shop-office	111 sq. m/ 334.44 sq.m.	Freehold	2	319,357	330,000	330,000	10,643
Title No. H.S. (D) 146724 (formerly H.S.(D) 41564), P.T. No. 6110, Mukim of Sungai Buloh, District of Kuala Lumpur (Petaling), Selangor Darul Ehsan.	SPG/No. 78, Jalan SS 21/39, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan	Building/3½ storey shop office building	153.285 sq.m/ 539.19 sq.m.	Freehold	21	773,880	1,800,000	1,800,000	1,026,120

12. OTHER INFORMATION CONCERNING THE SMCB GROUP (Cont'd)

Title/ Location	Registered/ Beneficial owner/Postal address (if applicable)	Existing use/ Description of property	Land area/ Built-up area	Tenure (years)	Approximate age of building as at 30.11.01 (years)	Net book value as at 30.11.01 RM	Open market value ascribed by valuer RM	Open market value approved by the SC RM	Re- valuation surplus/ (deficit) RM
Title No. HS(D) 126848 No. PTD 33728, Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	RMT/ No. 16, Jalan Waja 2, Kawasan Perindustrian Pandau, 81100 Johor Bahru, Johor Darul Takzim	Single-storey workshop	679.266 sq.m/ 384.02 sq.m	99 years lease expiring 6 October 2084	16	568,656	N/A#	N/A	N/A
Country lease ("CL") 025321662, Lot No. 156 & CL 025321653, Lot No. 155, SEDCO Lok Kawi Industrial Estate, Phase I, Penampang Sabah	SASB Lot No. 155 & 156 SEDCO Lok Kawi Industrial Estate, Phase I, Penampang, Sabah	Land with factory building cum warehouse	1,169.1 sq.m/ 1,383.2 sq.m	60 years lease expiring on 2042	5-8 years	N/A*	N/A#	N/A	N/A
Properties which are surplus to operational requirements									
P.T. 1115, HS(D) 54474 (formerly H.S.(D) KA 54474), Mukim of Sungai Raya, District of Kinta, Perak Darul Ridzuan	FSB	Vacant Industrial Land	16,592 sq.m/ N/A	60 years lease expiring 23 July 2053	N/A	233,024	1,070,000	1,070,000	836,976
Lot No. 192922, Pajakan Negeri 71384, Mukim of Sungai Raya, District of Kinta, Perak Darul Ridzuan	SPG	Vacant Industrial Land	10,515 sq.m/ N/A	60 years lease expiring 20 October 2052	N/A	26,781	735,000	735,000	708,219
Lot No. 1320, Title No. EMR 486, in the township and District of Kluang, Johor Darul Takzim	RMT	Vacant Land (approval-in- principle obtained for commercial use)	900.0 sq.m/ N/A	Freehold	N/A	310,840	680,000	680,000	369,160
Lot No. PLO 45, Mengkibol Industrial Area, in the Mukim and District of Kluang, Johor Darul Takzim	RMT/ PLO 45, Jalan Teknologi 6, Kawasan Perindustrian Mengkibol, 86000 Kluang, Johor Darul Takzim	Vacant Industrial Land	2,023.4 sq.m	Leasehold for 60 years [@]	N/A	156,090	210,000	210,000	53,910

12. OTHER INFORMATION CONCERNING THE SMCB GROUP (Cont'd)

Title/ Location	Registered/ Beneficial owner/Postal address (if applicable)	Existing use/ Description of property	Land area/ Built-up area	Tenure (years)	Approximate age of building as at 30.11.01 (years)	Net book value as at 30.11.01 RM	Open market value ascribed by valuer RM	Open market value approved by the SC RM	Re- valuation surplus/ (deficit) RM
Properties held for investment purpose									
Unit No. 128A/3-3A (Developer's Unit No. M-03-3A), Seremban 2, erected on PT No. 8392A, Mukim of Rasah, District of Seremban, Negeri Sembilan Darul Khusus	SM(M)SB/ No. 128A/3-3A, Jalan S2B5, Seremban 2, 70300 Seremban, Negeri Sembilan Darul Khusus	Building/ Office lot	72.93 sq.m.	Freehold	2	63,936	55,000	55,000	(8,936)
Lot No. PTB 3352, Title No. HS(D) 5832, in the Township and District of Kluang, Johor Darul Takzim	RMT**/ No. 5, Jalan Bulan, 86000 Kluang, Johor Darul Takzim	Residential/ Vacant land	581.736 sq.m./ N/A	99 years lease expiring 23 November 2078	N/A	88,200	130,000	130,000	41,800
Lot No. PTD 43457, Title No. HS(D) 37483, in the Mukim and District of Kluang, Johor Darul Takzim	RMT/ No. 30, Jalan Delima 1, Taman Delima, 86000 Kluang, Johor Darul Takzim	Building/ Double storey shop office	143.079 sq.m./ 281.3 sq.m.	Freehold	4	280,564	320,000	250,000	(30,564)
Suite C-16-6, Tower C (Wisma Goshen), Plaza Pantai, 5, Jalan 4/83A, Off Jalan Pantai Baru, 59200 Kuala Lumpur	SM(M)SB/ Suite C-16-6, Tower C, Wisma Goshen, Plaza Pantai, 5, Jalan 4/83A, Off Jalan Pantai Baru, 59200 Kuala Lumpur	Building/ Office lot ^^	121.05 sq.m.	Freehold	2	721,237	685,000	420,000	(301,237)
PN13991, Lot No. 31952, Mukim of Petaling, District and State of Wilayah Persekutuan	SM(M)SB/ Unit No. L2-012, Times Square Business Plaza, Taman Sri Sentosa, 58000 Kuala Lumpur	Building/First floor of a 3-storey shop complex with a basement car park	111.76 sq.m.	99 years lease expiring 17 April 2085	1	186,523	N/A#	N/A	N/A
Lot No. P.T. 28626, H.S. (D) 94700, Mukim of Sungai Buloh, District of Petaling, State of Selangor	SM(M)SB/ No. 33A, Jalan BRP 6/10, Bukit Rahman Putra, 47000 Sungai Buloh, Selangor Darul Ehsan	Building/First floor of a 4½ storey shopoffice building	1,360 square feet	Freehold	2	255,460	N/A#	N/A	N/A

12. OTHER INFORMATION CONCERNING THE SMCB GROUP (Cont'd)

Title/ Location	Registered/ Beneficial owner/Postal address (if applicable)	Existing use/ Des- cription of property	Land area/ Built-up area	Tenure (years)	Appro- ximate age of building as at 30.11.01 (years)	Net book value as at 30.11.01 RM	Open market value ascribed by valuer RM	Open market value approved by the SC RM	Re- valuation surplus/ (deficit) RM
Title No HS(D) 699, Lot No. 4906 & H.S.(M) 1551, Lot 5022 Mukim 16, Daerah Seberang Perai Tengah, Pulau Pinang	FEMT/ No. 56 Lorong Machang Bubok 19, Taman Machang Bubok 14020 Bukit Mertajam, Pulau Pinang	Building/ Single Storey Terrace House	173 sq.m/ 74.32 sq.m.	Freehold	1	109,450	N/A#	N/A	N/A
Title No. H.S.(M) 1438, Lot 4596, Mukim 16, Daerah Seberang Perai Tengah, Pulau Pinang	FEMT No. 23, Lorong Machang Bubok 28, Taman Machang Bubok 14020 Bukit Mertajam, Pulau Pinang	Building/ Double storey Terrace House	157 sq.m/ 143.63 sq.m.	Freehold	1	163,180	N/A#	N/A	N/A

Notes: -

sq. m Square metres

No valuation was conducted on these landed properties as they were only acquired subsequent to the valuation exercise conducted on the landed properties of the Group.

* Acquired in February 2002.

** Held in trust by Lim Chong Kwee vide a Trust Deed dated 4 June 1998. An application was made by the solicitors of RMT on 11 May 2002 to the Director of Land and Mineral, Johor for the transfer of the land to RMT.

@ The individual Qualified Title for the property has yet to be issued by the relevant authorities. Accordingly, the expiry date of the lease is not available.

N/A Not applicable

^ Value of land with its improvement only, excluding the value of the building.

^^ Only temporary certificate of fitness has been issued. It is currently vacant.

The open market valuation of the above landed properties were carried out by Colliers, Jordan Lee & Jaafar Sdn. Bhd., Colliers, Jordan Lee & Jaafar (JH) Sdn. Bhd., Colliers, Jordan Lee & Jaafar (PG) Sdn. Bhd. and Rahim & Co. Sdn. Bhd., firms of professional valuers, using the comparison, investment and cost methods of valuation. The material date of valuation of the respective property was stated in the Valuation Certificates set out in Section 20 of this Prospectus.

The open market values ascribed by the Valuers for the above properties were approved/revised by the SC on 30 October 2000. The approved valuation was incorporated into the accounts of the respective subsidiaries of SMCB for the financial year ended 31 March 2002.

12. OTHER INFORMATION CONCERNING THE SMCB GROUP (Cont'd)

12.3 Acquisition of landed properties during the past two (2) years

Title/ Location	Registered/ Beneficial owner/Postal address	Existing use/ Description of property	Date of agreement	Purchase price RM
Title No. HS(D) 126848 No. PTD 33728, Mukim Tebrau, Daerah Johor Bahru, Johor Darul Takzim	RMT/ No. 16, Jalan Waja 2, Kawasan Perindustrian Pandan, 81100 Johor Bahru, Johor Darul Takzim	Single-storey workshop	5 July 2000	450,000
PN13991, Lot No. 31952, Mukim of Petaling, District and State of Wilayah Persekutuan	SM(M)SB/ Unit No. L2-012, Times Square Business Plaza, Taman Sri Sentosa, 58000 Kuala Lumpur	Building/First floor of a 3- storey shop complex with a basement car park	21 August 2000	187,189
Lot No. P.T. 28626, H.S. (D) 94700, Mukim of Sungai Buloh, District of Petaling, State of Selangor	SM(M)SB/ No. 33A, Jalan BRP 6/10, Bukit Rahman Putra, 47000 Sungai Buloh, Selangor Darul Ehsan	Building/First floor of a 4½ storey shopoffice building	7 June 2000	256,888
Title No. HS(D) 699, Lot No. 4906 & H.S.(M) 1551, Lot 5022 Mukim 16, Daerah Seberang Perai Tengah, Pulau Pinang	FEMT/ No. 56 Lorong Machang Bubok 19, Taman Machang Bubok, 14020 Bukit Mertajam, Pulau Pinang	Building/Single Storey Terrace House	20 September 2001	110,000
Title No. H.S.(M) 1438, Lot No. 4596, Mukim 16, Daerah Seberang Perai Tengah, Pulau Pinang	FEMT/ No. 23, Lorong Machang Bubok 28 Taman Machang Bubok 14020, Bukit Mertajam, Pulau Pinang	Building/Double Storey Terrace House	20 September 2001	164,000
Country lease ("CL") 025321662, Lot No. 156 & CL 025321653, Lot No. 155, SEDCO Lok Kawi Industrial Estate, Phase I, Penampang Sabah	SASB/ Lot No. 155 & 156 SEDCO Lok Kawi Industrial Estate, Phase I, Penampang, Sabah	Land with factory building cum warehouse	1 February 2002	625,000

Save for the above landed properties, the Group has not entered into any agreements to acquire nor completed any acquisitions to acquire any properties during the two (2) years preceding the date of this Prospectus.

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13. APPROVALS AND CONDITIONS

The FIC, MITI and SC approved the restructuring and listing exercise as set out in Section 8.3 of this Prospectus on 6 June 2000 and 20 March 2002, 22 July 2000 and 13 December 2001 and 4 January 2001 and 29 January 2002 respectively.

The conditions imposed by all the authorities and the status of compliance are set out as follows:-

Details of Conditions Imposed	Status of Compliance
FIC and MITI	
(i) SMCB should have at least 30% direct Bumiputera equity interest upon listing	Will be complied upon listing and quotation of the SMCB shares on the Second Board of the KLSE. SMCB will have at least 30.0% Bumiputera equity participation upon its listing on the Second Board of KLSE.
SC	
(i) The utilisation of proceeds raised from the Public Issue are subject to the following:-	
(a) Approval from the SC should be sought for any changes to the utilisation of proceeds other than for the core business of SMCB;	Will comply if applicable.
(b) Shareholders' approval is required for any deviation by twenty five percent (25%) or more from the utilisation determined. If the deviation is less than twenty five percent (25%), appropriate disclosure should be made to the shareholders of SMCB;	Will comply if applicable.
(c) Any extension of time on the period of utilisation already determined by SMCB should be approved by the Board of Directors of SMCB through resolution and to be fully disclosed to the KLSE; and	Will comply if applicable.
(d) Appropriate disclosure on the status of utilisation is required to be made in the quarterly report and in the annual report of SMCB until all the proceeds have been fully utilised.	Will comply if applicable.
(ii) (a) SMCB is to ensure that the Reporting Accountants analyse the trade debts of the SMCB Group which are outstanding and exceeded the credit period and to assess the adequacy of provision for bad and doubtful debts. The Reporting Accountants are required to furnish a written confirmation to the SC stipulating the result of their analysis.	Complied. Messrs. Arthur Andersen & Co. has vide its report dated 26 April 2002 certified that all trade debts as at 30 November 2001 which exceeded the credit periods have been adequately provided for. The Reporting Accountants' written confirmation dated 2 May 2002 was furnished to the SC on 8 May 2002.

13. APPROVALS AND CONDITIONS (Cont'd)

Details of Conditions Imposed	Status of Compliance
<p>(b) The Directors of SMCB are required to furnish a written confirmation to the SC that the trade debts of the SMCB Group which remains outstanding are collectible and appropriate provision for bad and doubtful debts has been provided for in the accounts of the SMCB Group.</p>	<p>The Directors' written confirmation dated 7 May 2002 was furnished to the SC on 8 May 2002.</p>
<p>(c) SMCB is required to provide full disclosure in the Prospectus of the following:-</p>	
<p>(i) The amount and present status of the trade debts of the SMCB Group together with an ageing analysis on the trade debts inclusive of the trade debts which have exceeded the credit period;</p>	<p>Complied as detailed in Section 11.3 of this Prospectus.</p>
<p>(ii) The Reporting Accountants' comments on the outcome of their analysis on the trade debts of the SMCB Group which have exceeded credit period and the adequacy of the provision for bad and doubtful debts; and</p>	<p>Complied as detailed in Section 11.3 of this Prospectus.</p>
<p>(iii) Statement by the Directors of the SMCB Group on the ability of the Group to recover the trade debts which have exceeded the credit period.</p>	<p>Complied as detailed in Section 11.3 of this Prospectus.</p>
<p>(iii) A moratorium on sale of shares is imposed on 18,900,000 ordinary shares of RM1.00 each, representing 45% of the enlarged issued and paid-up share capital of SMCB, held by the substantial shareholders of SMCB, whereby they are not allowed to sell, transfer or assign their moratorium shares, within one year from the date of admission of the Company's shares on the KLSE. Thereafter, they are allowed to sell, transfer or assign not more than one-third of their shareholding under moratorium per year.</p>	<p>Complied as detailed in Section 14 of this Prospectus.</p>
<p>(iv) The Promoters and Directors are required to provide an undertaking to the SC that they will not involve themselves in any new business ventures that will give rise to competition or conflict of interest with the current business of SMCB Group. In relation to this, the Promoters and Directors are required to disclose any interests or involvement in such business and steps to overcome such conflict of interest, if any, in the Prospectus.</p>	<p>Complied. The Promoters and Directors' undertaking were furnished to the SC on 10 May 2002.</p>
<p>(v) Any business transactions between SMCB Group and its Promoters, Directors and/or major shareholders or companies related to them have to be at arms-length. The Audit Committee of SMCB is required to monitor and the Board of Directors is required to report such transactions, if any, in the annual report of SMCB Group every year.</p>	<p>The Promoters, Directors and/or major shareholders have taken note of this condition and will comply with it if applicable.</p>

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

Details of Conditions Imposed	Status of Compliance
<p>(vi) With respect to landed properties of the SMCB Group, prior to the issuance of its Prospectus, SMCB is required to implement the following:-</p> <p>(a) Present the SC with the Certificates of Fitness (CF") for the properties No. C16-6, Mukim Kuala Lumpur, Daerah Wilayah Persekutuan and P.T. 8392A, Mukim Rasah, Daerah Seremban, Negeri Sembilan;</p> <p>(b) To obtain approvals for the buildings erected on property Lot No. 191, Daerah Kuching Utara, Kuching, Sarawak; and</p> <p>(c) To obtain approvals for the open-sided storage sheds for storage and extensions at Factory C, which was erected on properties P.T. 399 and Lot No. 202190, Mukim Sungai Raya, Daerah Kinta, Perak.</p>	<p>Complied. The CF was submitted to the SC on 12 April 2001.</p> <p>Complied. The approval-in-principle letter was submitted to the SC on 5 July 2001.</p> <p>Complied. The approval letter was submitted to the SC on 4 May 2001.</p>
<p>(vii) SMCB is to comply fully with the applicable guidelines in relation to companies listing as stated in the SC's Policies and Guidelines on Issue/Offer of Securities particularly those provided under Chapter 7, 10 and 25 of the Guidelines.</p>	<p>Complied/ to be complied by the Company.</p>
<p>(viii) SMCB and all parties concerned are required to provide written confirmation on compliance of all the terms and conditions imposed for the approval for the proposed flotation upon completion and after satisfaction of the conditions set out in paragraphs (ii), (iii), (iv) and (vi) above.</p>	<p>Complied/will be complied.</p>

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14. MORATORIUM ON SHARES

Under the SC's Policies and Guidelines on Issue/Offer of Securities ("Guidelines") and as a condition of the SC's approval for Listing, the belowmentioned shareholders of SMCB will not be allowed to sell, transfer or assign their respective portion of their shareholdings as shown below, amounting in totality to 45% of the enlarged issued and paid-up share capital of SMCB for one (1) year from the date of admission of SMCB to the Official List of the Second Board of KLSE. Thereafter, they are allowed to sell, transfer or assign only up to a maximum of one-third per annum (on a straight-line basis) of their respective shareholdings in the Company which are under moratorium.

The shareholders of SMCB who are subjected to the moratorium are as follows:-

Shareholders	SMCB ordinary shares held after the IPO		SMCB ordinary shares under moratorium	
	No. of ordinary shares	% of enlarged share capital	No. of ordinary shares	% of enlarged share capital
Ng Kay Kim	10,865,060	25.87	6,576,915	15.66
Dato' Haji Abdul Aziz bin Mohamed	7,345,743	17.49	4,446,577	10.60
Lim Chong Kwee	3,859,081	9.19	2,336,006	5.56
Wang Kong @ Wong Khiew	3,065,783	7.30	1,855,801	4.42
Lee Fook Kow	3,065,783	7.30	1,855,801	4.42
Tan Chee Huat	1,021,928	2.43	618,601	1.47
Hwang Hien Chai	689,652	1.64	417,465	0.99
Hwang Teck Seng	654,881	1.56	396,417	0.94
Hwang Hin Chuan	654,881	1.56	396,417	0.94
	31,222,792	74.34	18,900,000	45.00

Note:-

The restriction, which is fully accepted by the aforesaid shareholders, is specifically endorsed on the share certificates representing the respective shareholdings of the aforesaid shareholders which are under moratorium to ensure that the Company's registrar do not register any transfer not in compliance with the restriction imposed by the SC and KLSE.

The remarks to be endorsed on these share certificates are as follows:-

"The shares comprised herein are not capable of being sold, transferred or assigned for a period as determined by the SC ("Moratorium Period"). Accordingly, the shares comprised herein will not constitute good delivery pursuant to the Rules of the Exchange during the Moratorium Period. No share certificate or certificates will be issued to replace this certificate unless the same shall be endorsed with this restriction."

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15. RELATED PARTY TRANSACTIONS/CONFLICTS OF INTEREST

15.1 Related-Party Transaction

Save as disclosed below, there are no transactions, existing or potential, which involves the Directors, major shareholders and/or persons connected with such Directors or major shareholder as defined under Section 122A of the Companies Act, 1965.

SPG signed a sale and purchase agreement with Rayasan (Perak) Sdn. Bhd. on 17 April 2000 to buy a piece of industrial land for RM1.13 million. Details of the land are as follows:-

Title/Location	Registered/ Beneficial owner	Existing use/ Description of property	Land area	Tenure (years)
Lot No. 207391, Pajakan Negeri 108287, Mukim of Sungai Raya, District of Kinta, Perak Darul Ridzuan	Rayasan (Perak) Sdn. Bhd.	Vacant Industrial Land	16,226 sq. m.	60 years lease expiring 07.10.2053

Rayasan (Perak) Sdn. Bhd. is owned by Ng Kay Kim and Wang Kong @ Wong Khiew, both of whom are Directors of SMCB.

The Directors are of the opinion that the abovementioned transaction had been entered into based on commercial term and at arm's length basis. The purchase consideration was arrived at after taking into consideration the open market value of the property of same amount based on a valuation carried out by Colliers, Jordan Lee & Jaafar Sdn. Bhd., an independent firm of valuers. The said value of RM1.13 million was approved by the SC vide its letter dated 30 October 2000. As at the date hereof, the aforesaid transaction has yet to be completed.

15.2 Conflict of Interest

None of the Directors or major shareholders of SMCB has any interest, direct or indirect, in any business carrying on a similar trade as SMCB or its subsidiaries and which is not quoted on a stock exchange.

There is no conflict of interest between the Group and its Adviser, Reporting Accountants, Solicitors and Valuers. The Adviser, Reporting Accountants, Solicitors and Valuers are paid a fee for their professional services.

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16. FUTURE FINANCIAL INFORMATION

16.1 Consolidated Profit Estimate and Forecast together with the Assumptions thereon

The Directors of SMCB estimate and forecast that, in the absence of unforeseen circumstances the consolidated results after taxation and minority interest of the SMCB Group for the financial year ended 31 March 2002 and financial year ending 31 March 2003 are as follows:-

Year ended/ending 31 March	Proforma Estimate 2002 RM'000	Forecast 2003 RM'000
Turnover	107,146	123,244
Consolidated profit before taxation and minority interests	11,431	13,388
Taxation	(4,060)	(4,910)
Minority interests	(125)	(200)
Consolidated profit after taxation and minority interests	7,246	8,278
Pre-acquisition profit	(7,256)	-
Consolidated (loss)/profit after taxation, minority interests and pre-acquisition profit	(10)	8,278
Net (loss per share)/EPS (sen)	(100.00) ⁽ⁱ⁾	19.71 ⁽ⁱⁱ⁾
Net PE Multiple based on the issue price of RM1.15 per share (times)	N/A	5.83

Notes:-

N/A *Not applicable.*

(i) *Based on the issued and paid-up share capital of 10,000 ordinary shares of RM1.00 each.*

(ii) *Based on enlarged issued and paid-up share capital of 42,000,000 ordinary shares of RM1.00 each.*

The consolidated proforma profit after taxation and minority interests for the financial year ended 31 March 2002 is provided for illustrative purposes only, assuming the acquisition of SPG, RMT and FEMT has been completed on 31 March 2002 and has been estimated based on the books and records of the proforma Group on the assumption that there will be no material adjustments deemed necessary when the final management accounts have been prepared and audited.

The consolidated profit forecast after taxation and minority interests for the year ending 31 March 2003 have been prepared by the Directors based on a set of assumptions which include significant assumptions about future events and outlook that may not necessarily occur. In particular, the forecast and outlook is dependent on the achievability of the specific assumptions. Future results will be materially affected should the actual events differ from these specific assumptions as well as the economic and other circumstances, and for these reasons, the actual results may vary considerably from the forecast.

The principal bases and assumptions upon which the consolidated profit forecast has been made are as follows:-

1. There will be no significant changes in the prevailing economic conditions in Malaysia and elsewhere which will adversely affect the activities or performance of the Group.
2. There will be no significant changes in the present legislation or government regulations, lending guidelines and other operational guidelines or restrictions affecting the activities of the Group or the markets in which it operates.

16. FUTURE FINANCIAL INFORMATION (*Cont'd*)

3. There will be no major breakdown or disruption of facilities and supply of raw materials, industrial disputes or any abnormal factors, which will adversely affect the operations of the Group. There will be no material increase in wages, cost of raw materials and other incidental costs that will adversely affect the activities and operations of the Group.

4. Demand for goods and their selling prices will not be affected to a material extent by changes in market conditions. The timing and mix of sales will be achieved as planned and there will be no unusual quality or warranty issues resulting in reject of goods by customers.

All proposed projects will commence as targeted and in accordance with existing proposed plans. The construction in progress will reach stages of completion as forecast and progress billings will be called as scheduled.

5. There will be no significant fluctuations in foreign currency exchange rates from their forecast level and exchange rate will remain pegged at the current rate of RM3.80 to USD1.00.

6. There will be no significant changes in the present structure of direct and indirect taxation affecting the Group's activities. There will be no significant changes in corporate tax rates or other levies from current levels.

7. Existing financial facilities will remain available with no significant changes in the interest rates and the Group will be able to secure sufficient financing facilities for new projects and as working capital if necessary.

8. There will be no significant changes in the management and accounting policies from those presently adopted by the Group.

There will be no significant changes in the existing key personnel and management of the Group that will adversely affect the operational and marketing capability of the Group.

9. There will be no material acquisitions or disposals of fixed assets and capital expenditure other than those taken into consideration in the forecast and there will be no major delays or variations in the implementation of approved capital expenditure program of the Group.

10. The Group will not engage in any material litigation and there will be no legal proceedings against the Group which will adversely affect the activities or performance of the Group or give rise to any contingent liabilities which will materially affect the position or business of the Group.

11. The credit periods extended to customers and the provisions for bad and doubtful debts required for the Group will be maintained at current levels.

12. There will be no material changes in the structure and present activities of the Group other than those taken into consideration in the profit estimate and forecast which include the acquisition of SPG, RMT and FEMT.

The acquisition of the entire interest in SPG, RMT and FEMT is satisfied via the issuance of 40,340,000 new ordinary shares of RM1.00 each in SMCB which was completed on 1 April 2002.

13. The proceeds from the Public Issue of RM1,897,500 are expected to be received by 15 July 2002. Listing expenses are estimated to be RM1,600,000 and are written-off against share premium reserves of RM256,804 and retained profits of RM1,343,196 respectively in financial year 2003.

16. FUTURE FINANCIAL INFORMATION (Cont'd)

16.2 Directors' Analysis of the Consolidated Profit Estimate and Forecast

The Directors of SMCB have reviewed and analysed the bases and assumptions used in arriving at the consolidated profit estimate and forecast of the SMCB Group for the financial year ended 31 March 2002 and financial year ending 31 March 2003 and are of the opinion that the consolidated profit estimate and forecast is fair and reasonable in light of the future plans, and prospects of the SMCB Group as set out in Section 7 of this Prospectus and after taking into consideration of the estimate and forecast gearing level, liquidity and working capital requirement of the Group.

(a) Profit estimate for the financial year ended 31 March 2002

Revenue for the financial year ended 31 March 2002 is estimated at RM107.15 million, representing an increase of RM28.68 million or 36.55% compared to the Group's proforma revenue of RM78.47 million for the financial year ended 31 March 2001. The increase is estimated to be generated from the increase in demand for the Group's products where the sales of marble and granite continue to be the main contributor to the Group's turnover.

The Group's profit after taxation and minority interests but before pre-acquisition profit is estimated to increase by approximately RM590,000 or 8.86% compared to the previous year's proforma profit after taxation of RM6.66 million. Profit after taxation is not estimated to increase significantly in line with the increase in revenue due to the lower margin generated by the sales of ceramic tiles. During the financial year, the Company has made a provision of bad and doubtful debts amounting to approximately RM1.80 million and impairment losses of its land and properties of approximately RM341,000.

(b) Profit forecast for the financial year ending 31 March 2003

The Group forecasts an increase in revenue of RM16.10 million or 15.02% in line with the expected increase in demand for the Group's existing products resultant from the Group's continuous effort in identifying new market for its existing products and the expected recovery of the economy and construction sector. The Group's new showrooms situated at several strategic locations in major towns enable it to have access to a wider group of customer base and is forecasted to contribute to the increase in turnover.

The Group's forecast profit after taxation and minority interests but before pre-acquisition profit is expected to increase by RM1.03 million or 14.24% compared to the Group's estimated profit after taxation of RM7.25 million for the financial year ended 31 March 2002.

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16. FUTURE FINANCIAL INFORMATION (Cont'd)

16.3 Reporting Accountants' Letter on the Proforma Consolidated Profit Estimate and Forecast
(Prepared for inclusion in this Prospectus)

20 May, 2002

The Board of Directors
Stone Master Corporation Berhad
No. 78, Jalan SS21/39
Damansara Utama
47400 Petaling Jaya
Selangor



ANDERSEN

Arthur Andersen & Co
Chartered Accountants

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Pusat Bandar Damansara
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P O Box 11040
50734 Kuala Lumpur

Tel 603 20877000
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603 20959076 (Div)
603 20959078


Dear Sirs

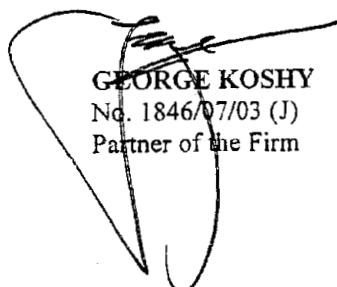
**CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE FINANCIAL
YEAR ENDED 31 MARCH, 2002 AND FINANCIAL YEAR ENDING 31 MARCH, 2003**

We have reviewed the accounting policies and calculations for the consolidated profit estimate and forecast of Stone Master Corporation Berhad and its subsidiaries ("the Group"), for which the Directors are solely responsible, for the financial year ended 31 March, 2002 and financial year ending 31 March, 2003 respectively, as set out in the Prospectus to be dated 29 May, 2002 issued in connection with the public issue of 1,650,000 new ordinary shares of RM1.00 each and the offer for sale of 3,420,000 ordinary shares of RM1.00 each at an issue/offer price of RM1.15 per ordinary share, pursuant to the listing of and quotation for its entire issued and paid-up share capital on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the consolidated 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 Prospectus, and are presented on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully


ARTHUR ANDERSEN & CO.
No. AF 0103
Chartered Accountants


GEORGE KOSHY
No. 1846/07/03 (J)
Partner of the Firm

16. FUTURE FINANCIAL INFORMATION (Cont'd)

16.4 Dividend Forecast

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

Based on the forecast profit after taxation and minority interest of RM8,278,000 for the financial year ending 31 March 2003 and assuming a corporate tax rate of 28%, the Directors of SMCB anticipate that, in the absence of unforeseen circumstances, the Company will be in a position to propose a final gross dividend of 5.0 sen per share for the financial year ending 31 March 2003 based on its enlarged issued and paid-up share capital of 42,000,000 ordinary shares of RM1.00 each.

The intended appropriation of the forecast profit after taxation and minority interest for the financial year ending 31 March 2003 will be as follows:-

Financial year ending 31 March	Forecast 2003 RM'000
Consolidated profit after taxation, minority interests and pre-acquisition profit	8,278
Less: Proposed final dividend of 5.0 sen per share less tax at 28%	(1,512)
Profit retained for the financial year	<u>6,766</u>
Gross dividend per ordinary share (sen)	5.00
Net dividend per ordinary share (sen)	3.60
Gross dividend yield based on the issue price of RM1.15 per share (%)	4.35
Net dividend yield based on the issue price of RM1.15 per share (%)	3.13
Net dividend cover (times)	5.47

Future dividends may not be paid if:-

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

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

The Directors of SMCB do not intend to declare any dividends for the financial year ended 31 March 2002.

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17. PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON

The Proforma Consolidated Balance Sheets of SMCB as at 30 November 2001 as set out below have been provided for illustrative purposes only to show the effects of the Acquisitions and the IPO in conjunction with its flotation on the Second Board of KLSE on the assumption that these transactions were completed on that date.

	Audited as at 30 November 2001 RM'000	Proforma (I) After the Acquisitions (I) RM'000	Proforma- (II) After Proforma I and IPO (II) RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	-	29,457	29,457
Other investments	-	288	288
Deferred expenditure	889	889	-
	<u>889</u>	<u>30,634</u>	<u>29,745</u>
CURRENT ASSETS			
Inventories	-	24,249	24,249
Trade receivables	-	59,768	59,768
Other receivables	-	2,730	2,730
Deposits with licensed banks	-	2,401	2,401
Cash and bank balances	-	505	1,691
	-	<u>89,653</u>	<u>90,839</u>
CURRENT LIABILITIES			
Short term borrowings	-	35,749	35,749
Trade payables	-	21,308	21,308
Other payables and accruals	957	4,872	4,872
Taxation	-	6,203	6,203
	<u>957</u>	<u>68,132</u>	<u>68,132</u>
NET CURRENT (LIABILITIES)/ ASSETS			
	<u>(957)</u>	<u>21,521</u>	<u>22,707</u>
	<u>(68)</u>	<u>52,155</u>	<u>52,452</u>
FINANCED BY:			
Share capital	10	40,350	42,000
Share premium	-	9	-
Profit and loss account	(78)	(78)	(1,422)
Reserve arising from consolidation	-	9,216	9,216
	<u>(68)</u>	<u>49,497</u>	<u>49,794</u>
Hire purchase payables	-	600	600
Term loan	-	1,659	1,659
Deferred taxation	-	138	138
Minority interest	-	261	261
Non-current liabilities	-	2,658	2,658
	<u>(68)</u>	<u>52,155</u>	<u>52,452</u>
Net (liabilities)/tangible assets per share (RM)	(95.7)	1.20	1.19

17. **PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON** (*Cont'd*)

Notes to the Proforma Consolidated Balance Sheets

1. Basis of Preparation

1.1 The Proforma Consolidated Balance Sheets of SMCB have been prepared for illustrative purposes only based on accounting principles and bases consistent with those previously adopted in the preparation of the audited financial statements and are based on:-

- audited balance sheet of SMCB as at 30 November 2001; and
- audited consolidated balance sheet of SPG and audited balance sheets of RMT and FEMT as at 30 November 2001 after accounting for the following adjustments:-
 - (a) Revaluation of land and buildings of SPG, RMT and FEMT, giving rise to a total revaluation reserve of RM7,253,555 and impairment losses of RM340,905; and
 - (b) Provision for doubtful debts of RM468,945 in the audited consolidated balance sheet of SPG as at 30 November 2001;

and have been prepared after implementation in full the relevant adjustments, Acquisitions and IPO.

No deferred taxation has been set aside for the revaluation reserve as the companies do not intend to dispose the said properties in the near future.

1.2 Proforma Balance Sheets

The Proforma Balance Sheets have been prepared for illustrative purposes only to show the effects on the proforma consolidated balance sheets of SMCB as at 30 November 2001 had the following proposals been affected on that date:-

(i) Proforma I

Proforma 1 incorporates the acquisition of the following:-

- the entire issued and paid-up capital of SPG for a purchase consideration of RM34,072,114, satisfied wholly by the issuance of 34,064,257 new ordinary shares of RM1.00 each in SMCB;
- the entire issued and paid-up capital of RMT for a purchase consideration of RM4,886,039, satisfied wholly by the issuance of 4,884,913 new ordinary shares of RM1.00 each in SMCB; and
- the entire issued and paid-up capital of FEMT for a purchase consideration of RM1,391,151, satisfied wholly by the issuance of 1,390,830 new ordinary shares of RM1.00 each in SMCB.

The Acquisitions have been completed on 1 April 2002.

17. PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON *(Cont'd)*

(ii) Proforma II

Proforma 2 includes the transactions in Proforma 1 and the public issue of 1,650,000 new ordinary shares of RM1.00 each in SMCB at an issue price of RM1.15 per share and the write off of the estimated listing expenses of RM1,600,000 against the share premium account and profit and loss account. Proceeds from the Public Issue will be utilised for listing expenses and working capital.

2. Share Capital and Share Premium

The movement in share capital and share premium are as follows:-

	Share Capital RM'000	Share Premium RM'000
As at 30 November 2001	10	-
Acquisitions	40,340	9
As per Proforma I	<u>40,350</u>	<u>9</u>
Public Issue	1,650	247
Listing expenses	-	(256)
As per Proforma II	<u><u>42,000</u></u>	<u><u>-</u></u>

3. Reserve on Consolidation

The reserve on consolidation arising from the Acquisitions are as follows:-

	RM'000
NTA acquired	49,565
Purchase consideration	(40,349)
Reserve on consolidation	<u><u>9,216</u></u>

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18. **REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS**

(Prepared for inclusion in this Prospectus)



ANDERSEN

20 May, 2002

The Board of Directors
Stone Master Corporation Berhad
No. 78, Jalan SS21/39
Damansara Utama
47400 Petaling Jaya
Selangor

Arthur Andersen & Co
Chartered Accountants
Level 23A Menara Milenium
Jalan Damania
Pusat Bandar Damansara
50490 Kuala Lumpur
P O Box 11040
50734 Kuala Lumpur
Tel 603 20877000
Fax 603 20955332 (Main)
603 20959076 (Div)
603 20959078


Dear Sirs

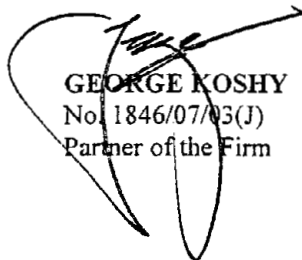
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 NOVEMBER, 2001

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of Stone Master Corporation Berhad and its subsidiaries ("SMCB Group") as at 30 November, 2001, together with the notes thereon, for which the directors are solely responsible, as set out in the Prospectus to be dated 29 May, 2002 issued in connection with the public issue of 1,650,000 new ordinary shares of RM1.00 each and the offer for sale of 3,420,000 ordinary shares of RM1.00 each at an issue/offer price of RM1.15 per ordinary share, pursuant to the listing of and quotation for its entire issued and paid-up share capital on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the Proforma Consolidated Balance Sheets of the SMCB Group as at 30 November, 2001, which are provided for illustrative purposes only, have been properly compiled to reflect the transactions as referred to in the notes to the Proforma Consolidated Balance Sheets.

Yours faithfully


ARTHUR ANDERSEN & CO.
No. AF 0103
Chartered Accountants


GEORGE KOSHY
No. 1846/07/03(J)
Partner of the Firm

21. DIRECTORS' REPORT

(Prepared for inclusion in this Prospectus)

SMCB 

20 MAY 2002

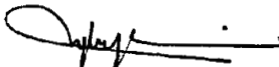
The Shareholders
Stone Master Corporation Berhad

Dear Sir/Madam

On behalf of the Directors of Stone Master Corporation Berhad ("SMCB"), I report after due inquiry that during the period from 30 November 2001 (being the date to which the last proforma audited consolidated accounts of SMCB and its subsidiaries ("Group") have been made up) to 20 May 2002 (being a date not earlier than fourteen (14) days before the issue of this Prospectus):-

- a) the business of the Group has, in the opinion of the Directors, been satisfactorily maintained;
- b) in the opinion of the Directors, no circumstances have arisen subsequent to the last audited accounts of the SMCB and its subsidiaries which have adversely affected the trading or the values of the assets of the Group;
- c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- d) there are no contingent liabilities by reasons of any guarantees or indemnities given by the Group; and
- e) save as disclosed in this Prospectus, there have been no changes in the published reserves nor any unusual factors affecting the profit of the Group.

Yours faithfully
For and on behalf of the Board of Directors of
STONE MASTER CORPORATION BERHAD



Ng Kay Kim
Managing Director

22. ADDITIONAL INFORMATION

22.1 Articles of Association

22.1.1 Transfer of Securities

The provision in the Articles of Association of the Company, the Companies Act 1965 (“Act”), the Rules of MCD (“Rules”) and Listing Requirements of KLSE, in respect of the arrangements for transfer of securities and restrictions on their free transferability are as follows:-

(i) *Articles of Association of the Company*

Article 26

The transfer of any Listed Securities or class of Listed Securities of the Company, shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Section 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Listed Securities.

Article 27

Every instrument of transfer for Listed Securities shall be in writing and in the form approved in the Rules and shall be presented to the Central Depository with such evidence (if any) as the Central Depository may require to prove the title of the intending transferor and that the intended transferee is a qualified person.

Article 35

Where:-

- (a) the Listed Securities of the Company are listed on an Approved Market Place; and
- (b) the Company is exempted from compliance with section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such securities,

the Company shall, upon request of a Listed Securities holder, permit a transmission of Listed Securities held by such Listed Securities holder from the register of Holders maintained by the registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as “the Foreign Register”), to the register of Holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as “the Malaysian Register”) provided that there shall be no change in the ownership of such Listed Securities.

22. **ADDITIONAL INFORMATION** (*Cont'd*)

Article 36

Where (a) and (b) of Article 35 are fulfilled, the Company shall not allow any transmission of Listed Securities from the Malaysian Register into the Foreign Register.

(ii) **Companies Act, 1965**

The provisions within the Companies Act, 1965 on the transferability of securities are as follows:

Section 103(1)

Notwithstanding anything in its articles a company shall not register a transfer of shares or debentures unless a proper instrument of transfer in the prescribed form has been delivered to the company, but this subsection shall not prejudice any power to register as a shareholder or debenture holder any person to whom the right to any shares in or debentures of the company has been transmitted by operation of law.

Section 103(1A)

Nothing in this section shall be construed as affecting the validity of any instrument which would be effective to transfer shares or debentures apart from this section; and any instrument purporting to be made in any form which was common or usual in use, or in any other form authorised or required for that purpose apart from this section before the commencement of this Act, shall be sufficient, whether or not it is completed in accordance with the prescribed form, if it complies with the requirements as to execution and contents which apply to a transfer.

Provided that a company shall be precluded from registering a transfer of shares or debentures, the title of which is evidenced by a certificate that is issued on or after the date of coming into operation of this subsection unless a proper instrument of transfer in the prescribed form has been delivered to the company.

Section 107C(1)

On or after the coming into operation of this section, the transfer of any securities or class of securities of a company whose securities or any class of whose securities have been deposited with a central depository shall be by way of book entry by the central depository in accordance with the rules of the central depository and, notwithstanding Sections 103 and 104, such company shall be precluded from registering and effecting any transfer of securities.

Section 107C(2)

Subsection (1) shall not apply to a transfer of securities to a central depository or its nominee company.

22. **ADDITIONAL INFORMATION** (*Cont'd*)

(iii) **Rules of the MCD**

The rules within MCD on the transferability of securities are as follows:-

Rule 8.01(2)

The Central Depository may, in its absolute discretion, reject a transfer request made by a depositor thereunder, where the reason for the said transfer does not fall within any of the approved reasons stipulated under Rule 8.03(1)(c).

Rule 8.05A

Transfers made by the authorised depository agent from the agent's principal or nominee account shall be subject to the Rules in this Chapter.

Rule 9.03(2)

It shall be the responsibility of the authorised depository agent, in processing the transfer between two securities accounts belonging to different depositors (hereinafter the transfer is referred to as "the inter-account transfer"), to check and ensure the completeness, accuracy and/or genuineness of the documents lodged as follows:-

- (a) the prescribed Form FTF010 (request for ordinary transfer of securities form) or Form FTF015 (request for express transfer of securities form) fully and properly completed in triplicate;
- (b) the Transferring Depositor has executed the Transferor portion on the said form duly witnessed by another person (other than the depositor's spouse);
- (c) the Transferring Depositor has stated his reason for the transfer and that the reason is or are amongst any of the approved reasons as stated herein below:-
 - (i) transmission and transfer of securities arising from the provisions of any written law or an order of court of competent jurisdiction;
 - (ii) rectification of errors;
 - (iii) pledge, charge or mortgage;
 - (iv) mandatory offer pursuant to the provisions of the Malaysian Code On Takeover and Mergers 1987;
 - (v) any other circumstances as deemed fit by the Central Depository after consultation with the Securities Commission;
- (d) documents to support the reason for the transfer;
- (e) such other accompanying documents duly processed in such manner as the Central Depository may from time to time determine in its Procedures Manual.

22. **ADDITIONAL INFORMATION** (*Cont'd*)

(iv) **Listing Requirements of KLSE**

The provisions of the Listing Requirements of KLSE on the transferability of securities are as follows:-

Clause 7.13 - Transfers of Securities

The transfer of any listed security or class of listed security of the company, shall be by way of book entry by the Central Depository in accordance with the rules of the Central Depository and, notwithstanding sections 103 and 104 of the Companies Act, 1965, but subject to subsection 107C(2) of the Companies Act, 1965 and any exemption that may be made from compliance with subsection 107C(1) of the Companies Act, 1965, the company shall be precluded from registering and effecting any transfer of the listed securities.

Clause 7.14 - Transmission of securities from Foreign Register

(1) Where:-

- (a) the securities of a company are listed on an Approved Market Place; and
- (b) such company is exempted from compliance with section 14 of the Securities Industry (Central Depositories) Act, 1991 or section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules of the Central Depository in respect of such securities,

such company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the company in Malaysia (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in the ownership of such securities.

(2) For the avoidance of doubt, no company which fulfils the requirements of subparagraphs (1)(a) and (b) above shall allow any transmission of securities from the Malaysian Register into the Foreign Register.

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22. ADDITIONAL INFORMATION (Cont'd)

22.1.2 Remuneration of Directors

The provisions of the Company's Articles of Association dealing with the remuneration of the Directors are as follows:-

Article 83

- (a) The fees payable to the Directors shall not be increased except pursuant to a resolution passed at a General Meeting, where notice of the proposed increase has been given in the notice convening the General Meeting.
- (b) Salaries payable to executive Directors may not include a commission on or percentage of turnover.
- (c) Fees payable to non-executive Directors shall be a fixed sum, and not by a commission on or a percentage of profits or turnover.
- (d) Any fee paid to an alternate director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 84

The Directors shall be paid such reasonable travelling, hotel and other expenses as he shall incur in attending meetings of the Directors or General Meetings or which he may otherwise incur on or about the business of the Company.

Article 85

Any Director who serves on any committee or who devotes special attention to the business of the Company or goes or resides abroad for such purpose, or who otherwise performs services which in the opinion of the Board of Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise (other than by a sum to include a commission on or percentage of turnover) as the Board of Directors may determine. Such remuneration may be either in addition to or in substitution for his share in the remuneration provided by Article 83.

Article 101

The remuneration of a Managing Director or Managing Directors shall be fixed by the Board of Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these mode but shall not include a commission on or a percentage of turnover.

22.1.3 Voting and Borrowing Powers of Directors

The provisions in the Company's Articles of Association dealing with voting powers of the Directors in proposals, arrangements or contracts in which they are interested in and their borrowing powers exercisable by them and how such borrowing powers can be varied are as follows:-

22. ADDITIONAL INFORMATION (*Cont'd*)

Article 90

The Directors may exercise the voting power conferred by the shares in any corporation held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the Directors or any of them to be Directors of such corporation or voting or providing for the payment of remuneration to the Directors of such corporation) and any such Director of the Company may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or he is about to be appointed a Director of such other corporation.

Article 93

Subject to the Act and all other relevant regulations:-

- (1) The Directors may exercise all the powers of the Company to borrow and to mortgage or charge its undertaking, property and uncalled capital as they think necessary, or any part thereof for the purposes of the Company or its subsidiaries, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company, or its subsidiaries. But the Directors shall not borrow any money or mortgage or charge any of the Company's or subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party. Save and except where it is necessary to facilitate the ordinary course of business of the Company or its subsidiaries.
- (2) The Directors shall cause a proper register to be kept in accordance with Section 115 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 108 of the Act in regard to the registration of mortgage and charges therein specified and otherwise.
- (3) If the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

Article 107

Subject to these Articles any question arising at any meeting of Directors shall be decided by a majority of votes and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes, the Chairman shall have a casting vote PROVIDED ALWAYS where two (2) Directors form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) directors are competent to vote on the question at issue, shall not have a casting vote.

Article 109

In amplification of and not in derogation of Articles 98 and 99, a Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest.

22. ADDITIONAL INFORMATION (*Cont'd*)

Article 110

Subject to Article 109, a Director may vote in respect of:-

- (a) any arrangement for giving the Director himself or any other Director any security indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.

Article 116(b)

An alternate director shall be subject in all respects to the terms and conditions existing with reference to the other Directors, and shall be entitled to receive notices of all meetings of the Directors and to attend, speak and vote at any such meeting at which his appointor is not present.

22.1.4 Changes in Share Capital and Variation of Class Rights

The provisions in the Articles of Association of the Company as to changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:-

Article 6

No shares may be issued by the Directors without the prior approval of the Company by Ordinary Resolution in General Meeting but subject thereto, to the Act and to these Articles 49 and 50, the Directors may issue shares in the Company at such times as they may think fit and any such shares may be issued either at a premium or at par or (subject to the provisions of the Act) at a discount and with such preferred, deferred, or to other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Directors may determine and may give by agreement to any person the right or option of requiring at a future date that an allotment shall be made to him of any shares at part or at such premium as may be agreed.

Article 7

Without prejudice to any special rights previously conferred on the Holders of any existing shares or class of shares, and subject to the provisions of these Articles and the Act and to the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:-

- (a) no shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act;
- (b) in the case of shares offered to the public for subscription the amount payable on application on each share shall not be less than five per centum (5%) of the nominal amount of the share;

22. ADDITIONAL INFORMATION (*Cont'd*)

- (c) in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles and in the resolution creating the same;
- (d) no issue of shares shall be made which will have the effect of transferring a controlling interest in the Company to any person, company or syndicate without the prior approval of the Members in General Meeting;
- (e) the Company must not cause or authorise its registrars to cause the Securities Accounts of the allottees to be credited with the additional shares until after the Company has filed with the Exchange an application for listing of such additional shares and been notified by the Exchange that they have been authorised for listing;
- (f) every issue of shares or options to employees and/or Directors of the Company shall be approved by the Members in General Meeting;
- (g) no Director shall participate in an issue of shares to employees unless the Members in General Meeting have approved of the specific allotment to be made to such Director and unless he holds office in the Company in an executive capacity.

Article 9

Without prejudice to any special rights previously conferred on the Holders of any shares or class of shares already issued, but subject to the Act and these Articles, any preference shares may with the sanction of an Ordinary Resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed. The total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time subject thereto and the Company has the power to issue further preference shares ranking equally with or in priority above preference shares already issued. The Holder of a preference share shall be entitled to the same rights as a Holder of ordinary share in relation to receiving notices, reports and audited accounts, and attending General Meetings. The Holder of a preference share shall be entitled to a return of capital in preference to Holders of ordinary shares when the Company is wound up. The Holder of a preference share must be entitled to a right to vote in each of the following circumstances:-

- (a) when the dividend or part of the dividend on the shares is in arrears for more than six (6) months;
- (b) on a proposal to reduce the Company's share capital;
- (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
- (d) on a proposal that affects rights attached to the share;
- (e) on a proposal to wind up the Company; and
- (f) during the winding up of the Company.

22. ADDITIONAL INFORMATION (*Cont'd*)

Article 11

If any time the share capital is divided into different classes of shares, the rights attached to any class shall be expressed herein and in the resolution creating the same and may be subject to the provisions of the Act whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the Holders of three-fourths ($\frac{3}{4}$) of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate General Meeting of the Holders of the shares of that class. To every such separate General Meeting the quorum shall be two (2) persons at least holding or representing by proxy one-tenth ($\frac{1}{10}$) of the issued shares of the class and that any Holder of shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 152 of the Act shall with such adaptations as are necessary apply. Provided always that were the necessary majority for such a Special Resolution is not obtained at the General Meeting, consent in writing if obtained from the Holders of three-fourths ($\frac{3}{4}$) of the issued shares of the class concerned within two (2) months of the General Meeting shall be as valid and effectual as a Special Resolution, carried at the meeting. A resolution in writing signed by all the Holders of a class or if all the shares in a class are held by one sole Holder a resolution in writing signed by such sole Holder shall have the same effect and validity as a Special Resolution of the Holders of the class passed at a separate meeting of the Holders of that class duly convened held and constituted and may consist of several documents in the like form each signed by one or more of such Holders and if a Holder is a corporation, then such resolution shall be signed by its representatives.

Article 12

The rights conferred upon the Holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking equally therewith.

22.2 Share capital

- (i) No shares will be allotted on the basis of this Prospectus later than twelve (12) months after the date of issue of this Prospectus.
- (ii) There are no founder, management or deferred shares. There is only one class of shares in the Company namely ordinary shares of RM1.00 each, all of which rank *pari passu* with one another.
- (iii) Save as disclosed in this Prospectus, no shares and debentures of the Company and its subsidiaries have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the two (2) preceding years from the date of this Prospectus.
- (iv) Save for the Issue Shares reserved for eligible employees of the SMCB Group as disclosed in Section 4.4 of this Prospectus, no person, including Directors or employees of the SMCB Group, has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company or its subsidiaries nor has any options to subscribe for securities been granted or exercised by any Directors or employees during the last financial year.
- (v) Other than the Issue Shares reserved for to the eligible employees of the SMCB Group as disclosed in Section 4.4 of this Prospectus, there is currently no scheme involving the Directors and employees in the capital of the Company or its subsidiaries.
- (vi) As at the date of this Prospectus, neither SMCB nor its subsidiaries have any outstanding convertible debt securities.

22. ADDITIONAL INFORMATION (*Cont'd*)

22.3 General

- (i) The nature of SMCB's business is described in Section 8.4 of this Prospectus. Other than mentioned in Section 8.6 of this Prospectus, there is no corporation which is deemed to be related to SMCB by virtue of Section 6 of the Companies Act, 1965.
- (ii) The estimated expenses and fees, including brokerage and underwriting commission relating to the Issue Shares, incidental to the Listing amounting to RM1,600,000 will be borne by the Company.
- (iii) Save as disclosed in Sections 4.8 and 22.3(ii) of this Prospectus, no commissions, discounts, brokerages or other special terms were granted by the Company within the two (2) years immediately preceding the publication of this Prospectus in connection with the issue or sale of any capital of the Company or its subsidiaries.
- (iv) During the last financial year and the current financial year up to the date of this Prospectus, there were no:-
 - (a) public takeover offers by third parties in respect of the Company's shares; and
 - (b) public takeover offers by the Company in respect of other companies' shares.
- (v) The name and address of the Auditors and Reporting Accountants of the Company are set out in Section 1 of this Prospectus.
- (vi) Save for the remuneration paid and payable as set out in Section 22.4(vii) of this Prospectus, no amount or benefit has been paid or given within the two (2) preceding years of the date hereof, nor is it intended to be so paid or given, to any promoter.
- (vii) Save as disclosed in this Prospectus, the financial performance, position and operations of SMCB and its subsidiaries are not affected by any of the following:-
 - (a) known trends, demands, commitments, events or uncertainties that have had or that the SMCB Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of the Group;
 - (b) other material commitments for capital expenditure;
 - (c) unusual or infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Group;
 - (d) 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.
- (viii) The Company and its subsidiaries have not established a place of business outside Malaysia.
- (ix) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Section 25 of this Prospectus.
- (x) The date and time of the opening and closing of the application of the IPO is set out in Section 4.1 of this Prospectus.
- (xi) The amount payable in full on application is RM1.15 per IPO Share.

22. ADDITIONAL INFORMATION (*Cont'd*)

- (xii) Save for the Public Issue, there is no intention on the part of the Directors of the Company to issue any part of the authorised but unissued share capital of the Company as at the date of this Prospectus.

22.4 Directors and Major Shareholders

- (i) The names, addresses and occupations of the Directors are set out in Section 1 of this Prospectus.
- (ii) A Director is not required to hold any qualification shares in the Company unless otherwise so fixed by the Company at general meeting.
- (iii) No Director, senior executive officer or person nominated to become a Director or senior executive officer of the Group is or was involved in the following events:-
 - (a) a petition under any bankruptcy laws 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 a key personnel;
 - (b) conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
 - (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.
- (iv) There are no existing or proposed service contracts between SMCB or its subsidiaries, and its Directors and key management.
- (v) Save as disclosed in this Prospectus, none of the Directors are aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public which could materially affect the profits of SMCB Group.
- (vi) None of the Directors or major shareholders of SMCB has any interest, direct or indirect, in any business or corporation carrying on a similar trade as SMCB or its subsidiaries and which is not quoted on a recognised stock exchange.
- (vii) The aggregate remuneration and fees paid to the Directors of the Company and its subsidiaries for services rendered in all capacities to the Company and its subsidiaries for the financial year ended 31 March 2001 amounted to RM863,918. For the financial years ended 31 March 2002 and ending 31 March 2003, the estimate and forecast aggregate remuneration and fees payable to the Directors of the Company and its subsidiaries is RM961,734 and RM1,171,967 respectively.
- (viii) Save as disclosed in Section 8.3 and 15.1 of this Prospectus, none of the Directors or major shareholders has any interest, direct or indirect, in the promotion of or in any material assets which has been, within the two (2) years preceding the date of this Prospectus, acquired or disposed of by or leased or proposed to be acquired, disposed of by or leased to the Company or its subsidiaries.
- (ix) None of the Directors or major shareholders has any interest in any contract or arrangement, which is significant in relation to the business of the Company and its subsidiaries taken as a whole subsisting at the date of this Prospectus.

22. ADDITIONAL INFORMATION (Cont'd)

- (x) Based on the Register of Directors and Directors' Shareholdings as at the date hereof, the direct and indirect interests of the Directors of SMCB immediately before and after the IPO are as follows:-

	Before the IPO				After the IPO			
	-No. of ordinary shares of RM1.00 each-		--No. of ordinary shares of RM1.00 each--		-No. of ordinary shares of RM1.00 each-		--No. of ordinary shares of RM1.00 each--	
	Direct	%	Indirect	%	Direct	%	Indirect	%
Dato' Haji Abdul Aziz bin Mohamed	8,345,743	20.68	-	-	7,345,743	17.49	-	-
Ng Kay Kim	13,285,060	32.92	-	-	10,865,060	25.87	-	-
Lim Chong Kwee	3,859,081	9.56	-	-	3,859,081	9.19	-	-
Wang Kong @ Wong Khiew	3,065,783	7.60	-	-	3,065,783	7.30	-	-
Lee Fook Kow	3,065,783	7.60	-	-	3,065,783	7.30	-	-
Hwang Teck Seng	654,881	1.62	-	-	654,881	1.56	-	-
Dato' Mohamed Yunus bin Mohd Noor	-	-	-	-	-	-	-	-
Rafeat bin Mohd Nor	-	-	-	-	-	-	-	-
Khoo Peng Lai	-	-	-	-	-	-	-	-

- (xi) Based on the Register of Substantial Shareholders as at the date hereof, the direct and indirect interests of the substantial shareholders of SMCB (holding 5% or more of the issued and paid-up share capital) immediately before and after the IPO are as follows:-

	Before the IPO				After the IPO			
	-No. of ordinary shares of RM1.00 each-		--No. of ordinary shares of RM1.00 each--		-No. of ordinary shares of RM1.00 each-		--No. of ordinary shares of RM1.00 each--	
	Direct	%	Indirect	%	Direct	%	Indirect	%
Ng Kay Kim	13,285,060	32.92	-	-	10,865,060	25.87	-	-
Dato' Haji Abdul Aziz bin Mohamed	8,345,743	20.68	-	-	7,345,743	17.49	-	-
Lim Chong Kwee	3,859,081	9.56	-	-	3,859,081	9.19	-	-
Wang Kong @ Wong Khiew	3,065,783	7.60	-	-	3,065,783	7.30	-	-
Lee Fook Kow	3,065,783	7.60	-	-	3,065,783	7.30	-	-

22.5 Material litigation

Save as disclosed below, neither SMCB nor its subsidiaries is engaged in any litigation, either as plaintiff or defendant which has a material effect on the financial position of SMCB 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 position or business of the Company or its subsidiaries:-

- (i) On 2 June 1999, SM(M)SB filed a civil suit against Syarikat Pembinaan Woh Heng Sdn. Bhd. ("WHSB") for a claim of RM214,899, being non-payment of goods sold and delivered. An application for summary judgement had been filed by SM(M)SB on 17 March 2000. The Court on 2 March 2001 awarded judgment in favour of SM(M)SB under the summary judgment application. WHSB is presently under receivership with Ferrier Hogson MH being appointed as the Receiver and Manager to restructure and maximise the potential recovery; and
- (ii) The solicitors for SM(M)SB had, vide its letter dated 1 April 2002, reported that there is a claim against Tan Beng Wan ("TBW") for RM130,255.03 for goods sold and delivered. No legal proceedings have been filed against TBW as the parties are negotiating to reach a settlement.

22. ADDITIONAL INFORMATION (*Cont'd*)

22.6 Material contracts

Save for the material agreements set out in Section 22.7 of this Prospectus and as disclosed below, 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 during the two (2) years preceding the date of this Prospectus:-

- (i) On 7 June 2000, SM(M)SB entered into a sale and purchase agreement with Sabna Development Sdn. Bhd. ("Sabna") and Harta Kemunchak Sdn. Bhd. ("Harta"), wherein SM(M)SB agreed to purchase from Sabna, being the developer for Harta, a shoplot located on the first floor of a 4½-storey shopoffice building known as Parcel No. 28626 measuring approximately 1,360 square feet in Block D, Phase 7E, Bukit Rahman Putra for a purchase consideration of RM256,888;
- (ii) On 5 July 2000, RMT entered into a sale and purchase agreement with Chung Yang Enterprise (Malaysia) Sdn. Bhd., wherein RMT agreed to purchase a piece of 99-year leasehold land held under Suratan Hakmilik Sementara No. H.S.(D) 126848, No. PTD 33728, Mukim Tebrau, Daerah Johor Bahru, Negeri Johor together with a building erected thereon bearing postal address No. 16, Jalan Waja 2, Kawasan Perindustrian Pandan, Johor Baru, Johor Darul Takzim for a purchase consideration of RM450,000;
- (iii) On 21 August 2000, SM(M)SB entered into a sale and purchase agreement with Bedford Development Sdn. Bhd. ("Bedford"), wherein SM(M)SB agreed to purchase a shoplot located on the first floor of a 3-storey shop complex known as unit No. L2-012, Times Square Business Plaza, Taman Sri Sentosa, 58000 Kuala Lumpur, with a built up area of approximately 1,203 square feet, for a purchase consideration of RM187,189;
- (iv) On 15 March 2001, SMCB entered into a supplemental agreement with the shareholders of SPG, to vary certain terms in the sale and purchase of shares agreement dated 17 April 2000, inter alia, that the purchase consideration is revised to RM27,418,657 and the same shall be satisfied by the issuance of 27,418,657 new shares of RM1.00 each in SMCB at an issue price of RM1.00 per share to the respective shareholders, in proportion to their share equity in SPG;
- (v) On 15 March 2001, SMCB entered into a supplemental agreement with the shareholders of RMT, to vary certain terms in the sale and purchase of shares agreement dated 17 April 2000, inter alia, that the purchase consideration is revised to RM3,412,652 and the same shall be satisfied by the issuance of 3,412,652 new shares of RM1.00 each in SMCB at an issue price of RM1.00 per share to the respective shareholders, in proportion to their share equity in RMT;
- (vi) On 15 March 2001, SMCB entered into a supplemental agreement with the shareholders of FEMT, to vary certain terms in the sale and purchase of shares agreement dated 17 April 2000, inter alia, that the purchase consideration is revised to RM1,983,144 and the same shall be satisfied by the issuance of 1,983,144 new shares of RM1.00 each in SMCB at an issue price of RM1.00 per share to the respective shareholders, in proportion to their share equity in FEMT;
- (vii) On 20 September 2001, FEMT entered into a Sale and Purchase Agreement with Team Four Sdn. Bhd. ("TF"), wherein TF agreed sell to FEMT, all that piece of land held under Lot Nos. 4906, 5022 and HS(D) 699, HS(M) 1551 respectively, all in the Mukim 16, Province Wellesley Central, Penang and erected thereon a single storey terrace house bearing postal address No. 56, Lorong Machang Bubok 19, Taman Machang Bubok, 14020 Bukit Mertajam for a purchase price of RM110,000;

22. ADDITIONAL INFORMATION (*Cont'd*)

- (viii) On 20 September 2001, FEMT entered into a Sale and Purchase Agreement with TF, wherein TF agreed sell to FEMT, all that piece of land held under Lot Nos. 4596, HS(M) 1438, in the Mukim 16, Daerah Seberang Perai Tengah, Penang and erected thereon a double storey house for a purchase price of RM164,000;
- (ix) On 6 October 2001, SM(M)SB entered into a Sale and Purchase Agreement and Supplemental Agreement with Woo Brothers Development Sdn. Bhd. ("Woo") to purchase from Woo an apartment known as Parcel No. 3/D/8, Type D, 3rd Floor, Block B in a housing development known as Prima Villa which is situated on part of a leasehold land known as Pajakan Negeri No. Hakmilik 2852, Lot 61, Mukim Tanah Rata, District of Cameron Highlands, Pahang. The purchase consideration is RM173,000.00. As at todate, the construction of the said apartment has yet to be completed;
- (x) On 1 February 2002, SASB entered into a Sale and Purchase Agreement with Modern Granite (Sabah) Sdn. Bhd. ("MGS"), wherein MGS agreed sell to SASB two parcels of land held under Country Lease 025321662 and Country Lease 025321653 with postal addresses Lot Nos. 156 and 155 respectively, all located at SEDCO Lok Kawi Industrial Estate, Phase 1, Penampang Sabah, Malaysia for a total sum of RM625,000;
- (xi) On 29 March 2002, SMCB entered into a second supplemental sale and purchase agreement with the shareholders of SPG pursuant to the revised purchase consideration for the acquisition of the entire equity interest in SPG, comprising 10,000,000 ordinary shares of RM1.00 each, for a revised purchase consideration of RM34,072,114, to be satisfied wholly by the issuance of 34,064,257 new ordinary shares of RM1.00 each in SMCB, credited as fully paid-up, at an issue price of approximately RM1.00 per new SMCB share;
- (xii) On 29 March 2002, SMCB entered into a second supplemental sale and purchase agreement with the shareholders of RMT pursuant to the revised purchase consideration, for the acquisition of the entire equity interest in RMT, comprising 1,000,000 ordinary shares of RM1.00 each, for a revised purchase consideration of RM4,886,039, satisfied wholly by the issuance of 4,884,913 new ordinary shares of RM1.00 each in SMCB, credited as fully paid-up, at an issue price of approximately RM1.00 per new SMCB share;
- (xiii) On 29 March 2002, SMCB entered into a second supplemental sale and purchase agreement with the shareholders of FEMT pursuant to the revised purchase consideration, for the acquisition of the entire equity interest in FEMT, comprising 50,000 ordinary shares of RM1.00 each, for a revised purchase consideration of RM1,391,151, satisfied wholly by the issuance of 1,390,830 new ordinary shares of RM1.00 each in SMCB, credited as fully paid-up, at an issue price of approximately RM1.00 per new SMCB share; and
- (xiv) An Underwriting Agreement dated 14 May 2002 between SMCB, the Offerors and CIMB for the underwriting of the Issue Shares and 500,000 of the Offer Shares at a price of RM1.15 per share for an underwriting commission of two point five per cent (2.5%) of the underwritten value.

22. ADDITIONAL INFORMATION (*Cont'd*)

22.7 Material Agreements

Save for the on-going projects set out in Section 8.4.4 and material contract(s) set out in Section 15.1 and Section 22.6 of this Prospectus, and as disclosed below, there are no other subsisting material agreements which have been entered into by the Company and its subsidiaries:-

- (i) The Group has entered into nine (9) tenancy agreements with several parties respectively for the rental/lease of several premises used by the Group to conduct its ordinary course of business. The total amount payable for the rental of the aforementioned premises is approximately RM289,000 per annum;
- (ii) The Group has entered into various hire purchase agreements with several finance companies wherein a total of twelve (12) hire purchase agreements to finance the purchase of tools and machineries related to the business of the Group. Apart from tools and machineries, the Group has also entered into sixteen (16) other hire purchase agreements relating to the purchase of motor vehicles;
- (iii) The Group has also purchased numerous insurance coverage ranging from group hospitalisation and surgical for its employees, insurance against fire and burglary on its business premises, its office equipment, stock-in-trade and all other merchandise and goods. The Group has also purchased insurance coverage for its motor vehicles. In all, there are sixty (60) insurance policies taken up by the Group with various insurance firms; and
- (iv) The Group has also entered into numerous banking facilities in the form of, inter-alia, Al Mudrabah Letter of Credit, Domestic Recourse Factoring Agreement, Performance Bank Guarantee, Letters of Credit, Shipping Guarantee, Trust Receipt and Bankers Acceptance. In all, there are twenty-two (22) banking facilities being entered into by the Group with various banks.

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23. CONSENTS

- (i) The written consents of the Solicitors, Principal Bankers, Adviser, Underwriter and Placement Agent, Registrars, Auditors and Issuing House to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of the Reporting Accountants to the inclusion in this Prospectus of its name, Accountants' Report and letters on the consolidated profit estimate and forecast for the financial year ended 31 March 2002 and financial year ending 31 March 2003 respectively and proforma consolidated balance sheets as at 30 November 2001 in the manner and form in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.
- (iii) The written consent of the Valuers to the inclusion of their names and the Valuation Certificates in the manner and form in which it is contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.

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24. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the Registered Office of SMCB during office hours for a period of twelve (12) months from the date of this Prospectus:-

- (i) Memorandum and Articles of Association of SMCB;
- (ii) Writ of claims referred to in Section 22.5 of this Prospectus;
- (iii) The material contracts and material agreements referred to in Section 22.6 and Section 22.7 of this Prospectus respectively;
- (iv) The Accountants' Report and Directors' Report as included in Sections 19 and 21 respectively of this Prospectus;
- (v) The Reporting Accountants' letters on the consolidated profit estimate and forecast for the financial year ended 31 March 2002 and financial year ending 31 March 2003 respectively and proforma consolidated balance sheets as at 30 November 2001 as included in Section 16.3 and Section 17 respectively of this Prospectus;
- (vi) The Valuation Certificates as included in Section 20 of this Prospectus together with the Valuation Reports as referred to therein;
- (vii) The letters of consent referred to in Section 23 of this Prospectus;
- (viii) The audited accounts of SPG for the five (5) financial years ended 31 March 1997 to 2001 and the eight (8)-month period ended 30 November 2001;
- (ix) The audited accounts of SM(M)SB for the five (5) financial years ended 31 March 1997 to 2001 and the eight (8)-month period ended 30 November 2001;
- (x) The audited accounts of FSB for the five (5) financial years ended 31 March 1997 to 2001 and the eight (8)-month period ended 30 November 2001;
- (xi) The audited accounts of SASB for the period from 22 July 1997 to 31 March 1998, three (3) financial years ended 31 March 1999 to 2001 and the eight (8)-month period ended 30 November 2001;
- (xii) The audited accounts of SAVSB for the period from 5 December 1996 to 31 March 1998, three (3) financial years ended 31 March 1999 to 2001 and the eight (8)-month period ended 30 November 2001;
- (xiii) The audited accounts of RMT for the five (5) financial years ended 31 December 1996 to 2000 and the eleven (11)-month period ended 30 November 2001; and
- (xiv) The audited accounts of FEMT for the five (5) financial years ended 31 December 1996 to 2000 and the eleven (11)-month period ended 30 November 2001.

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25. PROCEDURE FOR APPLICATION AND ACCEPTANCE

25.1 Opening and Closing of Application

Applications will be accepted from 10.00 a.m. on 29 May 2002 and will close at 8.00 p.m. on 11 June 2002 or such other date and time as the Directors of SMCB and the Underwriter in their absolute discretion may decide. Late applications will not be accepted.

25.2 Method of Application

Applications for the IPO Shares may be made using either of the following:-

- (i) Application Form; or
- (ii) Electronic Share Application.

25.3 Procedure for Application

(i) Applications by eligible employees of the SMCB Group

Applications for 650,000 of the Issue Shares reserved for eligible employees of the SMCB Group must be made on the **Pink** Application Forms provided only and not by way of any other Application Form or by way of Electronic Share Application.

(ii) Applications by the Malaysian public

Applications for 1,000,000 of the Issue Shares and 500,000 of the Offer Shares made available for application by Malaysian citizens, companies, societies, co-operatives and institutions can be made either on the **White** Application Forms provided or by way of Electronic Share Application.

(iii) Application by identified investors

Applications for the 2,920,000 Offer Shares made available for application by the identified investors via private placement must be made on the **White** Application Forms provided.

25.4 Application Using Application Forms

The following relevant Application Forms are enclosed with this Prospectus and are deemed to form an integral part hereof:-

- (i) **Pink** Application Forms for applications by the eligible employees of the SMCB Group; and
- (ii) **White** Application Forms 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.

White Application Forms together with copies of this Prospectus may be obtained, subject to availability, from CIMB, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia and MIH.

Only one (1) Application Form from each applicant will be considered and applications must be for 1,000 ordinary shares or multiples thereof. Multiple applications will not be accepted. The amount payable in full on application is RM1.15 per ordinary share. Persons submitting applications by way of Applications Forms may not submit applications by way of Electronic Share Applications and vice versa. A corporation or institution cannot apply for shares by way of Electronic Share Application.

25. PROCEDURE FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

IN THE CASE OF AN INDIVIDUAL APPLICANT OTHER THAN A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME, NATIONAL REGISTRATION IDENTITY CARD NUMBER AND ADDRESS OF THE APPLICANT MUST BE EXACTLY THE SAME AS STATED IN:-

- (i) (a) THE APPLICANT'S IDENTITY CARD ("NRIC");
 - (b) CHANGE OF ADDRESS CARD ("RESIT PENUKARAN KAD PENGENALAN JPN 1/22"); OR
 - (c) THE APPLICANT'S RESIT PENGENALAN SEMENTARA ("JPN 1/9") ISSUED PURSUANT TO PERATURAN 5(5), PERATURAN-PERATURAN PENDAFTARAN NEGERA 1990; AND
- (ii) THE RECORDS OF MCD, IF ANY.

WHERE THE APPLICANT IS A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME AND THE ARMED FORCES OR POLICE PERSONNEL NUMBER, AS THE CASE MAY BE, OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN HIS AUTHORITY CARD AND THE ADDRESS OF THE APPLICANT MUST BE THE ADDRESS OF THE APPLICANT'S RESPECTIVE CAMP/BASE/STATION.

IN THE CASE OF A CORPORATE/INSTITUTIONAL APPLICANT, THE NAME AND THE CERTIFICATE OF INCORPORATION NUMBER OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN THE APPLICANT'S CERTIFICATE OF INCORPORATION AND THE ADDRESS MUST BE THE REGISTERED ADDRESS.

No acknowledgement of the receipt of the Application Form or application monies will be made by the Company.

25.4.1 Terms and Conditions

Applications by way of Application Forms shall be made on, and subject to, the terms and conditions appearing below:-

- (a) The Application Form must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and in this Prospectus. In accordance with Section 41(2) of the Securities Commission Act, 1993 the Application Forms together with the notes and instructions printed therein shall constitute an integral part of this Prospectus. Applications, which do not STRICTLY conform, to the terms of this prospectus or Application Form or notes and instructions printed therein or which are illegible will not be accepted.
- (b) EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCE IN RINGGIT MALAYSIA FOR THE FULL AMOUNT PAYABLE BY EITHER:-
 - BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
 - CHEQUES ISSUED BY PARTICIPATING LICENSED FINANCE COMPANIES IN MALAYSIA AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR

25. PROCEDURE FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

- MONEY ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR
- GUARANTEED GIRO ORDER ("GGO") FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
- ATM STATEMENT OBTAINED ONLY FROM:-

AFFIN-ACF FINANCE BERHAD (*formerly known as Asia Commercial Finance (M) Berhad*);

ALLIANCE BANK MALAYSIA BERHAD (*formerly known as Multi-Purpose Bank Berhad*);

ARAB-MALAYSIAN BANK BERHAD;

ARAB-MALAYSIAN FINANCE BERHAD;

BANK UTAMA (MALAYSIA) BERHAD;

BUMIPUTRA-COMMERCE BANK BERHAD;

EON BANK BERHAD;

EON FINANCE BERHAD;

HONG LEONG BANK BERHAD;

HONG LEONG FINANCE BERHAD;

MALAYAN BANKING BERHAD;

MAYBAN FINANCE BERHAD;

PUBLIC BANK BERHAD;

PUBLIC FINANCE BERHAD;

RHB BANK BERHAD;

SOUTHERN BANK BERHAD (*ex-Ban Hin Lee Bank Berhad*); OR

SOUTHERN FINANCE BERHAD (*formerly known as United Merchant Finance Berhad*)

AND MUST BE MADE OUT IN FAVOUR OF "MIH SHARE ISSUE ACCOUNT NO. 223" AND CROSSED "A/C PAYEE ONLY" (EXCLUDING ATM STATEMENTS) AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT (EXACTLY AS STATED ON THE APPLICATION FORM). APPLICATIONS ACCOMPANIED BY MODE OF PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES OR INAPPROPRIATE BANKER'S DRAFTS/CASHIER'S ORDERS/MONEY ORDERS/GGO WILL NOT BE ACCEPTED. DETAILS OF REMITTANCES MUST BE COMPLETED IN THE APPROPRIATE BOXES PROVIDED ON THE APPLICATION FORMS.

- (c) AN APPLICANT SHOULD STATE HIS CDS ACCOUNT NUMBER IN THE SPACE PROVIDED IN THE APPLICATION FORM IF HE PRESENTLY HAS SUCH AN ACCOUNT. WHERE AN APPLICANT DOES NOT PRESENTLY HAVE A CDS ACCOUNT, HE SHOULD STATE IN HIS APPLICATION FORM HIS PREFERRED ADA CODE.
- (d) THE NAME AND ADDRESS OF THE APPLICANT (AS EXACTLY STATED ON THE APPLICATION FORM) MUST BE WRITTEN ON THE REVERSE SIDE OF THE BANKER'S DRAFT, CASHIER'S ORDER, ATM STATEMENT, MONEY ORDER, POSTAL ORDER, CHEQUES ISSUED BY PARTICIPATING LICENSED FINANCE COMPANIES OR GUARANTEED GIRO ORDER (GGO) FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD.

25. **PROCEDURE FOR APPLICATION AND ACCEPTANCE** (*Cont'd*)

- (e) The Directors of the Company reserve the right to require any successful applicant to appear in person at the registered office of MIH within fourteen (14) days of the date of the notice issued to him to ascertain the regularity or propriety of the application. The Directors of the Company shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (f) The Directors of the Company reserve the right to reject applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (g) The Directors of the Company reserve the right not to accept any application or accept any application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establishing an adequate market for the shares.
- (h) Where an application is not accepted or accepted in part only, the full amount or the balance of the application monies, as the case may be, without interest, will be returned and despatched to the applicant within twenty one (21) days from the date of the final ballot of the Applications Lists by ordinary post or registered post at the address shown on the Application Form at the applicant's own risk.
- (i) MIH reserves the right to bank in all application monies from unsuccessful Bumiputera applicants and partially successful applicants, which would subsequently be refunded without interest by registered post.
- (j) Each completed Application Form accompanied by the appropriate remittance and legible photocopy of the relevant documents must be despatched by **ORDINARY POST** in the official envelopes provided, to the following address:-

Malaysian Issuing House Sdn. Bhd. (258345-X)
27th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
P.O. Box 13269
50804 Kuala Lumpur

or DELIVERED BY HAND AND DEPOSITED in the Drop-in Boxes provided at the back portion of Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, so as to arrive not later than 8.00 p.m. on 11 June 2002.

Applications may also be delivered in a drive-in-manner at Stadium Hoki Tun Razak, Jalan Duta, Kuala Lumpur on 11 June 2002 between 8.30 a.m. to 8.00 p.m. only.
- (k) Directors and employees of MIH and their immediate families are strictly prohibited from applying for the IPO Shares.
- (l) PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE WHITE APPLICATION FORM TO MIH.

25. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

25.5 Applications Using Electronic Share Application**(i) Steps for Electronic Share Application through a Participating Financial Institution's ATM**

- (a) Applicant must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account.
- (b) Applicant must have a CDS account.
- (c) Applicant is to apply for the Issue Shares via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application is set out in Section 25.5(ii) below under the Terms and Conditions for Electronic Share Application. Applicant is to enter at least the following information through the ATM where the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so:-
 - Personal Identification Number (PIN);
 - MIH Share Issue Account Number 223;
 - CDS Account Number;
 - Number of Issue Shares/Offer Shares applied for and/or the Ringgit Malaysia amount to be debited from the account; and
 - Confirmation of several mandatory statements.

(ii) Terms and Conditions for Electronic Share Application

The procedures for Electronic Share Application at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions (the "Steps"). For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in "Steps for Electronic Share Application through a Participating Financial Institution's ATM" in Section 25.5(i) above. The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application. Any reference to "applicant" in the terms and conditions for Electronic Share Application and the Steps shall mean the applicant who applies for shares through an ATM of any of the Participating Financial Institutions.

In the case of Electronic Share Application, only an applicant who is an individual with a CDS Account is eligible to utilise the facility.

The applicant must have an existing bank account with, and be an ATM cardholder of, one of the Participating Financial Institutions before he can make an Electronic Share Application at an ATM of that Participating Financial Institutions. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of his Electronic Share Application transaction, the applicant will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of his Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by the Company or MIH. The Transaction Record is for retention by the applicant and should not be submitted with any Application Form.

25. PROCEDURE FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

Upon the closing of the offer for the application for the IPO Shares on 11 June 2002 at 8.00 p.m. ("Closing Date and Time"), the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the IPO Shares to MIH as soon as practicable but not later than 12.00 p.m. of the 2nd business day after the Closing Date and Time.

An applicant will be allowed to make an Electronic Share Application for shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which he has an account and its branches, subject to the applicant making only one application. An applicant who has a bank account with a Participating Financial Institution and has been issued an ATM card will be allowed to apply for shares via an ATM of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to the applicant making only one application. A fee of RM2.50 per application will be charged.

AN APPLICANT MUST ENSURE THAT HE USES HIS OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. AN APPLICANT OPERATING A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION MUST ENSURE THAT HE ENTERS HIS OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO HIM IN HIS OWN NAME. HIS APPLICATION WILL BE REJECTED IF HE FAILS TO COMPLY WITH THE FOREGOING.

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained herein as well as the terms and conditions appearing below:-

- (a) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of the Company.
- (b) The applicant is required to confirm the following statement (by depressing predesignated keys or buttons on the ATM keyboard) and undertake that the following information given is true and correct:-
 - I have attained 18 years of age as at the closing date of the share application;
 - I am a Malaysian citizen residing in Malaysia;
 - I have read the relevant Prospectus and understood and agreed with the terms and conditions of this application;
 - This is the only application that I am submitting; and
 - I hereby give consent to the Participating Financial Institution and MCD to disclose information pertaining to myself and my account with the Participating Financial Institution and MCD to MIH and other relevant authorities.

25. PROCEDURE FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

The application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless the applicant completes all the steps required by the Participating Financial Institution. By doing so, the applicant shall be treated as signifying his confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991 to the disclosure by the relevant Participating Financial Institution or MCD, as the case may be, of any of the applicant's particulars to MIH, or any relevant regulatory bodies.

- (c) THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR SHARES AS NOMINEE OF ANY OTHER PERSONS AND THAT ANY ELECTRONIC SHARE APPLICATION THAT HE MAKES IS MADE BY HIM AS BENEFICIAL OWNER. THE APPLICANT SHALL ONLY MAKE ONE ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR THE IPO SHARES, WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS.
- (d) The applicant must have sufficient funds in his account with the relevant Participating Financial Institution at the time he makes his Electronic Share Application, failing which his Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (e) The applicant agrees and undertakes to subscribe for or purchase and to accept the number of shares applied for as stated on the Transaction Record or any lesser number of shares that may be allotted or allocated to him in respect of his Electronic Share Application. In the event that the Company decides to allot or allocate any lesser number of such shares or not to allot or allocate any shares to the applicant, the applicant agrees to accept any such decision as final. If the applicant's Electronic Share Application is successful, his confirmation (by his action of pressing the designated key or button on the ATM) of the number of shares applied for shall signify, and shall be treated as, his acceptance of the number of shares that may be allotted or allocated to him and to be bound by the Memorandum and Articles of Association of the Company.
- (f) The Company reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establishing an adequate market for the shares.
- (g) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful applications. Where the Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies without interest into the applicant's account with that Participating Financial Institution within two (2) market days after the receipt of confirmation from MIH. MIH shall inform the Participating Financial Institutions of the non-successful or partially successful applications within two (2) market days after the balloting date. The applicants may check their accounts on the fifth market day from the balloting day.

25. PROCEDURE FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into the applicant's account with the Participating Financial Institution within two (2) market days after the receipt of confirmation from MIH. A number of applications will, however, be held in reserve to replace any successfully balloted applications which are subsequently rejected. For such applications which are subsequently rejected, the application monies without interest will be refunded to applicants by MIH by way of cheques issued by MIH. The cheques will be issued to the applicants not later than twenty one (21) days from the day of the final ballot of the application list. Should applicants encounter any problems in their applications, they may refer to the Participating Financial Institutions.

- (h) The applicant requests and authorises the Company:-
- (i) to credit the shares allotted or allocated to the applicant into the CDS account of the applicant; and
 - (ii) to issue share certificate(s) representing such shares allotted or allocated in the name of MCD Nominees Sdn. Bhd. and send the same to MCD.
- (i) The applicant, acknowledging that his Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of the Company, MIH or the Participating Financial Institution, irrevocably agrees that if:-
- (i) the Company or MIH does not receive the applicant's Electronic Share Application; or
 - (ii) data relating to the applicant's Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to the Company or MIH,
- the applicant shall be deemed not to have made an Electronic Share Application and the applicant shall not claim whatsoever against the Company, MIH or the Participating Financial Institutions for the shares applied for or for any compensation, loss or damage.
- (j) All particulars of the applicant in the records of the relevant Participating Financial Institution at the time he makes his Electronic Share Application shall be deemed to be true and correct and the Company, MIH and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (k) The applicant shall ensure that his personal particulars as recorded by both MCD and relevant Participating Financial Institution are correct and identical. Otherwise, his Electronic Share Application is liable to be rejected. The applicant must inform MCD promptly of any change in address failing which the notification letter of successful allotment or allocation will be sent to his registered address last maintained with MCD.

25. PROCEDURE FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

- (l) By making and completing an Electronic Share Application, the applicant agrees that:-
- (i) in consideration of the Company agreeing to allow and accept the making of any application for shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, his Electronic Share Application is irrevocable;
 - (ii) the Company, the Participating Financial Institutions, MCD and MIH shall not be liable for any delays, failures or inaccuracies in the processing of data relating to his Electronic Share Application to the Company due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (iii) notwithstanding the receipt of any payment by or on behalf of the Company, the acceptance of the offer made by the applicant to subscribe for and purchase the shares for which the applicant's Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allotment for prescribed securities, in respect of the said shares;
 - (iv) the applicant irrevocably authorises MCD to complete and sign on his behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the shares allotted or allocated to the applicant; and
 - (v) the Company agrees that, in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the Electronic Share Application Scheme and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that the Company irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (m) The Directors of the Company reserve the right to require any successful applicant to appear in person at the registered office of MIH within fourteen (14) days of the date of the notice issued to him to ascertain the regularity or propriety of the application. The Directors of the Company shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (n) The Directors of the Company reserve the right to reject applications which do not conform to these instructions.
- (o) Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:-
- ARAB-MALAYSIAN BANK BERHAD;
 - ARAB-MALAYSIAN FINANCE BERHAD;
 - BUMIPUTRA-COMMERCE BANK BERHAD (at selected branches in the Klang Valley only);
 - HSBC BANK MALAYSIA BERHAD;

25. **PROCEDURE FOR APPLICATION AND ACCEPTANCE** (*Cont'd*)

- MALAYAN BANKING BERHAD;
 - MAYBAN FINANCE BERHAD;
 - OCBC BANK (MALAYSIA) BERHAD; OR
 - STANDARD CHARTERED BANK MALAYSIA BERHAD (at selected branches only)
- (p) A surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

25.6 Applications and Acceptances

The Directors of SMCB reserve the right not to accept any application which does not strictly comply with the instructions or to accept any application in part only without assigning any reason thereof.

The submission of an Application Form does not necessarily mean that the application will be successful.

In the event of an over-subscription, acceptance of applications shall be subject to ballot to be conducted in the manner approved by the Directors of SMCB. Due consideration will be given to the desirability of distributing the IPO Shares to the reasonable number of applicants with a view to broadening the shareholding base and establishing an adequate market in the shares of the Company. Pursuant to the SC's Policies and Guidelines on Issue/Offer of Securities, the Company needs to have at least 25% of the enlarged issued and paid-up capital in the hands of public shareholders and a minimum number of 750 public shareholders (of which at least 500 shareholders are members of the public who are not employees of the Company), holding not less than 1,000 shares upon completion of the IPO. The Company is expected to achieve this at the point of listing. However, in the event that the above requirement is not met pursuant to this IPO, the Company may not be allowed to proceed with its listing plan. Applicants will be selected in a manner to be determined by the Directors of SMCB.

ALL APPLICATIONS MUST BE FOR 1,000 ORDINARY SHARES OR MULTIPLES THEREOF.

In the event of an under-subscription by the eligible employees of the SMCB Group, such shares will be made available for application by the Malaysian public.

In the event of an under-subscription by the Malaysian public, all the IPO Shares not applied for will be made available for subscription by the Underwriter in the manner as specified in the Underwriting Agreement dated 14 May 2002.

Directors and employees of MIH and their immediate family are strictly prohibited from applying for the IPO Shares.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED BY ORDINARY POST OR REGISTERED POST RESPECTIVELY TO THE APPLICANT WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS AT THE ADDRESS SHOWN ON THE APPLICATION FORM AT THE APPLICANT'S OWN RISK.

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCES HAVING BEEN PRESENTED FOR PAYMENT.

25. PROCEDURE FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

MIH RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTERA APPLICANTS AND FROM PARTIALLY SUCCESSFUL APPLICANTS. REFUND MONIES IN RESPECT OF UNSUCCESSFUL BUMIPUTERA APPLICANTS WHOSE MONIES HAVE BEEN BANKED-IN AND PARTIALLY SUCCESSFUL APPLICANTS WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS BY REGISTERED POST AT THE ADDRESS SHOWN ON THE APPLICATION FORM AT THE APPLICANT'S OWN RISK.

25.7 CDS Accounts

Pursuant to Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in SMCB shares will be by book entries through CDS accounts. No share certificates will be issued to successful applicants.

In the case of an application by way of an Application Form, an applicant should state his CDS account number in the space provided on the Application Form if he presently has such an account. Where an applicant does not presently have a CDS account, he should state in the Application Form his preferred ADA Code in the space provided. A list of the ADA Codes is given in Section 25.10 of this Prospectus. Where an applicant already has a CDS account, he should not complete the preferred ADA Code.

If a successful applicant fails to state either his CDS account number or the preferred ADA Code, the Company may in the exercise of its absolute discretion instruct MIH to insert a preferred ADA Code on the Application Form and further instruct the MCD to open a CDS account on his behalf at the specified ADA and credit the shares allotted to him into his CDS account.

In the case of an application by way of Electronic Share Application, only an applicant who has a CDS account can make an Electronic Share Application and the applicant shall furnish his CDS account number to the Participating Financial Institution by way of keying in his CDS account number if the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so.

Failure to comply with these specific instructions or inaccuracy in the CDS account number or the preferred ADA Code may result in the application being rejected. The Directors of the Company reserve the right to reject any incomplete and inaccurate application. Applications may also be rejected if the applicants' particulars provided in the Application Forms, or in the case of Electronic Share Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application differ from those in MCD's records, such as the identity card number, name and nationality.

25.8 Notice of Allotment

Shares allotted to all successful or partially successful applicants will be credited to their respective CDS accounts. A notice of allotment will be despatched to the successful or partially successful applicant at his address shown in the Application Form at the applicant's own risk within thirty (30) days after the final ballot of the application list. For Electronic Share Application, the notice of allotment will be despatched to the successful or partially successful applicant at his address last maintained with the MCD at the applicant's own risk within thirty (30) days after the final ballot of the applicant list. This is the only acknowledgement of acceptance of the application.

25. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

25.9 Formalising CDS Accounts

Successful or partially successful applicants whose CDS accounts have been opened by the MCD at their preferred ADA or the ADA caused to be inserted by MIH at the instruction of the Company in case where the successful or partially successful applicants fail to state either their CDS account number or preferred ADA Code, are required to formally open the account by submitting to the ADA the necessary documents and the account opening fee. No transaction of shares credited to the account can be effected until the account has been formally opened.

25.10 List of ADAs

The list of ADAs and their respective Broker codes are as follows:-

Name	Address and telephone number	ADA Code
KUALA LUMPUR		
AFFIN-UOB SECURITIES SDN. BHD.	Level 3, Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-21438668	028-001
ALLIED AVENUE ASSETS SECURITIES SDN. BHD. <i>(formerly known as MGI Securities Sdn. Bhd.)</i>	Ground Floor & Level 1 THB Satu, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.: 03-20951111	052-001
ARAB-MALAYSIAN SECURITIES SDN. BHD.	15th Floor, Bangunan Arab-Malaysian 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-20782788	086-001
BBMB SECURITIES SDN. BHD.	Level 2, 3, 4 & 15 Menara Olympia No. 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-20319900	099-001
BIMB SECURITIES SDN. BHD.	1st & 2nd Floor Podium Block, Bangunan AMDB No. 1, Jalan Lumut 50400 Kuala Lumpur Tel. No.: 03-40433533	024-001
CIMB SECURITIES SDN. BHD.	9th Floor, Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel. No.: 03-20849999	065-001
FIMA SECURITIES SDN. BHD. <i>(formerly known as Capitalcorp Securities Sdn. Bhd.)</i>	No. 45-14, Plaza Level & Level 1 Plaza Damansara Jalan Medan Setia Satu Damansara Heights 50490 Kuala Lumpur Tel No.: 03-20949966	018-001

25. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
KUALA LUMPUR (Cont'd)		
HLG SECURITIES SDN. BHD.	Level 5, Wisma Kia Peng No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-21681168	066-001
HWANG-DBS SECURITIES BERHAD	2 nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No.: 03-77106688	068-009
INTER-PACIFIC SECURITIES SDN. BHD.	Level 7, Shahzan Insas Tower 30, Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: 03-21441888	054-001
JUPITER SECURITIES SDN. BHD.	7th - 9th Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-20341888	055-001
K&N KENANGA BHD.	8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: 03-21649080	073-001
KAF- SEAGROATT & CAMPBELL SECURITIES SDN. BHD. (formerly known as Seagroatt & Campbell Sdn. Bhd.)	30th Floor The Weld Tower No.76, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-20201600	053-001
KUALA LUMPUR CITY SECURITIES SDN. BHD.	No. 8, Jalan Binjai Off Jalan Ampang 50450 Kuala Lumpur Tel. No.: 03-21667922	076-001
LEONG & COMPANY SDN. BHD.	Level 18, Wisma Cyclecarri 288, Jalan Raja Laut 50350 Kuala Lumpur Tel. No.: 03-26928899	061-001
MAYBAN SECURITIES SDN. BHD.	Level 5-13, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No.: 03-22978888	098-001
MIDF SISMA SECURITIES SDN. BHD.	17th & 18th Floor, Empire Tower 182, Jalan Tun Razak 50400 Kuala Lumpur Tel. No.: 03-21668888	026-001
OSK SECURITIES BERHAD	10th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel. No.: 03-21624388	056-001

25. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
KUALA LUMPUR (Cont'd)		
PB SECURITIES SDN. BHD.	27th Floor, Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No.: 03-20313011	051-001
PM SECURITIES SDN. BHD. <i>(formerly known as Pengkalen Securities Sdn. Bhd.)</i>	Ground & 1st Floor, MUI Plaza Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-21463000	064-001
RASHID HUSSAIN SECURITIES SDN. BHD.	Level 9, Tower One, RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel. No.: 03-92852233	087-001
SIME SECURITIES SDN. BHD.	21st Floor, Bangunan Sime Bank 4, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No.: 03-22749288	097-001
TA SECURITIES BERHAD	TA One Tower No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-20721277	074-001
SELANGOR DARUL EHSAN		
AMSTEEL SECURITIES (M) SDN. BHD.	2nd, 3rd & 4th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel. No.: 03-33439999	080-001
HWANG-DBS SECURITIES BERHAD	16th, 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel. No.: 03-55133288	068-002
JF APEX SECURITIES BERHAD	3rd Floor, Wisma Apex 145A-C, Jalan Bukit 43000 Kajang Selangor Darul Ehsan Tel. No.: 03-87361118	079-001
JF APEX SECURITIES BERHAD	15th & 16th Floor Choy Fook On Tower No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-76201118	079-002

25. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
SELANGOR DARUL EHSAN (Cont'd)		
K&N KENANGA BHD	Room 7.02, Level 7, Menara ING Intan Millenium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No.: 03-30057001	073-007
K&N KENANGA BHD	1 st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel No.: 03-80241682	073-006
K&N KENANGA BHD	13 th Floor, Menara Yayasan Selangor No. 18A, Jalan Persiaran Barat Off Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-79562169	073-005
MOHAIYANI SECURITIES SDN. BHD.	1st, 2nd & 3rd Floor Plaza Damansara Utama No. 2, Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-77297345	095-001
PM SECURITIES SDN. BHD.	No.157 & 159 Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel. No.: 03-80700773	064-003
SJ SECURITIES SDN. BHD.	Level 3, Holiday Villa No. 9, Jalan SS 12/1 Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-56340202	096-001
MELAKA		
MALACCA SECURITIES SDN. BHD.	No. 1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang P.O. Box 248 75250 Melaka Tel. No.: 06-3371533	012-001

25. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
MELAKA (Cont'd)		
OSK SECURITIES BERHAD	579, 580-581A & B, Taman Melaka Raya 75000 Melaka Tel. No.: 06-2825211	056-003
STRAITS SECURITIES SDN. BHD.	Lot 9 & 10, 1 st Floor Bangunan Tabung Haji Jalan Bandar Kaba 75000 Melaka Tel. No.: 06-2833622	011-001
PERAK DARUL RIDZUAN		
ALLIED AVENUE ASSETS SECURITIES SDN. BHD.	A23-A29, Wisma Kota Emas Jalan Dato' Tahwil Azar 30300 Ipoh Perak Darul Ridzuan Tel. No.: 05-2422828	052-002
BOTLY SECURITIES SDN. BHD.	1st Floor, Plaza Teh Teng Seng 227, Jalan Kampar 30250 Ipoh Perak Darul Ridzuan Tel. No.: 05-2531313	058-001
HWANG-DBS SECURITIES BERHAD	21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel. No.: 05-8060888	068-003
M&A SECURITIES SDN. BHD.	M&A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel. No.: 05-2419800	057-001
MAYBAN SECURITIES SDN. BHD.	55, 57 & 63, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2558233	098-002
OSK SECURITIES BERHAD	21-25, Jalan Seenivasagam 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2415100	056-002
SBB SECURITIES SDN. BHD.	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No.: 05-2530888	090-001
PULAU PINANG		
A. A. ANTHONY & COMPANY SDN.BHD.	No.41-1-1 & 41-2-1 Jalan Cantonment 10250 Pulau Pinang Tel. No.: 04-2299318	014-001

25. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
PULAU PINANG (Cont'd)		
HWANG-DBS SECURITIES BERHAD	Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel. No.: 04-2636996	068-001
HWANG-DBS SECURITIES BERHAD	Ground, 1st & 2nd Floor 1620 & 1621, Jalan Permatang Batu Taman Industri Permatang Batu 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5372882	068-006
MERCURY SECURITIES SDN. BHD.	Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Seberang Prai Pulau Pinang Tel. No.: 04-3322123	093-001
OSK SECURITIES BERHAD	64, Bishop Street 20F & 20G, Penang Street 10200 Pulau Pinang Tel. No.: 04-2634222	056-004
OSK SECURITIES BERHAD	Level 19, NB Tower 5050 Jalan Bagan Luar 12000 Butterworth Pulau Pinang Tel No.: 04-3322299	056-005
PM SECURITIES SDN. BHD.	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: 04-2273000	064-004
SMITH ZAIN SECURITIES SDN. BHD.	7th & 8th Floor, PSCI Tower 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: 04-2283355	016-001
SOON THEAM SECURITIES SDN. BHD.	No. 111, Jalan Macalister 10400 Pulau Pinang Tel. No.: 04-2281868	060-001
THONG & KAY HIAN SECURITIES SDN. BHD.	Level 5 & 6, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel. No.: 04-2635481	070-001
UT SECURITIES SDN. BHD. <i>(formerly known as United Traders Securities Sdn. Bhd.)</i>	6th, 10th & 12th Floor Bangunan Mayban Trust 3, Penang Street 10200 Pulau Pinang Tel. No.: 04-2626644	059-001

25. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
KEDAH DARUL AMAN		
KUALA LUMPUR CITY SECURITIES SDN. BHD.	2nd Floor Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel. No.: 04-7317088	076-004
PERLIS INDRA KAYANGAN		
KUALA LUMPUR CITY SECURITIES SDN. BHD.	2nd Floor, Podium Block Bangunan KWSP 01000 Kangar Perlis Indra Kayangan Tel. No.: 04-9765200	076-003
NEGERI SEMBILAN DARUL KHUSUS		
HWANG-DBS SECURITIES BERHAD	Ground & 1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No: 06-7612288	068-007
PM SECURITIES SDN. BHD.	1st, 2nd & 3rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: 06-7623131	064-002
JOHOR DARUL TAKZIM		
ARAB-MALAYSIAN SECURITIES SDN. BHD.	2 nd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel. No.: 07-4342282	086-002
ENG SECURITIES SDN. BHD.	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel. No.: 07-2231211	081-001
HWANG-DBS SECURITIES BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel. No.: 07-2222692	068-004
JB SECURITIES SDN. BHD.	Suite 8.2, Level 8 Menara Sarawak Enterprise No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel. No.: 07-3332000	078-001

25. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
JOHOR DARUL TAKZIM (Cont'd)		
KESTREL SECURITIES SDN. BHD.	No. 57, 59 & 61 Jalan Ali 84000 Muar Johor Darul Takzim Tel. No.: 06-9532222	088-001
KUALA LUMPUR CITY SECURITIES SDN. BHD.	No. 46 & 48 Jalan Dato' Kapten Ahmad 86000 Kluang Johor Darul Takzim Tel. No.: 07-7717922	076-006
K&N KENANGA BHD	Level 2, Menara Pelangi Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: 07-3333600	073-004
OSK SECURITIES BERHAD	Unit 27-01 to 27-08 Level 27, Menara Landmark No.12, Jalan Ngee Heng 80000 Johor Bahru Johor Darul Takzim Tel. No.: 07-2212233	056-006
OSK SECURITIES BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel. No.: 07-4380288	056-009
PM SECURITIES SDN. BHD.	Suite 5.1, Level 5, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: 07-2781813	064-005
KELANTAN DARUL NAIM		
KOTA BHARU SECURITIES SDN. BHD.	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel. No.: 09-7432288	075-001
PAHANG DARUL MAKMUR		
KUALA LUMPUR CITY SECURITIES SDN. BHD.	A-397, A-399 & A-401 Taman Sri Kuantan III Jalan Berserah 25300 Kuantan Pahang Darul Makmur Tel. No.: 09-5660800	076-002

25. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
PAHANG DARUL MAKMUR <i>(Cont'd)</i>		
OSK SECURITIES BERHAD	A-27 & A-29, Lorong Tun Ismail 9 Seri Dagangan Kuantan Business Centre 25000 Kuantan Pahang Darul Makmur Tel. No.: 09-5163811	056-007
TERENGGANU DARUL IMAN		
FA SECURITIES SDN. BHD.	No.51 &51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel. No.: 09-6238128	021-001
PTB SECURITIES SDN. BHD.	1st, 2nd & 3rd Floor 61, Jalan Sultan Ismail P.O Box 151 Pejabat Pos Besar 20700 Kuala Terengganu Terengganu Darul Iman Tel. No.: 09-6235546	025-001
SABAH		
HWANG-DBS SECURITIES BERHAD	Room Nos 106-109, Mezzanine Floor Room Nos 207-212, 2 nd Floor Gaya Centre, Jalan Tun Fuad Stephens 88400 Kota Kinabalu Sabah Tel No.: 088-311688	068-008
INNOSABAH SECURITIES BERHAD <i>(formerly known as Innosabah Securities Sdn. Bhd.)</i>	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel. No.: 088-234090	020-001
KUALA LUMPUR CITY SECURITIES SDN. BHD.	Suite 1-9-E1, 9th Floor CPS Tower No.1 Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No:088-253922	076-005
OSK SECURITIES BERHAD	5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel. No.: 088-269788	056-010

25. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
SARAWAK		
BORNEO SECURITIES SDN. BHD.	12G, Jalan Kampung Datu 96000 Sibul Sarawak Tel. No. : 084-319998	030-001
HWANG-DBS SECURITIES BERHAD	Lot 328, Jalan Abell 93100 Kuching Sarawak Tel No: 082-236999	068-005
K&N KENANGA BHD	Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel. No.: 082-338000	073-003
K&N KENANGA BHD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel. No.: 085-435577	073-002
OSK SECURITIES BERHAD	Ground & 1 st Floor Wisma Chinese Chambers Lot 357, Section 47, K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel No.: 082-42252	056-008
WILAYAH PERSEKUTUAN LABUAN		
SHARETECH SECURITIES SDN. BHD.	Unit 7(A), Level 7 Main Office Tower Financial Park Labuan Jalan Merdeka 87000 Wilayah Persekutuan Labuan Tel No.: 087-451666	022-001

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26. RESPONSIBILITY STATEMENT

- (i) This Prospectus has been seen and approved by the Directors and promoters of SMCB and the Offerors 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.
- (ii) CIMB 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 IPO and are satisfied that the consolidated profit estimate and forecast (for which the Directors of SMCB are fully responsible) prepared for inclusion in this Prospectus have been stated by the Directors after due and careful enquiry and have been duly reviewed by the Reporting Accountants.

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