

8. APPROVALS AND CONDITIONS

The approvals of the FIC, MITI and SC for the restructuring exercise and Listing were granted subject to the following conditions:

Authority	Date of approval	Conditions	Status of compliance
FIC	15 May 2001	(i) SKPRB is to increase its direct Bumiputera equity to at least 30% upon Listing.	Complied. The existing Bumiputera shareholding is approximately 35%. After the Public Issue, the Bumiputera shareholding will be at 30%.
		(ii) SKPRB is to obtain approval of the MITI.	Complied. MITI's approvals were obtained on 26 July 2001 and 22 October 2002.
MITI	26 July 2001	(i) The disposal of 2,300,000 SKPRB Shares by MCM is subject to the MITI's approval after the SC's approval is obtained.	Complied. MITI's approval was obtained on 22 October 2002.
		(ii) SKPRB is to obtain SC's approval.	Complied. SC's approvals were obtained on 5 August 2002, 1 October 2002 and 12 December 2002.
		(iii) SKPRB is to obtain FIC's approval.	Complied. FIC's approval was obtained on 15 May 2002.
	22 October 2002	(i) Up to 30% of 2,300,000 SKPRB Shares can be disposed off by JG within the period of 12 months from the date of Listing and the remaining 70% can be disposed off in stages with the prior approval from MITI.	An undertaking from JG was given to CIMB and MITI on 15 November 2002 that it will comply with the requirement.
SC	5 August 2002	(i) Approval from the SC is required to be obtained for any changes to the utilisation of proceeds other than for the core business of the SKPRB Group.	SKPRB will comply with this requirement if it is applicable.
		(ii) Shareholders' approval is required for any deviation by 25% or more from the utilisation as determined. If the deviation is less than 25%, appropriate disclosure is required to be made to the shareholders of SKPRB.	SKPRB will comply with this requirement if it is applicable.
		(iii) The period for the utilisation of proceeds should be disclosed in the Prospectus. Any extension of time on the period of utilisation already determined by SKPRB for the utilisation of proceeds shall be approved by the Board and announced to the KLSE.	Disclosed in Section 5.7 of this Prospectus. SKPRB will comply with this requirement if it is applicable.
		(iv) Appropriate disclosure on the status of the utilisation of proceeds should be made in the quarterly and annual reports of SKPRB until the said proceeds have been fully utilised.	SKPRB will comply with this requirement.

8. APPROVALS AND CONDITIONS (Cont'd)

Authority	Date of approval	Conditions	Status of compliance												
		(v) A moratorium for sale of shares is imposed on 21,600,000 SKPRB Shares, representing 45% of the enlarged issued and paid-up share capital of SKPRB after the Public Issue, held by the promoters of SKPRB. The shares under moratorium are not allowed to be sold, transferred or assigned within one (1) year from the date of admission of SKPRB on the KLSE. Thereafter, the shares under moratorium are allowed to be sold, transferred or assigned up to a maximum of one-third (1/3) of their respective shareholdings under the moratorium per year, the details of which are as follows:	Complied as detailed in Section 10 of this Prospectus.												
		<table border="1"> <thead> <tr> <th>Promoters</th> <th>No. of SKPRB Shares under moratorium</th> <th>% of the enlarged issued and paid-up share capital</th> </tr> </thead> <tbody> <tr> <td>RMSB</td> <td>15,776,052</td> <td>32.87</td> </tr> <tr> <td>Ubiquity</td> <td>5,823,948</td> <td>12.13</td> </tr> <tr> <td></td> <td><u>21,600,000</u></td> <td><u>45.00</u></td> </tr> </tbody> </table>	Promoters	No. of SKPRB Shares under moratorium	% of the enlarged issued and paid-up share capital	RMSB	15,776,052	32.87	Ubiquity	5,823,948	12.13		<u>21,600,000</u>	<u>45.00</u>	
Promoters	No. of SKPRB Shares under moratorium	% of the enlarged issued and paid-up share capital													
RMSB	15,776,052	32.87													
Ubiquity	5,823,948	12.13													
	<u>21,600,000</u>	<u>45.00</u>													
		In addition, every shareholder of the private holding company and the ultimate shareholders must give an undertaking to the SC that he/she will not sell, transfer or assign his/her shareholding in the above private company during the moratorium period.	Complied. The undertakings were furnished to SC on 19 December 2002.												
		(vi) The Directors and the shareholders of RMSB and BISB namely, Dato' Gan Kim Huat and Datin Tan Lay Koon @ Tan Siok Keng are required to submit their statutory declarations pursuant to the SC Guidelines to the SC prior to the issuance of the Prospectus.	Complied. The statutory declarations were furnished to SC on 19 December 2002.												
		(vii) CIMB is required to inform the SC of the identities of RMSB and BISB	Complied.												
		(viii) RMSB and BISB are required to give written confirmations on the compliance of all the terms and conditions imposed by the SC.	Complied. The confirmations were furnished to SC on 19 December 2002.												
		(ix) The promoters, Directors and Major Shareholders of SKPRB are not to be involved in business that will create conflicts of interest directly or indirectly to the business of SKPRB in the future.	The promoters, Directors and Major Shareholders of SKPRB will comply with this requirement.												

8. APPROVALS AND CONDITIONS (Cont'd)

Authority	Date of approval	Conditions	Status of compliance
		In addition, the promoters and Major Shareholders of SKPRB are to provide undertakings that they will not be involved in any new business which is similar or in competition with the existing business of the SKPRB Group.	Complied. The undertakings were furnished to SC on 19 December 2002.
		(x) The sale and purchase agreements on the Acquisitions are to be finalised and signed prior to the issuance of the Prospectus. The copies are to be submitted to the SC for the record.	Complied. The agreements were signed on 29 November 2002 and were submitted to the SC on 19 December 2002.
		(xi) The sale and purchase agreement on the disposal of the RTA by MCM to Ubiquity is to be finalised and signed prior to the issuance of the Prospectus. A copy of which is to be submitted to the SC for the record.	Complied. The agreement was signed on 2 December 2002 and was submitted to the SC on 19 December 2002.
		(xii) Any future transactions between the SKPRB Group and companies related to the promoters/Directors must be on an "arm's-length" basis and should not be detrimental to the SKPRB Group. In this respect, the audit committee of SKPRB is to monitor such transactions and the Directors are required to report such transactions (if any) via the annual report of SKPRB.	The Group will comply with this requirement.
		(xiii) Trade debtors of the SKPRB Group with debtors ageing exceeding six (6) months are to be fully provided for.	Complied. The relevant debts owing to the Group have been fully provided for.
		The Reporting Accountants/ External Auditors are to give the SC, a written confirmation in respect of the above prior to the registration of the Prospectus.	Complied. The confirmation was furnished to the SC on 19 December 2002.
		(xiv) The Directors are to confirm and submit a written declaration to the SC that full provision has been made in the accounts of the SKPRB Group for any trade debtors with debtors ageing exceeding six (6) months prior to the registration of the Prospectus.	Complied. The declaration was furnished to SC on 19 December 2002.
		(xv) Dato' Gan Kim Huat is to resign from the Board of Directors of SPIB and dispose of all his equity interest in SPIB subsequent to the SC's approval.	Complied. Dato' Gan Kim Huat has resigned from the Board of Directors of SPIB on 26 August 2002. As at 3 December 2002, Dato' Gan Kim Huat does not hold any equity interest in SPIB.
		(xvi) SKPRB Group is to enter into an employment contract with Mr Chia Choong Kim, the General Manager of the SKP for a minimum of three (3) years.	Complied. The employment contract was signed on 22 October 2002.

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

Authority	Date of approval	Conditions	Status of compliance
		(xvii) The following risks are required to be disclosed in the Prospectus:	
		(a) The common shareholding of Dato' Gan Kim Huat in SKPRB and STS.	The appropriate disclosure has been made in Section 4.8 of this Prospectus.
		(b) Measures to avoid conflicts of interest with the business undertaken by its Major Shareholders of SKPRB.	The appropriate disclosure has been made in Section 9.2 of this Prospectus.
		(c) The list of major customers and risks in relation to the dependence on major customers and the absence of long term contracts with the major customers and mitigating steps taken to minimise/prevent the risks.	The appropriate disclosures have been made in Sections 4.4, 4.6 and 7.4 of this Prospectus.
		(d) Risk management plans and practice to prevent the major risks in relation to the business of SKPRB like breakout of fire, energy crisis and any other risks that could jeopardise the operations and financial performance of the SKPRB Group.	The appropriate disclosure has been made in Section 4.3(vi) of this Prospectus.
		(xviii) The SKPRB Group is to disclose in its Prospectus, the existing risk related to the management of the Group and the Group's management succession plan.	The appropriate disclosure has been made in Section 4.9 of this Prospectus.
		(xix) SKPRB is required to fulfil all the conditions imposed by the MITI and FIC.	SKPRB has fulfilled all the conditions, where possible and will ensure continued adherence to the conditions.
		(xx) SKPRB is required to comply with the requirements relating to the listing of companies as stipulated under the SC Guidelines, including, SKPRB is not permitted to be involved in any business which is not relevant to the principal activities of the SKPRB Group for at least three (3) years after the Listing.	SKPRB has complied with this requirement and will ensure continued compliance in the future.
		(xxi) CIMB is required to submit a copy of the final ESOS bye-laws to the SC.	Prior to the implementation of the ESOS, a copy of the final ESOS bye-laws will be submitted to the SC.
		(xxii) CIMB is required to submit a confirmation to the SC that SKPRB has:	Prior to the implementation of the ESOS, the confirmation will be submitted to the SC by CIMB.
		(a) fulfilled all the conditions of the SC and the ESOS bye-laws do not contravene any of the provision of the ESOS guidelines of the SC; and	
		(b) obtained other relevant approvals and has fulfilled the conditions, if any.	

8. APPROVALS AND CONDITIONS (Cont'd)

Authority	Date of approval	Conditions	Status of compliance
SC	1 October 2002	<p>(i) Placement of SKPRB Shares to investors must be done via an independent placement agent (which must be a merchant bank or stock broking firm).</p> <p>(ii) At least 30% of the SKPRB Shares allocated under the placement exercise should, to the extent possible, be allocated to the Bumiputera investors.</p> <p>(iii) The adviser or independent placement agent, whichever is applicable, must furnish to the SC the final list of placees and provide a written confirmation that the placement has complied with the SC Guidelines upon completion of the placement exercise.</p>	<p>Complied. CIMB has been appointed as the placement agent for the placement.</p> <p>SKPRB will endeavour to comply with this requirement.</p> <p>CIMB will furnish the required documents to the SC upon completion of the placement.</p>
SC	12 December 2002	(i) To complete the implementation of the Listing by 4 March 2003.	SKPRB will comply with this requirement.

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9. RELATED PARTY TRANSACTIONS /CONFLICTS OF INTEREST

9.1 Related Party Transactions

Save as disclosed below, there are no transactions, existing or potential entered or to be entered into by the SKPRB Group which involve the interest, direct or indirect, of the Directors or Major Shareholders of SKPRB and/or persons connected to them as defined under Section 122A of the Companies Act, 1965.

- (i) There is a subcontract relationship between SKP, GHI and S.P.I. Plastic Industries (M) Sdn Bhd (“SPIP”), a subsidiary of SPIB, a listed company on the Second Board of the KLSE. Dato’ Gan Kim Huat was a Major Shareholder and Director in both SPIB and SPIP.

The subcontracting of orders between SPIP and SKP and GHI and other third party plastics producers is a common practice in the industry. Subcontracting allows manufacturers who have obtained large orders during peak seasons to meet with the timeframe set by their customers. In low-order periods, accepting subcontract orders provide work for under-utilised capacity. The sub-contracts are carried out in the ordinary course of business on commercial terms.

- (ii) SPIP is also one (1) of the major customers of GHT. However, such transactions are carried out in the ordinary course of business on commercial terms.
- (iii) On 1 October 1998, a tenancy agreement was entered between GHL as landlord and SPIP as tenant for HS(D) 16496 Lot PTD 1994 Mukim of Linau, Daerah Batu Pahat, with a building known as 4A Jalan Jorak Estate, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor Darul Takzim with total floor area of 23,200 square feet. On 5 July 2001, the tenancy agreement was renewed for a further period of two (2) years from 1 October 2001 to 30 September 2003 for a monthly rental of RM14,000 per annum.

The tenancy agreement was entered into in the ordinary course of business of GHL on commercial terms.

- (iv) On 1 October 1998, a tenancy agreement was entered between GHL as landlord and SPIP as tenant for HS(D) 6731 Lot PTD 1124 Mukim of Linau, Daerah Batu Pahat, with a building known as 4 Jalan Jorak Estate, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor Darul Takzim with total floor area of 12,000 square feet. On 5 July 2001, the tenancy agreement was renewed for a further period of two (2) years from 1 October 2001 to 30 September 2003 for a monthly rental of RM10,000 per annum.

The tenancy agreement was entered into in the ordinary course of business of GHL on commercial terms.

- (v) On 15 March 2002, a tenancy agreement was entered between SKP as tenant and Damaipulus Sdn Bhd (“DMP”) as landlord for a building known as No. 28, Jalan Damai Utama, Taman Industri Damaipulus, 83000 Batu Pahat, Johor Darul Takzim with total floor area of 3,827 square feet for a monthly rental of RM1,500 from 15 March 2002 to 14 March 2003.

Dato’ Gan Kim Huat is a Major Shareholder and Director of DMP. The tenancy agreement was entered into in the ordinary course of business on commercial terms.

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

Transactions (i) to (v) are recurrent related party transactions as they are recurring transaction of revenue nature and necessary for day-to-day operations and in the ordinary course of business. Transactions (i) to (iv) are recurrent related party transactions by virtue of the past directorship and shareholding of Dato' Gan Kim Huat in SPIB in the preceding 12 months of the date the transactions were entered into.

Dato' Gan Kim Huat has resigned from the Board of Directors SPIB on 26 August 2002 and does not hold any shares in SPIB as at 3 December 2002.

The following are the value of recurrent related party transactions from 1 April 2002 to 30 November 2002 and the estimated value of recurrent related party transactions to be carried out from 1 December 2002 to 30 September 2003. The value of these transactions may be subject to changes during the period from 1 December 2002 to 30 September 2003.

Company	Related party	Types of transaction	Interested Director and Major Shareholder	Value of transactions from 01.04.02 to 30.11.02		Estimated value of transactions from 01.12.02 to 30.09.03	
				Purchases RM 000	Sales RM 000	Purchases RM 000	Sales RM 000
SKP	SPIP	Sale and purchase of plastic parts, raw materials, packing materials and pallets to/from SPIP and repair of mould expenses charged by or to SPIP.	Dato' Gan Kim Huat	862	87	1,000	1,000
GHI	SPIP	Sale and purchase of plastic parts, raw materials, packing materials and pallets, stencil, jig and ink to/from SPIP and repair of mould expenses charged by or to SPIP.	Dato' Gan Kim Huat	1,135	1,811	1,500	2,400
GHT	SPIP	Sale of plastic injection moulds to SPIP and repair of mould expenses charged by or to SPIP.	Dato' Gan Kim Huat	-	114	-	180
GHL	SPIP	Rental of premises to SPIP.	Dato' Gan Kim Huat	-	192	-	240
SKP	DMP	Rental of premises from DMP.	Dato' Gan Kim Huat	12	-	15	-
Total				2,009	2,204	2,515	3,820

9.2 Conflicts of Interest

Save as disclosed below, none of the Directors or Major Shareholders of the SKPRB Group have any interest, direct or indirect, in any business carrying on a similar trade as SKPRB and its subsidiaries.

As at 3 December 2002, Dato' Gan Kim Huat is also a Major Shareholder of STS, a company listed on the Second Board of the KLSE, involved in the manufacturing of plastic parts for households and the automobile industry.

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

Although both SKPRB and STS are involved in plastics industry, the market segments served by both companies are different. SKPRB's market segment is mainly in the electronic and electrical products industry whilst STS's market segment is in household products and the automobile industry. In addition, STS only represents an investment of Dato' Gan Kim Huat and Dato' Gan Kim Huat is not a Director of STS.

The following are the various steps that have been taken by SKPRB to ensure that there is no conflicts of interest in the future:

- (i) Dato' Gan Kim Huat has undertaken to the SC that he will not be involved in any business which is in conflict directly or indirectly with the business of SKPRB; and
- (ii) The audit committee of SKPRB, which will have two (2) independent Directors who comprise a majority of the audit committee, will monitor and report any business of the Directors and Major Shareholders of the SKPRB Group that will give rise to conflicts of interest directly or indirectly with the business of the SKPRB Group in the annual report of the Company.

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10. MORATORIUM ON THE SALE OF SKPRB SHARES

The Public Issue made under the terms of this Prospectus had been approved by the SC on 5 August 2002, 1 October 2002 and 12 December 2002. In conjunction with Listing, two (2) Major Shareholders/promoters of SKPRB have agreed to a moratorium on the disposal of their shares.

Thus, the two (2) Major Shareholders/promoters of SKPRB will not be allowed to sell, transfer or assign their SKPRB Shares as tabulated in column III below within one (1) year from the date of Listing. Thereafter, they are permitted to sell, transfer or assign in every subsequent year only up to a maximum of one-third (1/3) per annum (on a straight line basis) of their respective shareholdings in the Company under which the moratorium on disposal has been imposed. Such permission to sell will be cumulative so that the restriction on sale shall cease to apply upon the expiry of the fourth year after the date of Listing.

	I No. of SKPRB Shares after the Public Issue	II % of the enlarged issued and paid-up share capital	III No. of SKPRB Shares under moratorium	IV % of the enlarged issued and paid up share capital
RMSB	15,776,052	32.87	15,776,052	32.87
Ubiquity	9,706,152	20.22	5,823,948	12.13
Total	25,482,204	53.09	21,600,000	45.00

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11. FINANCIAL INFORMATION

11.1 Working Capital, Borrowings, Contingent Liabilities and Capital Commitments

(i) Working Capital

The Directors are of the opinion that, barring unforeseen circumstances and after taking into account the consolidated cashflow forecast, banking facilities available and the gross proceeds from the Public Issue, the Group shall have adequate working capital for its present and foreseeable requirements.

(ii) Borrowings

As at 30 November 2002 (being the latest practicable date of which such amounts could be calculated prior to the printing of this Prospectus), the total borrowings of the Group amounting to approximately RM1.33 million, all of which are interest bearing, are as follows:

Outstanding borrowings	Payable within 12 months RM 000	Payable after 12 months RM 000	Total RM 000
Term loans	267	974	1,241
Overdraft	31	-	31
Hire purchase	27	26	53
Total	325	1,000	1,325

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

(iii) Material Contingent Liabilities and Capital Commitments

As at 30 November 2002 (being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus), the Group has no material contingent liabilities which upon materialisation would have a material impact on the profit or net assets of the Group.

In addition, as at 30 November 2002 (being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus), save for the purchase of machinery and upgrading of computer hardware as disclosed in Section 5.7 of this Prospectus, there are no material capital commitments for capital expenditure contracted or known to be contracted by the Group which may have a material impact on the financial position of the Group.

11. FINANCIAL INFORMATION (Cont'd)

11.2 Consolidated Profit Forecast for the Financial Year Ending 31 March 2003

The Directors forecast that, in the absence of unforeseen circumstances, the consolidated profit before and after taxation for the year ending 31 March 2003 will be as follows:

Year ending 31 March	Forecast 2003 RM 000
Revenue	70,115
Consolidated profit before taxation and minority interest	12,096
Taxation	(3,012)
Minority interest	(76)
Consolidated profit after taxation and minority interest	9,008
Pre-acquisition profit	(6,032)
Consolidated profit after taxation, minority interest and pre-acquisition profit	2,976
Gross EPS (sen)	
- Based on the weighted average number of shares in issue of 14,800,000 SKPRB Shares assuming completion of the Public Issue by 31 January 2003 and the consolidated profit before taxation but after minority interest and pre-acquisition profit of RM3,980,000	26.89
- Based on the enlarged share capital of 48,000,000 SKPRB Shares and the consolidated profit before taxation but after minority interest of RM12,020,000	25.04
Gross PE Multiple (based on the issue price of RM1.50 per ordinary share) (times)	
- Based on the weighted average number of shares in issue of 14,800,000 SKPRB Shares assuming completion of the Public Issue by 31 January 2003 and the consolidated profit before taxation but after minority interest and pre-acquisition profit of RM3,980,000	5.58
- Based on the enlarged share capital of 48,000,000 SKPRB Shares and the consolidated profit before taxation but after minority interest of RM12,020,000	5.99
Net EPS (sen)	
- Based on the weighted average number of shares in issue of 14,800,000 SKPRB Shares assuming completion of the Public Issue by 31 January 2003 and the consolidated profit after taxation, minority interest and pre-acquisition profit of RM2,976,000	20.11
- Based on the enlarged share capital of 48,000,000 SKPRB Shares and the consolidated profit after taxation and minority interest of RM9,008,000	18.77
Net PE Multiple (based on the issue price of RM1.50 per ordinary share) (times)	
- Based on the weighted average number of shares in issue of 14,800,000 SKPRB Shares assuming completion of the Public Issue by 31 January 2003 and the consolidated profit after taxation, minority interest and pre-acquisition profit of RM2,976,000	7.46
- Based on the enlarged share capital of 48,000,000 SKPRB Shares and the consolidated profit after taxation and minority interest of RM9,008,000	7.99

11. FINANCIAL INFORMATION (Cont'd)

The principal assumptions upon which the above profit forecast has been made are as follows:

- (i) There will be no significant changes in the present principal activities and group structure of the SKPRB Group;
- (ii) There will be no significant changes in the prevailing Malaysian and world economic conditions which will adversely affect the activities or performance of the SKPRB Group;
- (iii) There will be no significant changes in the present legislations and government regulations which will adversely affect the activities of the SKPRB Group or the market in which it operates;
- (iv) There will be no significant fluctuations in inflation and interest rates;
- (v) Foreign currency exchange rates will not fluctuate significantly from the prevailing exchange rate of RM3.80:USD1.00;
- (vi) There will be no material increase in price of raw material, wages, costs of production and other related costs which will adversely affect the performance of the SKPRB Group;
- (vii) There will be no major industrial disputes or disruptions in the production operations or other abnormal factors, both domestic and overseas, which will adversely affect the activities and performance of the SKPRB Group;
- (viii) Existing financing facilities will remain available and the level of interest rates will not change materially from those prevailing;
- (ix) Capital expenditure will take place as planned with no material changes in the costs or prices;
- (x) There will be no significant changes in the present income tax rate of 28%. It is also assumed that the SKPRB Group will continue to enjoy reinvestment allowance incentive during the period covered by the forecast except for GHJ which is not qualified to claim reinvestment allowance;
- (xi) There will be no significant changes in management structure and accounting policies normally adopted by the companies within the SKPRB Group;
- (xii) The profit forecast is prepared on the basis of acquisition method of accounting; and
- (xiii) The proceeds from the Public Issue will be received by January 2003.

For the financial year ending 31 March 2003, revenue is forecast at RM70.12 million representing an increase of 11.44% from the proforma consolidated revenue for the financial year ended 31 March 2002 of RM62.92 million. The forecast increase in revenue is mainly due to the expected increase in demand from electronic and electrical products which indirectly increases the demand for plastic parts and components by MNCs. As a result of the increase in revenue and the continuous cost saving strategy, the consolidated profit after taxation and minority interest of SKPRB is forecast to increase by 3.90% to RM9.01 million as compared to RM8.67 million in the financial year ended 31 March 2002.

The Directors have reviewed and analysed the bases and assumptions used in the arriving at the consolidated profit forecast of SKPRB for the financial year ending 31 March 2003 and are of the opinion that the consolidated profit forecast is fair and reasonable in light of the prospects of the plastics industry in which it operates and the future prospects and plans of the SKPRB Group as set out in Sections 6.5 and 7.4.6 respectively of this Prospectus and after taking into consideration the forecast gearing level, liquidity and working capital requirement of the SKPRB Group.

11. FINANCIAL INFORMATION (Cont'd)

11.3 Reporting Accountants' Letter on the Consolidated Profit Forecast for the Financial Year Ending 31 March 2003



AF: 0039

■ Chartered Accountants
Graha Maju, Bangunan PKNM
Tingkat 10, Lot 1
Jalan Graha Maju
75300 Melaka, Malaysia

■ Phone : (06) 283-1399
Fax : (06) 284-1799
www.ey.com/my

Date: 17 DECEMBER 2002

The Board of Directors
SKP RESOURCES BERHAD
Suite 11.1A, Level 11, Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur

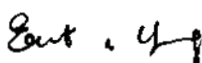
Gentlemen


CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 MARCH 2003

We have reviewed the accounting policies and calculations for the consolidated profit forecast of **SKP RESOURCES BERHAD** ("SKPRB") and its subsidiaries ("the Group"), for which the Directors are solely responsible, for the year ending 31 March 2003 which has been prepared for inclusion in the Prospectus to be dated 28 December 2002 in connection with the public issue of 7,200,000 new ordinary shares of RM1.00 each in SKPRB at an issue price of RM1.50 per ordinary share and the listing of and quotation for the entire enlarged issued and paid-up share capital of SKPRB comprising 48,000,000 ordinary shares of RM1.00 each on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the consolidated profit forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of assumptions made by the Directors as set out in the prospectus, and is prepared on a basis consistent with the accounting policies normally adopted by the companies within the Group.

Yours faithfully


ERNST & YOUNG
No. AF 0039
Chartered Accountants


LEE AH TOO
No. 2187/09/03(J)
Partner of the Firm

11. FINANCIAL INFORMATION *(Cont'd)*

11.4 Dividend Forecast

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

Based on the forecast consolidated profit after taxation, the Directors anticipate that in the absence of unforeseen circumstances, the Company will be in a position to propose a tax-exempt dividend rate of five percent (5%) per ordinary share for the financial year ending 31 March 2003 based on the issued and paid-up share capital of 48,000,000 SKPRB Shares.

The intended appropriation from the consolidated forecast profit after taxation of the Group for the financial year ending 31 March 2003 is as follows:

Year ending 31 March	Forecast 2003 RM 000
Consolidated profit after taxation and minority interest	9,008
Less: Pre-acquisition profit	(6,032)
Consolidated profit after taxation, minority interest and pre-acquisition profit	<u>2,976</u>
Less: Proposed final tax-exempt dividend rate of five percent (5%) per ordinary share	(2,400)
Unappropriated profit carried forward	<u>576</u>
Tax-exempt dividend per share (sen)	5.00
Tax-exempt dividend yield <i>(based on the issue price of RM1.50 per ordinary share)</i> (%)	3.33
Tax-exempt dividend cover (times) ⁽¹⁾	1.24

Note:

⁽¹⁾ Dividend cover is computed based on consolidated profit after taxation, minority interest and pre-acquisition profit over tax-exempt dividend.

Future dividends will be waived in the event of the following events:

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

Notwithstanding the above, the Directors have full discretion to propose the waiver of any future dividend payment as and when deemed necessary, if it is in the best interest of the Company.

11. FINANCIAL INFORMATION (Cont'd)

11.5 Proforma Consolidated Balance Sheets as at 31 July 2002

The proforma consolidated balance sheets of SKPRB as at 31 July 2002 set out below are provided for illustrative purposes only to show the effects of the Acquisitions, Public Issue and proposed utilisation of proceeds from the Public Issue in conjunction with the Listing, on the assumption that these transactions were completed on 31 July 2002 and is prepared on a basis consistent with the accounting policies normally adopted by the SKPRB Group:

	Audited as at 31.07.02 RM 000	Proforma I After the Acquisitions RM 000	Proforma II After Proforma I and the Public Issue RM 000	Proforma III After Proforma II and the proposed utilisation of proceeds from the Public Issue RM 000
FIXED ASSETS	-	39,815	39,815	47,975
CURRENT ASSETS	1	39,014	49,814	39,654
CURRENT LIABILITIES	(13)	(15,056)	(15,056)	(15,056)
	(12)	63,773	74,573	72,573
Financed by:				
SHARE CAPITAL	(1)	40,800	48,000	48,000
RESERVES	(12)	4,694	8,294	6,294 ⁽²⁾
SHAREHOLDERS' FUNDS	(12)	45,494	56,294	54,294
RESERVES ON CONSOLIDATION	-	14,475	14,475	14,475
	(12)	59,969	70,769	68,769
LONG TERM BORROWINGS	-	1,104	1,104	1,104
DEFERRED TAXATION	-	2,700	2,700	2,700
	(12)	63,773	74,573	72,573
NTA/(Net liabilities) (RM 000)	(12)	59,969	70,769	68,769
No. of ordinary shares (000)	(1)	40,800	48,000	48,000
NTA/(Net liabilities) per ordinary share (RM)	(5,954.50)	1.47	1.47	1.43

Notes:

⁽¹⁾ Two (2) ordinary shares of RM1.00 each.

⁽²⁾ After deducting the estimated listing expenses of approximately RM2 million.

11. FINANCIAL INFORMATION (Cont'd)

- (i) The proforma consolidated balance sheets of SKPRB as at 31 July 2002 have been prepared for illustrative purposes based on accounting principles and bases adopted in the preparation of the audited financial statements of SKPRB and the following companies:

- (a) SKP
 (b) GHL
 (c) GHI
 (d) GHT*

* GHT is 63% owned by SKP

- (ii) The Acquisitions and Public Issue are assumed to have been effected on 31 July 2002 in the following manner:

- (a) Proforma I incorporates the acquisition of the following subsidiaries to be satisfied by an issue of 40,799,998 new SKPRB Shares at an issue price of approximately RM1.12 per ordinary share;

Company	No. of shares acquired	Equity interest acquired	Purchase consideration RM	Satisfied by new shares in SKPRB
SKP	6,762,728	100%	29,110,877	26,100,327
GHL	2,000,000	100%	9,720,239	8,715,004
GHI	10,000,000	100%	6,674,970	5,984,667
			<u>45,506,086</u>	<u>40,799,998</u>

- (b) Proforma II incorporates Proforma I and the Public Issue;
 (c) Proforma III incorporates Proforma II and utilisation of proceeds from the Public Issue as follows:

	RM 000
Purchase of machinery	6,060
Upgrading of computer hardware and software	2,100
Working capital	640
Listing expenses	2,000
	<u>10,800</u>

- (d) All inter-company balances have been eliminated in arriving at the proforma consolidated balance sheets;
 (e) Listing expenses of RM2,000,000 is written off against the share premium account; and
 (f) The proforma consolidated balance sheets are arrived at using the acquisition method of accounting.

11. FINANCIAL INFORMATION (Cont'd)

(iii) Share Capital

The movement of the issued and paid-up share capital of SKPRB after taking into account the Acquisitions and Public Issue are as follows:

	RM
As at 31 July 2002	2
Shares issued pursuant to the Acquisitions	40,799,998
Per Proforma Consolidated Balance Sheet (I)	40,800,000
Public Issue	7,200,000
Per Proforma Consolidated Balance Sheet (II)	<u>48,000,000</u>

(iv) Reserves

The movement of the reserves of SKPRB after taking into account the Acquisitions and Public Issue are as follows:

	RM 000
Accumulated losses	(12)
Share premium arising from the Acquisitions	4,706
Per Proforma Consolidated Balance Sheet (I)	4,694
Share premium arising from the Public Issue	3,600
Per Proforma Consolidated Balance Sheet (II)	8,294
Listing expenses	(2,000)
Per Proforma Consolidated Balance Sheet (III)	<u>6,294</u>

11. FINANCIAL INFORMATION (Cont'd)

11.6 Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets



AF: 0039

■ Chartered Accountants
Graha Maju, Bangunan PKNM
Tingkat 10, Lot 1
Jalan Graha Maju
75300 Melaka, Malaysia

■ Phone : (06) 283-1399
Fax : (06) 284-1799
www.ey.com/my

Date: 17 DECEMBER 2002

The Board of Directors
SKP RESOURCES BERHAD
Suite 11.1A, Level 11, Menara Weld
76 Jalan Raja Chulan
50200 Kuala Lumpur

Gentlemen

PROFORMA CONSOLIDATED BALANCE SHEETS

We have reviewed the presentation of the proforma consolidated balance sheets of **SKP RESOURCES BERHAD** ("SKPRB") and its subsidiaries ("the Group") as at 31 July 2002 together with the notes thereon, for which the Directors are solely responsible, and which have been prepared for inclusion in the Prospectus to be dated 28 December 2002 in connection with the public issue of 7,200,000 new ordinary shares of RM1.00 each in SKPRB at an issue price of RM1.50 per ordinary share and the listing of and quotation for the entire enlarged issued and paid-up share capital of SKPRB comprising 48,000,000 ordinary shares of RM1.00 each on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the proforma consolidated balance sheets of SKPRB, 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

A handwritten signature in dark ink, appearing to read 'Ernst & Young'.

ERNST & YOUNG
No. AF 0039
Chartered Accountants

A handwritten signature in dark ink, appearing to read 'Lee Ah Too'.

LEE AH TOO
No. 2187/09/03(J)
Partner of the Firm