

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF SERN KOU RESOURCES BERHAD ("SKRB" OR THE "COMPANY") AND THE OFFERORS AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM, HAVING MADE ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING. THE DIRECTORS OF SKRB HEREBY ACCEPT FULL RESPONSIBILITY FOR THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST INCLUDED IN THIS PROSPECTUS AND CONFIRM THAT THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST HAVE BEEN PREPARED BASED ON ASSUMPTIONS MADE.

COMMERCE INTERNATIONAL MERCHANT BANKERS BERHAD BEING THE ADVISER, MANAGING UNDERWRITER AND PLACEMENT AGENT ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PUBLIC ISSUE AND OFFER FOR SALE AND IS SATISFIED THAT THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST (FOR WHICH THE DIRECTORS OF SKRB ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THIS PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS OF SKRB AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE PUBLIC ISSUE AND OFFER FOR SALE ON 24 SEPTEMBER 2003 AND 11 NOVEMBER 2003 AND THE APPROVAL OF THE SC SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC ISSUE AND OFFER FOR SALE AND/OR THE FLOTATION OF SKRB ON THE SECOND BOARD OF MALAYSIA SECURITIES EXCHANGE BERHAD ("MSEB"). THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

THE MSEB SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS CORRECTNESS OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR PART OF THE CONTENTS OF THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INVITATION, CORPORATION OR OF ITS SECURITIES.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORM HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES, WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for the entire enlarged issued and paid-up share capital of SKRB on the MSEB is set out below:

Event	Date
Opening of Applications	19 January 2004
Closing of Applications	29 January 2004
Tentative Balloting Date	4 February 2004
Tentative Date of Dispatch of Notices of Allotment to successful applicants	11 February 2004
Tentative Listing Date of SKRB's entire enlarged issued and paid-up share capital on the Second Board of MSEB	12 February 2004

The application for the SKRB Shares will remain open until 5.00 p.m. on 29 January 2004 or such further date as the Directors of SKRB in their absolute discretion may decide. Should the closing date of the application be extended, the notice of extension of the closing date will be published in a Bahasa Malaysia and English newspaper which is widely circulated in Malaysia and the dates for the balloting, dispatch, allotment and listing and quotation for the entire issued and paid up share capital of SKRB on the Second Board of MSEB would be extended accordingly.

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following abbreviations shall apply throughout:

“Acquisitions”	: The Acquisition of SK, Acquisition of SKFI and Acquisition of VPM collectively
“Acquisition of SK”	: Acquisition of the entire issued and fully paid-up share capital of SK comprising 2,500,000 ordinary shares of RM1.00 each for a total purchase consideration of RM3,434,280 to be satisfied by the issuance of 6,305,736 new SKRB Shares at approximately RM0.54 per SKRB Share
“Acquisition of SKFI”	: Acquisition of the entire issued and fully paid-up share capital of SKFI comprising 5,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM11,942,952 to be satisfied by the issuance of 21,928,642 new SKRB Shares at approximately RM0.54 per SKRB Share
“Acquisition of VPM”	: Acquisition of the entire issued and fully paid-up share capital of VPM comprising 5,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM9,060,225 to be satisfied by the issuance of 16,635,622 new SKRB Shares at approximately RM0.54 per SKRB Share
“ADA”	: Authorised Depository Agent
“AHSB”	: Amazing Harmony Sdn Bhd (<i>Company No.: 627857-D</i>)
“Application”	: The application for the Issue/Offer Shares by way of Application Forms or by way of Electronic Share Application
“Application Form(s)”	: The printed application form(s) for the application for the Issue/Offer Shares
“ASEAN”	: Association of Southeast Asian Nations
“ATM”	: Automated Teller Machine
“CDS”	: Central Depository System
“CIMB”	: Commerce International Merchant Bankers Berhad (<i>Company No.: 18417-M</i>)
“Electronic Share Application”	: The application for the Issue/Offer Shares through a Participating Financial Institution’s ATM
“EPS”	: Earnings per share
“FIC”	: Foreign Investment Committee
“GDP”	: Gross Domestic Product
“ISO”	: International Organisation for Standardisation
“Issue Price”	: The issue price of RM0.90 per Issue Share
“Issue Share(s)”	: 12,680,000 new SKRB Shares to be issued pursuant to the Public Issue, at the Issue Price
“Listing”	: The admission to the Official List and the listing of and quotation for 90,000,000 SKRB Shares representing the entire enlarged issued and paid-up share capital of SKRB on the Second Board of the MSEB
“MSEB”	: Malaysia Securities Exchange Berhad (<i>Company No.: 635998-W</i>)
“MBSB”	: Mewah Budi Capital Sdn Bhd (<i>Company No.: 568043-X</i>)

DEFINITIONS (CONT'D)

“MCD”	:	Malaysian Central Depository Sdn Bhd (<i>Company No.: 165570-W</i>), a subsidiary of the MSEB																								
“MIDA”	:	Malaysian Industrial Development Authority																								
“MIH”	:	Malaysian Issuing House Sdn Bhd (<i>Company No.: 258345-X</i>)																								
“MITI”	:	Ministry of International Trade and Industry																								
“NTA”	:	Net tangible assets																								
“Offer for Sale”	:	Offer for sale by the Offerors of 11,782,000 SKRB Shares at the Offer Price payable in full on application comprising: <ul style="list-style-type: none"> (i) 7,282,000 SKRB Shares is reserved for Bumiputera investors approved by the MITI; and (ii) 4,500,000 SKRB Shares to be allocated to eligible Directors, employees, suppliers and customers of the SKRB Group, subject to the terms and conditions of this Prospectus 																								
“Offer Price”	:	The offer price of RM0.90 per Offer Share																								
“Offer Shares”	:	11,782,000 SKRB Shares to be offered pursuant to the Offer for Sale, at the Offer Price																								
“Offerors”	:	The existing shareholders of SKRB who are offering for sale the Offer Shares are as follows:																								
		<table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Shareholders</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>Koh Kun Chuan</td> <td style="text-align: right;">4,011,311</td> <td style="text-align: right;">4.46</td> </tr> <tr> <td>Quek Gim Hong @ Keh Gim Hong</td> <td style="text-align: right;">1,545,552</td> <td style="text-align: right;">1.72</td> </tr> <tr> <td>Quek Wee Seng</td> <td style="text-align: right;">1,836,203</td> <td style="text-align: right;">2.04</td> </tr> <tr> <td>Wa Ang Ka @ Kua Ang Ka</td> <td style="text-align: right;">944,334</td> <td style="text-align: right;">1.05</td> </tr> <tr> <td>MBSB</td> <td style="text-align: right;">1,722,300</td> <td style="text-align: right;">1.91</td> </tr> <tr> <td>WHSB</td> <td style="text-align: right;">1,722,300</td> <td style="text-align: right;">1.91</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">11,782,000</td> <td style="text-align: right; border-top: 1px solid black;">13.09</td> </tr> </tbody> </table>	Shareholders	No. of Offer Shares	% of the enlarged share capital	Koh Kun Chuan	4,011,311	4.46	Quek Gim Hong @ Keh Gim Hong	1,545,552	1.72	Quek Wee Seng	1,836,203	2.04	Wa Ang Ka @ Kua Ang Ka	944,334	1.05	MBSB	1,722,300	1.91	WHSB	1,722,300	1.91		11,782,000	13.09
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	11,782,000	13.09																								
“Participating Financial Institution(s)”	:	The participating financial institution(s) for Electronic Share Application as listed in Section XIV(ii)(o) of this Prospectus																								
“PAT”	:	Profit after taxation																								
“PBT”	:	Profit before taxation																								
“PE Multiple(s)”	:	Price earnings multiple(s)																								
“Prescribed Security”	:	Ordinary shares of a company prescribed by the MSEB to be deposited into the CDS																								

DEFINITIONS (CONT'D)

“Public Issue”	: The public issue of 12,680,000 new SKRB Shares at the Issue Price, payable in full on application, comprising:
	(i) 6,000,000 new SKRB Shares to the Malaysian public; and
	(ii) 6,680,000 new SKRB Shares via private placement to identified investors
“R&D”	: Research and development
“Rights Issue”	: Rights issue of 32,446,000 new SKRB Shares at par, payable in full upon acceptance on the basis of approximately 7.23 new SKRB Shares for every 10 SKRB Shares held after the Acquisitions
“RM”	: Ringgit Malaysia
“SC Guidelines”	: Policies and Guidelines on Issue/Offer of Securities issued by the SC
“SC”	: Securities Commission
“Share Split”	: The sub-division of the par value of the existing ordinary shares in SKRB from RM1.00 to RM0.50 per ordinary share
“SK”	: S.K. Furniture Sdn Bhd (<i>Company No.: 385922-X</i>)
“SKFI”	: Sern Kou Furniture Industries Sdn Bhd (<i>Company No.: 248358-P</i>)
“SKRB” or “Company”	: Sern Kou Resources Berhad (<i>Company No.: 519103-X</i>)
“SKRB Group” or “Group”	: SKRB and its subsidiaries
“SKRB Shares”	: Ordinary shares of RM0.50 each in SKRB
“sq. ft.”	: Square feet
“UK”	: United Kingdom of Great Britain and Wales
“US”	: United States of America
“USD”	: US Dollars
“VPM”	: Valued Products (M) Sdn Bhd (<i>Company No.: 329872-U</i>)
“WHSB”	: Warta Hijau Sdn Bhd (<i>Company No.: 558314-D</i>)

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I. CORPORATE DIRECTORY

DIRECTORS

The Board of Directors of SKRB is as follows:

Name	Address	Profession	Nationality
Quek Gim Hong @ Keh Gim Hong (Executive Chairman)	PKE 8 Jeram Masjid Bakri 84200 Muar Johor Darul Takzim	Company Director	Malaysian
Koh Kun Chuan (Managing Director)	Batu 71/2 Bakri 84200 Muar Johor Darul Takzim	Company Director	Malaysian
Quek Wee Seng (Executive Director)	PKE 8 Jeram Masjid Bakri 84200 Muar Johor Darul Takzim	Company Director	Malaysian
Wa Ang Ka @ Kua Ang Ka (Executive Director)	Batu 4, Jalan Bukit Pasir 84300 Bukit Pasir Muar Johor Darul Takzim	Company Director	Malaysian
Mohd Mahyudin Bin Zainal (Non-Independent Non-Executive Director)	Lot 8299, Kg. Delek 41250 Klang Selangor Darul Ehsan	Lawyer	Malaysian
Yang Berhormat Senator Datuk Dr Haris Bin Haji Salleh (Independent Non-Executive Director)	No. 97-8 Jalan Ahmad Tanjung Agas 84000 Muar Johor Darul Takzim	Director	Malaysian
Dr Tan Chee Huat (Independent Non-Executive Director)	No. 10, Jalan Flora 6 Taman Flora 83000 Batu Pahat Johor Darul Takzim	Chartered Accountant	Malaysian
Tay Puay Chuan (Independent Non-Executive Director)	No. 32 Jalan Putera 3 Taman Putera Indah 84000 Muar Johor Darul Takzim	Lawyer	Malaysian

AUDIT COMMITTEE

Name	Responsibility	Directorship
Dr Tan Chee Huat	Chairman of the Committee	Independent and Non-Executive
Tay Puay Chuan	Member of the Committee	Independent and Non-Executive
Quek Gim Hong @ Keh Gim Hong	Member of the Committee	Executive

I. CORPORATE DIRECTORY (CONT'D)

COMPANY SECRETARIES

Mah Li Chen
(MAICSA 7022751)
No. 33, Jalan BRP 4/6
Bukit Rahman Putra
Seksyen U20
40160 Shah Alam
Selangor Darul Ehsan

Lee Ming Leong
(MAICSA 7006926)
101 Jalan 17/4
46400 Petaling Jaya
Selangor Darul Ehsan

REGISTERED OFFICE

C15-1, Level 15, Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel: 03 – 21662000
Fax: 03 – 21663000

HEAD OFFICE

Lot PTD 6019 (Lot 8804)
Jalan Perindustrian 1
Kawasan Perindustrian Bukit Bakri
Mukim Bakri
84200 Muar
Johor Darul Takzim
Tel: 06 – 9865562
Email: sernkou@sernkou.com
Website: www.sernkou.com

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
15, Jalan Petrie
84000 Muar
Johor Darul Takzim

Malayan Banking Berhad
Muar Business Centre
2nd Floor
104, Jalan Abdullah
84000 Muar
Johor Darul Takzim

Bumiputra-Commerce Bank Berhad
Business Centre Permas Jaya
No. 43 & 43-01
Jalan Permas 10/2
Bandar Baru Permas Jaya
81750 Johor Baharu
Johor Darul Takzim

I. CORPORATE DIRECTORY (CONT'D)

AUDITORS AND REPORTING ACCOUNTANTS	Horwath (AF 1018) Chartered Accountants Level 16, Tower C Megan Avenue II 12 Jalan Yap Kwan Seng 50450 Kuala Lumpur
REGISTRAR	Signet Share Registration Services Sdn Bhd 11th Floor, Tower Block Kompleks Antarabangsa Jalan Sultan Ismail 50250 Kuala Lumpur
SOLICITORS FOR THE LISTING	Wong Beh & Toh Level 12, West Block Wisma Selangor Dredging 142-C Jalan Ampang 50450 Kuala Lumpur
ISSUING HOUSE	Malaysian Issuing House Sdn Bhd 27th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur
ADVISER, MANAGING UNDERWRITER AND PLACEMENT AGENT	Commerce International Merchant Bankers Berhad 7th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur
UNDERWRITERS	Commerce International Merchant Bankers Berhad 7th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur K & N Kenanga Bhd 801, 8th Floor Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur
LISTING SOUGHT	Second Board of MSEP

II. INFORMATION SUMMARY

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

1. HISTORY AND BUSINESS

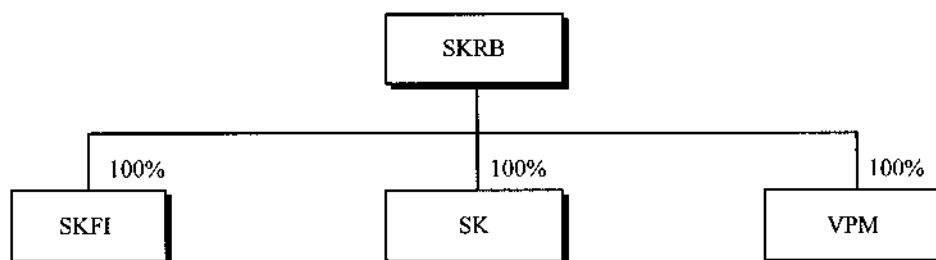
SKRB was incorporated in Malaysia under the Companies Act, 1965 on 5 July 2000 as a private limited company under the name of Sern Kou Resources Sdn Bhd. It was converted into a public company on 13 March 2003 and assumed its present name. The principal activities of the Company are investment holding and provision of management services whilst the principal activities of its subsidiaries are as follows:

Company	Principal Activities
SKFI	Manufacturing of wooden furniture
SK	Manufacturing and trading in metal furniture and parts
VPM	Manufacturing and processing of rubberwood and related products

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

The SKRB Group is an integrated furniture manufacturer principally involved in the manufacturing and distribution of rubberwood and metal furniture and trading of kiln-dried rubberwood. The SKRB Group operates from within a combined built up area of 260,550 sq. ft. in factories located in Kawasan Perindustrian Bukit Bakri in Muar, Johor Darul Takzim. For further details on the business overview and the principal activities of the subsidiaries of the Group, please refer to Sections V(3) and V(4) of this Prospectus.

The group structure of the SKRB Group is as follows:



II. INFORMATION SUMMARY (CONT'D)

2. OWNERSHIP AND MANAGEMENT

The management team of the SKRB Group is headed by its Managing Director, Koh Kun Chuan, who is the founder of SKFI, the first company incorporated in the SKRB Group and he has more than 10 years of experience in the furniture industry. The key management team of the SKRB Group comprises people with proven capabilities in their respective fields including production, quality control, R&D, finance, marketing, human resource and business development.

Save as disclosed below, none of the Directors, promoters, substantial shareholders and key management, has any shareholdings, direct or indirect, in SKRB after the Public Issue and Offer for Sale:

	Designation(s)	←-----Direct-----→		←-----Indirect-----→	
		No. of SKRB Shares	Percentage of issued and paid-up share capital %	No. of SKRB Shares	Percentage of issued and paid-up share capital %
<i>Directors</i>					
Quok Gim Hong @ Keh Gim Hong	Executive Chairman	*210,000	0.23	⁽¹⁾ 45,090,000	50.10
Koh Kun Chuan	Managing Director	*371,000	0.41	⁽¹⁾ 45,090,000	50.10
Quek Wee Seng	Executive Director	*215,000	0.24	⁽¹⁾ 45,090,000	50.10
Wa Ang Ka @ Kua Ang Ka	Executive Director	*895,780	1.00	-	-
Mohd Mahyudin Bin Zainal	Non-Independent Non-Executive Director	-	-	⁽²⁾ 9,874,664	10.97
Yang Berhormat Senator Datuk Dr Haris Bin Haji Salleh	Independent Non- Executive Director	-	-	-	-
Dr Tan Chee Huat	Independent Non- Executive Director	-	-	-	-
Tay Puay Chuan	Independent Non- Executive Director	-	-	-	-
<i>Promoters</i>					
AHSB	-	45,090,000	50.10	-	-
Quok Gim Hong @ Keh Gim Hong	Executive Chairman	*210,000	0.23	⁽¹⁾ 45,090,000	50.10
Koh Kun Chuan	Managing Director	*371,000	0.41	⁽¹⁾ 45,090,000	50.10
Quek Wee Seng	Executive Director	*215,000	0.24	⁽¹⁾ 45,090,000	50.10
Wa Ang Ka @ Kua Ang Ka	Executive Director	*895,780	1.00	-	-
<i>Substantial shareholders</i>					
AHSB	-	45,090,000	50.10	-	-
Quok Gim Hong @ Keh Gim Hong	Executive Chairman	*210,000	0.23	⁽¹⁾ 45,090,000	50.10
Koh Kun Chuan	Managing Director	*371,000	0.41	⁽¹⁾ 45,090,000	50.10
Quek Wee Seng	Executive Director	*215,000	0.24	⁽¹⁾ 45,090,000	50.10

II. INFORMATION SUMMARY (CONT'D)

Designation(s)	←-----Direct-----→		←-----Indirect-----→		
	No. of SKRB Shares	Percentage of issued And paid-up share capital %	No. of SKRB Shares	Percentage of issued and paid-up share capital %	
Substantial shareholders (cont'd)					
MBSB	-	9,874,664	10.97	-	-
WHSB	-	9,874,664	10.97	-	-
Dato' Dr. Abdul Razak Bin Abdul	-	-	-	(2)9,874,664	10.97
Mohd Mahyudin Bin Zainal	Non-Independent Non-Executive Director	-	-	(2)9,874,664	10.97
Tan Sri Abdul Rahim Bin Mohd Noor	-	-	-	(3)9,874,664	10.97
Idayu Binti Abdul Rahim	-	-	-	(3)9,874,664	10.97
Key Management					
Quek Gim Hong @ Keh Gim Hong	Executive Chairman	*210,000	0.23	(1)45,090,000	50.10
Koh Kun Chuan	Managing Director	*371,000	0.41	(1)45,090,000	50.10
Quek Wee Seng	Executive Director	*215,000	0.24	(1)45,090,000	50.10
Wa Ang Ka @ Kua Ang Ka	Executive Director	*895,780	1.00	-	-
Sem Kok Sing	Factory Manager, SKFI	*70,000	0.08	-	-
Quek Wee Seong	Factory Manager, VPM	*73,446	0.08	-	-
Kua Ah Heng	Factory Manager, SK	*66,000	0.07	-	-
Kua Ah Kheng	Assistant Factory Manager	*41,000	0.05	-	-
Pang Chong Seng	Accountant	*66,000	0.07	-	-
Khoo Ai Lee	Administration Manager	*64,000	0.07	-	-
Teo Tzi Chaw	Senior Marketing Executive	*18,000	0.02	-	-
Yap Pei Sze	Senior Marketing Executive	*18,000	0.02	-	-

Notes:

- * Includes the Offer Shares allocated as part of the pink form allocation to eligible Directors and employees of the SKRB Group and assuming that they subscribe in full for their respective allocations.
- (1) Deemed interested by virtue of their interest in AHSB pursuant to Section 6A of the Companies Act, 1965.
- (2) Deemed interested by virtue of their interest in MBSB pursuant to Section 6A of the Companies Act, 1965.
- (3) Deemed interested by virtue of their interest in WHSB pursuant to Section 6A of the Companies Act, 1965.

Further details of the Directors, substantial shareholders, promoters and key management are set out in Section VI of this Prospectus.

II. INFORMATION SUMMARY (CONT'D)

3. FINANCIAL HIGHLIGHTS

The table below sets out a summary of the proforma consolidated income statement of the SKRB Group for the past 5 financial years ended 31 December 2002 and the 8 month period ended 31 August 2003 prepared based on the assumption that the current structure of the SKRB Group has been in existence throughout the period under review. The proforma consolidated income statement is presented for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report as set out in Section XI of this Prospectus:

	< ----- Financial years ended 31 December ----- >					8 month period ended
	1998	1999	2000	2001	2002	31 August 2003
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
Turnover	24,520	37,032	47,701	59,479	96,464	67,923
Consolidated profit before interest, depreciation and taxation	2,641	6,285	8,781	11,107	16,305	10,934
Interest income	8	9	4	-	13	13
Interest expense	(433)	(366)	(461)	(801)	(1,064)	(612)
Depreciation	(568)	(860)	(1,301)	(1,602)	(1,932)	(1,364)
Consolidated PBT	1,648	5,068	7,023	8,704	13,322	8,971
Taxation	(131)	(198)	(1,119)	(1,196)	(3,477)	(1,956)
Consolidated PAT	1,517	4,870	5,904	7,508	9,845	7,015
Weighted average no. of SKRB Shares assumed in issue (000) ⁽¹⁾	# 35,899	# 41,864	44,874	44,874	44,874	44,874
Gross EPS (sen) ⁽²⁾	4.6	12.1	15.7	19.4	29.7	*20.0
Net EPS (sen) ⁽³⁾	4.2	11.6	13.2	16.7	21.9	*15.6

Notes:

- # Based on the weighted average number of SKRB Shares assumed in issue before the Rights Issue and the Public Issue and after taking into consideration the bonus issue by SKRB's subsidiaries.
- * Based on the proforma results for the 8 month period ended 31 August 2003.
- (1) Being the number of SKRB Shares assumed in issue before the Rights Issue and the Public Issue.
- (2) The gross EPS is computed based on the consolidated PBT divided by the weighted average number of SKRB Shares assumed in issue.
- (3) The net EPS is computed based on the consolidated PAT divided by the weighted average number of SKRB Shares assumed in issue.
- (4) There were no extraordinary items or exceptional items during the financial years/period under review.

SKRB and its subsidiaries' audited financial statements for the past 5 years and 8 month period ended 31 August 2003 have not been subjected to any audit qualifications. Detailed information on the financial performance of the SKRB Group is set out in Section X of this Prospectus.

II. INFORMATION SUMMARY (CONT'D)

4. SUMMARY PROFORMA CONSOLIDATED BALANCE SHEETS

The proforma consolidated balance sheets as set out below are prepared for illustrative purposes only to show the effects on the financial statements of the SKRB Group as at 31 August 2003 had the Share Split, Acquisitions, Rights Issue, Public Issue, Offer for Sale and the listing of and quotation for the entire enlarged issued and paid-up share capital on the Second Board of MSEB, and the utilisation of proceeds been completed on that date and should be read with the notes and assumptions to the proforma consolidated balance sheets set out in Sections X(8) and (9) of this Prospectus.

	Audited as at 31 August 2003 RM 000	(I) After Share Split RM 000	(II) After (I), Acquisitions and Rights Issue RM 000	(III) After (II), Public Issue and Offer for Sale RM 000
Property, plant and equipment	-	-	27,803	32,803
Current assets				
Inventories	-	-	12,273	12,273
Trade receivables	-	-	12,398	12,398
Other receivables, deposits and prepayments	2	2	4,009	4,009
Tax recoverable	-	-	312	312
Fixed deposits with licensed banks	-	-	315	315
Cash and bank balances	1	1	17,129	⁽¹⁾ 19,066
Total current assets	3	3	46,436	48,373
Current liabilities				
Trade payables	-	-	3,601	3,601
Other payables and accruals	-	-	1,684	1,684
Amount owing to directors	17	17	17	17
Dividend payable	-	-	6,000	6,000
Hire purchase payables	-	-	1,005	1,005
Short term borrowings	-	-	14,437	14,437
Provision for taxation	-	-	255	255
Total current liabilities	17	17	26,999	26,999
Net current (liabilities)/assets	(14)	(14)	19,437	21,374
	<u>(14)</u>	<u>(14)</u>	<u>47,240</u>	<u>54,177</u>
Financed by:				
Share capital	2	2	38,660	45,000
Share premium	-	-	2,002	⁽²⁾ 5,174
Accumulated losses	(16)	(16)	(16)	(16)
Negative goodwill	-	-	1,023	1,023
Shareholders' equity	<u>(14)</u>	<u>(14)</u>	<u>41,669</u>	<u>51,181</u>
Long term borrowings	-	-	4,241	1,666
Deferred tax	-	-	1,330	1,330
	<u>(14)</u>	<u>(14)</u>	<u>47,240</u>	<u>54,177</u>
Number of ordinary shares in issue (000)	<u>2</u>	<u>4</u>	<u>77,320</u>	<u>90,000</u>
NTA per share (RM)	<u>*-</u>	<u>*-</u>	<u>0.54</u>	<u>0.57</u>

II. INFORMATION SUMMARY (CONT'D)

Notes:

- * *The Company has not commenced operations as at 31 August 2003. Accordingly, the NTA per share is not computed.*
- (1) *An amount of RM2.575 million is to be used for the repayment of the existing term loans whilst the remaining balance of RM7.220 million has been earmarked for the repayment of the new term loans obtained subsequent to the Proforma Consolidated Balance Sheet date. The remaining balance of RM7.220 million is included in the cash and bank balances for the purpose of the Proforma Consolidated Balance Sheets.*
- (2) *After deducting the estimated expenses of approximately RM1.9 million.*

Detailed information on the proforma consolidated balance sheet is set out in Section X(9) of this Prospectus.

5. RISK FACTORS

Applicant for the Issue/Offer Shares should carefully consider the following risk factors (which may not be exhaustive) summarised from Section IV of this Prospectus, in addition to the other information contained elsewhere in this Prospectus, before applying to subscribe for the Issue/Offer Shares:

- (i) No prior market for SKRB Shares;
- (ii) Control by substantial shareholders;
- (iii) Business risks;
- (iv) Operational risks;
- (v) Supply of raw material;
- (vi) Investment in new lamination line;
- (vii) Political and economic considerations;
- (viii) Foreign currency fluctuations risk;
- (ix) Threat of substitute;
- (x) Competition;
- (xi) Dependence on key personnel;
- (xii) Government regulations on foreign labour;
- (xiii) Domestic borrowings;
- (xiv) Dependence on key customers;
- (xv) Impact of ASEAN Free Trade Area ("AFTA")
- (xvi) Profit estimate and forecast;
- (xvii) Forward looking statements; and
- (xviii) Failure/Delay in listing exercise.

II. INFORMATION SUMMARY (CONT'D)

6. PRINCIPAL STATISTICS**(i) Share Capital RM***Authorised*

400,000,000 ordinary shares of RM0.50 each	200,000,000
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Issued and fully paid-up as at the date of this Prospectus

77,320,000 ordinary shares of RM0.50 each	38,660,000
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To be issued pursuant to the Public Issue

12,680,000 new ordinary shares of RM0.50 each	6,340,000
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	45,000,000
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To be offered pursuant to the Offer for Sale

11,782,000 ordinary shares of RM0.50 each	5,891,000
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(ii) Classes of shares and ranking

There is only one class of shares in the Company, being ordinary shares of RM0.50 each. The Issue/Offer Shares will rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and will be entitled to all rights and dividends and distribution that may be declared subsequent to the date of this Prospectus.

(iii) Issue/Offer Price for each Issue/Offer Share RM0.90**(iv) Proforma Group NTA as at 31 August 2003**

Proforma Group NTA (RM 000)	RM51,181
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(after deducting total estimated listing expenses amounting to RM1.9 million)

Proforma Group NTA per share	RM0.57
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(based on the enlarged issued and paid-up share capital of 90,000,000 ordinary shares of RM0.50 each)

Details of the proforma consolidated balance sheets of the SKRB Group are set out in Sections II(4) and X(9) of this Prospectus.

II. INFORMATION SUMMARY (CONT'D)

(v) Consolidated profit estimate and forecast for the financial year ended 31 December 2003 and the financial year ending 31 December 2004

Financial year ended/ending 31 December	2003 RM 000	2004 RM 000
Consolidated PBT	14,953	15,354
Taxation	(4,049)	(3,534)
Consolidated PAT	10,904	11,820
Pre-acquisition profits	(10,179)	-
Consolidated PAT attributable to shareholders	725	11,820
Gross EPS (sen)	⁽¹⁾ 27.9	⁽³⁾ 17.1
Net EPS (sen)	⁽²⁾ 19.0	⁽⁴⁾ 13.1
Gross PE Multiple [@] (times)	3.2	5.3
Net PE Multiple [@] (times)	4.7	6.9

Notes:

⁽¹⁾ Computed based on the consolidated PBT of RM14.953 million net of pre-acquisition profit before tax of RM13.890 million divided by the weighted average number of SKRB Shares in issue of 3,814,877 SKRB Shares.

⁽²⁾ Computed based on the consolidated PAT of RM10.904 million net of pre-acquisition profit after tax of RM10.179 million divided by the weighted average number of SKRB Shares in issue of 3,814,877 SKRB Shares.

⁽³⁾ Computed based on the consolidated PBT divided by the enlarged issued and paid-up share capital of SKRB of 90,000,000 SKRB Shares.

⁽⁴⁾ Computed based on the consolidated PAT divided by the enlarged issued and paid-up share capital of SKRB of 90,000,000 SKRB Shares.

[@] Based on an issue/offer price of RM0.90 per Issue/Offer Share.

Details of the consolidated profit estimate and forecast of the SKRB Group is set out in Section X(4) of this Prospectus.

(vi) Dividend forecast for the financial year ending 31 December 2004

Gross dividend per ordinary share	2.5 sen
Gross dividend yield (based on the issue/offer price of RM0.90 per Issue/Offer Share)	2.8%
Net dividend yield (based on the offer/issue price of RM0.90 per Offer/Issue Share)	2.0%
Net dividend cover	7.3 times

Details of the dividend forecast of the SKRB Group is set out in Section X(6) of this Prospectus.

II. INFORMATION SUMMARY (CONT'D)

7. PROCEEDS FROM THE RIGHTS ISSUE AND PUBLIC ISSUE AND THE UTILISATION THEREOF

The gross proceeds receivable by SKRB from the Rights Issue and Public Issue of RM27.635 million will be utilised as follows:

	RM 000
Investment into lamination line	5,000
Repayment of borrowings	9,795
Working capital	10,940
Estimated listing expenses	1,900
	<u>27,635</u>

Details of the utilisation of the gross proceeds receivable from the Rights Issue and Public Issue are set out in Section III(7) of this Prospectus.

8. CONTINGENT LIABILITIES AND MATERIAL CAPITAL COMMITMENTS

As at 9 January 2004, the Directors are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group.

As at 9 January 2004, the Directors are not aware of any material capital commitments which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group.

9. MATERIAL LITIGATION

As at 9 January 2004, neither SKRB nor its subsidiaries are engaged in any litigation and/or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of SKRB 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 SKRB or its subsidiaries.

10. WORKING CAPITAL

The Directors of SKRB are of the opinion that, after taking into account the consolidated cashflows, banking facilities available and the gross proceeds from the Rights Issue and Public Issue, the working capital available to the Group will be sufficient for a period of 12 months from the date of this Prospectus.

II. INFORMATION SUMMARY (CONT'D)**11. BORROWINGS**

The total outstanding borrowings of the Group as at 9 January 2004 are as follows:

Outstanding borrowings	Payable within 12 months RM 000	Payable after 12 months RM 000
Hire purchase creditors	832	489
Bank overdraft	3,540	-
Bankers acceptance	11,316	-
Term loan	2,276	8,189
Total	17,964	8,678

All the aforesaid borrowings are interest-bearing. The SKRB Group does not have any foreign borrowings as at the date of this Prospectus. Save as disclosed above, the Group does not have any other loan capital outstanding or loan capital created but unissued, mortgages or charges outstanding.

There has been no default by the SKRB Group on payments of either interest and/or principal sums in respect of its borrowings throughout the past financial year and the subsequent financial period thereof, immediately preceding the date of this Prospectus.

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