

5 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Particulars and Shareholdings

The details of the Promoters and substantial shareholders of the Group and their shareholdings in CSB after the IPO are as follows: -

Name	Place of Incorporation/ Nationality	No. of Ordinary Shares Held			
		Direct	%	Indirect	%
Substantial shareholder LKLH	Malaysia	54,999,941	55.00	-	-
Promoters Lim Chee Keong	Malaysian	-	-	54,999,941*	55.00
Lim Chee Khoon	Malaysian	-	-	54,999,941*	55.00

Notes: -

- * Deemed interested by virtue of his shareholding in LKLH, pursuant to Section 6A of the Act.

5.1.2 Information on Promoter and Substantial Shareholders

Save for the profile of Lim Chee Keong and Lim Chee Khoon (the Directors and Promoters of CSB) which set out in Section 5.2.2, the profiles of the substantial shareholder are as follows: -

LKLH

(i) Background Information

LKLH was incorporated in Malaysia under the Act on 24 April 1997 as a private limited company. It is an investing holding company owned by the Promoters and their family members.

As at 31 August 2004, the authorised share capital of LKLH is RM100,000 comprising 100,000 ordinary shares in LKLH of RM1.00 each and the issued and paid-up share capital of LKLH is RM100 comprising 100 ordinary shares in LKLH of RM1.00 each.

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5 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)
(ii) Directors and Substantial Shareholders

The particulars of Directors and their respective shareholdings in LKLH as at 31 August 2004 is set out below: -

Name	Place of Incorporation/ Nationality	No. of Ordinary Shares Held			
		Direct	(%)	Indirect	(%)
Directors					
Lim Chee Keong	Malaysian	24	24.00	-	-
Lim Chee Khoon	Malaysian	22	22.00	-	-
Lim Chee Beng	Malaysian	11	11.00	-	-
Lim Chee Hwa	Malaysian	11	11.00	-	-
Substantial Shareholders					
Lim Chee Keong	Malaysian	24	24.00	-	-
Lim Chee Khoon	Malaysian	22	22.00	-	-
Lim Chee Hwa	Malaysian	11	11.00	-	-
Lim Chee Beng	Malaysian	11	11.00	-	-
Lim Chee Tak	Malaysian	11	11.00	-	-
Lim Kwee Huay	Malaysian	5	5.00	-	-
Lim Kwee Lan	Malaysian	5	5.00	-	-
Heng Gek Imm	Malaysian	11	11.00	-	-

Note: Lim Chee Keong, Lim Chee Khoon, Lim Chee Beng, Lim Chee Hwa, Lim Chee Tak, Lim Kwee Lan and Lim Kwee Huay are siblings. They are all children of Heng Gek Imm.

5.1.3 Directorships and Substantial Shareholdings of Promoters in All Other Public Corporations for the Past Two (2) Years Preceding the Date Hereof

None of the Promoters has any directorship or substantial shareholding in other public companies for the past two (2) years prior to the date of Prospectus.

5 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.2 BOARD OF DIRECTORS

5.2.1 Particulars and Shareholdings

The details of the Directors of the Group and their shareholdings in CSB after the IPO are as follows: -

Name	Designation / Functions	No. of Ordinary Shares Held			
		Direct	%	Indirect	%
Lim Chee Keong	Executive Chairman	-	-	54,999,941*	55.00
Lim Chee Beng	Managing Director	-	-	-	-
Lim Chee Khoo	Executive Director	-	-	54,999,941*	55.00
Lim Chee Hwa	Executive Director	-	-	-	-
Tang Kam Chee	Independent Non - Executive Director	50,000^	0.05	-	-
Tee Sze Ping	Independent Non - Executive Director	20,000^	0.02	-	-

Notes: -

* Deemed interested by virtue of his shareholding in LKLH, pursuant to Section 6A of the Act.

^ Pink form share allocation pursuant to IPO

5.2.2 Profiles of Directors

Lim Chee Keong, aged 49, is the Executive Chairman of CSB Group. He is also the Honorary Assistant Treasurer for Selangor and Federal Territory Timber Traders' Association. He has accumulated approximately 30 years of experience in the wood-based industry.

His career started in 1974, when he took over the family business in Lim Kit Ling Box Manufacturer, which was in the manufacturing of wooden crates. He was in the position of General Manager and was responsible for managing the overall operations of the company. As part of his expansion plans, he commenced the manufacturing of wooden pallets and stillages through, LKLT, a proposed subsidiary of the Group in 1988. In 1994, he took on the opportunity to diversify into other wood-based products and ventured into the manufacturing of wooden picture frame moulding through SM. Subsequently in 1997, he established LKLM to consolidate the marketing activities of the Group. As part of the Group's market repositioning plan, he established SM in 1999 to focus on addressing opportunities in the manufacturing of quality and high-end wooden picture frame moulding.

5 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

As the co-founder, he was instrumental to the growth, development and success of the CSB Group. He is responsible for strategic planning of the business including the overall direction and vision of the Group. He is also a Director of all the subsidiaries of CSB and Sungei Buloh (Property) Sdn Bhd, an investment and real estate property holding company and Lim Ket Leng Holding Sdn Bhd, which is an investment holding company.

Lim Chee Khoon, aged 47, is the Production Director of CSB Group. He has accumulated approximately 30 years of experience in the wood-based industry. His career started out as a Factory Manager in 1974 in the family business with Lim Kit Ling Box Manufacturer. He was primarily responsible for managing the production of wooden crates. Subsequently in 1988, he moved into the role of Production Director focusing on managing the production of wooden pallets and stillages in LKLT. As the Group continued to diversify its product lines, he took on additional responsibilities in managing the production and delivery of a new range of products such as wooden picture frame moulding.

As the co-founder of the Group, he has contributed significantly in providing the technical expertise in the Group's manufacturing operations. His contributions also include developing the processes of manufacturing the entire range of wooden picture frame moulding, from moulding and profiling, formulation of coatings to finishing. His other responsibilities include managing the production flow, supply of raw materials and overall delivery of end products. He is also a Director of all the subsidiaries of CSB and Lim Ket Leng Holding Sdn Bhd, an investment holding company.

Lim Chee Hwa, aged 46, is the Finance and Marketing Director of CSB Group. He graduated with a Bachelor of Arts Degree (Honours), majoring in Economics and Geography from Middlesex Polytechnic in 1982. He is also a Director of the Malaysian Wood Moulding and Joinery Council. He started his career as a valuation assistant in a property valuation firm during 1982 before leaving in 1984 to take up the position as an Administrative Officer with Bangkok Bank Berhad in Malaysia. Subsequently in 1997 he joined CSB Group as the Finance and Marketing Director. He is primarily responsible for developing the Group's marketing plan focusing on new business development. In addition, his portfolio also includes managing the financial performance of the Group. He is also a Director of all the subsidiaries of CSB and LKLH, an investment holding company.

Lim Chee Beng, aged 41, is the Managing Director of CSB Group. He graduated with a Bachelor of Science Degree, majoring in Mathematics (Upper Second Class Honours) from the University of Malaya in 1989. His career started when he joined CSB Group in 1989 as Planning and Operations Director. His responsibilities include providing research and technical support to production and marketing departments. In 2002, he led the Group's Research and Development initiatives to achieve leading-edge designs in wooden picture frame moulding. He is also a Director of all the subsidiaries of CSB and LKLH, an investment holding company.

5 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Tang Kam Chee, aged 49, is the Independent Non-Executive Director of CSB. He graduated with a Diploma in Business Studies from Kolej Tunku Abdul Rahman in 1977. He is also an associate member of both the Association of Chartered Certified Accountants and the Institute of Chartered Secretaries and Administrators, United Kingdom. He started his career with Hanafiah Raslan Mohamad (merged and now known as Ernst & Young) a public accounting firm in 1977. He has various experiences from working in industries such as in the beverage business with Fraser & Neave Berhad, the motor assembly operations with Cycle & Carriage Bintang Berhad, financial services with MBf Capital Berhad and in property development with Metroplex Berhad. He is currently a Director of Ken Holdings Berhad ("KHB") and also a Director of a number of subsidiaries under the KHB Group.

Tee Sze Ping, aged 36, is the Independent Non-Executive Director of CSB. He graduated with a LLB (Honours) Degree, from the University College of Wales, Aberystwyth, United Kingdom in 1990. Subsequently he obtained a certificate in Legal Practice from University of Malaya in 1991. He was admitted to the Malaysian Bar at the High Court of Malaya in Kuala Lumpur in 1992.

Upon graduation, he was chambering with Messrs Kumar Jaspal Quah Aishah Advocates & Solicitors in 1991. In 1992, he left to join Messrs AK Lee & Co, Advocates & Solicitors as a Legal Assistant. Subsequently he left to join Messrs Mah Weng Kwai & Associates, Advocates & Solicitors as a Legal Assistant in 1993. In 1994, he established Messrs Lee, Tee & Gan, Advocates & Solicitors and was a partner of the firm. In 1995 and 1996, he established Messrs Tee & Gan and Advocates & Solicitors and Messrs Richard Tee & Co, Advocates & Solicitors. Messrs Lee, Tee & Gan, Advocates & Solicitors and Messrs Tee & Gan Advocates & Solicitors have now ceased operations.

5.2.3 Directors' Remuneration and Benefits

The aggregate remuneration and benefits paid to the Directors of CSB Group for services rendered in all capacities to the Group for the financial year ended 31 December 2003 and the current financial year ending 31 December 2004 are as follows:-

Remuneration Band (RM'000)	Financial Year Ended 31 December 2003		Financial Year Ending 31 December 2004	
	Aggregate Remuneration (RM'000)	Number of Directors	Aggregate Remuneration (RM'000)	Number of Directors
Up to 50,000	-	-	26	2
50,001 – 100,000	-	-	-	-
100,001 – 200,000	-	-	-	-
200,001 – 500,000	1,246	4	1,444	4
Above 500,000	-	-	-	-
Total	1,246	4	1,470	6

5 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.3 AUDIT COMMITTEE

The main functions of the Audit Committee fall within the ambit of the Listing Requirements, which include the review of audit plans and audit reports with the Group's auditors, review of the auditors' evaluation of internal accounting controls and management information systems, review of the scope of internal audit procedures, review of the balance sheet and profit and loss accounts, and nomination of the auditors. The Audit Committee comprises of the following individuals: -

Name	Designation	Directorship
Tee Sze Ping	Chairman of Audit Committee	Independent Non-Executive Director
Lim Chee Keong	Member of Audit Committee	Executive Chairman
Tang Kam Chee	Member of Audit Committee	Independent Non-Executive Director

5.4 KEY MANAGEMENT

5.4.1 Particulars and Shareholdings of the Key Management Team

The details of the key management of the Group and their shareholdings in CSB after the IPO are as follows: -

Name	Designation / Functions	No. of Ordinary Shares Held			
		Direct	%	Indirect	%
Lim Chee Keong	Executive Chairman	-	-	⁽¹⁾ 54,999,941	55.00
Lim Chee Beng	Managing Director	-	-	-	-
Lim Chee Khoon	Executive Director	-	-	⁽¹⁾ 54,999,941	55.00
Lim Chee Hwa	Executive Director	-	-	-	-
Lim Chee Tak	Sales Manager	100,000 [^]	0.10	-	-
Lim Kwee Huay	Senior Marketing Manager	250,000 [^]	0.25	-	-
Lee Kong Weng	Financial Controller	180,000 [^]	0.18	-	-
Yee Soh Chun	Finance and Human Resource Manager	77,000 [^]	0.08	-	-
Lee Kok Onn	Production Manager	85,000 [^]	0.09	-	-

5 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Designation / Functions	No. of Ordinary Shares Held			
		Direct	%	Indirect	%
Lim Boon Bing	Planning and Operations Manager	71,000 [^]	0.07	-	-
Yap Yoke Thin	Procurement Manager	30,000 [^]	0.03	-	-
Lim Sei Wei	Export Marketing Manager	71,000 [^]	0.07	-	-

Notes: -

[^] Pink form share allocation pursuant to the IPO.

⁽¹⁾ Deemed interested by virtue of his shareholdings in LKLH, pursuant to Section 6A of the Act.

5.4.2 Profiles of the Key Management

Lim Kwee Huay, aged 44, is the Senior Marketing Manager of CSB Group. She graduated from the University of Newcastle with a Bachelor of Commerce in 1985. Her career started when she joined CSB Group in 1989 as the Administration Manager whereby she was responsible for overseeing the administrative aspects of the operations. In 1995, she took up her current position as Senior Marketing Manager and her main areas of responsibilities include marketing development functions.

Lim Chee Tak, aged 37, is the Sales Manager of CSB Group. His career started when he joined CSB Group in 1989 in his current position. He has accumulated approximately 15 years of sales and marketing experience in the wood-based industry including wooden pallets and stillages and wooden picture frame moulding. His responsibilities include managing the sales and marketing functions of the Group including implementation of marketing plan.

Lee Kong Weng, aged 32, is the Financial Controller of CSB Group. He graduated with a Bachelor in Accounting (Honours Class 1) from the University of Malaya in 1996. He is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. His career started with Arthur Andersen & Co. (now merged with Ernst & Young) in 1996 as Audit Assistant. Subsequently in 2000, he joined CSB Group as the Finance Manager. His responsibilities include managing the Accounting and Finance aspects of the Group. In 2002, he was promoted to the position of Financial Controller.

5 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Lee Kok Onn, aged 43, is the Production Manager for CSB Group. He graduated with a Bachelor of Business Administration from Taiwan Tunghai University in 1986. He is a member of the Malaysian Institute of Management. His career started as a Factory Manager with Finecast Industries in 1987. Subsequently he left in 1989 to join Jiann Lih Optical (M) Sdn Bhd in the position of General Manager. In 1993, he joined CSB Group as Planning Manager and was promoted to Production Manager in 1999.

Yee Soh Chun, aged 43, is the Manager of Finance and Human Resources at CSB Group. In 1982, she obtained a Higher Stage Certificate from the London Chamber of Commerce. She is a member of the Institute of Chartered Secretaries and Administrators. Her career started as an Accounts Supervisor in an audit firm, Cheong Hong & Co in 1979 before working as a freelance book keeper in 1993. In 1996, she joined CSB Group as Accounts and Finance Officer. In 1998, she was promoted to Accounts and Finance Manager. In 2001, she took additional responsibilities to manage the Human Resources and Administration aspects of the Group. Her responsibilities are in overseeing the Finance, Human Resources and Administration Departments.

Lim Boon Bing, aged 26, is the Planning and Operations Manager at CSB Group. He graduated in 2001 from Inti College Malaysia/ University of Hertfordshire, with a Bachelor of Arts (Honours) Degree majoring in Business Administration. His career started in 2001 when he joined CSB Group as Planning and Operations Officer. He was promoted to Planning and Operations Manager in 2003. His main responsibilities are in overseeing production scheduling and design developments.

Yap Yoke Thin, aged 46, is the Procurement Manager and Quality Management Representative at CSB Group. He graduated with an Advance Diploma in Business and Management in 1990 from the West Glamorgan Institute of Higher Education, University of Wales, United Kingdom. He also obtained a Post Graduate Diploma in Business Administration from the Swansea Institute of Higher Education, University of Wales, in 1993. His career started in 1985 as a Resource Executive at Nestle Foods Malaysia Sdn Bhd in Petaling Jaya, Selangor. He was involved in the implementation of the Business Planning Control System (Material Requirement Planning II) ("BPCS (MRPII)") system for the company in 1997 and was promoted to Resources Manager in 1998. In 2002, he was transferred to Nestle Foods Malaysia Sdn Bhd, Chembong in 2002 and took up the position of Resources Manager at the establishment. He joined CSB Group in 2004 and is responsible for warehouse management, sourcing of materials, improvement of material planning system and to maintain an effective quality management system in compliance with ISO requirements.

Lim Sei Wei, aged 27, is the Export Marketing Manager of CSB Group. She graduated in 2000 from Iowa State University with a Bachelor of Science in Business Administration majoring in Finance and Marketing. Her career started in 2001 when she joined CSB Group as a Marketing Officer. She was promoted to Export Marketing Manager in 2004. Her main responsibilities are in overseeing marketing functions.

5 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)
5.5 INVOLVEMENT OF EXECUTIVE DIRECTORS / KEY MANAGEMENT IN OTHER BUSINESSES / CORPORATIONS

Save as disclosed below, none of the Executive Directors / key management is involved in other businesses or corporations.

Name of Promoter/Substantial shareholder	Name of Corporation Involved	Year of Appointment to the Board	Substantial Shareholdings	
			(No. of Shares)	(%)
Lim Chee Keong	LKLH	1997	24	24.00
Lim Chee Keong	Sungei Buloh (Property) Sdn Bhd	1990	20,001	33.33
Lim Chee Khoon	LKLH	1997	22	22.00
Lim Chee Beng	LKLH	1997	11	11.00
Lim Chee Beng	STEMI Bhd (non profit organization limited by liability)	2002	-	-
Lim Chee Hwa	LKLH	1997	11	11.00
Lim Chee Hwa	Man Hydraulic & Rollers Sdn Bhd	1999	-	-
Lim Chee Hwa	Effventure (M) Sdn Bhd	1999	-	-
Lim Chee Hwa	Flexible Machining System (M) Sdn Bhd	1999	-	-
Lim Chee Hwa	TL Parts Trading Sdn Bhd	1999	-	-
Lim Chee Hwa	Tractor-line Industries Sdn Bhd	1999	-	-
Lim Chee Hwa	Tractor-line Engineering Sdn. Bhd	1999	-	-
Lim Chee Hwa	Starplus Technology Sdn Bhd	1997	5,000	5.00

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5 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.6 DECLARATION OF DIRECTORS AND KEY MANAGEMENT TEAM

No director, key personnel or person nominated to become a director or key personnel is or has been involved in any of the following events: -

- (a) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (b) charged and/or convicted 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 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.

5.7 FAMILY RELATIONSHIPS

Lim Chee Keong, Lim Chee Khoon, Lim Chee Beng, Lim Chee Hwa, Lim Chee Tak, Lim Kwee Lan and Lim Kwee Huay are siblings. They are all children of Heng Gek Imm.

Lim Boon Bing and Lim Sei Wei are siblings. Both of them are children of Lim Chee Khoon.

Save as disclosed above, there is no family relationship (as defined in Section 122A of the Act) or association between the substantial shareholders, Promoters, Directors and key management.

5.8 EXISTING OR PROPOSED SERVICE AGREEMENTS

There is no existing or proposed service agreement between the Group and its Directors and key management.

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5 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**5.9 CHANGES IN SHAREHOLDINGS IN THE COMPANY FOR THE PAST THREE (3) YEARS**

Save as disclosed below, there are no significant changes of the Promoters' and substantial shareholders' shareholdings in CSB for the past three (3) years preceding the date hereof are as follows:-

Shareholders	As at 10.11.2003		As at 31.08.04		Accumulated Number of Shares Held Before IPO		Accumulated Number of Shares Held After IPO	
	No. of Shares	%	No. of Shares	%	No of Shares	%	No. of Shares	%
Siti Rohani Binti Sheikh Hassan*	1	50.00	-	-	-	-	-	-
Hashimah Binti Hashim*	1	50.00	-	-	-	-	-	-
LKLH	-	-	79,076,041	84.13	79,076,041	84.13	54,999,941	55.00
Etnik Pesona Sdn. Bhd.	-	-	4,974,653	5.29	4,974,653	5.29	4,974,653	4.97
Uji Epilog Sdn. Bhd.	-	-	4,974,653	5.29	4,974,653	5.29	4,974,653	4.97
Revolusi Tenggara Sdn. Bhd.	-	-	4,974,653	5.29	4,974,653	5.29	4,974,653	4.97

Notes:-

* *Subscribers*

5 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**5.10 DIRECTORSHIPS AND SUBSTANTIAL SHAREHOLDINGS IN ALL OTHER PUBLIC CORPORATIONS FOR THE PAST TWO YEARS**

The directorships and substantial shareholdings of the Promoters, directors in other public corporations for the past two years preceding 31 August 2004 are as follows: -

Name	Name of Corporation Involved	Year of Appointment to the Board	Substantial Shareholdings (No. of Shares)	(%)	Principal Activities
Lim Chee Beng	STEMI Bhd (non profit organization limited by liability)	2002	-	-	Organising seminar
Tang Kam Chee	Ken Holdings Bhd	1998	10,000	0.02	Investment holding

6 APPROVAL AND CONDITIONS (Cont'd)**6.1 APPROVALS AND CONDITIONS**

The SC and MITI approved the IPO on 19 July 2004 and 4 June 2004 respectively. The conditions imposed by the authorities and status of compliance are as follows: -

Conditions Imposed By SC	Status of Compliance
<u>SC's letter dated 19 July 2004</u>	
(i) With regard to the utilization of the listing proceeds:-	
a. CSB is to disclose the time frame for the utilisation in the listing prospectus. Any extension of time for the completion of the utilization of the proceeds from that determined earlier is to be approved by a clear resolution by the board of directors of CSB and fully disclosed to Bursa Malaysia; and	Complied. Please refer to Sections 1.9 and 2.7 of the Prospectus in respect of the timing of utilisation.
b. CSB is to disclose the status of the utilization of the listing proceeds in its quarterly and annual reports until the proceeds are fully utilized.	To be complied.
(ii) LKLH will not be allowed to sell, transfer or assign their shareholding of 45,000,000 CSB shares (amounting to 45% of the enlarged issued and paid-up share capital of CSB of 100,000,000 shares) for 1 year from the listing date of CSB;	Complied via the undertaking letters dated 13 September 2004 furnished to SC.
(iii) The proposed/existing directors and substantial shareholders who are involved in full-time capacity in the Group should not be involved in full-time capacity in their personal businesses;	Complied via the letters dated 13 September 2004 furnished to SC.
(iv) The promoters, proposed/existing directors and substantial shareholders of CSB should not, in the future, carry out any businesses which will compete directly or indirectly and be in conflict with the business of CSB;	Complied via the letters dated 13 September 2004 furnished to SC.
(v) With regard to CSB's properties (Lot No. P.T. 10351, Lot No. P.T. 10352, Lot No. P.T. 10354 and Lot No. P.T. 10355), CSB is required to:	
a. Provide an undertaking that they will ensure that the temporary permit is renewed every year so as to avoid the relevant structures from becoming non-compliant with the relevant laws and regulations;	Complied via the letter dated 13 September 2004 furnished to SC.
b. Upon listing, make yearly announcements to Bursa Malaysia on the status of renewal of the temporary permit by Majlis Perbandaran Selayang (MPS) for the extended arrears; and	To be complied.
c. Update SC when such announcements are made to Bursa Malaysia.	Noted and will be complied.
(vi) CSB is required to obtain approval from all relevant authorities for its licences prior to the issuance of its Prospectus;	SC approved CSB's appeal against condition vide letter dated 28 September 2004 subject to the following conditions :-

6 APPROVAL AND CONDITIONS (Cont'd)**6.2 MORATORIUM ON SHARES**

In accordance with the SC Guidelines for listing on the Second Board of Bursa Securities, the shares held by substantial shareholders/Promoters are subject to moratorium on disposal of shares. Accordingly, the substantial shareholders of CSB as set out in the table below will not be allowed to sell, transfer or assign their shareholdings amounting to 45% of the enlarged issued and paid-up capital CSB for one (1) year from the date of admission of CSB to the Official List of the Second Board of the Bursa Securities.

The moratorium as imposed by the SC is as follows: -

Name of shareholders	No. of shares held after IPO*	% of enlarged issued and paid-up capital (%)	No. of shares held under moratorium	% of enlarged issued and paid-up capital (%)
LKLH	54,999,941	55.0	45,000,000	45.0
	54,999,941	55.0	45,000,000	45.0

Notes:

* Computed based on enlarged issued and paid up share capital of 100,000,000 Shares

The restriction, which is fully accepted by LKLH, is specifically endorsed on the share certificates representing the respective shareholdings of the shareholders which are under moratorium to ensure that CSB's registrars do not register any transfer not in compliance with the restriction imposed by the SC. LKLH has provided an undertaking that they shall not sell, transfer or assign their respective shareholdings under moratorium in accordance with the SC Guidelines.

The shareholders of LKLH, namely Lim Chee Keong, Lim Chee Khoon, Lim Chee Hwa, Lim Chee Beng, Lim Chee Tak, Lim Kwee Huay, Lim Kwee Lan and Heng Gek Imm have provided written undertakings that they shall not sell, transfer or assign their respective shareholdings in LKLH during the moratorium period.

The endorsement affixed on the share certificates is as follows: -

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

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7 RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST**7.1 EXISTING AND PROPOSED RELATED-PARTY TRANSACTIONS AND CONFLICT OF INTEREST**

Save as disclosed below and in Section 7.5 of this Prospectus, there is no current, subsisting and/or proposed related party transaction or arrangements between CSB Group and its Promoters, substantial shareholders, Directors and/or persons connected with any of the aforementioned persons within 12 months preceding the date of this Prospectus:-

- (a) Heng Gek Imm owns a sole proprietorship, Lim Kit Ling Box Manufacturer, which provides transport services. Lim Kit Ling Box Manufacturer provided transport services to the CSB Group for the financial year ended 31 December 2003. The total transport service charges billed by Lim Kit Ling Box Manufacturer to the CSB Group amounted to approximately RM24,000.
- (b) Advances

Name	Nature of transaction	Interested Promoter / proposed Director / proposed substantial shareholder	Value (RM'000)
Lim Chee Beng	Advance to certain subsidiary companies of CSB	Lim Chee Beng	* 5,619
	Advance from certain subsidiary companies of CSB	Lim Chee Beng	* 5,373

* These advances are fully settled as at 31 August 2004.

The Directors and/or the substantial shareholders of CSB have provided an undertaking that all the business transactions between the Group and/or the Director and/or substantial shareholders and/or person connected to them have been negotiated on an arms length basis, on terms not more favourable to the related party than those generally available to the public.

7.2 TRANSACTIONS UNUSUAL IN THEIR NATURE OR CONDITIONS

There is no transaction that is unusual in its nature or conditions, involving goods, services, tangible or intangible assets, to which the company or its subsidiaries was a party in respect of the past one (1) financial year and the subsequent financial period thereof immediately preceding the date of this Prospectus.

7.3 OUTSTANDING LOANS MADE BY CORPORATION OR ANY OF ITS PARENT OR SUBSIDIARIES TO/FOR THE BENEFIT OF RELATED PARTIES

Save as disclosed in Section 7.1(b) of this Prospectus, there is no outstanding loan made by CSB Group to or for the benefit of the related parties for the past one (1) financial year and the subsequent financial period thereof, if any immediately preceding the date of the Prospectus.

7 RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)**7.4 INTEREST IN SIMILAR BUSINESS**

To the best of knowledge and belief of the Directors, substantial shareholders and Key management of CSB Group, none of the Directors or substantial shareholders and/or Key management of CSB are interested, directly or indirectly in any business carrying on a similar trade as the Group.

7.5 PROMOTIONS OF ANY MATERIAL ASSETS ACQUIRED/TO BE ACQUIRED WITHIN TWO (2) YEARS PRECEDING THE DATE OF THIS PROSPECTUS

Save as disclosed below, none of the other Directors and substantial shareholders has any interest, direct or indirect, in the promotion of or in any material assets acquired or proposed to be acquired or disposed or proposed to be disposed of or leased or proposed to be leased to the Company or any of its subsidiary companies within the two (2) years preceding the date of this Prospectus:-

- (i) Conditional sale and purchase agreement dated 25 March 2004 between CSB and the shareholders of SM for the acquisition of the entire issued and paid-up share capital of SM for the purchase consideration of RM21,471,151 to be satisfied by the issuance of 42,942,302 Shares in CSB;
- (ii) Conditional sale and purchase agreement dated 25 March 2004 between CSB and the shareholders of CFM for the acquisition of the entire issued and paid-up share capital of CFM for the purchase consideration of RM4,622,762 to be satisfied by the issuance of 9,245,524 Shares in CSB on terms and condition therein contained;
- (iii) Conditional sale and purchase agreement dated 25 March 2004 between CSB and the shareholders of LKLR for the acquisition of the entire issued and paid-up share capital of LKLR for the purchase consideration of RM12,371,906 to be satisfied by the issuance of 24,743,812 Shares in CSB on terms and condition therein contained;
- (iv) Conditional sale and purchase agreement dated 25 March 2004 between CSB and the shareholders of LKLT for the acquisition of the entire issued and paid-up share capital of LKLT for the purchase consideration of RM1,443,354 to be satisfied by the issuance of 2,886,708 Shares in CSB on terms and condition therein contained;
- (v) Conditional sale and purchase agreement dated 25 March 2004 between CSB and the shareholders of LKLM for the acquisition of the entire issued and paid-up share capital of LKLM for the purchase consideration of RM90,825 to be satisfied by the issuance of 181,650 Shares in CSB on terms and condition therein contained; and
- (vi) Several disposals of motor vehicles by the Group to parties related to Group in the two (2) years preceding the date of this Prospectus aggregating RM265,000.

7.6 CONTRACTS OR ARRANGEMENTS IN WHICH THE DIRECTORS OR SUBSTANTIAL SHAREHOLDERS IS INTERESTED AND SIGNIFICANT IN RELATION TO THE BUSINESS OF THE GROUP

None of the other Directors and/or substantial shareholders of CSB has interest in any contract or arrangement, which is significant in relation to the business of the Group.

7.7 RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE

Under Paragraph 10.09 of the Listing requirements, a listed issuer may seek the shareholders' mandate in respect of related party transactions involving recurrent transactions of revenue or trading in nature subject to the following: -

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year; and
- (c) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

The Company may, in the ordinary course of its business, enter into transactions, including but not limited to the transactions described in Related Party Transactions set out in Section 7.1 of this Prospectus, with persons which are considered "related party" as defined in Chapter 10 of the Listing Requirement. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

Under Chapter 10 of the Listing Requirement, a listed company may seek a shareholders' mandate for recurrent transactions of a revenue or trading nature or those necessary for its day to day operations such as supplies and materials, which may be carried out with the listed company's interested persons, but not for the purchase or sale of assets, undertakings or businesses.

Due to the time-sensitive nature of commercial transactions, the Shareholders Mandate will enable the Company, in its normal course of business, to enter into the categories of Related Party Transactions provided such interested person transactions are made on normal commercial terms.

Transactions which do not fall within the ambit of the shareholders' mandate shall be subject to the relevant provisions of the listing requirements.

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7 RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)

7.8 DECLARATION BY THE ADVISERS

AmMerchant Bank hereby confirms that, as at the date of Prospectus, there are no existing or potential conflicts of interest in its capacity as the Adviser for the IPO.

Messrs. Lee, Perara & Tan hereby confirm that there is no conflict of interest with respect of their capacity as Solicitors to the Group for the IPO and due diligence respectively.

Messrs. KPMG hereby confirm that there is no conflict of interest with respect of their capacity as Auditors and Reporting Accountants to the Group for the IPO.

Vital Factor Consulting Sdn Bhd has given its confirmation that there are no existing and potential conflict of interest in its capacity as the Independent Business and Market Research Consultants for the IPO.

Messrs HASB Consultants Sdn Bhd has given its confirmation that there are no existing and potential conflict of interest in its capacity as the Valuers for the IPO.

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8 LANDED PROPERTIES**8.1 INFORMATION ON LAND AND BUILDINGS**

A summary of the land and buildings owned by the Group is as follows: -

No	Name of Registered Owner / Postal Address / Title Identification	Approximate Age of Building/ Tenure/ Date of Expiry of Lease	Description and Existing Use	Land area / Built up area (square metres)	Restriction in Interest/ Encumbrances	Prices Paid / Date of Transaction (RM)	Audited Net Book Value @ 31 December 2003 (RM)	Market Value @ 12.01.2004 (RM)	Revaluation Surplus / (Deficit) (as compared to market valuation) (RM)
1.	CFM Lot 9185, Persiaran Dagang, Bandar Sri Damansara, 53000 Petaling Jaya, Selangor Darul Ehsan held under title HSD 41588 PT 9185, Mukim of Sungai Buluh, District of Petaling, Selangor Darul Ehsan	N/A/ Freehold	Vacant Commercial Land	1,952/ N/A	Nil	2,330,000/ 25.10.2001	2,413,171	3,151,000	737,829
2.	LKLR No. 13, Jalan Kemuning 2A, Section BB 6, Bandar Bukit Beruntung, 48300 Rawang, Selangor Darul Ehsan held under title HSD 9361 PT 8515, Mukim of Serendah, District of Ulu Selangor, Selangor Darul Ehsan	N/A/ Freehold	Vacant Industrial Land	7,319/ N/A	Nil	1,024,205/ 23.08.1995	787,136	788,000	864
3.	Lot 9, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under title HSD 28279 PT 10351, Mukim of Rawang, District of Gombak, Selangor Darul Ehsan	10 years* / Freehold	A detached factory complex and office premises for the manufacturing of wooden picture frame moulding. (1)	7,080/ 6,445	Part of land measuring 375 square feet has been leased to Tenaga Nasional Berhad for thirty (30) years from 27.6.1998 to 26.6.2008	609,736/ 25.03.1991	2,169,044	5,764,000	3,594,956

8 LANDED PROPERTIES (Cont'd)

No	Name of Registered Owner / Postal Address / Title Identification	Approximate Age of Building / Tenure / Date of Expiry of Lease	Description and Existing Use	Land area / Built up area (square metres)	Restriction in Interest / Encumbrances	Prices Paid / Date of Transaction (RM)	Audited Net Book Value @ 31 December 2003 (RM)	Market Value @ 12.01.2004 (RM)	Revaluation Surplus / (Deficit) (as compared to market valuation) (RM)
4.	Lot 10, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under title HSD 28280 PT 10352, Mukim of Rawang, District of Gombak, Selangor Darul Ehsan	7 years* / Freehold	A detached factory complex and office premises for the manufacturing of wooden picture frame moulding. ⁽²⁾	7,066/ 6,074	Nil	304,224/ 03.01.1992	2,286,638	6,035,000	3,748,362
5.	Lot 11, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under title HSD 28281 PT 10353 Mukim of Rawang, District of Gombak, Selangor Darul Ehsan	N/A/ Freehold	Vacant Industrial Land	8,772	Nil	3,021,498/ 19.07.2002	3,119,215	3,116,000	(3,215)
6.	Lot 12, Jalan RP3, Taman Rawang Perdana, 48000 Rawang Selangor Darul Ehsan held under title HSD 28282 PT 10354, Mukim of Rawang, District of Gombak, Selangor Darul Ehsan	3 years** / Freehold	A detached factory complex and office premises for the manufacturing of wooden picture frame moulding. ⁽³⁾	9,163/ 9,912	Nil	1,775,286/ 21.04.1999	6,625,967	9,619,000	2,993,033
7.	Lot 13, Jalan RP3, Taman Rawang Perdana, 48000 Rawang Selangor Darul Ehsan held under title HSD 28283 PT 10355, Mukim of Rawang, District of Gombak, Selangor Darul Ehsan	4 years* / Freehold	A detached factory complex and office premises for manufacturing of wooden picture frame moulding, pallets and stillages. ⁽⁴⁾	7,105/ 5,368	Part of land measuring 55.74 square metres has been leased to Tenaga Nasional Berhad for thirty (30) years from 15.3.2001 to 14.3.2031	1,376,568/ 08.01.1999	3,586,760	5,789,000	2,202,240

8 LANDED PROPERTIES (Cont'd)

Notes:

- * Extension completed in 2001. Temporary permits for the building extensions has been obtained from the relevant authorities. The permits are renewable on yearly basis.
- ** Extension completed in 2002. Temporary permits for the building extensions has been obtained from the relevant authorities. The permits are renewable on yearly basis.
- ^ Initially, the said land was jointly-owned by LKLR and Ng Kim Wan Sdn Bhd. Subsequently, on 24.08.1994, LKLR acquired the remaining portion.
- (1) Date of issuance of certificate of fitness is 16 August 1994.
- (2) Date of issuance of certificate of fitness is 13 October 1997.
- (3) Date of issuance of certificate of fitness is 19 September 2001.
- (4) Date of issuance of certificate of fitness is 29 February 2000.

The revaluation of the abovementioned properties, which has been carried out by Messrs HASB Consultants Sdn. Bhd., an independent registered valuer is included in this Prospectus for disclosure purposes only.

The above valuation do not require the approval of the Securities Commission.

8.2 ACQUISITIONS OF PROPERTIES DURING TWO (2) YEARS PRECEDING THE VALUATION

Listed below are the list of properties acquired during the last two (2) years preceding the valuation: -

No	Registered Owner/ Location	Date of Agreement	Prices Paid (RM)
1.	LKLR * A piece of vacant industrial land Lot 11, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under HSD 28281 PT 10353 Mukim of Rawang District of Gombak, Selangor Darul Ehsan	19 July 2002	3,021,498
2.	LKLR ** A unit of 3 storey shop offices held under HS(M) 11510 PT 27163, Mukim of Rawang, District of Gombak, Selangor Darul Ehsan*	5 November 2003	610,800

Notes:

- * This building is under construction and it is 70% completed. It is expected to be completed in December 2004.
- ** This building is under construction and it is 20% completed. It is expected to be completed in November 2006.

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9. FINANCIAL INFORMATION**9.1 HISTORICAL FINANCIAL INFORMATION**

This proforma consolidated results has been extracted from the Accountants' Report set out in Section 10 of this Prospectus and should be read in conjunction with the notes and assumptions thereto.

The following table sets out a summary of the proforma consolidated results of the Group for the past five (5) financial years ended 31 December 2003 and 6 months period ended 30 June 2004, presented for illustrative purposes only and on the assumption that the Group has been in existence throughout the period under review.

	←----- Financial Year ended 31 December -----→					6 months
	1999	2000	2001	2002	2003	period ended 30 June 2004
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Proforma Group						
Revenue	24,982	32,986	29,637	36,007	41,571	23,838
Profit before depreciation and interest	9,566	13,413	10,195	13,923	14,911	8,312
Depreciation	(1,194)	(1,455)	(1,619)	(1,681)	(1,482)	(916)
Interest expense	(106)	(65)	(31)	(9)	-	-
Interest income	8	-	7	6	2	2
Profit before taxation	8,274	11,893	8,552	12,239	13,431	7,398
Taxation	(345)	(2,508)	(1,710)	(1,110)	(1,365)	(694)
Profit after taxation	7,929	9,385	6,842	11,129	12,066	6,704
Number of ordinary shares of RM0.50 each assumed in issue ⁽¹⁾ ('000)	80,000	80,000	80,000	80,000	80,000	80,000
Earnings Per Share						
Gross (sen)	10.3	14.9	10.7	15.3	16.8	18.5*
Net (sen)	9.9	11.7	8.6	13.9	15.1	16.8*

* Annualised

Notes: -

- (1) Based on the issued share capital of RM40,000,000 comprising 80,000,000 ordinary shares of RM0.50 each in CSB after the incorporation of the Acquisitions.
- (2) The above proforma consolidated financial results have been prepared based on the audited financial statements of CSB, SM, CFM, LKLR, LKLT and LKLM.
- (3) As the financial year end of SM was not coterminous with CSB prior to the financial year ended 31 December 2000, the financial results of SM was prorated in the proforma consolidated results for the year ended 31 December 1999 and 2000.
- (4) Revenue of the Group comprises mainly of sale of high quality and design-driven picture frame for the distributors and framers for mostly the overseas markets, in particular the US market and wooden pallets and stillages.

9. FINANCIAL INFORMATION (Cont'd)

Over the 5 years under review, the Group has been establishing itself as a high quality and design-driven picture frame moulding manufacturer among the overseas distributors and framers especially in the US market. This was done with the set-up of SM in 1999 which is used to market these products whilst CFM continued to cater for its existing customers until its cessation in the manufacturing business in 2002. This has resulted in double digit growth for all the years under review save for 2001.

In 2001, revenue declined due mainly to decrease in sales to US by 10.2% as a result of stiff competition from low cost producing countries like Brazil and China and the global economic slowdown.

In 2001 onwards, the Group concentrated fully in manufacturing high quality and design-driven frame moulding so as to enable them to maintain their niche and profit margins. The management took the opportunity to introduce new profile designs and high quality products to its customers. As a result the Group took measures to wind down their operations in CFM and concentrate on SM.

Revenue in 2003 increased as with the improvement of the US economy and also the increased marketing efforts by the management have resulted in them obtaining new customers in SM.

- (5) The increased in pretax margin in 2000 was due mainly to increase in production efficiency as production wastage declined. However the pre-tax margin decreased in 2001 mainly due to a reduction in selling price in order to maintain its competitiveness against low cost producing countries like Brazil and China. The pretax margin in 2002 improved with the implementation of ISO 9001 that had resulted in less wastages and lower rejections and hence improved efficiency.
- (6) The low effective tax rate in 1999 is due to no taxation charge for CFM as the Company was fully exempted from income taxation under its pioneer status granted with effect from 1 October 1994 for the period of 5 years. In addition, no provision for taxation is required on the rest of the subsidiaries as tax payable on the chargeable income for the year has been waived under Income Tax (Amendment) Act, 1999.

SM was granted pioneer status since 1 October 1999 for a period of 5 years under the Promotion of Investment Act 1986. As it is one of the major profit contributor to the Group since year of assessment 2002, the effective tax rate of the Group is lower than the statutory tax rate for the year under review.

- (7) There were no extraordinary or exceptional items for the financial period under review other than an impairment of property in LKLR amounting to RM290,000 in 2003.

The financial statements of the CSB Group for the years under review were not subjected to any audit qualification.

9. FINANCIAL INFORMATION (Cont'd)**9.2 ANALYSIS OF HISTORICAL FINANCIAL INFORMATION****9.2.1 Segmental Analysis of Revenue and Operating Profit****Analysis of Revenue by Corporations: -**

Financial Year Ended 31 December	1999* (RM'000)	2000* (RM'000)	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)	6 months ended 30 June 2004 (RM'000)
SM	2,558	7,675	10,720	27,081	39,517	22,726
CFM	20,657	22,989	17,837	10,735	96	48
LKLT	2,296	2,602	2,181	1,798	1,571	814
LKLM	596	859	870	673	786	495
LKLR	348	398	540	558	636	318
Total	26,455	34,523	32,148	40,845	42,606	24,401
Less: inter company sales	(1,473)	(1,537)	(2,511)	(4,838)	(1,035)	(563)
Proforma Consolidated Revenue	24,982	32,986	29,637	36,007	41,571	23,838

Analysis of Operating Profits by Corporations: -

Financial Year Ended 31 December	*1999 (RM'000)	*2000 (RM'000)	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)	6 months ended 30 June 2004 (RM'000)
SM	1,066	3,199	4,136	10,776	12,969	7,215
CFM	6,984	8,414	4,079	1,323	344	30
LKLR	158	138	293	215	(81)	(9)
LKLT	43	139	87	(82)	46	39
LKLM	23	3	(43)	7	153	123
Proforma Consolidated Profit	8,274	11,893	8,552	12,239	13,431	7,398

* As the financial year end of SM was not coterminous with CSB prior to the financial year ended 31 December 2000, the financial results of SM was prorated in the proforma consolidated results for the year ended 31 December 1999 and 2000.

9.3 DIRECTORS' DECLARATION ON FINANCIAL PERFORMANCE

Save as disclosed of this Prospectus, the Directors are of the view that the financial performance, position and operations of the Group are not affected by any of the following: -

- (i) Any known trends, demands, commitments, events or uncertainties that have had, or that the corporation reasonably expects to have, a material favourable or unfavourable impact on financial performance, position and operations of the corporation/group;
- (ii) Any material capital expenditure commitments, the purpose of such commitments and the anticipated source of funds;

9. FINANCIAL INFORMATION (Cont'd)

- (iii) Any unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the corporation/group; and the extent to which the financial performance, position and operations of the corporation/group was so affected;
- (iv) Any known trends, demand, commitment, events or uncertainties that have resulted in a substantial increase in revenue which is attributable to prices, volume of goods/services being sold and the introduction of new products/services or any other factors ; and
- (v) Any 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.

9.4 WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, MATERIAL COMMITMENT AND LITIGATION**(i) Working Capital**

The Directors of CSB are of the opinion that, after taking into account the cashflow forecast, the banking facilities available and the net proceeds from the IPO, the Group will have adequate working capital for a period of twelve (12) months from the date of issue of this Prospectus.

(ii) Borrowings

As at 31 August 2004, the Group has no bank borrowings.

(iii) Contingent Liabilities

As at 31 August 2004 being the latest practicable date prior to the printing of this Prospectus, the Group has no material contingent liabilities save for a corporate guarantee of RM2,700,000 from CFM in favour of Hong Leong Bank Berhad in respect of the banking facility of RM4,500,000 granted to SM and the details of the banking facility are as disclosed in Section 15.5(i) of this Prospectus.

(iv) Capital Commitment

Save as disclosed below and in Section 1.10 (iv) of this Prospectus, as at 31 August 2004 being the latest practicable date prior to the printing of this Prospectus, there are no material contingent commitment for capital expenditure incurred or known to be incurred by the Group, which may have a substantial impact on the financial position of the Group: -

Material Commitments	Amount (RM'000)
Approved and contracted for property, plant and equipment	2,352

9. FINANCIAL INFORMATION (Cont'd)

(v) Material Litigation/Arbitration

As at 31 August 2004, neither the Company nor its subsidiaries are engaged in any material litigation and arbitration, either as plaintiff or defendant, which has a material effect on the financial position of CSB or its subsidiaries and the Directors do not know of any proceeding pending or threatened or of any facts likely to give rise to any proceeding which might materially and adversely affect the position or business of CSB or its subsidiaries.

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9. FINANCIAL INFORMATION (Cont'd)

**9.5 CONSOLIDATED PROFIT FORECAST AND ASSUMPTIONS FOR THE
FINANCIAL YEAR ENDING 31 DECEMBER 2004**
(Prepared for inclusion in this Prospectus)

Appendix I

**Classic Scenic Berhad ("CSB")
And Its Subsidiaries ("CSB Group")**

**Consolidated Profit Forecast
For The Year Ending 31 December 2004
Together With Underlying Bases and Assumptions**

The Directors of CSB forecast that, barring unforeseen circumstances, the forecast financial performance of the CSB Group for the financial year ending 31 December 2004 will be as follows:

	2004 RM'000
Consolidated profit after taxation	12,682
Less: Pre-acquisition profits	(7,774)
	<u> </u>
Consolidated profit after taxation and pre-acquisition profits	<u>4,908</u>
Enlarged number of shares in issue ('000)	100,000
Net earnings per share (sen) ^	12.68

Notes: -

^ Based on the enlarged share capital and consolidated profit after tax before pre-acquisition profits

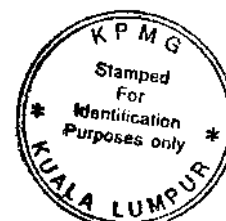


9. FINANCIAL INFORMATION (Cont'd)**Appendix I**

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

1. There will be no significant changes in the principal activities, composition and structure of the CSB Group.
2. There will be no significant changes in the existing senior management and existing accounting, management and operational policies of the CSB Group which will adversely affect the activities and performance of the CSB Group.
3. There will be no significant changes in the prevailing economic and political conditions that will adversely affect the activities and performance of the CSB Group.
4. There will be no significant changes in the present legislation and government regulations which will adversely affect the operations of the CSB Group or the markets in which it operates.
5. There will be no changes in the accounting policies to be adopted by the CSB Group.
6. Existing financing facilities will remain available to the CSB Group and interest rates will not change significantly from those presently prevailing. In addition, the CSB Group will be able to obtain financing facility at the present prevailing interest rates.
7. The inflation rate will not change materially from its current level.
8. The exchange rate assumed for the purpose of the profit forecast will not be materially different from the following:-

Selling	USD1.00	:	RM3.80
---------	---------	---	--------
9. There will be no significant changes in the rate and basis of taxation.
10. There will be no industrial disputes or any other abnormal factors or changes that will significantly affect the CSB Group's operations or sales at their forecast levels or disrupt their planned operations.
11. Capital expenditure program will be implemented and incurred on schedule and there will be no material acquisitions or disposal of property, plant and equipment other than those planned.
12. There will be no significant changes in the prices of major raw material, labour and other operating costs.
13. There will be no significant disruptions in the operations and supply of raw material or any unfavorable conditions that will adversely affect the activities of the CSB Group.
14. The CSB has a significant reliance on the orders from one of its customers in USA, which is hereby assumed that the orders will be as forecast for the year and there will not be any significant change in the prevailing conditions that will materially affect the sales generated from this customer.



9. FINANCIAL INFORMATION (Cont'd)

Appendix I

15. The CSB Group will achieve the selling prices forecast and there will be no major changes in the sales mix and margin of the Group's products.
16. Share issue expenses estimated at RM1,400,000 will be set off against the share premium account.
17. The gross proceeds amounting to RM14,500,000 which comprises proceeds from the proposed renounceable rights issue of RM7,000,000 and proposed public issue of RM7,500,000 would be received by the third and fourth quarter respectively of the financial year ending 31 December 2004 and utilised as follows:-

	RM'000
Utilisation :	
Repayment of borrowings	11,000
Acquisition of machineries	1,000
Construction of additional factory	500
Working capital	600
Share issue expenses	1,400

	<u>14,500</u>

18. The restructuring exercise of the CSB Group involved the following transactions:-

a) Acquisition of subsidiaries

- Acquisition of the entire issued and paid up capital of SM comprising 710,000 ordinary shares of RM1.00 each for a total consideration of RM21,471,151 which is to be satisfied by an issuance of 42,942,302 new ordinary shares of RM0.50 each ("Share") in CSB at an issue price of RM0.50 per Share. The purchase consideration was arrived at based on the audited net tangible assets of SM as at 31 December 2003 of RM21,471,151.
- Acquisition of the entire issued and paid up capital of CFM comprising 100,000 ordinary shares of RM1.00 each for a total consideration of RM4,622,762 which is to be satisfied by an issuance of 9,245,524 new Shares in CSB at an issue price of RM0.50 per Share. The purchase consideration was arrived at based on the adjusted audited net tangible assets of CFM as at 31 December 2003 of RM4,622,762 after taking into account the adjustment in respect of the fair value (after deducting deferred taxation) of landed properties amounting to RM700,938 and the payment of tax exempt dividend of RM12,000,000 and net dividend (after tax of 28%) of RM6,860,317 in respect of the financial year ending 31 December 2004 as follows:

	RM
Audited net tangible assets of CFM as at 31 December 2003	22,782,141
Add: Revaluation surplus * net of deferred tax	700,938
Less: Dividend	(18,860,317)
Adjusted net tangible assets as at 31 December 2003	<u>4,622,762</u>



9. FINANCIAL INFORMATION (Cont'd)**Appendix I**

* The revaluation of the freehold land in CFM had resulted in a revaluation surplus amounting to RM737,829. The revaluation surplus is based on independent valuation carried out by a firm of professional valuer, HASB Consultants Sdn Bhd, on a comparative basis of valuation in January 2004.

- Acquisition of the entire issued and paid up capital of LKLT comprising 100,004 ordinary shares of RM1.00 each for a total consideration of RM1,443,354 which is to be satisfied by an issuance of 2,886,708 new Shares in CSB at an issue price of RM0.50 per Share. The purchase consideration was arrived at based on the audited net tangible assets of LKLT as at 31 December 2003 of RM1,443,354.
- Acquisition of the entire issued and paid up capital of LKLM comprising 10,000 ordinary shares of RM1.00 each for a total consideration of RM90,825 which is to be satisfied by an issuance of 181,650 new Shares in CSB at an issue price of RM0.50 per Share. The purchase consideration was arrived at based on the audited net tangible assets of LKLM as at 31 December 2003 of RM90,825.
- Acquisition of the entire issued and paid up capital of LKLR comprising 750,000 ordinary shares of RM1.00 each for a total consideration of RM12,371,906 which is to be satisfied by an issuance of 24,743,812 new Shares in CSB at an issue price of RM0.50 per Share. The purchase consideration was arrived at based on the adjusted audited net tangible assets of LKLR as at 31 December 2003 of RM12,371,906 after taking into account the adjustment in respect of the fair value (after deducting deferred taxation) of the landed properties amounting to RM10,536,144 as follows:

	RM
Audited net tangible assets of LKLR as at 31 December 2003	1,835,762
Add : Revaluation surplus * net of deferred tax	10,536,144
Adjusted net tangible assets as at 31 December 2003	<u>12,371,906</u>

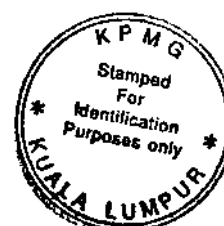
* The revaluation of the freehold land and building in LKLR had resulted in a revaluation surplus amounting to RM12,536,241. The total revaluation surplus is based on independent valuation carried out by a firm of professional valuer, HASB Consultants Sdn Bhd, on a comparative basis of valuation in January 2004.

The acquisitions were completed on 31 July 2004.

b) Renounceable rights issue

- Renounceable rights issue of 14,000,000 new Shares of RM0.50 each in CSB at issue price of RM0.50 per Share on the basis of one hundred and seventy five (175) new Shares for every one thousand (1,000) existing Shares after the acquisition as stated above. This was completed on 19 August 2004.

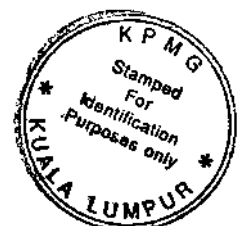
c) Public issue



9. **FINANCIAL INFORMATION (Cont'd)**

Appendix I

- The public issue of 6,000,000 new Shares of RM0.50 each in CSB at an issue price of RM1.25 each per Share to the Malaysian public, eligible employees, Directors and business associates of the CSB Group.
- d) Offer for sale
- Offer for sale of 24,076,100 Shares in CSB at an offer price of RM1.25 each per Share to the Malaysian public, Places and burniputera investors approved by the Ministry of International Trade and Industry.
19. The weighted average number of shares for the year ending 31 December 2004 is calculated based on the assumption that the acquisitions, renounceable rights issue and public issue will be completed by 31 October 2004.



9. FINANCIAL INFORMATION (Cont'd)

9.6 REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT FORECAST OF THE CSB GROUP FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2004

(Prepared for inclusion in the Prospectus)



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The Board of Directors
Classic Scenic Berhad
Lot 12, Jalan RP3,
Taman Rawang Perdana,
48000 Rawang,
Selangor, Malaysia

22 September 2004

Dear Sirs

Reporting accountants' letter on the consolidated profit forecast for the year ending 31 December 2004 of Classic Scenic Berhad and its subsidiaries

We have reviewed the calculations for the consolidated profit forecast of Classic Scenic Berhad ("CSB") and its subsidiaries (collectively known as "CSB Group") for the year ending 31 December 2004 as set out in Appendix I (which we have stamped for the purpose of identification) in accordance with the Standard on Auditing (ISA 810) applicable to the review of forecasts. The consolidated profit forecast has been prepared for inclusion in the Prospectus to be dated 30 September 2004 in connection with the following proposals and should not be relied on for any other purposes.

- i) the public issue of 6,000,000 new ordinary shares of RM0.50 each in CSB at an issue price of RM1.25 per ordinary share each to the Malaysian public, eligible employees, Directors and business associates of CSB Group;
- ii) the offer for sale of 24,076,100 ordinary shares of RM0.50 each in CSB at an offer price of RM1.25 per ordinary share each to the Malaysian public, Placees and Bumiputera Investors approved by the Ministry of International Trade and Industry; and
- iii) the listing of and quotation for the entire issued and paid-up share capital of CSB on the Second Board of the Bursa Malaysia Securities Berhad



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9. FINANCIAL INFORMATION (Cont'd)



Our review has been undertaken to enable us to form an opinion as to whether the consolidated profit forecast is, in all material respects, properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the subsidiaries of CSB Group in their respective audited financial statements for the period ended 30 June 2004. CSB Group in its audited financial statements for the year ending 31 December 2004. The Directors of CSB are solely responsible for the preparation and presentation of the consolidated profit forecast and the assumptions on which the consolidated profit forecast is based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which a forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

Subject to the matter stated in the preceding paragraph:-

- i. nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in Appendix I, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and
- ii. in our opinion, the consolidated profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the subsidiaries of CSB Group in their respective audited financial statements for the period ended 30 June 2004.

Yours faithfully

KPMG

Firm number: AF 0758

Chartered Accountants

Lim Hun Soon @ David Lim

Partner

Approval number: 1514/05/06(J)

9. FINANCIAL INFORMATION (Cont'd)**9.7 DIRECTORS' COMMENTS ON THE PROFIT FORECAST**

The Directors' commentary on the achievability of the aforesaid forecast is as follows:

For the financial year ending 31 December 2004, the Group's revenue is forecasted to expand by approximately RM7.95 million or 14.2% from RM41.57 million to RM47.47 million over the last financial year. The forecast increase in revenue is mainly due to contribution from the increase in orders for its wooden picture frame moulding products from existing customers and the securing of new overseas customers. Revenue from manufacturing of wooden picture frame moulding is expected to account for approximately RM45.78 million or 96.4% whilst manufacturing of wooden pallets is expected to contribute the remaining portion. Sales revenue from the overseas market is expected to constitute over 90% of the Group's revenue.

In line with the increase in revenue, the Group's PBT for the financial year ending 31 December 2004 is forecasted to increase by RM0.94 million or 7.0% from RM13.43 million in 2003 to RM14.37 million. Despite the ceasing of pioneer status of SM on 30 September 2004, the Group's PAT for the financial year ending 31 December 2004 is forecasted to increase by approximately RM0.61 million or 5.1% from RM12.07 million in 2003 to RM12.68 million.

9.8 DIVIDEND FORECAST

Based on the consolidated profit forecast for the financial years ending 31 December 2004 and on the assumption that the present basis for calculating taxation and the rates of taxation will remain unchanged. The Directors of CSB anticipate that in the absence of any unforeseen circumstances, the Company will be in a position to propose, based on the enlarged issued share capital of 100,000,000 Shares, a dividend of 4% for the financial year ending 31 December 2004.

Financial Year Ending 31 December	Forecast 2004 (RM'000)
Consolidated PBT	14,369
Less : Taxation	(1,687)
Consolidated PAT	12,682
Less : Pre-acquisition profits	(7,774)
Consolidated PAT after MI	4,908
Less : Proposed Final Dividend	(2,000)
Retained Profits	2,908
Tax-exempt dividend per share (sen)	2.0
Tax-exempt dividend yield (%) ^(Note 1)	1.6
Net dividend cover (times) ^(Note 2)	6.3

Notes: -

- (1) Based on the IPO price of RM1.25 per Share.
 (2) Based on consolidated PAT

It will be the policy of the Directors in recommending dividends to allow shareholders to participate in the profit of the Group as well as leaving adequate reserves for the growth of the Group.

9. FINANCIAL INFORMATION (Cont'd)

Investors should note that future dividends might be waived if:-

- (a) The Group records a loss instead of the estimate profit; or
- (b) The payment of the dividends would adversely affect the Group's cash flow and operation.

9.9 SENSITIVITY ANALYSIS

The following sensitivity analysis is prepared by the management of the Group and has not been independently verified by the Reporting Accountants. It is based on the forecast assumptions set out in Section 9.5 above and assuming all factors remaining unchanged except for the 5% and 10% upward or downward variations in the revenue and cost of sales. Notwithstanding the impacts of the variations in the revenue and cost of sales as outlined here, there may exist other factors which have not been taken into account, while variations may have a significant effect, either positively or negatively, on the financials of the Group. The sensitivity analysis is as follows: -

9.9.1 Variations in Revenue

Revenue represents mainly invoiced value of goods sold.

The sensitivity analysis on revenue based on the assumption that all other things remain unchanged except for the 5% and 10% upward and downward variation in the selling price of goods sold by the CSB Group.

	Revenue (RM'000)	PBT (RM'000)	PAT (RM'000)
As Forecast – 31 December 2004	47,472	14,369	12,682
Up to 10%	52,219	19,116	16,785
Up to 5%	49,846	16,743	14,734
Down 5%	45,098	11,995	10,631
Down 10%	42,725	9,622	8,580

As shown in the table above, a ten percent (10%) increase in the selling price of goods sold is expected to increase both the CSB Group's PBT and PAT by approximately 32% as compared to the forecast.

9.9.2 Variations in Cost of Sales

	Revenue (RM'000)	PBT (RM'000)	PAT (RM'000)
As Forecast – 31 December 2004	47,472	14,369	12,682
Up to 10%	47,472	11,731	10,413
Up to 5%	47,472	13,050	11,548
Down 5%	47,472	15,688	13,817
Down 10%	47,472	17,007	14,952

As shown in the table above, a ten percent (10%) increase in the cost of sales of goods sold is expected to decrease both the CSB Group's PBT and PAT by approximately 18% as compared to the forecast.

9. FINANCIAL INFORMATION (Cont'd)

The Directors' view is that the main vulnerability, in so far as the achievement of the forecast is concerned, are fluctuations in the selling price and cost of sales.

The Directors are of the opinion that the estimated selling price and cost of sales are realistic. The Directors are satisfied with the adequacy and reliability of management accounting and forecast procedures and are confident of the achievability of the forecast.

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9. FINANCIAL INFORMATION (Cont'd)

9.10 PROFORMA CONSOLIDATED BALANCE SHEETS OF CSB GROUP AS AT 30 JUNE 2004

Classic Scenic Berhad and its Subsidiaries
Proforma Consolidated Balance Sheets as at 30 June 2004

The proforma consolidated balance sheets of Classic Scenic Berhad ("CSB") and its subsidiaries have been prepared for illustrative purposes only on the bases of assumptions set out in the notes below.

	Audited as at 30 June 2004 RM '000	After the acquisitions RM '000	After Renounceable Rights Issue RM '000	After Proforma I and Public Issue and utilisation of proceeds RM '000	After Proforma III and ESOS RM '000
Property, plant and equipment	-	46,581	46,581	48,081	48,081
Current assets					
Inventories	-	13,882	13,882	13,882	13,882
Trade and other receivables	-	8,203	8,203	7,672	7,672
Tax recoverable	-	1,202	1,202	1,202	1,202
Cash and bank balances	*	2,300	9,300	14,431	33,181
	*	25,587	32,587	37,187	55,937
Current liabilities					
Trade and other payables	9	3,427	3,427	3,427	3,427
Amount due to shareholders	-	18,860	18,860	18,860	18,860
Provision for taxation		13	13	13	13
	9	22,300	22,300	22,300	22,300
Net current assets	(9)	3,287	10,287	14,887	33,637
	(9)	49,868	56,868	62,968	81,718
(Represented)/Financed by:					
Share capital	*	40,000	47,000	50,000	57,500
Share premium	-	-	-	3,100	14,350
Accumulated losses	(9)	(9)	(9)	(9)	(9)
(Deficit)/Surplus in shareholders' funds	(9)	39,991	46,991	53,091	71,841
Negative goodwill	-	6,705	6,705	6,705	6,705
Deferred taxation	-	3,172	3,172	3,172	3,172
	(9)	49,868	56,868	62,968	81,718
* RM 2.00					
** 4 ordinary shares					
Number of shares in issue ('000)	**	80,000	94,000	100,000	115,000
Net Tangible (Liability)/Assets per ordinary share (RM)	(2,250.00)	0.58	0.57	0.60	0.68



9. FINANCIAL INFORMATION (Cont'd)

**Notes To The Proforma Consolidated Balance Sheets
Of Classic Scenic Berhad
And Its Subsidiaries As At 30 June 2004**

1. The Proforma Consolidated Balance Sheets of Classic Scenic Berhad (CSB) are based on the audited financial statements of Classic Scenic Berhad (CSB), Scenic Moulding (M) Sdn. Bhd. (SM), Classic Frame Moulding (M) Sdn. Bhd. (CFM), Lim Ket Leng Marketing Sdn. Bhd. (LKLM), Lim Ket Leng Realty Sdn. Bhd. (LKLR) and Lim Ket Leng Timber Sdn. Bhd. (LKLT) as at 30 June 2004 adjusted for dividends declared amounting to RM18,860,317 by CFM and on the revaluation surplus of properties in CFM and LKLR.
2. The Proforma Consolidated Balance Sheets have been prepared on accounting policies and bases consistent with those to be adopted in the preparation of the audited financial statements.
3. The Proforma Consolidated Balance Sheets are for illustrative purposes only to incorporate the following transactions as though they were effected on 30 June 2004: -

Proforma I –Acquisitions of Subsidiaries

Acquisitions of CSB's subsidiaries are as follows:

- Acquisition of the entire issued and paid up capital of SM comprising 710,000 ordinary shares of RM1.00 each for a total consideration of RM21,471,151 which is satisfied by an issuance of 42,942,302 new ordinary shares of RM0.50 each ("Share") in CSB at an issue price of RM0.50 per Share. The purchase consideration was arrived at based on the audited net tangible assets of SM as at 31 December 2003 of RM21,471,151.
- Acquisition of the entire issued and paid up capital of CFM comprising 100,000 ordinary shares of RM1.00 each for a total consideration of RM4,622,762 which is satisfied by an issuance of 9,245,524 new Shares in CSB at issue price of RM0.50 per Share. The purchase consideration was arrived at based on the adjusted audited net tangible assets of CFM as at 31 December 2003 of RM4,622,762 after taking into account the adjustment in respect of the fair value (after deducting deferred taxation) of landed properties amounting to RM700,938 and the payment of tax exempt dividend of RM12,000,000 and net dividend (after tax of 28%) of RM6,860,317 in respect of the financial year ending 31 December 2004 as follows:

	RM
Audited net tangible assets of CFM as at 31 December 2003	22,782,141
Add : Revaluation surplus * net of deferred tax	700,938
Less: Dividend	(18,860,317)
Adjusted net tangible assets as at 31 December 2003	4,622,762



9. FINANCIAL INFORMATION (Cont'd)

- * *The revaluation of the freehold land in CFM had resulted in a revaluation surplus amounting to RM737,829. The revaluation surplus is based on independent valuation carried out by a firm of professional valuer, HASB Consultants Sdn Bhd, on a comparative basis of valuation in January 2004.*
- Acquisition of the entire issued and paid up capital of LKLT comprising 100,004 ordinary shares of RM1.00 each for a total consideration of RM1,443,354 which is satisfied by an issuance of 2,886,708 new Shares in CSB at an issue price of RM0.50 per Share. The purchase consideration was arrived at based on the audited net tangible assets of LKLT as at 31 December 2003 of RM1,443,354.
- Acquisition of the entire issued and paid up capital of LKLM comprising 10,000 ordinary shares of RM1.00 each for a total consideration of RM90,825 which is satisfied by an issuance of 181,650 new Shares in CSB at an issue price of RM0.50 per Share. The purchase consideration was arrived at based on the audited net tangible assets of LKLM as at 31 December 2003 of RM90,825.
- Acquisition of the entire issued and paid up capital of LKLR comprising 750,000 ordinary shares of RM1.00 each for a total consideration of RM12,371,906 which is satisfied by an issuance of 24,743,812 new Shares in CSB at an issue price of RM0.50 per Share. The purchase consideration was arrived at based on the adjusted audited net tangible assets of LKLR as at 31 December 2003 of RM12,371,906 after taking into account the adjustment in respect of the fair value (after deducting deferred taxation) of the landed properties amounting to RM10,536,144 as follows:

	RM
Audited net tangible assets of LKLR as at 31 December 2003	1,835,762
Revaluation surplus * net of deferred tax	10,536,144
Adjusted net tangible assets as at 31 December 2003	12,371,906

- * *The revaluation of the freehold land and building in LKLR had resulted in a revaluation surplus amounting to RM12,536,241. The total revaluation surplus is based on independent valuation carried out by a firm of professional valuer, HASB Consultants Sdn Bhd, on a comparative basis of valuation in January 2004.*

The acquisitions were completed on 31 July 2004.

Proforma II –Renounceable Rights Issue

Proforma II incorporates Proforma I and the following:

Renounceable rights issue of 14,000,000 new Shares of RM0.50 each in CSB at issue price of RM0.50 per Share on the basis of one hundred and seventy five (175) new Shares for every one thousand (1,000) existing Shares after the acquisition as stated above. This was completed on 19 August 2004.



9. FINANCIAL INFORMATION (Cont'd)**Proforma III –Public Issue**

Proforma III incorporates Proforma II and the followings:

- The public issue of 6,000,000 new Shares of RM0.50 each in CSB at an indicative issue price of RM1.25 per Share to the Malaysian public, eligible employees, Directors and business associates of the Group.
- Share issue expenses estimated at RM1,400,000 will be set-off against share premium account.
- The gross proceeds amounting to RM14,500,000 which comprise proceeds from the renounceable rights issue of RM7,000,000 and public issue of RM7,500,000 would be received by the third and fourth quarter of the financial year ending 31 December 2004 and utilised as follows:-

	RM'000
Utilisation:	
Repayment of borrowings	11,000
Acquisition of machineries	1,000
Construction of additional factory	500
Working capital	600
Share issue expenses	1,400

	<u>14,500</u>

- Offer for sale of RM24,076,100 Shares in CSB at an offer price of RM1.25 per Share to the Malaysian public, places and bumiputera investors approved by the Ministry of International Trade and Industry
- The listing of a quotation for the entire issued and paid-up share capital of CSB of 100,000,000 Shares of RM0.50 each on the Second Board of the Bursa Malaysia Securities Berhad.

Proforma IV – Employee Share Option Scheme (“ESOS”)

Proforma IV incorporates Proforma III and the issuance of 15,000,000 new Shares at an issue price of RM1.25 per share pursuant to the options to be granted under the ESOS to the executive directors and eligible employees of the CSB Group. The number of the share options to be granted under the ESOS shall not exceed 15% of the issued and paid-up share capital of CSB at any time. Based on the illustrative enlarged issued and paid-up share capital of CSB upon Proforma III above, the assumed maximum number of the shares to be offered pursuant to the ESOS is 15,000,000.



9. FINANCIAL INFORMATION (Cont'd)

4. Share Capital and Share Premium

The movements in the proforma share capital and share premium account are as follows:

	< -----Proforma----- >	
	Share Capital RM'000	Share Premium RM'000
As at 30 June 2004	*	-
Proforma I		
After the acquisitions of subsidiaries	40,000	-
Proforma II	40,000	-
Shares issued pursuant to the renounceable rights issue	7,000	-
Proforma III	47,000	-
Shares issued pursuant to the public issue	3,000	4,500
Share issue expenses	-	(1,400)
Proforma IV	50,000	3,100
Share issued pursuant to the Employee Share Option Scheme ("ESOS")	7,500	11,250
	57,500	14,350

* RM2.00



9. FINANCIAL INFORMATION (Cont'd)

9.11 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED
BALANCE SHEETS AS AT 30 JUNE 2004
(Prepared for inclusion in the Prospectus)



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The Board of Directors
Classic Scenic Berhad
Lot 12, Jalan RP3,
Taman Rawang Perdana,
48000 Rawang,
Selangor, Malaysia

22 September 2004

Dear Sirs

**Reporting accountants' letter on the proforma consolidated balance sheets as at 30 June 2004
of Classic Scenic Berhad and its subsidiaries**

We have reviewed the presentation of the proforma consolidated balance sheets of Classic Scenic Berhad ("CSB") and its subsidiaries (collectively known as "CSB Group") as at 30 June 2004 together with the accompanying notes thereon which have been prepared for illustrative purposes only, for which the Directors are solely responsible, as set out in the Prospectus to be dated 30 September 2004 in connection with:

- i) the public issue of 6,000,000 new ordinary shares of RM0.50 each in CSB at an issue price of RM1.25 per ordinary share each to the Malaysian public, eligible employees, Directors and business associates of the CSB Group;
- ii) the offer for sale of 24,076,100 ordinary shares of RM0.50 each in CSB at an offer price of RM1.25 per share each per ordinary share to the Malaysian public, Placees and Bumiputera Investors approved by the Ministry of International Trade and Industry;

and

- iii) the listing and quotation for the entire issued and paid up capital of CSB on the Second Board of the Bursa Malaysia Securities Berhad.



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Malaysian law, is the Malaysian member
firm of KPMG International, a Swiss cooperative

9. **FINANCIAL INFORMATION (Cont'd)**



In our opinion,

- the proforma consolidated balance sheets have been properly compiled on the basis of preparation stated;
- such basis is consistent with the accounting policies to be adopted and disclosed by CSB Group; and
- the adjustments are appropriate for the purposes of the proforma consolidated balance sheets.

Yours faithfully

KPMG

KPMG

Firm number: AF 0758

Chartered Accountants

A handwritten signature in black ink, appearing to read 'David Lim'.

Lim Hun Soon @ David Lim

Partner

Approval number: 1514/05/06(J)