

P R O S P E C T U S

SDKM

FIBRES, WIRES & CABLES BERHAD

(Company No. T03720-X)

(Incorporated in Malaysia under the Companies Act, 1965)

- PUBLIC ISSUE OF 6,100,000 NEW ORDINARY SHARES OF RM1.00 EACH AT AN ISSUE PRICE OF RM1.30 PER NEW ORDINARY SHARE PAYABLE IN FULL ON APPLICATION

AND

- OFFER FOR SALE OF 1,900,000 ORDINARY SHARES OF RM1.00 EACH AT AN OFFER PRICE OF RM1.30 PER ORDINARY SHARE PAYABLE IN FULL ON APPLICATION

PURSUANT TO THE LISTING OF SDKM FIBRES, WIRES & CABLES BERHAD ON THE SECOND BOARD OF THE KUALA LUMPUR STOCK EXCHANGE.

Adviser & Managing Underwriter



Aseambankers

Aseambankers Malaysia Berhad (1010197)

This Prospectus is dated 9 February 2002

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" IN SECTION 3

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTER OF SDKM FIBRES, WIRES & CABLES BERHAD ("SDKM") AND THE OFFERORS AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF ALL INFORMATION GIVEN AND CONFIRM THAT, AFTER HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THEIR BEST KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE AND/OR MISLEADING.

ASEAMBANKERS MALAYSIA BERHAD, BEING THE ADVISER AND THE MANAGING UNDERWRITER, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO ITS BEST KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PUBLIC OFFERING AND ARE SATISFIED THAT THE CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 30 SEPTEMBER 2002 (FOR WHICH THE DIRECTORS OF SDKM ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THE PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE PUBLIC ISSUE AND OFFER FOR SALE AND THAT THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC OFFERING.

THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF SDKM AND ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.**

THE KUALA LUMPUR STOCK EXCHANGE ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF SDKM OR OF ITS SECURITIES.

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

INDICATIVE TIMETABLE

MILESTONES	DATE
OPENING OF THE ISSUE/OFFER	: 9 February 2002
CLOSING OF THE ISSUE/OFFER	: 22 February 2002
TENTATIVE BALLOTING DATE	: 28 February 2002
TENTATIVE ALLOTMENT DATE	: 13 March 2002
TENTATIVE LISTING DATE	: 20 March 2002

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DEFINITIONS

In this Prospectus, unless otherwise indicated, the following words and abbreviations shall have the following meanings:

“ABS”	:	Acrylonitrile Butadiene Styrene
“AC”	:	Alternate Current
“ADA”	:	Authorised Depository Agent
“ADA Code”	:	ADA (Broker) Code
“AFTA”	:	Asean Free Trade Area
“AQCA”	:	Autonomous Quality Control Approval
“Ascall”	:	Ascall Sdn Bhd (442762-M)
“Aseambankers”	:	Aseambankers Malaysia Berhad (15938-H)
“ATM”	:	Automated Teller Machines
“AV”	:	Audio visual
“Bonus Issue”	:	The bonus issue of 13,000,000 new ordinary shares of RM1.00 each to the existing shareholders of SDKM credited as fully paid-up on the basis of approximately 765 new ordinary shares of RM1.00 each for every 1,000 ordinary shares of RM1.00 each held in SDKM before the Rights Issue
“Bonus Issue Shares”	:	The 13,000,000 new ordinary shares of RM1.00 each pursuant to the Bonus Issue
“CDS”	:	Central Depository System
“DC”	:	Direct current
“DVD”	:	Digital versatile disc
“ECAH”	:	Electronic Components Alliance Holdings Pte Ltd
“Exercises”	:	The Bonus Issue, Rights Issue, Public Issue, Offer For Sale and Listing collectively
“EPS”	:	Earnings per share
“FIC”	:	Foreign Investment Committee
“GP Margin”	:	Gross profit margin
“HMI”	:	H.M. Industries Sdn. Bhd. (198331-U)
“Issue/Offer”	:	The Public Issue and Offer For Sale collectively
“JAIC ”	:	Japan Asia Investment Co. Ltd.

DEFINITIONS (Cont'd)

“JAIC Asia”	:	JAIC Asia Holdings Pte. Ltd.
“KLSE”	:	Kuala Lumpur Stock Exchange (30632-P)
“Listing”	:	The listing of and quotation for the entire enlarged issued and paid-up share capital of the Company comprising 40,000,000 ordinary shares of RM1.00 each on the Second Board of the KLSE
“LTH”	:	Lembaga Tabung Haji
“MCD”	:	Malaysian Central Depository Sdn Bhd (165570-W)
“MIDA”	:	Malaysian Industrial Development Authority
“MIDFCCS”	:	MIDF Consultancy and Corporate Services Sendirian Berhad (11324-H)
“MIEL”	:	Malaysian Industrial Estates Limited
“MITI”	:	Ministry of International Trade and Industry
“MNC”	:	Multinational Company (ies)
“MSC”	:	Multimedia Super Corridor
“MS ISO”	:	Malaysian Standard, International Organisation for Standardisation
“NTA”	:	Net tangible assets
“NTSC”	:	National Television System Committee
“OA”	:	Office automation
“Offerors”	:	Certain existing shareholders of SDKM, namely SDK, HMI, JAIC Asia and RVI
“Offer For Sale”	:	The offer for sale of 1,900,000 ordinary shares of RM1.00 each in SDKM to Bumiputera investor approved by MITI at an offer price of RM1.30 per share after the Bonus Issue and Rights Issue
“Offer Shares”	:	The 1,900,000 fully paid ordinary shares of RM1.00 each in SDKM, which are the subject of the Offer For Sale
“PAL”	:	Phase Alternating by Line
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“PCB”	:	Printed circuit board
“PE Multiple”	:	Price earnings multiple

DEFINITIONS (Cont'd)

“Public Issue”	:	The public issue of 6,100,000 new ordinary shares of RM1.00 each in SDKM at an issue price of RM1.30 per new ordinary share by SDKM, subject to the terms and conditions of this Prospectus
“Public Issue Shares”	:	The 6,100,000 new ordinary shares of RM1.00 each in SDKM to be issued pursuant to the Public Issue
“PVC”	:	Polyvinyl Chloride Resin
“R&D”	:	Research and Development
“Rights Issue”	:	The rights issue of 3,900,000 new ordinary shares of RM1.00 each in SDKM at par to the shareholders of SDKM credited as fully paid-up on the basis of approximately 229 new ordinary shares of RM1.00 each for every 1,000 ordinary shares of RM1.00 each held in SDKM before the Bonus Issue
“Rights Issue Shares”	:	The 3,900,000 new ordinary shares of RM1.00 each in the Company being the subject of the Rights Issue
“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“ROC”	:	Registrar of Companies, Malaysia
“RVI”	:	Riken Vinyl Industry Co. Ltd., Japan
“SC”	:	Securities Commission
“SDK”	:	SDK Co. Ltd., Japan, a substantial shareholder of SDKM
“SDKM” or “the Company”	:	SDKM Fibres, Wires & Cables Berhad (189740-X)
“SDKM Group” or “Group”	:	SDKM and its subsidiary company, Ascall
“sq. m”	:	Square metres
“TV”	:	Television
“Vital Factor”	:	Vital Factor Consulting Sdn Bhd (266797-T), the independent business and industry consultant for SDKM

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SDKM FIBRES, WIRES & CABLES BERHAD
Company No: 189740-X
(Incorporated in Malaysia under the Companies Act, 1965)

CORPORATE INFORMATION**BOARD OF DIRECTORS**

Name	Nationality	Address	Occupation
Hiroichi Matsumoto	Japanese	12-4-D, Tanjung Pura, Jalan Logan, 10400 Pulau Pinang	Chairman
Toshio Kato	Japanese	12-7-D, Tanjung Pura, Jalan Logan, 10400 Pulau Pinang	Managing Director
Siti Rohani Bt A. Manan	Malaysian	11, Jalan Datuk Sulaiman 5 Taman Tun Dr. Ismail 60000 Kuala Lumpur	Director
Osamu Hosokubo	Japanese	Unit 201, 51, Daimancho 1-Chome Meito-Ku Nagoya-City, Aichi Japan 465-0086	Director
Lim Peng Keat	Malaysian	12, Jalan Concord 15 11200 Tanjung Bungah Pulau Pinang	Executive Director
Ho Kok Loon	Malaysian	18, Jalan Taman Greenview 1 11600 Pulau Pinang	Independent Non-Executive Director
Lim Gin Chuan	Malaysian	29, Medan York 10450 Pulau Pinang	Independent Non-Executive Director
Mohd Fauzi Bin Yon	Malaysian	1-13-2 Kiara View Taman Tun Dr. Ismail 60000 Kuala Lumpur	Independent Non-Executive Director

AUDIT COMMITTEE

Name	Designation	Directorship
Ho Kok Loon	Chairman	Independent Non-Executive Director
Lim Gin Chuan	Member	Independent Non-Executive Director
Lim Peng Keat	Member	Executive Director

CORPORATE INFORMATION (Cont'd)

COMPANY SECRETARIES	:	Khoo Boo Yeang (MIA 6836) 529-2-6, Jalan Tanjung Bungah 11200 Pulau Pinang Chan Wai Fen (MAICSA 7028962) 50, Tingkat Kurau 2 Chai Leng Park 13700 Prai Pulau Pinang
REGISTERED OFFICE	:	2683 (2 nd Floor), Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel : 04 - 3903135 Email : secmasprai@po.jaring.my
HEAD/MANAGEMENT OFFICE	:	Plot 538, Tingkat Perusahaan 4B Prai Free Trade Zone 13600 Prai Pulau Pinang Tel : 04 – 3901092/3996770 Email : lim@sdkm.com.my
PRINCIPAL BANKERS	:	Malayan Banking Berhad (3813-K) 4277, Jalan Bagan Luar 12000 Butterworth Pulau Pinang : Public Bank Berhad (6463-H) 441, Jalan Tunku Ibrahim 08200 Sik Kedah : RHB Bank Berhad (6171-M) 1286 & 1287, Jalan Bahru, Chai Leng Park 13700 Prai Pulau Pinang
AUDITORS AND REPORTING ACCOUNTANTS	:	Horwath Teoh Yap (AF-1121) 2683, (1 st Floor) Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang
SOLICITORS FOR THE ISSUE/OFFER	:	Megat Najmuddin Leong & Co 102, Jalan Bangsar 59200 Kuala Lumpur

CORPORATE INFORMATION (Cont'd)

ISSUING HOUSE	:	MIDF Consultancy and Corporate Services Sendirian Berhad (11324-H) 12 th Floor, Bangunan MIDF 195A, Jalan Tun Razak 50400 Kuala Lumpur
REGISTRAR	:	Plantation Agencies Sdn Bhd (2603-D) 3 rd Floor, Standard Chartered Bank Chambers Beach Street 10300 Pulau Pinang
ADVISER AND MANAGING UNDERWRITER	:	Aseambankers Malaysia Berhad (15938-H) 33 rd Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur
UNDERWRITERS	:	MIDF Consultancy and Corporate Services Sendirian Berhad (11324-H) 12 th Floor, Bangunan MIDF 195A, Jalan Tun Razak 50400 Kuala Lumpur Hwang-DBS Securities Berhad (14389-U) Level 2, 3, 4, 7 & 8 Wisma Sri Pinang, 60 Green Hall 10200 Penang M&A Securities Sdn Bhd (15017-H) 52A, Jalan Sultan Idris Shah 30000 Ipoh PM Securities Sdn Bhd (66299-A) 5 th Floor, Mui Plaza Jalan P. Ramlee 50250 Kuala Lumpur
INDEPENDENT BUSINESS AND INDUSTRY CONSULTANT	:	Vital Factor Consulting Sdn Bhd (266797-T) 75C & 77C, Jalan SS33/19 Damansara Jaya 47400 Petaling Jaya Selangor
LISTING SOUGHT	:	Second Board of the KLSE

1. SUMMARY INFORMATION

The summary information set out below is derived from this Prospectus and should be read in conjunction with the full text of the Prospectus. Investors should read and understand the whole Prospectus prior to deciding whether or not to invest in the shares of the Company.

1.1 History and Principal Activities

SDKM was incorporated in Malaysia under the Companies Act, 1965 on 20 November 1989 as a private limited company under the name of SDKM Fibres, Wires & Cables Sdn Bhd.

The Company first started its operation at the MIEL factory in Prai in January 1989 before moving into their current premises in Free Trade Zone, Seberang Perai Tengah, Pulau Pinang in August 1989.

On 2 February 2001, the Company converted to a public company and assumed its present name since then.

The Company's principal activities can be categorized into the following:

- manufacture of AV accessory cables and coaxial cables;
- manufacture of AV wires, cords, connectors and AC sockets;
- manufacture of headphones, earphones and AV selectors;
- manufacture of optical digital cables;
- assembly of elevator interphones, doorphones and interphones.

It's wholly owned subsidiary, Ascall was incorporated on 13 August 1997 under the Companies Act, 1965 and is involved in the trading and sales of its in-house brand "ASCALL" video security doorphones for the Malaysian market.

Detailed information on the history and principal activities of the SDKM Group is further set out in Section 4 of this Prospectus.

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1. SUMMARY INFORMATION *(Cont'd)*

1.2 Promoter/Major Shareholders, Directors And Key Management/Technical Personnel

1.2.1 Major Shareholders/Promoter

The shareholdings of the promoter/major shareholders of the Company after the Issue/Offer are as follows:

Major Shareholders	Nationality/Place of Incorporation	Direct Interest		Indirect Interest	
		No. of shares	%	No. of shares	%
SDK	Japan	14,675,630	36.69	-	-
RVI	Japan	733,782	1.83	14,675,630 ⁽¹⁾	36.69
JAIC Asia	Singapore	6,237,143	15.59	-	-
LTH	Malaysia	12,070,000	30.17 ⁽⁷⁾	-	-
Hiroichi Matsumoto*	Japanese	10,000	0.025	14,859,075 ⁽²⁾	37.15
Kana Matsumoto	Japanese	-	-	14,869,075 ⁽³⁾	37.17
Kazuo Matsumoto	Japanese	-	-	14,675,630 ⁽⁴⁾	36.69
Yuri Matsumoto	Japanese	-	-	14,869,075 ⁽⁵⁾	37.17
JAIC	Japan	-	-	6,237,143 ⁽⁶⁾	15.59

Notes:

* *Hiroichi Matsumoto is also deemed as the promoter for SDKM.*

(1) *Deemed interest by virtue of RVI's substantial shareholding in SDK.*

(2) *Deemed interest by virtue of his, his wife, daughter and son-in-law's substantial shareholdings in SDK and his and his wife's substantial shareholdings in HMI, which owns 183,445 SDKM shares.*

(3) *Deemed interest by virtue of her, her husband, daughter and son-in-law's substantial shareholdings in SDK, her and her husband's substantial shareholdings in HMI, which owns 183,445 SDKM shares and her husband's direct interest of 10,000 SDKM shares pursuant to the allocation of shares to eligible directors and employees.*

(4) *Deemed interest by virtue of his and his wife's substantial shareholdings in SDK.*

(5) *Deemed interest by virtue of her, her husband, her father and mother's substantial shareholdings in SDK, her father and mother's substantial shareholdings in HMI, which owns 183,445 SDKM shares and her father's direct interest of 10,000 SDKM shares pursuant to the allocation of shares to eligible directors and employees.*

(6) *Deemed interest by virtue of JAIC being the sole shareholder of JAIC Asia.*

(7) *Includes the 1,900,000 Offer Shares approved by MITI.*

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1. SUMMARY INFORMATION *(Cont'd)*

1.2.2 Directors

The shareholdings of the Directors of the Company after the Issue/Offer are as follows:

Name	Designation	Direct Interest*		Indirect Interest	
		No. of shares	%	No. of shares	%
Hiroichi Matsumoto	Chairman	10,000	0.025	14,859,075 ⁽¹⁾	37.15
Toshio Kato	Managing Director	10,000	0.025	-	-
Siti Rohani Bt A. Manan	Director	10,000	0.025	-	-
Osamu Hosokubo	Director	10,000	0.025	-	-
Lim Peng Keat	Executive Director	26,000	0.065	-	-
Ho Kok Loon	Independent Non-Executive Director	10,000	0.025	-	-
Lim Gin Chuan	Independent Non-Executive Director	10,000	0.025	-	-
Mohd Fauzi Bin Yon	Independent Non-Executive Director	10,000	0.025	-	-

Note:

(1) *Deemed interest by virtue of his, his wife, daughter and son-in-law's substantial shareholdings in SDK and his and his wife's substantial shareholdings in IIMI, which owns 183,445 SDKM shares*

* *Based on their respective entitlements pursuant to the allocation of shares to eligible directors and employees of SDKM Group*

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1. SUMMARY INFORMATION (Cont'd)**1.2.3 Key Management / Technical Personnel of the Group**

The shareholdings of the key management/technical personnel of the Company after the Issue/Offer are as follows:

Name	Designation	Direct Interest*		Indirect Interest	
		No. of shares	%	No. of shares	%
Moh Ket Wai	R & D and Quality Control Manager	14,000	0.035	-	-
Pakhrurrazi Bin Fadzil	SDKM Sik Branch Manager	15,000	0.037	-	-
Ng Phaik Lee	Finance and Administration Manager	16,000	0.040	-	-
Sisu Koh	Total Production Control and Purchasing Manager	13,000	0.032	-	-
Teoh Hooi Yen	Marketing and Shipping Manager	13,000	0.032	-	-
Abdul Ghafar Bin Mohd Noor	Production and Store Manager	13,000	0.032	-	-

* Based on their respective entitlements pursuant to the allocation of shares to eligible directors and employees of SDKM Group

Detailed information on the Promoter/Major Shareholders, Directors and Key Management / Technical Personnel is set out in Section 5 of this Prospectus.

1.3 Technology/Software/Systems used by SDKM Group

SDK entered into a Technical Assistance Agreement ("TAA") with SDKM on 2 January 1991 to grant SDKM an exclusive but indivisible and non-transferable right and license without the right to grant sub-licenses, using Industrial Property Rights and Know-How to manufacture and assemble products (as defined in the TAA) in Malaysia and to sell those products manufactured and/or assembled by the Company intended to be used in the manufacturing and assembly of accessory cords and connectors for audio, video, computer and other electronic or electronic requisites, appliances and equipment.

The Industrial Property Rights includes all patents, trademarks and intellectual properties, designs and other statutory industrial property rights relating to the products which is owned by SDK, whilst the Know-How includes any valuable knowledge, information and experience which SDKM has acquired from SDK with respect to the manufacture, distribution and sale of the Products. The TAA expired on 1 January 2001.

1. SUMMARY INFORMATION (Cont'd)

During the term of the TAA, technology assistance was provided by SDK, which included comprehensive training, provision of technical information, know-how and expertise in the manufacture, distribution and marketing of products. The technology is not of complex nature and with the relevant and necessary on-job training, materials and programs provided by SDK during the initial stages, the Company has fully acquired the knowledge and have adopted the system to its fullest advantage. Since August 2000, the Company has been operating, manufacturing and distributing its products independently without any further assistance from SDK.

Subsequently, the Company and SDK entered into a License Agreement dated 1 March 2001 for the grant by SDK to the Company of an exclusive license to use the Industrial Property Rights and Know-How to manufacture, market and distribute the products.

Generally, SDKM has benefited significantly from its relationship with its Japan counterparts as this has opened many windows of opportunities in terms of marketing, sourcing for materials, diversification and expansionary programmes, keeping in touch with the latest development in the industry especially in Japan, possessing and tapping on the direct channels to the largest manufacturers of AV products in the world, amongst others.

Further as a gesture of goodwill and the long standing relationship between the Company and SDK, another agreement had been entered into between SDKM and SDK dated 6 August 2001 in respect of the ownership rights over the Intellectual Property Rights pertaining to the Technology (as defined in the Grant of Ownership of Intellectual Property Rights Agreement ("IPR Agreement") for the manufacturing, distributing and marketing of the products. This results in the Company being granted absolutely all the rights benefits and entitlements in respect of the above and further all proprietary rights and benefits accruing thereto. This agreement supercedes all previous agreement entered into between SDK and SDKM.

Salient terms of the Grant of Ownership of IPR Agreement dated 6 August 2001 entered into between SDK and SDKM are:

(i) Grant of Ownership Rights

SDK as the legal and beneficial owner of the Intellectual Property Rights (such rights relating to the Industrial Property Rights, Intellectual Properties, Technical Information and Know How pertaining to the Technology (all as defined therein) grants to the Company, inter alia, the exclusive rights to use the Technology in perpetuity; and all the rights in respect of the manufacture and assembly, marketing and distribution, and the sale of products and parts and as such assigns and confers unto the Company absolutely all the rights, benefits and all entitlements in respect of the Intellectual Property Rights pertaining to the Technology and rights of action powers and benefits accrued or belong to SDK free from all encumbrances and conditions save as disclosed herein the Agreement and further the right to use the Technology in perpetuity.

(ii) Fees

For each and every month that the Company shall employ the Technology in its business, the Company shall pay to SDK such fees as set out in the Agreement or as mutually agreed between the parties.

1. SUMMARY INFORMATION (Cont'd)

(iii) Covenants By the Company

At all times during the utilisation and employment of the Technology by the Company, the Company agrees the Technology will only be employed on the Premises or future Premises of SDKM; its activities will be confined to the Territory and it will not attempt to manufacture, the Products or deal with any other similar product in any part of the world outside the Territory without the written consent of SDK; it shall not grant any part of its rights and obligations under this Agreement without prior written consent of SDK save and except for a grant by SDKM to any subsidiary of SDKM and/or to any related company; and it shall permit SDK and/or its agents or representative at reasonable times during business hours and with reasonable notice to enter its premises in order to inspect and audit its operations in respect of the utilisation and/or employment of the Technology.

(iv) Covenants By SDK

SDK represents, undertakes and warrants that it is the legal and beneficial owner of the Intellectual Property Rights pertaining to the Technology; it has the right and title and is duly authorised to grant the Ownership Rights in the Intellectual Property Rights and that the Intellectual Property Rights pertaining to the Technology so granted is valid and subsisting; it shall assign and vest in SDKM all the necessary documents to ensure that SDKM is fully and completely vested with title and ownership of all rights herein contemplated at SDKM's cost; and that it shall not in any manner whatsoever (whether directly or indirectly) interfere and/or prevent SDKM in the utilisation of the Intellectual Property Rights as stated in the Agreement; and that it shall indemnify and hold SDKM indemnified from all and/or any proceeding, claim, loss, damage or liability arising from any infringement of any copyright, patent or trademark or howsoever arising out of the use and/or employment by SDKM of the Intellectual Property Rights pertaining to the Technology.

(v) Default

In the event that SDKM has failed to make such payments of fees, whilst continuing the use and/or employment of the Technology, a default payment being twice the fees for each and every calendar month unpaid, shall be imposed on SDKM and that shall be the only remedy for which SDK is entitled to claim against SDKM and further there shall be no provision for grounds of termination in the IPR Agreement.

(vi) Non-Utilisation of Technology

In the event that the Company ceases to use and/or employ the Technology in its business, the Company shall give one (1) month notice in writing to SDK of such intention and shall not be liable to pay to SDK any Fees, save for any outstanding Fees or Default Payment (if any) owing to SDK.

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1. SUMMARY INFORMATION *(Cont'd)*

1.4 Table of Income Statement for the Past Five (5) Years

The following table, which should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 10 of this Prospectus, sets out a summary of the consolidated results of SDKM Group for the past five (5) financial years ended 30 September 2001.

	<-----Financial year ended 30 September----->				
	1997	1998	1999	2000	2001
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	53,226	51,410	47,602	51,306	45,424
Profit before depreciation and interest	6,925	8,793	8,542	9,751	9,263
Depreciation	(3,717)	(3,553)	(3,440)	(2,016)	(1,823)
Interest expense	(2,699)	(3,070)	(1,040)	(433)	-
Interest income	-	-	-	-	66
PBT	509	2,170	4,062	7,302	7,506
Taxation	-	-	-	-	(19)
PAT	509	2,170	4,062	7,302	7,487
Weighted average number of ordinary shares in issue ('000 units) ⁽¹⁾	15,000	15,000	15,000	15,263	17,000
Gross EPS (sen) ⁽²⁾	3.39	14.47	27.08	47.84	44.15
Net EPS (sen) ⁽³⁾	3.39	14.47	27.08	47.84	44.04
Gross dividend rate (%)	-	-	-	-	-

Notes :

- (1) *Being the number of ordinary shares in issue before the implementation of Bonus Issue, Rights Issue and Public Issue*
- (2) *The gross EPS is computed based on the consolidated PBT divided by weighted average number of shares in issue.*
- (3) *The net EPS is computed based on the consolidated PAT divided by weighted average number of shares in issue.*
- (4) *There were no extraordinary items or exceptional items during the financial years under review.*

1. SUMMARY INFORMATION (Cont'd)

1.5 Proforma Consolidated Balance Sheets as at 30 September 2001

The proforma consolidated balance sheets of SDKM as at 30 September 2001 have been prepared solely to illustrate the proforma effects of the Bonus Issue, Rights Issue, Public Issue and Offer For Sale on the assumption that the exercises were effected at that date.

	Audited as at 30 Sept 2001 <u>RM'000</u>	Proforma 1 <u>RM'000</u>	Proforma 2 <u>RM'000</u>	Proforma 3 <u>RM'000</u>
PROPERTY, PLANT & EQUIPMENT	16,065	16,065	16,065	16,065
INVESTMENTS	85	85	85	85
CURRENT ASSETS				
Stocks	10,161	10,161	10,161	10,161
Trade debtors	6,249	6,249	6,249	6,249
Other debtors, deposit & prepayment	976	976	976	976
Amount owing by a shareholder	1,538	1,538	1,538	1,538
Fixed deposits with a licensed bank	4,028	4,028	4,028	4,028
Cash & bank balances	4,899	4,899	8,799	14,729
	<u>27,851</u>	<u>27,851</u>	<u>31,751</u>	<u>37,681</u>
CURRENT LIABILITIES				
Trade creditors	1,629	1,629	1,629	1,629
Other creditors & accrued liabilities	1,247	1,247	1,247	1,247
Short term borrowings	-	-	-	-
Provision for taxation	11	11	11	11
	<u>2,887</u>	<u>2,887</u>	<u>2,887</u>	<u>2,887</u>
Net current assets	<u>24,964</u>	<u>24,964</u>	<u>28,864</u>	<u>34,794</u>
	<u><u>41,114</u></u>	<u><u>41,114</u></u>	<u><u>45,014</u></u>	<u><u>50,944</u></u>
Share capital	17,000	30,000	33,900	40,000
Share premium	2,725	2,725	2,725	2,555 *
Retained Profit	21,389	8,389	8,389	8,389
	<u>41,114</u>	<u>41,114</u>	<u>45,014</u>	<u>50,944</u>
NTA per share (RM)	2.42	1.37	1.33	1.27

Note:

Proforma 1: After Bonus Issue

Proforma 2: After Rights Issue

Proforma 3: After Public Issue and Offer For Sale

* : After deducting RM2,000,000 of the listing expenses

Please refer to Section 9 of this Prospectus for the detailed proforma consolidated balance sheets as at 30 September 2001.

1. SUMMARY INFORMATION (Cont'd)

1.6 Audit Qualifications in the Audited Accounts for the Past Five (5) Financial Years

All the accounts were reported on without any qualification throughout the relevant periods under review.

1.7 Summary of Material Risk Factors to the Group and Industry

An investment in the shares listed/to be listed on the KLSE involves a number of risks some of which, including market, industry, liquidity, credit, operational, legal and regulatory risks could be substantial and are inherent in the business of the Group.

Investors should rely on their own evaluations and to carefully consider the investment considerations before buying any of the Public Issue Shares/Offer Shares which are the subject of this Prospectus. The investment considerations that should be considered includes, but is not limited to, the following:

- There is no prior market for SDKM's shares which would ensure that the Issue/Offer price will correspond to the price at which SDKM's shares will trade on the Second Board of the KLSE upon or subsequent to its listing or that an active market for SDKM's shares will develop and continue upon or subsequent to its listing;
- Upon completion of the Issue/Offer, SDK, JAIC Asia and LTH, three of the major shareholders of SDKM, will maintain their control over the Company. Collectively, they will own 82.45% of SDKM. Hence, they will be able to control the outcome of certain matters requiring the vote of the Company's shareholders;
- The continued success of the Group is also dependent on the Group's ability to retain existing and attract new skilled personnel;
- SDKM is susceptible to certain risks inherent in the cables and wires industry, such as the constraint and rising cost of raw materials;
- Competition from other companies that are involved in the manufacturing of AC & DC adaptor cords, connectors, audio, video, TV, OA cables, connection cords, microphones, headphones and various types of remote control assemblies;
- SDKM is not overly dependent on any major customers. Its largest customer, SDK accounts for 26.88% of SDKM's turnover in financial year ended 30 September 2001. 55% of its top 20 customers have been with the Group for six (6) years or more;
- Political and economic considerations such as changes in interest rates, foreign exchange rates, methods of taxation, tariffs and duties;
- SDK has granted the Company the Ownership of the Intellectual Property Rights and to use the technology in Malaysia in perpetuity in the manufacture, assembly and distribution of cables and wires as stipulated in the Grant of Ownership of IPR Agreement dated 6 August 2001;
- Licenses issued by the Government and local authorities may be subject to changes;

1. SUMMARY INFORMATION (Cont'd)

- This Prospectus contains the financial forecast for the financial year ending 30 September 2002 that is based on a set of bases and assumptions of which, in the opinion of the Directors of SDKM are deemed to be reasonable but nevertheless are subject to uncertainties; and
- This Prospectus contains several forward-looking statements. Although the Group believes that the expectations reflected in such statements are reasonable at the time this Prospectus was issued, there can be no assurance that such expectations will prove to be correct.

Please refer to Section 3 for further information concerning the abovesaid investment considerations, which should be considered by prospective investors. Investors are advised to carefully consider the investment considerations, together with other information contained in this Prospectus before subscribing to any of the ordinary shares, which are the subject of this Prospectus.

1.8 Highlights of the Consolidated Profit Forecast

Financial Year Ending 30 September	Forecast 2002 RM'000
Consolidated profit before tax	7,930
Taxation	(452)
Consolidated profit after tax	7,478
Number of enlarged shares in issue ('000) ⁽¹⁾	40,000
Fully diluted gross EPS ⁽²⁾	19.82
Fully diluted net EPS ⁽³⁾	18.70
Gross PE Multiple based on Issue/Offer price of RM1.30 per share (times)	6.56
Net PE Multiple based on Issue/Offer price of RM1.30 per share (times)	6.95

Notes:

- (1) Being the enlarged issued and paid-up share capital of SDKM of 40,000,000 ordinary shares of RM1.00 each.
- (2) Calculated based on consolidated profit before taxation and the enlarged issued and fully paid-up share capital of SDKM of 40,000,000 ordinary shares of RM1.00 each.
- (3) Calculated based on consolidated profit after taxation and the enlarged issued and fully paid-up share capital of SDKM of 40,000,000 ordinary shares of RM1.00 each.

1. SUMMARY INFORMATION *(Cont'd)*

Dividend Forecast

Financial Year Ending 30 September	Forecast 2002
Gross dividend per ordinary share (sen)	10.0
Net dividend per ordinary share (sen)	10.0
Gross dividend yield based on the Issue/Offer price of RM1.30 per ordinary share (%)	7.69
Net dividend yield based on the Issue/Offer price of RM1.30 per ordinary share (%)	7.69
Net dividend cover (times)	1.87

1.9 Principal Statistics of the Public Issue and Offer For Sale

(a) Share Capital

<i>Authorised</i>	RM
50,000,000 ordinary shares of RM1.00 each	50,000,000
 <i>Issued and fully paid-up</i>	
Existing 33,900,000 ordinary shares of RM1.00 each	33,900,000
To be issued pursuant to :	
- Public Issue of 6,100,000 new ordinary shares of RM1.00 each	6,100,000
Enlarged Share Capital	40,000,000
 Offer For Sale of 1,900,000 ordinary shares of RM1.00 each	 1,900,000

(b) Class of Shares

There is only one class of shares in the Company, namely, ordinary shares of RM1.00 each, all of which rank pari passu with one another. The Public Issue Shares and 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 rights to all dividends and distributions that may be declared subsequent to the date of this Prospectus.

(c) Issue/Offer Price Per Ordinary Share **RM1.30**

1. SUMMARY INFORMATION (Cont'd)**1.10 Proforma Consolidated NTA and NTA per share**

	NTA RM'000	NTA Per Ordinary Share RM
Audited as at 30 September 2001	41,114	2.42
Proforma Group NTA as at 30 September 2001 (after adjusting for Bonus Issue, Rights Issue, Public Issue and Offer For Sale and after deducting estimated listing expenses ⁽¹⁾)	50,944	1.27

Note:

(1) Net of estimated listing expenses of RM2,000,000

Detailed calculations of the Proforma Consolidated NTA are set out in Section 9.11 of this Prospectus.

1.11 Proposed Utilisation Of Proceeds

The gross proceeds of RM11,830,000 of which RM3,900,000 and RM7,930,000 raised from the Rights Issue and Public Issue respectively will be utilised by the Group in the following manner set out below. None of the gross proceeds amounting to RM2,470,000 from the Offer For Sale will be receivable by SDKM but will accrue entirely to the Offerors.

Business Activities	Time frame for utilisation	
	Financial Year 2002	Financial Year 2003
	RM' million	RM' million
(i) Tooling for Ascall's Products	1.00	-
(ii) Equipment for manufacturing of fibre optics	1.00	1.00
(iii) Tooling and equipment for other products	1.00	1.00
(iv) Renovation and improvement on the factories	1.00	-
(v) Working capital	3.83	-
(vi) Listing expenses	2.00	-
Total	9.83	2.00

The Company shall bear all expenses such as brokerage, underwriting commission and registration fee relating to the Public Issue together with all other expenses and fees incidental to the listing of and quotation for the entire issued and paid-up capital of SDKM on the Second Board of the KLSE estimated at RM2,000,000. The Offerors shall bear the stamp duty (if any) and any other related expenses relating to the Offer Shares estimated at approximately RM10,000.

Details of the proposed utilisation of proceeds are set out in Section 2.7 of this Prospectus.

1. SUMMARY INFORMATION *(Cont'd)*

1.12 Material Commitments, Contingent Liabilities and Material Litigation

(a) Material Commitment For Capital Expenditure

As at 15 January 2002, there are no material commitments for capital expenditure incurred or known to be incurred by SDKM, which may have a substantial impact on the results or the financial position of the Company.

(b) Contingent Liabilities

As at 15 January 2002, the Company has no contingent liabilities.

(c) Material Litigation

As at 15 January 2002, the Company and its subsidiary are presently not engaged in any litigation whether as plaintiff or defendant which has a material effect on the financial position of the Company or its subsidiary and the Directors do not know of any proceedings whether 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 SDKM and its subsidiary.

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2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE

This Prospectus is dated 9 February 2002. A copy of this Prospectus has been registered with the SC and lodged with the Registrar of Companies, Malaysia, both of whom take no responsibility for its contents.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, and Section 39(1)(j) of the Companies Act, 1965, the KLSE has prescribed SDKM as a CDS counter. In consequence thereof, the shares issued/offered through this Prospectus will be deposited directly with MCD and any dealings in these shares will be carried out in accordance with the aforesaid Acts and the Rules of the MCD.

An application will be made to the KLSE within three (3) market days from the date of this Prospectus for admission to the Official List of the Second Board of the KLSE and for permission to deal in and for the listing of and quotation for the entire enlarged issued and paid-up ordinary shares of RM1.00 each in SDKM, including the Public Issue Shares and Offer Shares, which are the subject of this Prospectus. These ordinary shares will be admitted to the Official List of Second Board of the KLSE and official quotation will commence after the receipt of confirmation from MCD that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of the applications will be conditional upon permission being granted by the KLSE to deal in and for the quotation of the entire enlarged issued and fully paid-up ordinary shares of SDKM on the Second Board of the KLSE. Accordingly, monies paid in respect of any application accepted from the applications will be returned without interest if the said permission for listing is not granted within six (6) weeks from the date of issue of this Prospectus or such longer period as may be specified by the SC, provided that the Company is notified by or on behalf of the KLSE within the aforesaid timeframe.

In the case of an application by way of Application Form, an applicant should state his/her CDS account number in the space provided in the Application Form only if he/she presently has such an account. Where an applicant does not presently have a CDS account, he/she should state in the Application Form his/her preferred ADA Code. Where an applicant already has a CDS account, he/she should not complete the preferred ADA Code. In the case of an applicant by way of Electronic Share Application, only an applicant who is an individual and has a CDS account can make an Electronic Share Application and the applicant shall furnish his/her CDS account number to the Participating Financial Institutions by way of keying in his/her CDS account number if the instructions on the ATM screen at which he/she enters his/her Electronic Share Application requires him/her to do so. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application.

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue and Offer For Sale and if given or made, such information or representation must not be relied upon as having been authorised by SDKM. Neither the delivery of this Prospectus nor any offer made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the SDKM Group since the date hereof.

The distribution of this Prospectus and the sale of the Public Issue Shares and Offer Shares in certain other jurisdictions may be restricted by law. Persons into whose possession of this Prospectus may come are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation of an offer to buy any Public Issue Shares and Offer Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

The KLSE assumes no responsibility for the correctness of any of the statements made or opinion or reports expressed in this Prospectus. Admission to the Official List of the Second Board of the KLSE is not to be taken as an indication of the merits of the Company or of its ordinary shares.

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

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

2.1 Opening And Closing Of Application Lists

The Application Lists will open at 10.00 a.m. on 22 February 2002 and will remain open until 8.00 p.m. on the same day or for such further period as the Directors of SDKM and/or the Offerors in their absolute discretion may decide.

2.2 Dates of Special Events

Opening Date Of The Issue/Offer	:	9 February 2002
Closing Date Of The Issue/Offer	:	22 February 2002
Tentative Balloting Date	:	28 February 2002
Tentative Allotment Date	:	13 March 2002
Tentative Listing Date	:	20 March 2002

2.3 Number and Type of Securities to be Issued

Authorised Share Capital	RM
50,000,000 ordinary shares of RM1.00 each	<u>50,000,000</u>
Issued and fully paid-up Share Capital	
Existing 33,900,000 ordinary shares of RM1.00 each	33,900,000
To be issued pursuant to :	
- Public Issue of 6,100,000 new ordinary shares of RM1.00 each	<u>6,100,000</u>
Enlarged issued and fully paid-up share capital	<u>40,000,000</u>
To be offered by the Offerors to Bumiputera Investor Approved By MITI	
1,900,000 ordinary shares of RM1.00 each	1,900,000
Issue/Offer Price Per Ordinary Share	RM1.30

The Issue/Offer price of RM1.30 per ordinary share is payable in full upon application.

There is only one class of shares in the Company, namely, ordinary shares of RM1.00 each, all of which rank pari passu with one another. The Public Issue 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 rights to all dividends and distributions that may be declared subsequent to the date of this Prospectus.

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of the ordinary shares in the Company shall, in proportion to the amount paid-up on the ordinary shares held by them, be entitled to share in the whole of the profits paid-up by the Company as dividends, distributions and the whole of any surplus in the event of liquidation of the Company in accordance with its Articles of Association.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held.

2.4 Details of the Public Issue and Offer For Sale

The Public Issue and Offer For Sale shall be subject to the terms and conditions of this Prospectus and upon acceptance, the Public Issue Shares and Offer Shares will be allocated in the following manner:

(i) Eligible Directors and Employees of SDKM Group

2,000,000 Public Issue Shares, representing approximately 5% of the enlarged share capital of 40,000,000 ordinary shares of RM1.00 each will be reserved for eligible directors and employees of the SDKM Group. As approved by SDKM's Board of Directors, the criteria of allocation to eligible directors and employees of SDKM is based on the job grade and years of service. The total number of directors and employees eligible for the allocation are 8 and 624 respectively. The number of securities that will be allocated to each individual director is shown in Section 1.2.2 of this Prospectus.

(ii) Malaysian Public

4,100,000 Public Issue Shares will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

(iii) Approved Bumiputera Investor

1,900,000 Offer Shares will be allocated to Bumiputera investor approved by MITI.

In the event that any of the Public Issue Shares under paragraph (i) above are not taken up by the eligible directors and employees of the SDKM Group, such Public Issue Shares will be made available for application by members of the Malaysian investing public.

All the Public Issue Shares under paragraph (i) and (ii) above have been fully underwritten.

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2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

2.5 Basis of Arriving at the Issue/Offer Price

The Issue/Offer price of RM1.30 per ordinary share was determined and agreed upon by the Company, Aseambankers and the Underwriters based on various factors after taking into account the following: -

- (i) the Group's financial and operating history and conditions as outlined in Section 4 and 9 of this Prospectus;
- (ii) the future plans and prospects of the industries in which the Group operates as outlined in Section 4.9 of this Prospectus;
- (iii) the forecast net PE Multiple of 6.95 times based on the forecast net EPS of 18.70 sen based on the enlarged number of shares of 40,000,000 ordinary shares of RM1.00 each;
- (iv) the proforma Group NTA per share of RM1.27 as at 30 September 2001; and
- (v) the forecast gross dividend yield of 7.69% for the financial year ending 30 September 2002.

2.6 Purposes of the Public Issue/Offer For Sale

The purposes of the Public Issue/Offer For Sale are as follows:

- (i) to grant SDKM access to the capital market to finance future expansion and continued growth of the SDKM Group;
- (ii) to provide additional funds to meet the present and future working capital requirement of the SDKM Group;
- (iii) to provide an opportunity for the eligible directors and employees of the Group as well as the Malaysian investing public to participate in the equity and growth of SDKM; and
- (iv) to obtain the listing of and quotation for SDKM shares on the Second Board of the KLSE.

2.7 Proposed Utilisation of Proceeds

The Public Issue and Rights Issue will raise RM11.83 million which shall accrue to the Company and none of the gross proceeds from the Offer For Sale will be receivable by SDKM as the gross proceeds of the Offer For Sale amounting to RM2.470 million will accrue to the Offerors. The estimated RM2 million in respect of expenses and fees incidental to the listing of and quotation for the entire issued and paid-up share capital of SDKM on the Second Board of the KLSE shall be borne by the Company. The Offerors shall bear the stamp duty (if any) and any other related expenses relating to the Offer Shares estimated at approximately RM10,000.

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2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

Details of the proceeds of the Public Issue and Rights Issue are as follows:

Business Activities	Time frame for utilisation	
	Financial Year	Financial Year
	2002 RM' million	2003 RM' million
(i) Tooling for Ascall's Products	1.00	-
(ii) Equipment for manufacturing of fibre optics	1.00	1.00
(iii) Tooling and equipment for other products	1.00	1.00
(iv) Renovation and improvement on the factories	1.00	-
(v) Working capital	3.83	-
(vi) Listing expenses	2.00	-
Total	9.83	2.00

(i) Tooling for Ascall's Products - RM1.0 million

Approximately RM1.0 million will be allocated for the purchase of various moulding parts, testing equipments such as Test Signal Generator, Waveform Monitor, 3-Channel Oscilloscopes, Universal Counter, Colour Viewer and High Resolution Monitor to further improve the quality and functionality of products.

(ii) Equipment for Manufacturing of Fibre Optics - RM2.0 million

In order to expand into the upstream production of fibre optic cable instead of outsourcing, the company will allocate RM2.0 million for the purchase of basic equipment used for production of fibre optic cable as well as testing equipment to ensure the quality of the products are of certain standards.

(iii) Tooling and Equipment for other products - RM2.0 million

The Company intends to utilise approximately RM2.0 million for the purchase of equipment for other products to cater for the demand of high end products such as accessory cords, optical digital cables for export and local markets.

(iv) Renovation and Improvement on the Factories – RM1.0 million

The Company intends to utilise approximately RM1.0 million for the renovation and improvement on its existing factories' buildings, roads, drainage and other infrastructure.

(v) Working Capital – RM3.83 million

RM3.83 million of the above gross proceeds will be reserved for general working capital, which includes advertisement and promotion costs.

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2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

(vi) Listing Expenses – RM2.0 million

The estimated listing expenses for the proposed listing of and quotation for the enlarged share capital of 40,000,000 ordinary shares of RM1.00 each in SDKM on the Second Board of the Kuala Lumpur Stock Exchange are as follows: -

	To be borne by SDKM RM	
KLSE Listing Fee	5,000	Note 1
Prospectus Lodgement fee with ROC	500	
Prospectus Registration fee with SC	5,000	
SC processing fee	50,000	Note 2
Issuing house fee and disbursement	70,000	Estimated
Advertisement of Prospectus	50,000	Estimated
Printing of application forms, share certificates and Prospectus	150,000	Estimated
Professional advisory fees	800,000	Estimated
Underwriting commission	158,600	Note 3
Brokerage fees	79,300	Note 4
Other miscellaneous expenses and contingencies	631,600	Note 5
Total Estimated Listing Expenses	2,000,000	

Notes:

1) *Initial Listing Fee for Second Board*

RM250 per million Ringgit or part thereof of the issued share capital of the listed issue, subject to a minimum fee of RM1,000 and a maximum of RM5,000.

$$RM250 \times (40,000,000/1,000,000) = RM10,000$$

Therefore, initial listing fee payable is RM5,000.

2) *Nominal amount + 0.05% of total issue of securities*

$$RM30,000 + (0.05\% \times 40,000,000) = RM50,000$$

3) *2.0% of the amount underwritten*

$$2.0\% \times 6,100,000 \text{ Public Issue Shares} \times RM1.30 \text{ per share} = RM158,600$$

4) *1.0% of the amount of Public Issue Shares*

$$1.0\% \times 6,100,000 \text{ Public Issue Shares} \times RM1.30 \text{ per share} = RM79,300$$

5) *Any other incidental or related expenses in connection with the Listing*

Any remaining amount unutilised from the above-stated purposes will be used for working capital.

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

2.8 Underwriters

The names of the underwriters are as follows:

Managing Underwriter	:	Aseambankers Malaysia Berhad (15938-H)
Underwriters	:	MIDF Consultancy and Corporate Services Sendirian Berhad (11324-H)
		Hwang-DBS Securities Berhad (14389-U)
		M&A Securities Sdn Bhd (15017-H)
		PM Securities Sdn Bhd (66299-A)

The underwriters may withdraw from their obligations under the said Underwriting Agreement after the opening of the offer in the event any of the warranties, representations, or undertakings given by the Company is breached prior to the listing date and on the occurrence of any unforeseen circumstances beyond the reasonable control of the contracting parties.

The Company shall bear all expenses such as brokerage and underwriting commission, registration fee relating to the Public Issue together with all other expenses and fees incidental to the listing of and quotation for the entire issued and paid-up capital of SDKM on the Second Board of the KLSE estimated at RM2 million.

2.9 Salient Details of Underwriting Agreement

The Underwriting Agreement dated 25 January 2002 was entered into between the Company, the Managing Underwriter and the Underwriters (the Managing Underwriter and the Underwriters collectively known as "the Underwriters") as mentioned in section 2.8 of this Prospectus.

The Underwriters have agreed to subscribe and/or procure subscription for any unsubscribed Public Issue Shares, which are made available to the eligible directors and employees of the SDKM Group and the Malaysian Public ("the Underwritten Shares").

In consideration of the Underwriters subscribing for and/or procuring responsible persons to apply for such Underwritten Shares, the Underwriters shall be paid an underwriting commission by the Company at the rate of 2.0% of the issue price of RM1.30 per ordinary share. The underwriting commission shall be payable by the Company within seven (7) market days from the date of listing and quotation of the Public Issue Shares on the Second Board of the KLSE.

Application of the Underwriters shall be on the terms and conditions of the Prospectus in the form delivered to the Registrar of Companies in Malaysia.

2. DETAILS OF THE PUBLIC ISSUE AND OFFER FOR SALE (Cont'd)

The obligations of the Underwriters shall be conditional upon, inter alia, the following :-

- (i) KLSE having agreed in principle on or prior to the Closing Date to the admission of the Public Issue Shares to the official list of the KLSE and for listing of and quotation for the Public Issue Shares ;
- (ii) there not having been, in the opinion of the Underwriters any material adverse change or any development reasonably likely to involve a prospective material adverse change in the condition of the Company from that set forth in the Prospectus ;
- (iii) the registration of the Prospectus with the SC and the lodgement of the same with Registrar of Companies, Malaysia ; and
- (iv) the full subscription of and payment for the Offer Shares by the Bumiputera investor, which are not underwritten.

Termination may, inter alia, occur in the following circumstances :-

- (i) if in the opinion of the Underwriters the conditions precedent are not satisfied ;
- (ii) if prior to the Closing Date and it is the opinion of the Underwriters that the success of the Public Issue Shares is, inter alia, seriously jeopardized by any Government requisition which affects the business and/or financial position of the company, any change or development involving a prospective change in national or international monetary, financial, political or economic conditions would prejudice materially the success of the Public Issue Shares and their distribution or sale ; and
- (iii) any new law or regulation or change in existing laws or regulations would have a material adverse effect of the position of the Company.

2.10 Underwriting Commission and Brokerage

The Underwriters mentioned earlier in this Prospectus have agreed to underwrite the 6,100,000 Public Issue Shares, which are made available to the Malaysian public and eligible directors and employees of the SDKM Group. Underwriting commission relating to the Public Issue to be underwritten is payable by the Company at the rate of 2.0% of the issue price of RM1.30 per ordinary shares.

Brokerage relating to the Public Issue is payable by the Company at the rate of 1.00% on the issue price of RM1.30 per share in respect of successful applications bearing the stamp of Aseambankers, a member company of the KLSE, a member of the Association of Banks in Malaysia, a member of the Association of Merchant Banks in Malaysia or MIDFCCS.

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3. RISK FACTORS

Prior to making an investment decision, potential investors should carefully consider the following investment considerations, which may have a significant impact on the future performance of the SDKM Group in addition to all the other relevant information, contained elsewhere in this Prospectus, before making an application.

3.1 Marketability of SDKM's Shares

Prior to this Public Issue and Offer For Sale, there has been no public market for SDKM's shares and there can be no assurance regarding the future development of the market for the shares upon its listing on the Second Board of the KLSE. The Issue/Offer price of RM1.30 per ordinary share has been determined after taking into consideration a number of factors, including but not limited to, the Group's financial and operating history and conditions, the future prospects of the Group and the industries in which the Group operates, the NTA of the Group, the market prices for shares of other companies engaged in businesses similar to that of the Group and the prevailing market condition prior to the signing of the underwriting agreement for the Public Issue Shares.

3.2 Ownership And Control By The Substantial Shareholders

Upon completion of the Public Issue and Offer For Sale, the major shareholders of SDKM are SDK, JAIC Asia and LTH. Collectively, they control approximately 82.45% of the SDKM Group. The aforesaid shareholders, if they act together, may be able to influence and/or control the outcome of certain matters requiring the votes of the Company's shareholders unless they are required to abstain from voting by law and/or by the relevant authorities.

3.3 Business Risks

The SDKM Group is principally engaged in the manufacture of AV accessory cables, OA cables, coaxial cables, AC sockets, connection cords, earphones, headphones and assemblies of security doorphones, elevator interphones and digital optic cables for the AV industry. Therefore, the Group is subject to certain business risks inherent in these industries. These include but not limited to scarcity of trained and experienced labour, source for raw materials, capability to diversify into other opportunities and unforeseen changes in the operating conditions. Some of the risk factors that may have a material effect on the Group are:

(i) **Market Risk**

SDKM Group is subject to inherent risks within the cables and wires industry, particularly in rapid changes of technology, increase in capital investment required as well as the general economic and business fluctuations. SDKM seeks to minimise these risks through continuous discussion with and feedback from customers to update the quality of its products and customer services to its clients.

(ii) **Availability of resources**

There are three (3) areas of resources that SDKM Group is dependent on:

- a. finance;
- b. raw materials; and
- c. labour

3. RISK FACTORS (Cont'd)

Finance

SDKM Group has been profitable for the past five (5) years. Based on past financial performances, the Group has recorded strong financial growth and profitability. In addition, it has strong shareholders including LTH and is not threatened by lack of funding. As such, financing resources may come from borrowings, its shareholders or through internally generated funds.

Raw materials

Two major raw materials for producing cable and wire products are copper and plastic compounds. SDKM sources its copper wire from Fujikura (M) Sdn Bhd and Alpha Industries Bhd, which are locally based Japanese producers of copper rod and copper wire. The copper wires are priced in Ringgit and are pegged to the international copper price.

There are more than two suppliers of bare copper wires in Malaysia. Among others, SDKM can also source from Advance Cables Sdn Bhd. As Malaysia does not produce any copper, ultimately all copper for bare copper wires are imported. Thus, if required, SDKM can source bare copper wires from numerous sources world wide in addition to the suppliers in Malaysia. As such, the fact that SDKM sources its bare copper wires from two local suppliers is prudent management practice as not to depend on any one single supplier.

The plastic compounds comprise mainly of PVC and ABS. The PVC is sourced from Thailand due to the inability to source similar products locally. The ABS is sourced locally.

Labour

As with all industries that rely on labour, SDKM faces the potential threat of shortage of labour. However, as of to-date, shortage of labour has never been an issue. Neither has it impeded on SDKM's business growth nor affected its production schedules.

To minimise this risk, SDKM is constantly improving its process efficiency as well as looking at ways for increased automation.

Whilst there are no assurances that any changes to these factors will not have a material adverse effect on the Group's business, the Group has persevered to limit the abovementioned risks by, inter-alia, :

- increasing the efficiency of operations;
- diversifying the pool of suppliers;
- expanding the business through increasing its range of customers, products and services for both local and export markets; and
- improving its technological competence in R&D and advanced technologies.

3. RISK FACTORS (Cont'd)

3.4 Competition

SDKM Group faces competition from other companies that are involved in the cables and wires industry. At present, most of SDKM's customers are MNC's whose products are produced for consumers in the global market such as the United States of America, the European Union, Singapore, Japan and North East Asia.

SDKM is currently focused in the manufacturing of niche accessory cables and wires that appeals to hi-fi enthusiasts or consumers that demand a higher grade and quality of cables and wires for their audio visual equipment. As the cables and wires are of higher quality, there is significant value adding via higher technology and more demanding manufacturing processes. Therefore, the Company experiences less competition due to the fact that the manufacturing process and technology are more demanding.

Whilst no assurances can be given that the Group will be able to maintain the existing market share in the future, SDKM will continue to take effective measures to ensure good quality products and services as well as develop innovative marketing strategies to remain competitive and maintain the Company's existing market position.

3.5 Dependence on certain customers, maintaining contracts / agreements and failure of on-going relationships.

SDKM is not totally dependent on any single major customer. Its largest customer, SDK, accounts for 26.88% of SDKM's turnover in the financial year ended 30 September 2001. SDKM has established good working relationship with its customers. This is further supported by the fact that 55% of its top 20 customers namely, SDK, Victor Company of Japan Limited and Sony Electronics (M) Sdn Bhd have been with the Group for six (6) years or more. The long working relationships coupled with the quality products and services of SDKM will ensure continuity in business between SDKM and its customers.

Detailed information on the major customers is set out in Section 4.7 of this Prospectus.

3.6 Political and Economic considerations

Adverse developments in the political and economic conditions in Malaysia could unfavourably affect the financial prospects of the Company. These include changes in interest rates, foreign exchange rates, methods of taxation and tariffs and duties. Whilst no assurances can be given that adverse political and economic factors will not materially affect the Company, the Company will continue to take effective measures such as prudent financial management and efficient operating procedures.

3.7 Government control and regulation

Other than the standard manufacturing licences necessary for the operation of the business of the SDKM Group, there are no other material government laws, regulations or policies that may impede on SDKM Group's operational performance and growth. These licenses may be subject to changes by the Government.

3. RISK FACTORS (Cont'd)

3.8 Technology used by the Company

Whilst the Company has an exclusive ownership of intellectual property rights to use its technology relating to Industrial Property Rights, Technical Information and Know-How to manufacture and assemble cables and wires in Malaysia, there are rapid technological changes, which could result in obsolescence of existing technology and products, the requirement of new technology not matched by the existing technical staff and that the operations of the Company are not ready for new methods and increase in costs associated with acquiring updated technology. SDKM acknowledges the said risks and is continuously undertaking research and development and exploring other areas of technological improvement, ensuring staff are continuously trained to align their skills with the requirements of new technology and investing state-of-the-art machinery and equipment to keep abreast with the latest technology. However, there can be no assurance that the rapid development of technological change will not have any effect on the Group's business.

3.9 Dependence on key personnel

The Company's future success will also depend upon its ability to attract and retain skilled personnel. To ensure this, the Group has devised a comprehensive human resource management policy covering the areas of continuous education and training, career development, and a conducive working environment with emphasis on safety, health and promotion of positive working cultures. However, there can be no assurance that the above measures will always be successful in retaining key personnel or ensuring a smooth transition should changes occur.

3.10 Profit Forecast

This Prospectus contains the financial forecast of SDKM for the financial year ending 30 September 2002 that is based on assumptions, which the Directors deem to be reasonable, but which nevertheless are subject to uncertainties and contingencies. Because of the subjective judgements and inherent uncertainties of the forecast and because events and circumstances frequently do not occur as expected, there can be no assurance that the forecast contained herein will be realised and actual results may be materially different than those shown. Investors will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forecast that are contained herein.

3.11 Disclosure regarding forward-looking statements

This Prospectus contains several forward-looking statements, that is, those other than statements of historical facts. Although the Group believes that the expectations reflected in such statements are reasonable at the time this Prospectus is issued, there can be no assurance that such expectations will prove to have been correct. Any differences in the expectations of the Group from its actual performance may result in the Group's financial and business performance and plans to be materially different from those anticipated.

3.12 Impact of AFTA

As a manufacturer in a Free Trade Zone, most of SDKM products are exported, while those for the local markets are subject to 25% tax. SDKM views that the introduction of AFTA will improve its competitiveness, both in Asean countries and locally. However, as AFTA has yet to be effected, there can be no assurance that any change in the policies and arrangement to AFTA does not have any impact on the business and performance of the Group.