

5. INFORMATION ON SHAREHOLDERS, PROMOTER, DIRECTORS AND KEY MANAGEMENT

5.1 Major Shareholders and Promoter

The details of the major shareholders and promoter of the SDKM Group and their shareholdings 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.

5.1.1 Brief information on SDK

SDK was incorporated in Japan on 16 September 1963.

The principal activities of SDK are trading of audio visual accessory cords, AV cables, cords, connectors, optical digital cables and various manufactured parts.

The authorised and paid-up share capital of SDK is Japanese Yen 100,000,000.

5. INFORMATION ON SHAREHOLDERS, PROMOTER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Directors, major shareholders and their respective shareholdings in SDK are as follows:

Directors

| Name | Nationality | <-----Direct-----> | | <-----Indirect-----> | |
|--------------------|-------------|-----------------------------|------|-----------------------------|------|
| | | No. of Ordinary Shares Held | % | No. of Ordinary Shares Held | % |
| Hiroichi Matsumoto | Japanese | 21,000,000 | 21.0 | 28,000,000 ⁽¹⁾ | 28.0 |
| Kazuo Matsumoto | Japanese | 12,000,000 | 12.0 | 7,000,000 ⁽²⁾ | 7.0 |

Notes:

- (1) Deemed interest by virtue of his wife, his daughter and son-in-law's substantial shareholdings in SDK
(2) Deemed interest by virtue of his wife's substantial shareholding in SDK

Major Shareholders (5% or more)

| Name | Place of incorporation/ Nationality | <-----Direct----- > | | <-----Indirect----- > | |
|--------------------|--|-----------------------------|------|-----------------------------|------|
| | | No. of Ordinary Shares Held | % | No. of Ordinary Shares Held | % |
| Hiroichi Matsumoto | Japanese | 21,000,000 | 21.0 | 28,000,000 ⁽¹⁾ | 28.0 |
| Kana Matsumoto | Japanese | 9,000,000 | 9.0 | 40,000,000 ⁽²⁾ | 40.0 |
| Kazuo Matsumoto | Japanese | 12,000,000 | 12.0 | 7,000,000 ⁽³⁾ | 7.0 |
| Yuri Matsumoto | Japanese | 7,000,000 | 7.0 | 42,000,000 ⁽⁴⁾ | 42.0 |
| RVI | Japan | 15,000,000 | 15.0 | - | - |

Notes:

- (1) Deemed interest by virtue of his wife, his daughter and son-in-law's substantial shareholdings in SDK
(2) Deemed interest by virtue of her husband, daughter and son-in-law's substantial shareholdings in SDK
(3) Deemed interest by virtue of his wife's substantial shareholding in SDK
(4) Deemed interest by virtue of her husband, her father and mother's substantial shareholdings in SDK

5. INFORMATION ON SHAREHOLDERS, PROMOTER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.1.2 Brief Information on LTH

LTH was incorporated in Malaysia in 1969 under the Lembaga Urusan dan Tabung Haji Act, 1969, which was subsequently replaced with the Lembaga Tabung Haji Act, 1995.

The principal activities of LTH are accepting of deposits, Haj and investment management.

Directors

Yang Berbahagia Tan Sri Dato' Zainol Bin Mahmood
 Yang Berbahagia Dato' Muhamad Bin Mohd. Nor
 Encik Ahmad Bin Hashim
 Encik Mohd Bakke Bin Salleh
 Tuan Haji Che Ibrahim Bin Mustafa
 Yang Berhormat Datuk Haji Mohamad Bin Haji Aziz
 Yang Berbahagia Datuk Abdul Malek Bin Abdul Aziz
 Yang Berhormat Tuan Mohamed Sayuti Bin Said
 Yang Berhormat Datin Paduka Hajah Seripah Noli Binti Syed Husin
 Tuan Haji Mansor Bin Haji Zakariya

5.1.3 Brief Information on JAIC Asia

JAIC Asia was incorporated in Singapore on 14 December 1998.

The principal activities of JAIC Asia are to provide business advisory and management consultancy services as well as investment holdings.

The authorised share capital of JAIC Asia is S\$70,000,000 and the issued and fully paid-up share capital is S\$54,077,470.

The Directors, major shareholders and respective shareholdings in JAIC Asia are as follows:

Directors

| Name | Nationality | <-----Direct-----> | | <-----Indirect-----> | |
|-----------------|-------------|-----------------------------|---|-----------------------------|---|
| | | No. of Ordinary Shares Held | % | No. of Ordinary Shares Held | % |
| Toyoji Tatsuoka | Japanese | - | - | - | - |
| Hideaki Shimizu | Japanese | - | - | - | - |
| Hiroshi Sasaki | Japanese | - | - | - | - |

5. INFORMATION ON SHAREHOLDERS, PROMOTER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Major Shareholder (5% or more)

| Name | Place of incorporation | <-----Direct-----> | | <-----Indirect-----> | |
|------|------------------------|-----------------------------|-----|-----------------------------|---|
| | | No. of Ordinary Shares Held | % | No. of Ordinary Shares Held | % |
| JAIC | Japan | 54,077,470 | 100 | - | - |

5.1.4 Brief Information on JAIC

JAIC was incorporated in Japan on 10 July 1981.

The principal activities of JAIC are management of funds, venture capital investment, consulting activities and financing of activities.

The authorised share capital of JAIC is Japanese Yen 375,362,000 comprising 375,362,000 shares of which 105,911,152 have been issued and fully paid up.

Directors

| Name | Nationality | <-----Direct-----> | | <-----Indirect-----> | |
|---------------------|-------------|-----------------------------|---|-----------------------------|---|
| | | No. of Ordinary Shares Held | % | No. of Ordinary Shares Held | % |
| Toyaji Tatsuoka | Japanese | - | - | - | - |
| Tsuneo Kumada | Japanese | - | - | - | - |
| Yoshiki Sasaki | Japanese | - | - | - | - |
| Makato Isshi | Japanese | - | - | - | - |
| Hidetaka Fukuzawa | Japanese | - | - | - | - |
| Moriyoshi Matsumoto | Japanese | - | - | - | - |

5.1.5 Brief Information on RVI

RVI was incorporated in Japan on 30 March 1951.

The principal activities of RVI are manufacturing and trading of PVC resin and compound, sophisticated resin compound, calendar film, extrusive film and other plastics.

The authorised and paid-up share capital of RVI is Japanese Yen 8,514,018,000.

The Directors, major shareholders and their respective shareholdings in RVI are as follows:

**5. INFORMATION ON SHAREHOLDERS, PROMOTER, DIRECTORS AND KEY MANAGEMENT
(Cont'd)**
Directors

| Name | Nationality | <-----Direct-----> | | <-----Indirect-----> | |
|-------------------|-------------|-----------------------------|----|-----------------------------|---|
| | | No. of Ordinary Shares Held | % | No. of Ordinary Shares Held | % |
| Miyaki Itoh | Japanese | 60,000 | .* | - | - |
| Yukinobu Masano | Japanese | 28,000 | .* | - | - |
| Jyunichi Nakamura | Japanese | 22,000 | .* | - | - |
| Ichirou Niizuma | Japanese | 21,000 | .* | - | - |
| Hisashi Takasaki | Japanese | 19,000 | .* | - | - |
| Masahiro Takeuchi | Japanese | 19,000 | .* | - | - |
| Kohichi Kinoshita | Japanese | 19,000 | .* | - | - |
| Kichirou Nakano | Japanese | 14,000 | .* | - | - |
| Osamu Wada | Japanese | 6,000 | .* | - | - |
| Hiroshi Asaba | Japanese | 3,000 | .* | - | - |
| Katuhiko Matsuoka | Japanese | 2,000 | .* | - | - |

* Non-substantial based on the paid-up share capital of Japanese Yen 8,514,018,000.

Major Shareholders (5% or more)

| Name | Place of Incorporation | <-----Direct-----> | | <-----Indirect-----> | |
|--|------------------------|-----------------------------|------|-----------------------------|---|
| | | No. of Ordinary Shares Held | % | No. of Ordinary Shares Held | % |
| Yasuda Fire and Marine Insurance Company Ltd | Japan | 630,888,734 | 7.41 | - | - |
| Fuji Bank Ltd | Japan | 431,660,713 | 5.07 | - | - |
| Asahi Bank Ltd | Japan | 431,660,713 | 5.07 | - | - |

5.2 Changes in Major Shareholders / Promoter of SDKM and their Shareholdings for the Past Three (3) Years :

| Major Shareholders/Promoter | Date of Change | Direct Shareholdings | Addition/ (Disposal) | Direct Shareholdings |
|-----------------------------|----------------|----------------------|----------------------|----------------------|
| SDK | Bal. b/f | 9,000,000 | - | 9,000,000 |
| | 8/5/2000 | 9,000,000 | (1,000,000) | 8,000,000 |
| | 26/10/2001 | 8,000,000 | 6,117,647 | 14,117,647 |
| | 2/11/2001 | 14,117,647 | 1,835,294 | 15,952,941 |
| ECAH | 8/3/2000 | - | 3,400,000 | 3,400,000 |
| | 19/10/2001 | 3,400,000 | (3,400,000) | - |
| JAIC Asia | 19/10/2001 | - | 3,400,000 | 3,400,000 |
| | 26/10/2001 | 3,400,000 | 2,600,000 | 6,000,000 |
| | 2/11/2001 | 6,000,000 | 780,000 | 6,780,000 |

5. INFORMATION ON SHAREHOLDERS, PROMOTER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

| Major Shareholders/Promoter | Date of Change | Direct Shareholdings | Addition/ (Disposal) | Direct Shareholdings |
|-----------------------------|----------------|----------------------|----------------------|----------------------|
| RVI | Bal. b/f | 400,000 | - | 400,000 |
| | 26/10/2001 | 400,000 | 305,882 | 705,882 |
| | 2/11/2001 | 705,882 | 91,765 | 797,647 |
| LTH | 11/8/2000 | - | 3,100,000 | 3,100,000 |
| | 14/8/2000 | 3,100,000 | 2,000,000 | 5,100,000 |
| | 26/10/2001 | 5,100,000 | 3,900,000 | 9,000,000 |
| | 2/11/2001 | 9,000,000 | 1,170,000 | 10,170,000 |
| Hiroichi Matsumoto | 8/5/2000 | - | 3,100,000 | 3,100,000 |
| | 11/8/2000 | 3,100,000 | (3,100,000) | - |

5.3 Directors and their Shareholdings in SDKM

| 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 HMI, 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

5. INFORMATION ON SHAREHOLDERS, PROMOTER, DIRECTORS AND KEY MANAGEMENT
(Cont'd)

5.3.1 Directorship and their Shareholdings in other Public Corporations for the Past Two (2) Years

Saved as disclosed below, none of the Directors of SDKM has any directorship or major shareholdings in other public corporations for the past two (2) years.

| Name | Company | Designation | Date Appointed/ (Resigned) | Direct Interest | | Indirect Interest | |
|---------------------|---------------------------------|----------------------|----------------------------|-----------------|---|-------------------|---|
| | | | | No. of shares | % | No. of shares | % |
| Lim Gin Chuan | The Store Corporation Berhad | Independent Director | 31/01/2000 | - | - | - | - |
| | Wong Engineering Holding Berhad | Independent Director | 11/11/1997 | - | - | - | - |
| Mohd. Fauzi Bin Yon | Ipmuda Berhad | Director | 22/02/1997 | - | - | - | - |

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5. INFORMATION ON SHAREHOLDERS, PROMOTER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.3.2 Directors

Profiles of the Directors are as follows:

Hiroichi Matsumoto aged 80, is the Chairman of SDKM. He is also the founder and Chairman of SDK. He graduated with Bachelor of Arts in Economics degree from the University of Tokyo in 1943. Upon graduation, he started his career in the AV industry. In 1963, Mr Matsumoto started Sanwa Denko Co. Ltd, Japan, the parent company of SDKM, which later changed its name to SDK in 1989. Mr. Matsumoto has more than 50 years experience in the industry and is responsible for the rise of SDK as one of the leading cables and wires company in Japan. Mr Matsumoto is also a director of HMI.

Toshio Kato, aged 50, is the Managing Director of SDKM. He has been working with SDK for more than 30 years. He started his career in 1971 with Sanwa Denko Co. Ltd., the parent company of SDKM, which later changed its name to SDK in 1989. In 1996, he was transferred to SDKM as Regional Sales Manager. In 1997 he was appointed the Managing Director of SDKM.

Siti Rohani Bt A.Manan aged 47, is a director of SDKM. She graduated from the University of Malaya with a degree in Economics and secured her first job as an Economic Analyst with Kompleks Kewangan Malaysia Berhad in 1981. In 1984, she joined LTH as a Fund Manager and presently heads the Investment Development Division of LTH with the main responsibility of securing and evaluating investment proposal for LTH's participation.

Osamu Hosokubo, aged 41, is a director of SDKM. He graduated with a Bachelor of Laws degree from Keio University, Japan, in 1983. He joined Nippon Trust Bank Co. Ltd. in April 1983. In July 1989, he joined JAIC in its Investment Division and in April 1991, became the Chief Representative in Manila, the Philippines. In April 1995, he became the Deputy General Manager of the Personnel Department. He then went on to become the Chief Representative in Singapore in April 1998. In April 1999, he joined JAIC Asia as Director and Chief Operating Officer. In April 2000, he became JAIC Asia Capital Pte Ltd's President and Director and he is also now the General Manager of Nagoya branch.

Lim Peng Keat, aged 46, is the Executive Director and the General Manager of SDKM. He has held the position of General Manager since 1997. He is an accountant by profession having obtained his Fellow Member of Chartered Institute of Management Accountants from United Kingdom. Mr Lim received his Masters in Business Administration from University of Portsmouth, United Kingdom in 1999. Mr Lim began his career with MEM Sdn Bhd. In 1989, Mr Lim joined SDKM as an accountant.

Ho Kok Loon, aged 35, is an independent non-executive director of SDKM and was appointed on 23 March 2001. He graduated with a Bachelor of Accounting (Honours) from the University of Malaya in 1991. Upon graduation, he joined Price Waterhouse, Pulau Pinang in its Audit & Business Advisory Services Group. In 1995, he joined Southern Steel Berhad, a company listed on the Main Board of the KLSE as Section Head, Internal Audit. He became the Section Head, Business Development in 1996 and later the Finance & Administration Manager (Rod Division) in 1997. In 1999, he joined Southern Rubber Works Sdn Bhd as Senior Manager, Corporate Finance & Business Development.

He obtained his Masters of Business Administration from the University of Portsmouth, Portsmouth, United Kingdom in 1999. He is a member of the Malaysian Institute of Accountants and a Fellow of the Malaysian Institute of Taxation.

5. INFORMATION ON SHAREHOLDERS, PROMOTER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Lim Gin Chuan, aged 38, is an independent non-executive director of SDKM and was appointed on 23 March 2001. He graduated with a Bachelor of Economics (major in Accounting) and Bachelor of Law from Monash University, Melbourne, Australia in 1988. Upon graduation, he joined a law firm, Messrs Cheong Wai Meng & Van Buerle as a legal assistant. In 1991, he became the partner of Messrs Syarikat Ng & Anuar. His main areas of practice are conveyancing, banking and company law. He is an independent director of The Store Corporation Berhad and Wong Engineering Holding Berhad, which are public listed companies.

Mohd Fauzi Bin Yon, aged 50, is an independent non-executive director of SDKM and was appointed on 23 March 2001. He joined the Ministry of Foreign Affairs, Malaysia after graduating from the University of Malaya with a Bachelor of Economics (Honours) in 1975. He had served in various Malaysian Diplomatic Missions abroad between 1978 and 1993 before opting for retirement from the Government service in 1995. He joined Maju Holdings Sdn. Bhd. as the Special Assistant to the Group Executive Chairman in August 1995. The last position he held before his optional retirement at the Ministry of Foreign Affairs, Malaysia was as Principal Assistant Secretary in charge of political and economics affairs of the South East Asian Region. He is also a director of Ipmuda Berhad, a public listed company since 22 February 1997.

5.3.3 Aggregate Remuneration and Benefits of Directors

For the financial year ended 30 September 2001, the remuneration and benefits paid to the Directors for services rendered to the Company and its subsidiary company was RM121,618. For the financial year ending 30 September 2002, the amount of remuneration and benefits proposed to be paid to the Directors for services to the Company and its subsidiary company is estimated to be RM200,000.

5.4 Audit Committee

Details on the members of the audit committee are as follows:

| 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 |

5.5 Key Management

Profiles of the key management of SDKM are as follows:

Moh Ket Wai, aged 34, is the R&D and Quality Control Manager of SDKM. He graduated with a Diploma in Mechanical Engineering from the University Technology Malaysia in 1989. Upon graduation, Mr Moh joined Delta Switchgear Sdn Bhd as Engineering Assistant. He was subsequently promoted to Manufacturing Engineer in 1990. In 1991, he left to join SDKM as Assistant Manager of Research & Development Department. In 1996, Mr Moh was promoted to Manager of Research & Development Department. He assumed his present position in 1997. Subsequently, Mr Moh obtained his Bachelor Degree in Engineering (Mechanical) with Universiti Teknologi Malaysia on 28 July 2001.

5. **INFORMATION ON SHAREHOLDERS, PROMOTER, DIRECTORS AND KEY MANAGEMENT**
(Cont'd)

Pakhrurrazi Bin Fadzil, aged 42, is the manager of the SDKM Sik branch. He graduated with a Diploma in Electronics from Institute of Engineering Technology, Rawang in 1986. He served the Malaysian Armed Forces as an Army Officer between 1979 to 1983. In 1988, he joined Philips Sdn Bhd, Penang as Management Trainee and was subsequently promoted to Production Supervisor. In 1991, he left to join SDKM as Officer. He was transferred to the Sik Branch shortly after it was set up and was placed in charge of and responsible for the performance of the production section and general line/administrative set up. He was promoted to Assistant Manager in 1994 and later to Manager in 1997. Encik Pakhrurrazi is responsible for the total performance of the branch factory.

Ng Phaik Lee, aged 34, is the Finance and Administration Manager of SDKM. She completed her Higher Stage Group Diploma in Accounting and Cost Accounting, the London Chamber of Commerce and Industry Examination Board, UK, in 1987. Upon completion of her tertiary education, she joined Golden Star Video Library Sdn Bhd as shop supervisor. She left to join SDKM in 1989 as Accounts Clerk/Assistant. Ms Ng was promoted to Finance Officer in 1990 and subsequently to Finance/Administration Assistant Manager in 1998. Presently, she is the Head of Finance, EDP and Human Resource Department. She became a member of The Association of Chartered Certified Accountants (ACCA) in April 2001 and a Chartered Accountant with the Malaysian Institute of Accountant on 16 November 2001.

Sisu Koh, aged 36, is the Total Production Control and Purchasing Manager. She graduated with Bachelor of Science in Business Administration with Honours from the University of Southwestern Louisiana, Lafayette, Louisiana, USA in 1987. Upon graduation, she joined International Footwear (Penang) Sdn Bhd as Production Planning Executive in 1988. She left to join SDKM in 1989 as Material Control Planning Officer. Between 1991 and 1994, she was the proprietor of a restaurant in Penang. In 1994, she re-joined SDKM as Material Control Officer and was subsequently promoted to her current position in 1998.

Teoh Hooi Yen, aged 32, is the Marketing and Shipping Manager. She graduated with a Bachelor of Economics and Business Administration (Honours) degree from the University of Malaya in 1994. She began her working career as an Administrative Executive with North Malaya Paper Mills Sdn Bhd in May 1994. She left to join SDKM as Sales Officer in October 1994 and was subsequently promoted to her current position in April 1998.

Abdul Ghafar Bin Mohd Noor, aged 35, is the Production and Store Manager. He graduated with a Diploma in Agribusiness from Universiti Pertanian Malaysia, Serdang in 1987. Upon graduation, he joined First Malaysia Finance Berhad as a clerk. In 1990, he joined QCD (M) Sdn Bhd as a Store Supervisor. A year later, he joined Penang Seagate Industries Sdn Bhd as a Production Supervisor. In 1993, he left to join Dastek (M) Sdn Bhd as a Production Supervisor. In 1994, he joined SDKM as a Production Officer. He assumed his current position in 1998.

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5. INFORMATION ON SHAREHOLDERS, PROMOTER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.5.1 Shareholdings Of The Key Management

| 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

5.6 Declaration From The Directors And Senior Management

No Director, senior executive officer or person nominated to become a director or senior executive officer is or has been involved in any of the following events :-

- 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 senior executive officer;
- a conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- being 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. INFORMATION ON SHAREHOLDERS, PROMOTER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.7 Relationship Between Major Shareholders, Promoter, Directors and Key Management

Saved as disclosed below, there is no relationship between the major shareholders, promoter, Directors and key management.

- (1) Hiroichi Matsumoto, together with his wife, Kana Matsumoto, his daughter, Yuri Matsumoto and his son-in-law, Kazuo Matsumoto, are substantial shareholders of SDK;
- (2) RVI is a substantial shareholder of SDK; and
- (3) JAIC Asia which is a wholly owned subsidiary of JAIC, is a substantial shareholder of SDKM.

5.8 Service Contract

None of the existing Directors of the Company has any current or proposed service contract with the Company or its subsidiary company.

5.9 Employees

As at 15 January 2002, the SDKM Group has a total workforce of 625. None of the employees of the SDKM Group is a member of any labour union.

| Category | Malaysians | Foreigners | Total |
|-------------------------------------|------------|------------|------------|
| 1. Management and Professional | 27 | 4 | 31 |
| 2. Technical and Supervisory | 59 | - | 59 |
| 3. Clerical and related occupations | 9 | - | 9 |
| 4. General Workers | 12 | - | 12 |
| 5. Other Workers | | | |
| - Skilled | 92 | - | 92 |
| - Semi-skilled | 422 | - | 422 |
| Total | 621 | 4 | 625 |

The average years of service of the employees are six (6) years.

**5. INFORMATION ON SHAREHOLDERS, PROMOTER, DIRECTORS AND KEY MANAGEMENT
(Cont'd)**

Some of the training and development programmes undertaken by the Company for the employees include the following :

(a) Undertaken :

- Understanding and application of statistical tool such as SPC-101 QC Tools;
- Training and seminar for conversion of MS ISO 9002 to MS ISO 9001, Quality Management System;
- Training and seminar for MS ISO 14001, Environmental Management System;
- English Language and Japanese Language courses;
- IT related training such as implementation of ERP System, Microsoft's application and Networking technique;
- Seminar, conference and workshop in Quality Management, Finance, Human Resource and others;
- Seminar and conference related to current economic and regulatory issues; and
- Post graduate courses.

(b) On-going :

- Post graduate courses;
- Understanding and application of statistical tool such as FMEA and Six Sigma;
- Training and seminar for implementation of Business Intelligent Solution Training for Data Base Administration (DBA path);
- Forming of QCC (Quality Control Circle) Team with participation from all departments;
- Seminar, conference and workshop in Quality Management, Management Finance, Human Resource and others; and
- Seminar and conference related to current economic and regulatory issues.

The employees of the Company do not belong to any union. The management of the Company enjoys a cordial relationship with its employees. There has been no industrial dispute in the past between the management and the employees of the Company.

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6. APPROVALS AND CONDITIONS

6.1 Approvals of Relevant Authorities

The following approvals from the relevant authorities were obtained by SDKM in conjunction with the Issue/Offer.

| Authorities | Date of Approval | Conditions | Status of Compliance |
|-------------|------------------|--|--|
| FIC | 20 June 2001 | (i) SDKM is to have at least 30% direct Bumiputera equity interest and not more than 51% of foreign equity interest upon listing. | <p>SDKM will have 30.17% Bumiputera equity interest upon listing.</p> <p>SDKM has appealed on the 51% foreign equity condition.</p> <p>Approval from FIC had been obtained via its letter dated 11 December 2001 for allowing SDKM to retain its foreign shareholding at 54.65% upon listing.</p> |
| MITI | 10 July 2001 | <p>(i) To obtain the approval of the FIC ;</p> <p>(ii) To obtain the approval of SC; and</p> <p>(iii) The 1,900,000 new ordinary shares reserved for Bumiputera investors shall be allocated by the MITI after the approval of the SC has been obtained.</p> | <p>FIC approval obtained on 20 June 2001 and 11 December 2001.</p> <p>SC approval obtained on 30 August 2001.</p> <p>MITI has approved the 1,900,000 new ordinary shares to be allocated to Lembaga Tabung Haji.</p> <p>A letter dated 26 September 2001 was received from MITI stating that MITI has no objection to SDKM having more than 51% foreign equity in the Company.</p> |

6. APPROVALS AND CONDITIONS (Cont'd)

| Authorities | Date of Approval | Conditions | Status of Compliance |
|-------------|------------------|--|---|
| SC | 30 August 2001 | <p>(i) A moratorium shall be placed on the disposal of shares by the major shareholders namely, SDK, RVI, JAIC Asia and HMI, on the sale of 18,000,000 ordinary shares of RM1.00 each representing 45% of the enlarged issued and paid-up share capital of SDKM within 1 year from the date of admission to the Second Board of the KLSE.</p> <p>Thereafter, they are allowed to sell, transfer or assign, in every subsequent year, up to a maximum of 1/3 per annum of their shareholdings in SDKM which are placed under moratorium.</p> <p>The above restriction is also imposed on the ultimate shareholders of SDK, RVI, JAIC Asia and HMI. Each of the ultimate shareholders are required to provide a written undertaking that they will not dispose, transfer or assign of their shareholdings in SDK, RVI, JAIC Asia and HMI as the case may be, during the duration of the moratorium restriction.</p> <p>(ii) The promoters and Directors of SDKM shall not be involved in any new business that will give rise to a conflict of interest situation with the existing business of SDKM. They are required to make full disclosure of their related involvement or conflict of interest, if any, that may arise and compete with the business of SDKM in the Prospectus of SDKM. In this regard, they are also required to give full details on how the conflict of interest situation between the new SDKM Group and other companies will be resolved in the Prospectus of SDKM.</p> | <p>Letters of undertakings have been provided.</p> <p>Letters of undertaking have been provided.</p> <p>Letters of undertaking have been provided. Disclosed under Section 7.1.3.</p> |

6. APPROVALS AND CONDITIONS (Cont'd)

| Authorities | Date of Approval | Conditions | Status of Compliance |
|-------------|------------------|---|--|
| | | (iii) SDKM is not allowed to venture into or be involved in any new activities or business which are not related to its core business for a duration of 3 years after its admission to the Second Board of KLSE. | Letter of undertaking has been provided. |
| | | (iv) SDKM is required to make disclosure on any business transactions with related parties/substantial shareholders and directors of SDKM, in the prospectus. Any future business transactions between the SDKM Group and related parties/substantial shareholders and directors must be based on "arms length" which are not unfavourable to the SDKM Group. SDKM's audit committee is required to monitor such transactions and the Board of Directors of SDKM is required to report such transactions, if any, in the annual report of SDKM. | Complied. Disclosed under Section 7.1.2. |
| | | (v) SDKM is required to disclose the license agreement entered into between SDK and SDKM in relation to the "Grant of Ownership of Intellectual Property Rights Agreement in the prospectus. | Complied. Disclosed under Section 1.3. |
| | | (vi) SDKM is required to fully comply with the relevant conditions as stipulated in Chapter 10 of the SC Guidelines. | To be complied. |
| | | (vii) SDKM is required to fully comply with the conditions imposed by the MITI and FIC. | (i) Bumiputera and foreign equity conditions imposed by the FIC will be complied at point of listing. (ii) Shares reserved for Bumiputera namely Lembaga Tabung Haji had been approved by the MITI. |

6. APPROVALS AND CONDITIONS (Cont'd)

6.2 Moratorium On Disposal Of Shares

It is a condition of the SC's approval that the following substantial shareholders of SDKM will not be allowed to sell, transfer or assign their shareholdings amounting to 45% of the nominal issued and paid-up capital of SDKM within one (1) year from the date of admission of SDKM on the Official List of the Second Board of the KLSE.

The moratorium means that certain shareholders of SDKM are not allowed to sell, transfer or assign the shares under moratorium within one (1) year from the date of admission of SDKM to the Official List of the Second Board of the KLSE. Thereafter, they are permitted to divest or transfer in every subsequent year up to a maximum of one-third per annum (on a straight-line basis) of their respective shareholdings in the Company, which is under moratorium.

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

| | Shareholding After Public Issue and Offer For Sale | | Shares Placed Under Moratorium | |
|----------------------------------|--|--|--------------------------------|--|
| | No. Of Shares Held | % Of The Enlarged Issued And Paid-up Share Capital | No. Of Shares Under Moratorium | % Of The Enlarged Issued And Paid-up Share Capital |
| Substantial Shareholders: | | | | |
| SDK | 14,675,630 | 36.69 | 13,388,235 | 33.47 |
| JAIC Asia | 6,237,143 | 15.59 | 3,855,462 | 9.64 |
| RVI | 733,782 | 1.83 | 605,042 | 1.51 |
| HMI | 183,445 | 0.46 | 151,261 | 0.38 |
| Total | 21,830,000 | 54.57 | 18,000,000 | 45.00 |

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

"The shares comprised herein are not capable of being sold, transferred or assigned for a period as determined by the 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 certificate or 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 TRANSACTION/CONFLICT OF INTEREST

7.1 Related Party Transactions

7.1.1 Promotion of assets

None of the Directors and substantial shareholders and/or key management staff of the Company has an interest, directly or indirectly, in the promotion of or in any assets which have, within the two (2) years preceding the date of this Prospectus, been acquired or proposed to be acquired or disposed of or proposed to be disposed of by or leased or proposed to be leased to the Company and its subsidiary.

7.1.2 Material interest in contracts or arrangements

Saved as disclosed below, none of the other Directors or the substantial shareholders and/or key management staff of SDKM and its subsidiary has any material interest in any contract or arrangement which is significant in relation to the business of the Group and subsisting at the date of this Prospectus.

- (1) SDK is the largest customer of SDKM, accounting for 26.88% of SDKM's turnover for its financial year ended 30 September 2001. SDK has been a customer of SDKM for about 12 years. SDK also supplies connectors to SDKM accounting for 6.62% of SDKM's total purchases of raw materials, which amounts to approximately RM1.63 million.
- (2) SDK has granted the Company the Ownership of the Intellectual Property Rights to use the technology in Malaysia in perpetuity in manufacture, assembly and distribution of cables and wires. In consideration of the above and as a gesture of goodwill, the Company shall pay to SDK fees as set out in the Second Schedule to the Grant of Ownership of IPR Agreement dated 6 August 2001.
- (3) HMI, a company owned by Hiroichi Matsumoto and his wife, is a supplier to SDKM, with business relationship of about nine (9) years. Purchases from HMI in the financial year 2001 amounted to 8.39% of all raw materials purchased by SDKM.
- (4) Riken (Thailand) Co. Ltd., an associate company of RVI, is a supplier of PVC to SDKM, with business relationship of about ten (10) years. Purchases from Riken (Thailand) Co. Ltd. in the financial year 2001 amounted to 2.89% of all raw materials purchased by SDKM.

SDKM will ensure that all transactions with the above-mentioned companies are on "arm's length" basis and on commercial terms not unfavourable to SDKM. All transactions and agreements with the above-mentioned companies will be reviewed by SDKM's audit committee.

7.1.3 Interest in similar business

Saved as disclosed below, none of the other Directors or the substantial shareholders and/or key management are interested, directly or indirectly, in any business carrying on a similar trade as the Company and its subsidiary company.

7. RELATED PARTY TRANSACTION/CONFLICT OF INTEREST (Cont'd)

The principal activities of SDK, SDKM's single largest shareholder, are the trading of AV accessory cords, AV cables, cords, connectors, optical digital cables and various manufactured parts. Dong Hwa Trading Co. Ltd ("Dong Hwa"), a company incorporated in South Korea, is a 30% owned associated company of SDK. Its principal activities are manufacturing and trading of cables and various manufactured parts. SDK also has an administrative office in Taiwan to liaise with SDK's customers and suppliers in Taiwan. Dong Hwa's products do not compete with the products manufactured by SDKM and are solely for the local Korean market.

Hiroichi Matsumoto, together with his wife, Kana Matsumoto, his daughter, Yuri Matsumoto and his son-in-law, Kazuo Matsumoto, are substantial shareholders of SDK.

The Directors of SDKM are of the opinion that the activities of SDK and Dong Hwa would not cause any conflict of interest as SDK is involved only in trading while Dong Hwa's products do not compete with the products manufactured by SDKM and are solely for the local Korean market.

7.2 Declaration of the Advisers

Saved as disclosed below, Aseambankers hereby confirms that there are no existing or potential conflicts of interest in its capacity as the Adviser for the Public Issue and Offer For Sale.

Malayan Banking Berhad, the holding company of Aseambankers, has extended facilities comprising Tradelines and Foreign Exchange Contract with existing limit of RM10 million and RM3 million respectively to SDKM. Currently, none of the abovementioned facilities is utilised.

Messrs Megat Najmuddin Leong & Co has given their confirmation that there are no existing or potential conflicts of interest in its capacity as the Solicitors for the Public Issue and Offer For Sale.

Messrs Horwath Teoh Yap has given their confirmation that there are no existing or potential conflicts of interest in their capacity as Reporting Accountants for the Public Issue and Offer For Sale.

Vital Factor has given its confirmation that there are no existing or potential conflicts of interest in its capacity as the Independent Business and Industry Consultant for the Public Issue and Offer For Sale.

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8. OTHER INFORMATION ON THE SDKM GROUP**8.1 Information on landed property owned by SDKM**

The landed property of SDKM as at the date of this Prospectus is as follows:

| Registered/ Beneficial Owner | Location (Lot, title number, mukim and district) | Approximate Age of building | Existing Use | Tenure | Land Area and Building's Built- up Area (sq. m.) | Net Book Value @ 30 September 2001 RM million |
|---|---|--|-------------------------|--|---|--|
| SDKM | Lot 5805 H.S (D) 5828 Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang | 12 years (since 1990) | Industrial | Leasehold for 60 years (Expiry date: 18/4/2049) | 23,708.5 (land) 10,231.65 (building) | 0.806 (land) 6.448 (building) |

No revaluation has been done on the land and building.

8.2 Acquisition of properties during the two (2) years preceding the date of this Prospectus

During the two (2) years preceding the date of this Prospectus, neither SDKM nor its subsidiary company have acquired any landed property.

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9. FINANCIAL INFORMATION

9.1 Profit and Dividend Record

The following table sets out a summary of the audited consolidated profit and dividend record of SDKM Group for the past five (5) financial years ended 30 September 2001. The audited consolidated profit and dividend records as tabulated below should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 10 of this Prospectus:

| | Financial Year ended 30 September | | | | |
|---|-----------------------------------|----------------|----------------|----------------|----------------|
| | 1997 RM'000 | 1998 RM'000 | 1999 RM'000 | 2000 RM'000 | 2001 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 |
| Profit before taxation | 509 | 2,170 | 4,062 | 7,302 | 7,506 |
| Taxation | - | - | - | - | (19) |
| Profit after taxation | 509 | 2,170 | 4,062 | 7,302 | 7,487 |
| Weighted average no. of ordinary shares in issue ('000) | 15,000 | 15,000 | 15,000 | 15,263 | 17,000 |
| Earnings per share (sen) | | | | | |
| -Gross | 3.39 | 14.47 | 27.08 | 47.84 | 44.15 |
| - Net | 3.39 | 14.47 | 27.08 | 47.84 | 44.04 |

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9. FINANCIAL INFORMATION (Cont'd)
9.2 Segmental Analysis of Consolidated Turnover and Profit
(i) Analysis of Turnover By Products

| | < -----Financial Year Ended 30 September -----> | | | | |
|------------------------------------|---|----------------|----------------|----------------|----------------|
| | 1997 RM'000 | 1998 RM'000 | 1999 RM'000 | 2000 RM'000 | 2001 RM'000 |
| Interphone & Doorphone | - | 7 | 351 | 2,919 | 2,099 |
| Elevator Interphone | 3,630 | 4,402 | 5,234 | 5,746 | 4,862 |
| Headphone | 11,071 | 7,235 | 2,038 | 657 | 649 |
| AC Socket | 2,113 | 2,165 | 2,857 | 3,607 | 3,022 |
| Earphone | 2,315 | 3,003 | 3,429 | 3,874 | 2,801 |
| Optical Digital Cable | 2,837 | 6,037 | 3,991 | 4,197 | 5,292 |
| PAL & NTSC (Coaxial cables) | 6,680 | 7,837 | 9,029 | 9,763 | 4,096 |
| AV Selector | 3,007 | 1,892 | 167 | 308 | 276 |
| Accessory Cords | 10,959 | 13,319 | 16,368 | 14,735 | 20,248 |
| Cord Connector | 9,762 | 4,551 | 3,067 | 3,309 | 1,480 |
| Others | 852 | 962 | 1,071 | 2,191 | 599 |
| Total Consolidated Turnover | 53,226 | 51,410 | 47,602 | 51,306 | 45,424 |

(ii) Analysis of Consolidated Profit Before Taxation By Company/Subsidiary

| | < -----Financial Year Ended 30 September -----> | | | | |
|-------------------------------|---|----------------|----------------|----------------|----------------|
| | 1997 RM'000 | 1998 RM'000 | 1999 RM'000 | 2000 RM'000 | 2001 RM'000 |
| SDKM | 509 | 2,562 | 4,097 | 6,964 | 7,536 |
| Ascall | - | (392) | (35) | 338 | (30) |
| Total Consolidated PBT | 509 | 2,170 | 4,062 | 7,302 | 7,506 |

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9. FINANCIAL INFORMATION (Cont'd)

9.3 Overview of Turnover And Profit Before Taxation

(i) Financial Year Ended 30 September 1997

The significant growth in turnover to RM53.226 million in 1997 was mainly attributable to the established market for its existing products such as accessory cords and elevator interphone as well as the commencement of new production lines for cordless headphones.

Despite the increase in turnover, profit before tax decreased to RM509,000 as a result of lower profit margin mainly due to the exceptional freight charges outwards of approximately RM2.484 million incurred in 1997 against RM336,000 in 1996. Such an increase was due to delays in delivery schedules of certain finished goods to customer overseas.

(ii) Financial Year Ended 30 September 1998

Despite a lower turnover of RM51.410 million (1997: RM53.226 million), profit increased to RM2.170 million in 1998, representing an increase of 326% or RM1.661 million against profit reported in the previous financial year. The favourable results were mainly attributable to improved economies of scale as a result of the introduction of more innovative and quality products especially those of the optical cable range of products, which contributed to a higher profit margin.

(iii) Financial Year Ended 30 September 1999

Profit before tax increased substantially to RM4.062 million (1998: RM2.170 million) as a result of improved economies of scale attained by the Group and the effective and efficient control of the operating cost in general.

(iv) Financial Year Ended 30 September 2000

Higher profit before tax of RM7.302 million as compared to RM4.062 million registered in the previous year was mainly due to lower interest expense of RM0.433 million (1998: RM1.040 million) and lower depreciation of RM2.016 million (1998: RM3.440 million).

(v) Financial Year Ended 30 September 2001

Lower turnover of RM45.424 million (2000 : RM51.306 million), representing a decrease of 11.46% against the previous turnover. Despite a lower turnover, profit before tax increased marginally to RM7.506 million from RM7.302 million registered in 2000 was principally due to improvement in production cost efficiency and higher profit margin from certain products such as optical digital cable and accessory cords.

9. FINANCIAL INFORMATION (Cont'd)

9.4 Directors' Declaration on Financial Performance

As at 15 January 2002, being the latest practicable date prior to the printing of this Prospectus, the financial conditions and operations of the Company and its subsidiary company are not affected by any of the following: -

- (i) known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of the Group;
- (ii) material commitment for capital expenditure;
- (iii) unusual, infrequent events or transactions or any significant economic changes that materially affected the financial performance, position and operations of the SDKM Group; and
- (iv) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

9.5 Working Capital, Borrowings, Contingent Liabilities, Capital Commitments and Material Litigation

(i) Working Capital

The Directors of SDKM are of the opinion that, barring any unforeseen circumstances and after taking into consideration the cashflow projections and the banking facilities available and the net proceeds of the Rights Issue and Public Issue, the SDKM Group will have adequate working capital for its present foreseeable requirements.

(ii) Borrowings

As at 15 January 2002 (being the latest practicable date of which such amounts could be calculated prior to the printing of this Prospectus), the Group has access to various types of bank facilities available to it amounting to RM13.0 million but none of the facilities are utilised nor drawn down.

(iii) Contingent Liabilities

As at 15 January 2002 (being the latest practicable date of which such amounts could be calculated prior to the printing of this Prospectus), the Group does not have any contingent liabilities.

9. FINANCIAL INFORMATION (Cont'd)

(iv) Capital Commitments

As at 15 January 2002 (being the latest practicable date of which such amounts could be calculated prior to the printing of this Prospectus), there are no material capital commitments incurred or known to be incurred by SDKM or its subsidiary company, which may have a substantial impact on the result or the financial position of the company.

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

9.6 Consolidated Profit Forecast Together With The Notes Relating Thereto

The Directors of SDKM forecast that, in the absence of unforeseen circumstances, the consolidated profit after taxation for the year ending 30 September 2002 would be as follows:

| | Forecast 2002 |
|--|--------------------------|
| Financial Year Ending 30 September | RM'000 |
| Turnover / Sales | 50,159 |
| Consolidated profit before tax | 7,930 |
| Taxation | (452) |
| Consolidated profit after tax | 7,478 |
| Weighted average number of shares in issue ('000) ⁽¹⁾ | 36,244 |
| Number of enlarged shares in issue ('000) | 40,000 |
| Gross EPS (sen) ⁽²⁾ | 21.88 |
| Net EPS (sen) ⁽³⁾ | 20.63 |
| Fully diluted gross EPS (sen) ⁽⁴⁾ | 19.82 |
| Fully diluted net EPS (sen) ⁽⁵⁾ | 18.70 |
| Gross PE Multiple based on Issue/Offer price of RM1.30 per share (times) | *5.94 |
| Net PE Multiple based on Issue/Offer price of RM1.30 per share (times) | *6.30 |
| Fully diluted gross PE Multiple based on Issue/Offer price of RM1.30 per share (times) | 6.56 |
| Fully diluted net PE Multiple based on Issue/Offer price of RM1.30 per share (times) | 6.95 |

Notes:

- (1) *The weighted average number of shares of 36,244,110 ordinary shares of RM1.00 each is calculated based on completion date of Bonus Issue and Rights Issue on 26 October 2001 and 2 November 2001 respectively. The listing of SDKM is expected to be completed in March 2002.*
 - (2) *Calculated based on consolidated profit before taxation and on weighted average number of 36,244,110 ordinary shares of RM1.00 each*
 - (3) *Calculated based on consolidated profit after taxation and on weighted average number of 36,244,110 ordinary shares of RM1.00 each*
 - (4) *Calculated based on consolidated profit before taxation and enlarged share capital of 40,000,000 ordinary shares of RM1.00 each*
 - (5) *Calculated based on consolidated profit after taxation and enlarged share capital of 40,000,000 ordinary shares of RM1.00 each*
- * *Based on the weighted average number of 36,244,110 ordinary shares of RM1.00 each*

The principal assumptions upon which the consolidated profit forecast has been made are set out in the report as prepared by the Reporting Accountants set out in Section 9.7 of this Prospectus.

9. FINANCIAL INFORMATION (Cont'd)

SDKM FIBRES, WIRES & CABLES BERHAD (189740-X)**CONSOLIDATED PROFIT FORECAST AND ASSUMPTIONS****FOR THE YEAR ENDING 30 SEPTEMBER 2002**

The Directors of SDKM FIBRES, WIRES & CABLES BERHAD forecast that, in the absence of unforeseen circumstances, the consolidated profit forecast after taxation of the Group for the year ending 30 September 2002 will be as follows: -

FOR THE YEAR ENDING 30 SEPTEMBER 2002

| | Forecast 2002 RM '000 |
|------------------------------------|--------------------------------------|
| Consolidated profit after taxation | 7,478 |

The principal bases and assumptions upon which the consolidated profit forecast have been made are set out below: -

- (i) There will be no significant changes in the prevailing Malaysia and World economic and political conditions that may directly or indirectly have adverse effect on the Group's performance;
- (ii) There will be no significant changes in the present legislations or Government regulations, rates and bases of duties, levies and taxes affecting the Group's activities or the market in which it operates;
- (iii) There will be no major breakdown or disruption in the manufacturing facilities, industrial disputes or other abnormal factors affecting the operations of the Group;
- (iv) There will be no material changes in the principal activities and structure of the Group;
- (v) There will be no major changes in the existing key personnel and management;
- (vi) Inflation rates and exchange rates of foreign currencies will not change materially from their present levels. The exchange rate of foreign currency used in the projection is set at RM3.80 to USD1.00;
- (vii) There will be no significant changes in corporate tax rates, regulations or other levies from current levels. The current corporate tax rate is 28%;

9. FINANCIAL INFORMATION (Cont'd)

- (viii) There will be no material changes in salaries, cost of raw materials and other costs which will adversely affect the Group's profitability;
- (ix) The current trend of availability of raw material and components for the manufacturing of the Group's products will be maintained.
- (x) The current trend of increasing demand for the Group's products and services will be maintained;
- (xi) The Group will continue to maintain the current profit margins on its products;
- (xii) There will be no major changes in the accounting, management and trading policies currently adopted;
- (xiii) Financing facilities will remain available at the current rates of interest;
- (xiv) There will be no material acquisition or disposal of fixed assets other than those planned;
- (xv) The proposed scheme for the listing of the Company on the Second Board of the Kuala Lumpur Stock Exchange to be approved by all the relevant authorities and the shareholders of SDKM.

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9. FINANCIAL INFORMATION (Cont'd)

9.7 Reporting Accountants' Letter On The Consolidated Profit Forecast

7 February 2002

The Board of Directors
SDKM FIBRES, WIRES & CABLES BERHAD (189740-X)
Plot 538, Tingkat Perusahaan 4B,
Free Trade Zone,
13600 Prai, Penang.

浩華會計師行
HORWATH TEOH YAP
Firm No. AF-1121
Chartered Accountants
A member of Horwath International
2683, (1st Floor),
Jalan Chain Ferry,
Taman Inderawasih,
13600 Prai, Penang, Malaysia.
Tel : 604-3903135, 3905159, 3909784
Fax : 604-3905158
E-mail: htyprai@po.jaring.my



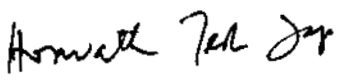
Dear Sirs,

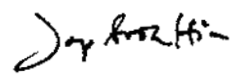
**SDKM FIBRES, WIRES & CABLES BERHAD ("SDKM")
CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 30
SEPTEMBER 2002**

We have reviewed the accounting policies and the calculations for the consolidated profit forecast of SDKM and its subsidiary company ("the Group") for which the directors are solely responsible, for the year ending 30 September 2002 as set out in the prospectus to be dated 9 February 2002 in connection with the public issue of 6,100,000 new ordinary shares of RM1.00 each in SDKM at an issue price of RM1.30 per ordinary share and the offer for sale of 1,900,000 ordinary shares of RM1.00 each in SDKM at an offer price of RM1.30 per ordinary share and the listing and quotation of the company's entire issued and paid up share capital on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the consolidated profit forecasts, so far as the accounting policies and the calculations are concerned, have been properly compiled on the basis of assumptions made by the directors as set out in the above mentioned prospectus and are presented on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully,


HORWATH TEOH YAP
FIRM NO : AF 1121
Chartered Accountants


YAP SOON HIN
APPROVAL NO : 947/3/03 (J)
Partner of the Firm

9. FINANCIAL INFORMATION (Cont'd)

9.8 Directors' Analysis of Profit Forecast For The Financial Year Ending 30 September 2002

Incorporating the effect of the Public Issue, the Group's consolidated turnover is expected to be approximately RM50.159 million, representing an increase of RM4.735 million or 10.4% over the turnover for the financial year ended 30 September 2001. This is mainly due to additional revenue from expansion of new product line, namely optical digital cables and digital satellite cables. Ascall is expected to be actively involved in marketing and selling of the Group's own brand product, namely "ASCALL" range of products. SDKM is expected to be the main contributor with approximately 98.4% contribution and Ascall is envisaged to contribute about 1.6%.

The Group is expected to achieve a consolidated PAT of approximately RM7.478 million, representing a decrease of 0.1% from the PAT for the financial year 2001 of RM7.487 million. This is mainly due to lower unabsorbed tax allowances and losses from previous year available for setting off the profit for the financial year 2002.

The directors of SDKM have reviewed and considered the reasonableness of the bases and assumptions used in arriving at the consolidated profit forecast for the financial year ending 30 September 2002 and to the best of their knowledge and belief and are of the opinion that the consolidated profit forecast for the financial year ending 30 September 2002 to be true and fair in the light of the future prospects of the industry, future plans and strategies to be adopted by SDKM and SDKM's level of liquidity and working capital requirements.

9.9 Sensitivity Analysis

(a) Variations in selling price

| | Turnover | PBT | Variation | PAT | Variation | Gross profit margin | Variation | Net profit margin | Variation |
|--------------------------|----------|--------|-----------|--------|-----------|---------------------|-----------|-------------------|-----------|
| | RM'000 | RM'000 | % | RM'000 | % | % | % | % | % |
| Per Forecast 2002 | 50,159 | 7,930 | - | 7,478 | - | 31.05 | - | 15.81 | - |
| Up 10% | 55,175 | 12,946 | 63.25 | 9,321 | 24.65 | 37.32 | 6.27 | 23.46 | 7.65 |
| Up 5% | 52,667 | 10,438 | 31.63 | 7,515 | 0.49 | 34.33 | 3.28 | 19.82 | 4.01 |
| Down 5% | 47,651 | 5,422 | -31.63 | 3,904 | -47.79 | 27.42 | -3.63 | 11.38 | -4.43 |
| Down 10% | 45,143 | 2,914 | -63.25 | 2,098 | -71.94 | 23.39 | -7.66 | 6.46 | -9.35 |

The sensitivity analysis is prepared based on the forecast assumptions as set out in Section 9.7 herein and assuming all other things remain unchanged except for the 5% and 10% upward and downward variations in the turnover due to variations in the selling price.

9. FINANCIAL INFORMATION (Cont'd)

(b) Variations in Cost of Sales

| | Cost of sales | PBT | Variation | PAT | Variation | Gross profit margin | Variation | Net profit margin | Variation |
|--------------------------|----------------------|---------------|------------------|---------------|------------------|----------------------------|------------------|--------------------------|------------------|
| | RM'000 | RM'000 | % | RM'000 | % | % | % | % | % |
| Per Forecast 2002 | 34,584 | 7,930 | - | 7,478 | - | 31.05 | - | 15.81 | - |
| Up 10% | 38,042 | 4,472 | -43.61 | 3,220 | -56.94 | 24.16 | -6.89 | 8.92 | -6.89 |
| Up 5% | 36,313 | 6,201 | -21.80 | 4,465 | -40.29 | 27.60 | -3.45 | 12.36 | -3.45 |
| Down 5% | 32,855 | 9,659 | 21.80 | 6,955 | -6.99 | 34.50 | 3.45 | 19.26 | 3.45 |
| Down 10% | 31,126 | 11,388 | 43.61 | 8,199 | 9.64 | 37.95 | 6.90 | 22.70 | 6.89 |

The sensitivity analysis is prepared based on the forecast assumptions as set out in Section 9.7 herein and assuming all other things remain unchanged except for the 5% and 10% upward and downward variations in cost of sales.

9.10 Dividend Forecast

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

Barring unforeseen circumstances, the Directors of SDKM expect to declare a gross dividend of up to 10% for the financial year ending 30 September 2002 based on the enlarged issued and paid-up share capital of 40,000,000 ordinary shares of RM1.00 each .

Based on the Issue/Offer price of RM1.30 per share, the gross dividend yield per share would be approximately 7.69% and the net dividend cover is 1.87 times based on the earnings for the financial year ending 30 September 2002.

9. FINANCIAL INFORMATION (Cont'd)

The intended appropriation of the consolidated profit forecast after taxation in respect of the financial year ending 30 September 2002 would be as follows:

| | Forecast 2002 RM'000 |
|---|-------------------------------------|
| For The Year Ending 30 September 2002 | |
| Consolidated profit before taxation | 7,930 |
| Less: Taxation | (452) |
| Consolidated profit after taxation | 7,478 |
| Less : Proposed dividend | (4,000) |
| Retained profit for the year | 3,478 |
| Weighted average number of shares in issue ('000) | 36,244 |
| Gross dividend per share (sen) | 10.0 |
| Net dividend per share (sen) | 10.0 |
| Gross dividend yield based on the Issue/Offer price of RM1.30 per share (%) | 7.69 |
| Net dividend yield based on the Issue/Offer price of RM1.30 per share (%) | 7.69 |
| Net dividend cover (times) | 1.87 |

The declaration, amount and payment of dividends are subject to the approval by the shareholders of SDKM on recommendation of the Board of Directors of SDKM. Any variation from the forecast dividend would depend on SDKM's result of operations, financial conditions, cash requirements and other factors deemed relevant by the Board of Directors.

Future dividends may be waived if: -

- (a) the Group is in a loss position for the relevant financial period;
- (b) the Group has insufficient cashflows to meet any dividend payments; and
- (c) the Group has insufficient retained profits to declare as dividend.

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

9. FINANCIAL INFORMATION (Cont'd)

9.11 Proforma Consolidated Balance Sheets As At 30 September 2001

| | Audited as at 30 Sept 2001 | Proforma 1 | Proforma 2 | Proforma 3 |
|---------------------------------------|-------------------------------------|---------------|---------------|---------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| 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 |
| | 27,851 | 27,851 | 31,751 | 37,681 |
| 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 |
| | 2,887 | 2,887 | 2,887 | 2,887 |
| Net current assets | 24,964 | 24,964 | 28,864 | 34,794 |
| | 41,114 | 41,114 | 45,014 | 50,944 |
| 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 |
| | 41,114 | 41,114 | 45,014 | 50,944 |
| NTA per share (RM) | 2.42 | 1.37 | 1.33 | 1.27 |

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9. FINANCIAL INFORMATION (Cont'd)

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS

The proforma Consolidated Balance Sheets of SDKM Fibres, Wires & Cables Berhad have been prepared for illustrative purposes only, based on accounting principles and bases consistent with those previously adopted in the preparation of the audited financial statements, with the assumption that the following have been effected on that date :

1. PROFORMA 1

Proforma 1 incorporated the following:

The bonus issue of 13,000,000 new ordinary shares of RM1.00 each in SDKM to the existing shareholders of SDKM to be credited as fully paid up on the basis of approximately seven hundred sixty five (765) ordinary shares for every one thousand (1,000) existing ordinary shares held by the shareholders of the Company.

2. PROFORMA 2

Proforma 2 includes the transaction in Proforma 1 and the rights issue which will entail the issuance of 3,900,000 new ordinary shares of RM1.00 each in SDKM at par on the basis of approximately two hundred twenty nine (229) ordinary shares for every one thousand (1,000) existing ordinary shares held by the shareholders of the Company before the bonus issue.

3. PROFORMA 3

Proforma 3 includes the transactions in Proforma 2 and the public issue which will entail the issuance of 6,100,000 new ordinary shares of RM1.00 each at an issue price of RM1.30 per share to be allocated as follows:

- 4,100,000 new ordinary shares of RM1.00 each to Malaysian public of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.
- 2,000,000 new ordinary shares of RM1.00 each would be reserved for eligible employees and directors of SDKM Group.

Included in the proforma is listing expenses of approximately RM2,000,000 which is deducted from the share premium account.

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9. FINANCIAL INFORMATION (Cont'd)

4. SHARE CAPITAL AND SHARE PREMIUM

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

| | <u>Share Capital</u> RM'000 | <u>Share Premium</u> RM'000 |
|---------------------------|--|--|
| As at 30 September 2001 | 17,000 | 2,725 |
| Proforma 1 – Bonus Issue | 13,000 | - |
| | <hr/> 30,000 | <hr/> 2,725 |
| Proforma 2 – Rights Issue | 3,900 | - |
| | <hr/> 33,900 | <hr/> 2,725 |
| Proforma 3 – Public Issue | 6,100 | (170) |
| | <hr/> 40,000 | <hr/> 2,555 |

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9. FINANCIAL INFORMATION (Cont'd)

9.12 Reporting Accountants' Letter On Proforma Consolidated Balance Sheets As At 30 September 2001

7 February 2002

The Board of Directors
SDKM FIBRES, WIRES & CABLES BERHAD (189740-X)
Plot 538, Tingkat Perusahaan 4B,
Free Trade Zone,
13600 Prai, Penang.

浩華張葉會計師行
HORWATH TEOH YAP
Firm No. AF-1121
Chartered Accountants
A member of Horwath International
2683, (1st Floor),
Jalan Chain Ferry,
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13600 Prai, Penang, Malaysia.
Tel : 604-3903135, 3905159, 3909784
Fax : 604-3905158
E-mail: htyprai@po.jaring.my



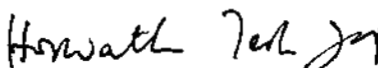
Dear Sirs,

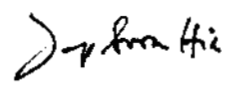
**SDKM FIBRES, WIRES & CABLES BERHAD ("SDKM")
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 SEPTEMBER 2001**

We have reviewed the presentation of the proforma consolidated balance sheets of SDKM and its subsidiary company ("the Group") as at 30 September 2001 together with the notes thereon, for which the directors are solely responsible, as set out in the prospectus to be dated 9 February 2002 in connection with the public issue of 6,100,000 new ordinary shares of RM1.00 each in SDKM at an issue price of RM1.30 per ordinary share and the offer for sale of 1,900,000 ordinary shares of RM1.00 each in SDKM at an offer price of RM1.30 per ordinary share and the listing of and quotation for the company's entire issued and paid up share capital on the Second Board of the Kuala Lumpur Stock Exchange.

In our opinion, the proforma consolidated balance sheets together with the notes thereon which are provided for illustration purpose only, have been properly compiled on the basis consistent with the accounting policies normally adopted by the Group and are presented in a form suitable for inclusion in the said prospectus.

Yours faithfully,


HORWATH TEOH YAP
FIRM NO : AF 1121
Chartered Accountants


YAP SOON HIN
APPROVAL NO : 947/3/03 (J)
Partner of the Firm