

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF UDS CAPITAL BERHAD ("UDS") AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM HAVING MADE ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS, THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING. THE DIRECTORS OF UDS HEREBY ACCEPT FULL RESPONSIBILITY FOR THE CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2004 INCLUDED IN THIS PROSPECTUS AND CONFIRM THAT THE PROFIT FORECAST HAS BEEN PREPARED BASED ON THE ASSUMPTIONS MADE.

MALAYSIAN INTERNATIONAL MERCHANT BANKERS BERHAD, BEING THE ADVISER, MANAGING UNDERWRITER AND PLACEMENT AGENT, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PUBLIC ISSUE OF 15,200,000 NEW ORDINARY SHARES OF RM0.50 EACH IN UDS ("PUBLIC ISSUE") AND IS SATISFIED THAT THE PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2004 (FOR WHICH THE DIRECTORS OF UDS ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THIS PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS OF UDS AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE PUBLIC ISSUE, AND THAT THE APPROVAL OF THE SC SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC ISSUE.

THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF UDS AND ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

THE MALAYSIA SECURITIES EXCHANGE BERHAD ("MSEB") SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF UDS AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS CORRECTNESS OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST OF THE SECOND BOARD OF THE MSEB IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE PUBLIC ISSUE, UDS OR OF ITS ORDINARY SHARES.

THE VALUATION APPROVED OR ACCEPTED BY THE SC SHALL ONLY BE UTILISED FOR THE PURPOSE OF THE LISTING PROPOSAL SUBMITTED TO AND APPROVED BY THE SC, AND SHALL NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE SUBJECT ASSETS FOR ANY OTHER PURPOSES.

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

INDICATIVE TIME-TABLE

Events	Indicative Date
Opening date of the Public Issue	20 February 2004
Closing date of the Public Issue	1 March 2004
Tentative balloting date	3 March 2004
Tentative allotment date	11 March 2004
Tentative listing date	12 March 2004

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO SUCH CHANGE(S) WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. THE APPLICATION PERIOD WILL REMAIN OPEN UNTIL 5.00 PM ON 1 MARCH 2004 OR SUCH FURTHER DATE OR DATES AS THE DIRECTORS OF UDS AND/OR MANAGING UNDERWRITER MAY, IN THEIR DISCRETION, MUTUALLY DECIDE. SHOULD THE CLOSING DATE OF THE APPLICATION BE EXTENDED, THE DATES OF THE BALLOTING, ALLOTMENT AND LISTING WOULD BE EXTENDED ACCORDINGLY. ANY EXTENSION TO THE CLOSING DATE FOR THE APPLICATIONS WILL BE PUBLISHED IN A WIDELY CIRCULATED DAILY ENGLISH AND BAHASA MALAYSIA NEWSPAPERS WITHIN MALAYSIA BEFORE THE ORIGINAL CLOSING DATE.

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Prospectus:-

“UDS” or the “Company”	:	UDS Capital Berhad (502246-P)
“UDS Group” or the “Group”	:	UDS and its subsidiary companies namely, UDT, SWS, UDI, UDP, DA, EGT, UDW, ORI and SI
“UDT”	:	Syarikat U.D. Trading Sdn Bhd (85023-X)
“SWS”	:	Sin Wee Seng Industries Sdn Bhd (345865-A)
“UDI”	:	U.D. Industries Sdn Bhd (192321-U)
“UDP”	:	U.D. Panelform Sdn Bhd (120394-P)
“DA”	:	Dimensi Alam Sdn Bhd (468983-V), a 50.10%-owned subsidiary company of UDT
“EGT”	:	Evergreen Trend Sdn Bhd (493848-U), a wholly-owned subsidiary company of UDP
“UDW”	:	U.D. Wood Products Sdn Bhd (402592-K), a 70.00%-owned subsidiary company of UDP
“ORI”	:	Oriena Industry Sdn Bhd. (266086-T), a wholly-owned subsidiary company of SWS
“SI”	:	Starlight Industry Sdn Bhd. (267560-M), a wholly-owned subsidiary company of SWS
“UDT Acquisition”	:	The acquisition by UDS of the entire issued and paid-up share capital of UDT comprising 1,300,000 ordinary shares of RM1.00 each for a total purchase consideration of RM23,134,129 satisfied by the issuance of 21,722,187 new ordinary shares of RM1.00 each in UDS, at an issue price of approximately RM1.07 per ordinary share of RM1.00 each, credited as fully paid-up
“SWS Acquisition”	:	The acquisition by UDS of the entire issued and paid-up share capital of SWS comprising 750,000 ordinary shares of RM1.00 each for a total purchase consideration of RM5,676,258 satisfied by the issuance of 5,329,820 new ordinary shares of RM1.00 each in UDS, at an issue price of approximately RM1.07 per ordinary share of RM1.00 each, credited as fully paid-up
“Cash Acquisitions”	:	The acquisitions by UDS of 99.42% equity interest in UDI and 100.00% equity interest in UDP for a total cash consideration of RM8,864,718
“Acquisitions”	:	The UDT Acquisition, the SWS Acquisition and the Cash Acquisitions collectively
“ADA”	:	Authorised Depository Agent
“ADA Code”	:	ADA (Broker) Code
“ASEAN”	:	Association of South East Asia Nations

DEFINITIONS (Cont'd)

“ATM”	:	Automated teller machine
“CDS”	:	Central Depository System
“EBITDA”	:	Earnings before Interest, Taxation, Depreciation and Amortisation
“EPS”	:	Earnings per share
“FIC”	:	Foreign Investment Committee
“FMS”	:	Furniture Manufacturing Services
“ha”	:	Hectare
“Infocredit D&B”	:	Infocredit D&B (Malaysia) Sdn Bhd (527570-M)
“MASB”	:	Malaysian Accounting Standards Board
“M&A”	:	Memorandum and Articles of Association
“MCD”	:	Malaysian Central Depository Sdn Bhd (165570-W), a subsidiary company of the MSEB
“MDF”	:	Medium Density Fibreboards
“MIDFCCS”	:	MIDF Consultancy and Corporate Services Sendirian Berhad (11324-H)
“MIMB”	:	Malaysian International Merchant Bankers Berhad (10209-W)
“MITI”	:	Ministry of International Trade and Industry
“MSEB”	:	Malaysia Securities Exchange Berhad (635998-W)
“NTA”	:	Net tangible assets
“NTL”	:	Net tangible liabilities
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“PE Multiple”	:	Price-earnings multiple
“Public Issue”	:	The public issue of 15,200,000 new shares in UDS at an issue price of RM0.88 per share, payable in full on application comprising:- <ul style="list-style-type: none"> (i) 6,000,000 shares available for application by the Malaysian public; (ii) 2,000,000 shares by way of private placement to identified investors; (iii) 4,000,000 shares available for application by eligible Directors, employees and persons who have contributed to the success of the UDS Group; and (iv) 3,200,000 shares to Bumiputera investors approved by the MITI.

DEFINITIONS (Cont'd)

“Public Issue Shares” or “Issue Shares”	:	The 15,200,000 new shares to be issued by UDS pursuant to the Public Issue
“PVC”	:	Polyvinyl Chloride
“PU”	:	Polyurethane Paper
“QC”	:	Quality Control
“R&D”	:	Research and development
“Rights Issue”	:	The rights issue of 5,297,993 new ordinary shares of RM1.00 each in UDS at an issue price of RM1.00 per share on the basis of approximately 19.55 new ordinary shares of RM1.00 each for every 100 existing ordinary shares of RM1.00 each held based on the issued and paid-up share capital of 27,102,007 ordinary shares of RM1.00 each after the Acquisitions
“ROC”	:	Registrar of Companies, Malaysia
“SC”	:	Securities Commission
“share(s)”	:	Ordinary share(s) of RM0.50 each
“Share Split”	:	The sub-division in the par value of each ordinary share of RM1.00 each in UDS into two (2) ordinary shares of RM0.50 each in UDS
“sq. m.”	:	Square meter
“sq. ft.”	:	Square feet
“RM” and “sen”	:	Ringgit Malaysia and Sen respectively
“USD”	:	The United States of America Dollar

Words denoting the singular number only shall include the plural and also vice-versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include corporations.

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Occupation	Nationality
Koh Low @ Koh Kim Toon <i>(Executive Chairman)</i>	Bt. 4 Jalan Temenggong Ahmad Parit Bakar 84010 Muar, Johor	Company Director	Malaysian
Neo Chee Kiat <i>(Managing Director)</i>	51-3, Jalan Khalidi 84000 Muar Johor	Company Director	Malaysian
Dato' Tan King Tai @ Tan Khoon Hai <i>(Executive Director)</i>	14-N, Jalan Angsana 11500 Ayer Itam, Penang	Company Director	Malaysian
Neo Tiam Hock <i>(Executive Director)</i>	51-3, Jalan Khalidi 84000 Muar Johor	Company Director	Malaysian
Ng Sey Wee @ Ang Seh Wee <i>(Executive Director)</i>	42, Parit Amal Jalan Temenggong Ahmad 84010 Muar, Johor	Company Director	Malaysian
Koh Chon Chai <i>(Executive Director)</i>	116, Jalan Mulia 6 Taman Sri Mulia Jalan Hj. Abdullah 84000 Muar, Johor	Company Director	Malaysian
Teh Eng Aun <i>(Independent Non-Executive Director)</i>	4A, Lorong Selamat 10400 Penang	Chartered Accountant	Malaysian
Khairilnuar Bin Abdul Rahman <i>(Independent Non-Executive Director)</i>	606, Permatang Rambai 13100 Penaga Penang	Company Director	Malaysian
Hj Ismail Bin Tunggak <i>(Independent Non-Executive Director)</i>	107, Taman Pertama Sungai Abong 84000 Muar Johor	Penghulu	Malaysian

AUDIT COMMITTEE

Name	Position	Directorship in UDS
Teh Eng Aun	Chairman	Independent Non-Executive Director
Khairilnuar Bin Abdul Rahman	Member	Independent Non-Executive Director
Dato' Tan King Tai @ Tan Khoon Hai	Member	Executive Director

CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARY** : Tan Wang Giap (MACS 00523)
27, Lorong Ara (1)
Taman Bakariah
84000 Muar, Johor
- REGISTERED OFFICE** : No. 67, 2nd Floor
Room B, Jalan Ali
84000 Muar, Johor Darul Takzim
Telephone :606-954 1818
Facsimile :606-952 5823
Email : jlrapiid@tm.net.my
- HEAD/MANAGEMENT OFFICE** : PTD 6001, Jalan Perindustrian 5
Kawasan Perindustrian Bukit Bakri
Batu 8, 84200 Muar
Johor Darul Takzim
Telephone :606-986 5236
Facsimile :606-986 5239
Email : udholdings@my.jaring.my
Website : www.udmalaysia.com
- PRINCIPAL BANKERS** : Malayan Banking Berhad (3813-K)
104, Jalan Abdullah
84000 Muar
Johor Darul Takzim
- OCBC Bank (Malaysia) Berhad (295400-W)
26 Jalan Maharani
84000 Muar
Johor Darul Takzim
- Bumiputera-Commerce Bank Berhad (13491-P)
No. 43 & 43-01 Jalan Permas 10/2
Bandar Baru Permas Jaya
81750 Johor Bahru
Johor Darul Takzim
- AUDITORS AND REPORTING ACCOUNTANTS** : John Lim & Associates (A.F.0393)
No. 67, 2nd Floor
Room A, Jalan Ali
84000 Muar, Johor Darul Takzim
Telephone :606-951 5317
- SOLICITORS FOR THE PUBLIC ISSUE** : Ti-Hazalan & Co
No. 119-5, First Floor
Jalan Meriam
84000 Muar, Johor Darul Takzim
Telephone :606-954 2271

CORPORATE DIRECTORY (Cont'd)

- VALUERS** : Colliers, Jordan Lee & Jaafar (M'cca) Sdn Bhd
(136815-K)
No. 669 & 669A, Jalan Melaka Raya 8
Taman Melaka Raya
75000 Melaka
Telephone :606-283 5522
- ISSUING HOUSE** : MIDF Consultancy and Corporate Services
Sendirian Berhad (11324-H)
12th Floor, Bangunan MIDF
195A, Jalan Tun Razak
50400 Kuala Lumpur
Telephone :603-2161 3355
- REGISTRAR** : Plantation Agencies Sdn Berhad (2603-D)
3rd Floor, Standard Chartered Bank Chambers
Beach Street
10300 Penang
Telephone :604-262 5333
- ADVISER, MANAGING UNDERWRITER
AND PLACEMENT AGENT** : Malaysian International Merchant Bankers Berhad
(10209-W)
12th Floor, Wisma Cyclecarri
288, Jalan Raja Laut
50350 Kuala Lumpur
Telephone :603-2691 0200
- UNDERWRITERS** : Malaysian International Merchant Bankers Berhad
(10209-W)
12th Floor, Wisma Cyclecarri
288, Jalan Raja Laut
50350 Kuala Lumpur
Telephone :603-2691 0200
- K & N Kenanga Bhd (15678-H)
8th Floor, Kenanga International
Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone :603-2164 9080
- Kuala Lumpur City Securities Sdn Bhd (126994-W)
No. 8, Jalan Binjai
Off Jalan Ampang
50450 Kuala Lumpur
Telephone :603-2166 7922
- INDEPENDENT MARKET CONSULTANT** : Infocredit D&B (Malaysia) Sdn Bhd (527570-M)
Level 9-4, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Telephone :603-2718 1008
- LISTING SOUGHT** : Second Board of the MSEB

1.0 INFORMATION SUMMARY

THE INFORMATION CONTAINED IN THIS SECTION IS INTENDED TO BE A SUMMARY OF THE SALIENT INFORMATION RELATING TO THE COMPANY AND THE INFORMATION CONCERNED IS DERIVED FROM AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS. INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN THE PUBLIC ISSUE SHARES OF THE COMPANY.

1.1 History and Principal Activities

UDS was incorporated in Malaysia on 28 December 1999 as a private company limited by shares under the Companies Act, 1965 as AE Victronic Group Sdn Bhd. The Company was subsequently converted to a public limited company on 21 March 2000 and changed its name to UDSIN Group Berhad on 30 October 2002. On 25 November 2002, the Company changed its name to UDS Capital Berhad.

UDS is principally an investment holding company whilst the principal activities of its subsidiary companies are as follows:-

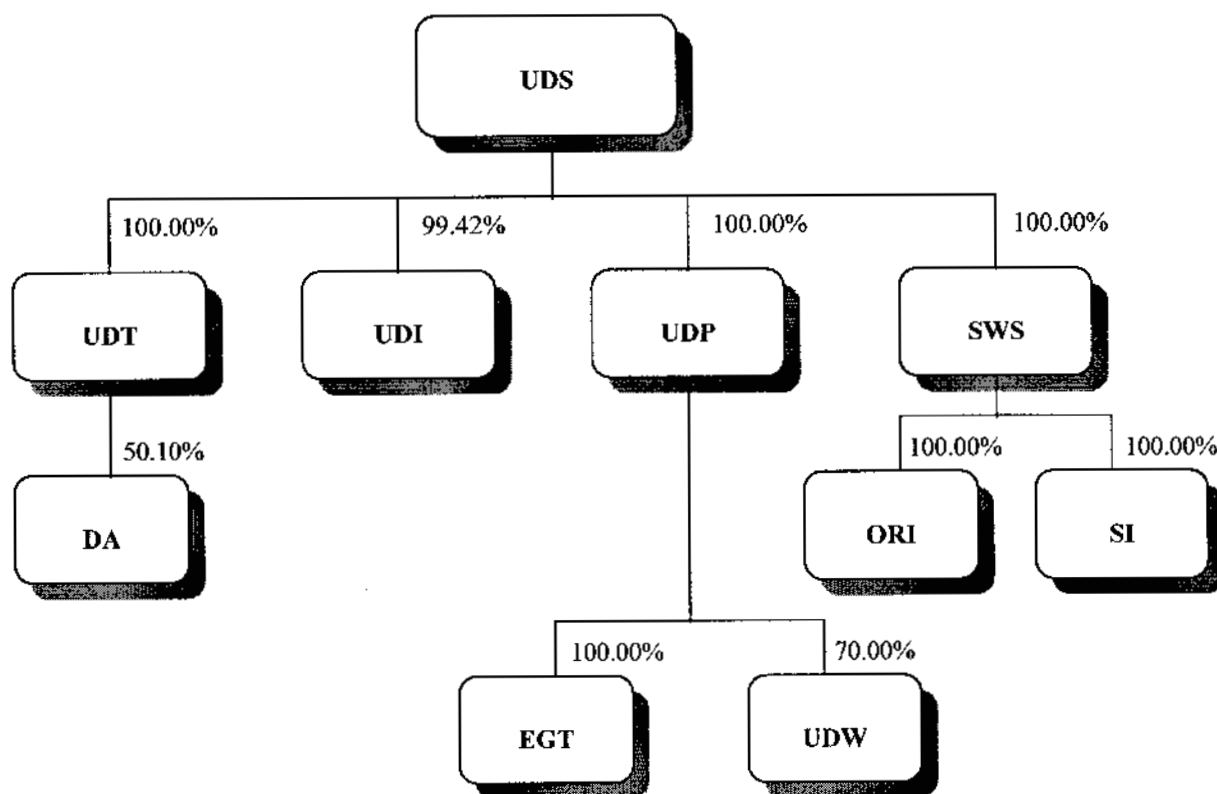
Name of Subsidiary Company	Principal Activity
UDT	Trading of furniture, plywood, small hardware, parts and equipment dealing
SWS	Manufacture of settees and sofas
UDI	Manufacture of air staples and nails
UDP	Manufacture of office and kitchen furniture and related products and lamination operations
DA	Property investment
EGT	Property investment
UDW	Manufacture of wooden furniture and sub-contract for furniture companies
ORI	Property investment
SI	Property investment

As at 6 February 2004 (being the latest practicable date prior to the printing of this Prospectus), the UDS Group does not have any associated company.

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1.0 INFORMATION SUMMARY (Cont'd)

The Group's corporate structure is as follows:-



Detailed information on the Group's history and principal activities are set out in Section 4.1, Section 4.4 and Section 4.5 of this Prospectus.

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1.0 INFORMATION SUMMARY (Cont'd)**1.2 Promoters, Substantial Shareholders, Directors and Key Management****1.2.1 Promoters**

Name	Nationality	Designation	Before the Public Issue				After the Public Issue			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Koh Low @ Koh Kim Toon	Malaysian	Executive Chairman	16,996,508	26.23	-	-	17,056,508 [#]	21.32	-	-
Neo Tiam Hock	Malaysian	Executive Director	3,964,598	6.12	-	-	4,024,598 [#]	5.03	-	-

1.2.2 Substantial Shareholders

Name	Nationality	Designation	Before the Public Issue				After the Public Issue			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Koh Low @ Koh Kim Toon	Malaysian	Executive Chairman	16,996,508	26.23	-	-	17,056,508 [#]	21.32	-	-
Neo Tiam Hock	Malaysian	Executive Director	3,964,598	6.12	-	-	4,024,598 [#]	5.03	-	-
Kenanga Arif Sdn Bhd	Malaysian	Substantial Shareholder	8,989,100	13.87	-	-	8,989,100	11.24	-	-
Impresif Irama Sdn Bhd	Malaysian	Substantial Shareholder	7,598,246	11.73	-	-	7,598,246	9.50	-	-

1.2.3 Directors

Name	Nationality	Designation	Before the Public Issue				After the Public Issue			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Koh Low @ Koh Kim Toon	Malaysian	Executive Chairman	16,996,508	26.23	-	-	17,056,508 [#]	21.32	-	-
Neo Chee Kiat	Malaysian	Managing Director	2,265,474	3.50	-	-	2,325,474 [#]	2.91	-	-
Dato' Tan King Tai @ Tan Khoo Hai	Malaysian	Executive Director	1,223,814	1.89	-	-	1,283,814 [#]	1.60	-	-
Neo Tiam Hock	Malaysian	Executive Director	3,964,598	6.12	-	-	4,024,598 [#]	5.03	-	-
Ng Sey Wee @ Ang Seh Wee	Malaysian	Executive Director	2,506,340	3.87	-	-	2,566,340 [#]	3.21	-	-
Koh Chon Chai	Malaysian	Executive Director	1,036,048	1.60	-	-	1,096,048 [#]	1.37	-	-
Teh Eng Aun	Malaysian	Independent Non-Executive Director	-	-	-	-	60,000 [^]	0.08	-	-
Khairilnuar Bin Abdul Rahman	Malaysian	Independent Non-Executive Director	-	-	-	-	60,000 [^]	0.08	-	-
Hj Ismail Bin Tunggak	Malaysian	Independent Non-Executive Director	-	-	-	-	60,000 [^]	0.08	-	-

1.0 INFORMATION SUMMARY (Cont'd)

Notes:-

Inclusive of their respective entitlements of 60,000 shares each pursuant to the allocation of shares to eligible Directors and employees of the UDS Group and assuming they subscribe in full for their allocations.

^ Based on the assumption they subscribe in full for their allocations under the Public Issue Shares reserved for eligible Directors and employees of the UDS Group.

1.2.4 Key Management

Name	Nationality	Designation	← Before the Public Issue →				← After the Public Issue →			
			← Direct →		← Indirect →		← Direct * →		← Indirect →	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Gan Siong Keng	Malaysian	General Manager of SWS	-	-	-	-	40,000	0.05	-	-
Neo Pei Lee	Malaysian	Factory Manager of SWS	-	-	-	-	40,000	0.05	-	-
Tan Kim Poo	Malaysian	Branch Manager of UDT	-	-	-	-	40,000	0.05	-	-
Kuo Lee Chuang	Malaysian	Factory Manager of UDP	-	-	-	-	40,000	0.05	-	-
Soo Kim Wee	Malaysian	Finance Manager of SWS	-	-	-	-	40,000	0.05	-	-
Koh Tie Siang	Malaysian	Assistant to Managing Director of UDI	-	-	-	-	40,000	0.05	-	-
Tan Kok Bee	Malaysian	Accountant of UDT	-	-	-	-	40,000	0.05	-	-
Chua Wee Wee	Malaysian	Marketing Manager of SWS	-	-	-	-	40,000	0.05	-	-
Koh Tie Yeow	Malaysian	Assistant Factory Manager of UDW	-	-	-	-	40,000	0.05	-	-

Note:-

* Based on the assumption they subscribe in full for their allocations under the Public Issue Shares reserved for eligible Directors and employees of the UDS Group.

The key management has no direct/indirect shareholdings in UDS prior to the Public Issue.

Detailed information on the promoters, substantial shareholders, Directors, as well as the key management is set out in Section 5.0 of this Prospectus.

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1.0 INFORMATION SUMMARY (Cont'd)**1.3 Proforma Consolidated Income Statements**

The following table is a summary of the proforma consolidated income statements of the UDS Group for the last five (5) financial years ended 31 August 2003, prepared based on the assumption that the current structure of the Group has been in existence since 1 September 1998. The proforma consolidated income statements are prepared for illustrative purposes and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report as set out in Section 9.0 of this Prospectus.

Financial Year Ended 31 August	←----- Proforma Group ----->				
	<u>1999</u> RM'000	<u>2000</u> RM'000	<u>2001</u> RM'000	<u>2002</u> RM'000	<u>2003</u> RM'000
Revenue	57,788	64,724	65,679	66,868	74,154
EBITDA	6,038	6,517	8,205	10,730	10,636
Interest expense	(575)	(891)	(1,060)	(1,180)	(2,000)
Depreciation	(335)	(640)	(662)	(651)	(666)
Amortisation	-	-	-	-	-
Share of profits and losses of associated corporations and joint ventures	135	-	-	-	-
Profit before taxation and exceptional items	5,263	4,986	6,483	8,899	7,970
Exceptional items (v)	749	1,231	-	-	-
Profit before taxation and minority interest	6,012	6,217	6,483	8,899	7,970
Taxation	(510)	(1,429)	(1,411)	(2,076)	(1,842)
Profit from ordinary activities	5,502	4,788	5,072	6,823	6,128
Extraordinary items	-	-	-	-	-
Minority interest	-	(2)	(3)	(86)	(37)
Net profit (A)	5,502	4,786	5,069	6,737	6,091
Number of shares in issue ('000)(i) (B)	54,204	54,204	54,204	54,204	54,204
Net EPS (sen)(ii) (A)/(B)	10.15	8.83	9.35	12.43	11.24

Notes:-

- (i) The issued and paid-up share capital of 54,204,014 ordinary shares of RM0.50 each is adopted based on the issued and paid-up capital of UDS after the Acquisitions but before the Rights Issue and the Public Issue.
- (ii) The Net EPS is calculated based on the proforma PAT divided by the issued and paid-up share capital of 54,204,014 ordinary shares of RM0.50 each.

1.0 INFORMATION SUMMARY (Cont'd)

- (iii) *The proforma consolidated income statements of the Group is prepared based on the proforma 12 months basis as the companies in the Group have adopted a common financial year end to 31 August in order to have a standard year end for all the subsidiary companies of the Group.*
- (iv) *In preparing the proforma consolidated income statements for the financial year ended 31 August 2003, adjustment was made on reversal of deferred tax asset arising from recognition of unutilised reinvestment allowance by a subsidiary company. This adjustment was made to the financial statements to comply with Para 27 of the MASB 11 so as to use a uniform accounting policy. The effect of the adjustment is to reduce the after tax profit by RM290,000.*
- (v) *There were no exceptional or extraordinary items for the financial years under review other than the exceptional items in the financial periods ended 31 August 1999 and 2000. The exceptional items are in respect of the waiver of sum due to trade payable and former related parties*

Details of the proforma consolidated income statements are set out in Section 8.1 of this Prospectus.

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1.0 INFORMATION SUMMARY (Cont'd)**1.4 Proforma Consolidated Balance Sheets**

The proforma consolidated balance sheets of the UDS Group as at 31 August 2003 as set out below have been prepared for illustrative purposes only to show the effects of the transactions described below based on the assumption that the respective transactions have been completed on 31 August 2003 and should be read with the notes and assumptions to the proforma consolidated balance sheets set out in Section 8.9 herein:-

	(A)	(B)	(C)	
	Audited UDS as at 31.08.2003 RM'000	Proforma Group After Acquisitions RM'000	Proforma Group After (A) and Rights Issue RM'000	Proforma Group After (B), Public Issue and Utilisation of Proceeds RM'000
PROPERTY, PLANT AND EQUIPMENT	-	36,340	36,340	36,340
INVESTMENT PROPERTIES	-	1,517	1,517	1,517
UNQUOTED INVESTMENTS	-	1,220	1,220	1,220
QUOTED INVESTMENTS	-	777	777	777
DEFERRED EXPENDITURE	-	552	552	-
CURRENT ASSETS				
Inventories	-	23,182	23,182	23,182
Trade receivables	-	18,024	18,024	18,024
Other receivable, deposits and prepayments	650	10,226	10,226	10,226
Tax recoverable	-	446	446	446
Fixed deposit with licensed banks	-	231	231	231
Cash and bank balances	1	1,162	6,460	6,210
	<u>651</u>	<u>53,271</u>	<u>58,569</u>	<u>58,319</u>
CURRENT LIABILITIES				
Trade payables	-	6,637	6,637	6,637
Other payables and accruals	652	5,335	5,335	5,335
Due to directors	-	73	73	73
Due to shareholder	-	1,152	1,152	1,152
Bank borrowings	-	39,346	39,346	31,253
Taxation	-	12	12	12
	<u>652</u>	<u>52,555</u>	<u>52,555</u>	<u>44,462</u>
NET CURRENT ASSETS	(1)	716	6,014	13,857
NON-CURRENT LIABILITIES				
Term loans	-	(4,485)	(4,485)	-
Hire Purchase payables	-	(745)	(745)	(745)
Deferred taxation	-	(1,074)	(1,074)	(1,074)
Minority interest	-	(224)	(224)	(224)
	<u>-</u>	<u>(6,528)</u>	<u>(6,528)</u>	<u>(2,043)</u>
	<u>(1)</u>	<u>34,594</u>	<u>39,892</u>	<u>51,668</u>
FINANCED BY :				
SHARE CAPITAL	50*	27,102	32,400	40,000
RESERVE				
Share premium	-	1,758	1,758	5,934 +
Accumulated loss	(51)	(51)	(51)	(51)
Negative goodwill	-	5,785	5,785	5,785
	<u>(51)</u>	<u>7,492</u>	<u>7,492</u>	<u>11,668</u>
	<u>(1)</u>	<u>34,594</u>	<u>39,892</u>	<u>51,668</u>
(NTL)/NTA per share (RM)	(0.02)	0.64	0.61	0.65

Notes:-

* Comprises 50,000 ordinary shares of RM1.00 each.

+ After deducting estimated listing expenses of RM1,600,000.

1.0 INFORMATION SUMMARY (Cont'd)

1.5 Audit Qualifications

The financial statements of the UDS Group were not subject to any audit qualifications for the past five (5) financial periods/years ended 31 August 2003.

1.6 Summary of Material Risk Factors

Applicants for the Public Issue should carefully consider the following risk factors summarised from Section 3.0 of this Prospectus (which may not be exhaustive), in addition to other information contained elsewhere in this Prospectus before applying for the Public Issue Shares. The order in which the risk factors are presented should not be construed as a ranking of the risk factors.

- (i) No prior market for UDS shares;
- (ii) Control by substantial shareholders;
- (iii) Business risks;
- (iv) Competition;
- (v) Foreign exchange risks;
- (vi) Cyclical or seasonal sales;
- (vii) Dependency on key personnel;
- (viii) Insurance coverage;
- (ix) Political, economic and regulatory considerations;
- (x) Implication of the ASEAN Free Trade Area ("AFTA");
- (xi) Risk of business disruptions;
- (xii) Shortage of skilled labour;
- (xiii) Profit Forecast;
- (xiv) Forward looking statement; and
- (xv) Delay in or failure of the listing.

Please refer to Section 3.0 of this Prospectus for details on "Risk Factors".

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1.0 INFORMATION SUMMARY (Cont'd)**1.7 Principal Statistics Relating to the Public Issue****1.7.1 Share Capital**

	RM
<i>Authorised:-</i>	
100,000,000 shares	50,000,000
<i>Issued and fully paid-up:-</i>	
64,800,000 shares	32,400,000
<i>To be issued pursuant to the Public Issue:-</i>	
Public Issue of 15,200,000 new shares	7,600,000
<i>Enlarged Issued and Paid-up Share Capital</i>	<u>40,000,000</u>

1.7.2 Issue Price Per Share

RM0.88

The factors taken into consideration in determining the price of the Public Issue Shares are set out in Section 2.7 of this Prospectus.

1.7.3 Proforma Consolidated NTA as at 31 August 2003

Proforma consolidated NTA (after deducting estimated listing expenses of RM1,600,000)	RM51,668,000
Proforma consolidated NTA per share (based on the enlarged issued and paid-up share capital)	RM0.65

Details of the proforma consolidated NTA are set out in Section 8.9 of this Prospectus.

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1.0 INFORMATION SUMMARY (Cont'd)**1.7.4 Consolidated Profit Forecast****Financial Year Ending 31 August 2004**

		RM'000
Revenue		76,379
PBT		10,770
Taxation		(2,676)
PAT		8,094
Minority interest		(62)
PAT after minority interest		8,032
Pre-acquisition profit		(2,008)
PAT after minority interest and pre-acquisition profit		6,024
Weighted average number of shares in issue	('000)	55,598 ⁽ⁱ⁾
Enlarged number of shares in issue	('000)	80,000
Based on PBT/PAT after minority interest over the weighted average number of UDS shares in issue		
Gross EPS	(sen)	19.37
Net EPS	(sen)	14.45
Gross PE Multiple	(times)	4.54 ⁽ⁱⁱ⁾
Net PE Multiple	(times)	6.09 ⁽ⁱⁱ⁾
Based on PBT/PAT after minority interest over the enlarged number of UDS shares in issue		
Fully diluted gross EPS	(sen)	13.46
Fully diluted net EPS	(sen)	10.04
Fully diluted gross PE Multiple	(times)	6.54 ⁽ⁱⁱ⁾
Fully diluted net PE Multiple	(times)	8.76 ⁽ⁱⁱ⁾

Notes:-

⁽ⁱ⁾ *The weighted average number of shares in issue is computed after taking into consideration the Acquisitions which were completed on 30 November 2003, the Rights Issue which was completed on 22 December 2003 and assuming the Public Issue is completed by end of February 2004.*

⁽ⁱⁱ⁾ *Based on the issue price of RM0.88 per share.*

Further notes and assumptions on the consolidated profit forecast are set out in Section 8.5 of this Prospectus.

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1.0 INFORMATION SUMMARY (Cont'd)**1.7.5 Dividend Forecast****Financial Year Ending 31 August 2004**

Gross dividend per share	(sen)	2.50
Net dividend per share	(sen)	1.80
Gross dividend yield (based on the Public Issue price of RM0.88 per share)	(%)	2.84
Net dividend yield (based on the Public Issue price of RM0.88 per share)	(%)	2.05
Net dividend cover (based on the PAT after minority interest of RM8.032 million)	(times)	5.58

1.8 Class of Shares

There is only one class of shares in the Company, namely, ordinary shares of RM0.50 each. The Public Issue Shares rank pari passu in all respects with the existing issued and fully paid-up ordinary shares of the Company, including voting rights and the rights to all dividends and other distributions that may be declared subsequent to the date of the issue and allotment of the Public Issue Shares.

1.9 Utilisation of Proceeds

The total gross proceeds of RM18,673,993 (arising from the Rights Issue and Public Issue of RM5,297,993 and RM13,376,000 respectively) will be utilised in the following manner:-

	RM'000
Repayment of bank borrowings	12,578
Working capital	4,496
Estimated listing expenses	1,600

	18,674
	=====

Details of the utilisation of proceeds are set out in Section 2.8 of this Prospectus.

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1.0 INFORMATION SUMMARY (Cont'd)

1.10 Material Litigation, Contingent Liabilities and Capital Commitments**(i) Material Litigation**

Save as disclosed below, as at 6 February 2004 (being the latest practicable date prior to the printing of this Prospectus), neither UDS nor any of its subsidiary companies are engaged in any material litigation either as plaintiff or defendant and the Directors of the UDS Group are not aware of any proceedings pending or threatened against the Company or its subsidiary companies or of any facts likely to give rise to any proceedings which might materially or adversely affect the position or business of the UDS Group.

- (a) UDT had sold goods to Chuan Lai Furniture (“CLF”) amounting to RM142,548.50 and obtained a guarantee dated 24 June 2000 from the partners of CLF, i.e. Goo Chuan Huat and Goo Chuan Lai. UDT is suing CLF as a firm together with the partners of CLF. UDT had via Messrs Ti-Hazalan & Co, sent a letter of demand dated 22 April 2002 and 6 June 2002 to CLF and the said partners as guarantors respectively. UDT had filed in a Summons and Statement of Claim in the Session Court of Batu Pahat **Summons No. 52-637-02** on 25 June 2002 and obtained judgement in default on 2 October 2002. As CLF still failed to pay, UDT proceeded with a Writ of Seizure and Sale proceedings (“WSS”) against CLF. CLF tried to set aside the said judgement and the said WSS in the Session Court of Batu Pahat on 26 March 2003 via their application dated 21 March 2003 but failed. Further, as CLF had taken out the goods and/or part of the goods that were seized by the Sessions Court Bailiff of Batu Pahat, UDT then filed an application for committal and was successful.

CLF tried to set aside all the decisions above but failed and then appealed to the High Court of Muar on 19 September 2003 but was not successful and they finally appealed the said decisions to the Court of Appeal of which is still pending. UDT had been served with an unsealed copy of an undated Writ of Summons and Statement of Claim dated 16 December 2003 (“the said Writ”) on 19 January 2004 from CLF.

CLF is also suing the Bailiff of the Sessions Court of Batu Pahat as the second Defendant and seeking the following orders:-

- (i) a declaration that the writ of seizure and sale commenced against CLF is void and illegal;
- (ii) UDT is restrained from proceeding with the said writ of seizure and sale action;
- (iii) that costs of the said action shall be paid by UDT and the Bailiff of the Sessions Court of Batu Pahat; and
- (iv) damages to be assessed by the High Court of Muar.

Messrs Ti-Hazalan & Co is of the opinion that the subject matter of the said Writ is similar to the appeal filed by CLF of which is pending disposal by the Court of Appeal. And as the said Writ served was not a seal copy, the said Writ is deemed not to be a proper court document served on UDT of which is a mere notice until and unless the said Writ is sealed by the High Court of Muar.

1.0 INFORMATION SUMMARY (Cont'd)

Notwithstanding the abovementioned appeals, the said judgement is a valid executable court judgement. Two (2) different courts have upheld the validity of the said judgement until now together with the WSS order and committal order. The reason that the said Writ was filed in the High Court of Muar is because the said Writ is seeking a declaration and not because a sum of more than RM250,000.00 is being claimed against UDT. Since the appeals as stated above have not been heard and disposed of yet, the said Writ action by CLF is premature and without any basis in law. UDT is confident that in the likely event that the appeals of CLF are dismissed by the Court of Appeal, the said Writ action shall fail automatically. UDT is also confident that after the said appeals are dismissed by the same, they shall proceed further with the WSS proceedings against CLF.

According to Messrs Ti-Hazalan & Co, the unsealed copy of writ serves to UDT claiming, inter-alia, the damages to be assessed and any other relief deemed fit and proper by the honourable court of which in the unlikely event UDT fail in defending any counter-sued, the damages awarded would not have any financial impact on UDT. Furthermore, the said trade debts (inclusive of interest and other charges) amounting to RM172,666.06 has been fully written-off by UDT in its financial statements for the financial year ended 31 August 2003.

(ii) **Material Contingent Liabilities**

As at 6 February 2004 (being the latest practicable date prior to the printing of this Prospectus), neither UDS nor any of its subsidiary companies have any material contingent liabilities other than those incurred in the ordinary course of business.

(iii) **Material Capital Commitments**

As at 6 February 2004 (being the latest practicable date prior to the printing of this Prospectus), there are no material commitments incurred or known to be incurred by the Group which may have a substantial impact on the result or the financial position of the Group.

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