1. INFORMATION SUMMARY

The Information Summary is only a summary of the salient information about the D&O Group. Investors should read and understand the Prospectus in its entirety prior to deciding whether to invest in the Shares of the Company.

1.1 History and Business

D&O was incorporated in Malaysia as a public limited company on 12 March 2004 under the Act. It was established to become the investment holding company of Omega, OSTB and OPPB in conjunction with the listing of the Company on the Second Board of Bursa Securities. The principal activities of D&O are investment holding and provision of management services.

The D&O Group, via its wholly-owned subsidiary, Omega, is principally engaged in the provision of a full range of contract manufacturing services for the manufacture of semiconductor components which are supplied mainly to MNCs engaged in the manufacture of semiconductor products. The manufacture and assembly of semiconductor components are primarily undertaken by Omega under an OEM contract manufacturing arrangement and 'captive line' arrangement, which could involve the full consignment of manufacturing equipment.

The history of the D&O Group began with the formation of Omega in 1993 and the commencement of Omega's operations in sub-contracting the assembly work of Metal-Can products for STMicroelectronics Sdn Bhd. The operations were carried out at a rented factory with a built-up area of 9,741 sq. ft. located at Lot 8, Batu Berendam Free Trade Zone, Phase III, Melaka, with the support of approximately sixty (60) employees. Within the year, Omega expanded its production area and rented two (2) additional factories with a total built-up area of 21,269 sq. ft. at Lots 4 and 7, Batu Berendam Free Trade Zone, Phase III, Melaka. Over the years, Omega managed to secure more contracts and extended its contract manufacturing services to include more product packages such as Opto Metal-Can, Fibre Optic Metal-Can and LED Lamps. In order to accommodate the increase in capacity, Omega rented factories with a total built-up area of 91,841 sq. ft at Lots 3 and 6, Batu Berendam Free Trade Zone, Phase III, Melaka in 1999. The Group had subsequently acquired all these factory lots.

In 1997, Omega was awarded the ISO9002 quality system accreditation by SGS-Yarsley International Certification Services for its production and assembly services. This is a testimony to its commitment to provide quality services to its customers.

Over the years, as Omega continued to expand its services to meet the evolving needs of its customers, it secured more contracts, most of which were on OEM manufacturing and 'captive line' contract basis. Under such arrangements, the Group's customers consign their production equipment to the Group for the purpose of manufacturing the scheduled orders. The nature of such arrangements substantially reduces the likelihood of the MNC customers terminating the business relationship with the D&O Group as such a move would entail high relocation costs and trigger possible disruptions to their supply chain.

Today, the Board of D&O believes that Omega has established itself as a quality contract manufacturer for semiconductor devices specialising in Hermetic Sealed Metal-Cans for lasers, sensors, transistors and diodes, Resin Filled Encapsulation Packages for LEDs and Thermoset Epoxy Moulded Packages for transistors and diodes. These products are found in a wide range of electronic products such as mobile phones, audio-visual equipment, traffic lights, computers, telecommunication equipment, automobiles, medical equipment, industrial machinery and outdoor advertising digital billboards.

1. INFORMATION SUMMARY *(Cont'd)*

Currently, the Group has a distinctive clientele base which includes quality conscious MNCs such as Fairchild Semiconductor (Optoelectronics) Sdn Bhd, Agilent Technologies (Malaysia) Sdn Bhd, STMicroelectronics Pte Ltd, Matsushita Precision Capacitor (M) Sdn Bhd and Central Semiconductor Corp, USA. As part of its continuous effort to diversify its customer base and capture more market opportunities, the Group had in 1997 ventured into and exported its products to foreign markets, namely, USA, Germany and England. The D&O Group currently exports 100% of its products through MNCs located at various free trade or industrial zones in Malaysia or at licensed manufacturing warehouses and direct shipments to USA, Germany and Singapore.

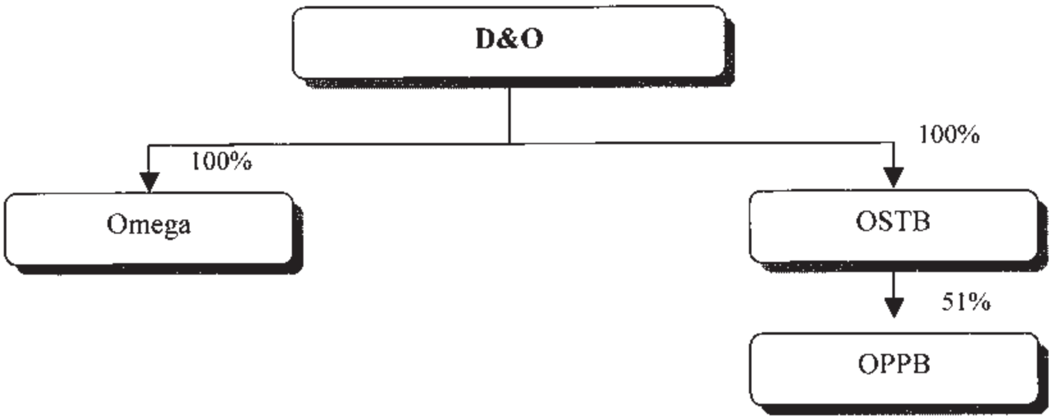
In 2001, Omega was accredited with QS9000 quality system accreditation by Bureau Veritas Quality International (Holding) S.A. London – UKAS Quality Management for the complete assembly and testing process for all products manufactured by Omega. In 2002, Omega offered 'full turnkey' services for all products manufactured for its MNC customers. Omega also expanded its services to include provision of value-added services for forming, taping and packing precision capacitors for Matsushita Precision Capacitor (M) Sdn Bhd. In the same year, Omega embarked on R&D activities with the formation of a R&D department.

In 2003, in order to augment its internal development efforts and tap into global markets, Omega collaborated with sglux Solgel Technologies GmbH, a German company, on the design of a packaging process for all types of Metal-Can UV Sensors. These products are usually used in medical equipment, water purification equipment, weather monitoring systems, combustion control equipment, arc welding helmets, sports watches, sun bed dosimetry equipment and others.

In February 2004, the Group achieved another milestone by diversifying into assembly of new OEM packages for the wireless semiconductor business segment. To meet the anticipated increase in orders for its OEM packages and to enable the Group to assemble and test OEM packages for niche markets in the future, the Group has placed orders for new production machinery, which are anticipated to be commissioned by the end of 2004.

The Group currently operates from two (2) factories with an aggregate built-up area of approximately 280,729 sq. ft. located in the vicinity of the Batu Berendam Free Trade Zone, Phase III, Melaka and has a total workforce of 1,235 as at 15 October 2004.

The Group's corporate structure is depicted as follows:



Further details on the business overview are provided in Section 4.4 of this Prospectus.

1. INFORMATION SUMMARY *(Cont'd)*

1.2 Promoters, Substantial Shareholders, Directors and Key Management

The beneficial interests, direct and indirect, of the promoters, substantial shareholders, Directors and key management in the Shares of the Company after the Public Issue are as follows:

			After Public Issue			
			^Direct		Indirect	
Promoters/ Substantial Shareholders	**Designation**	**Nationality/ Country of incorporation**	**No. of Shares**	**%**	**No. of Shares**	**%**
Goh Nan Yang	Non-Independent Non-Executive Director	Malaysian	100,000	0.01	84,587,805	[1]11.59
Lim Yam Chiew	-	Malaysian	2,200,601	0.30	103,703,739	[2]14.21
Dr Lim Thian Soo	Non-Independent Non-Executive Director	Malaysian	23,740,232	3.25	40,846,870	[3]5.60
Lim Thiam Cheok	-	Malaysian	23,640,232	3.24	40,846,870	[3]5.60
Lim Yam Poh	-	Malaysian	2,200,601	0.30	40,846,870	[3]5.60
ORSB	-	Malaysia	84,587,805	11.59	-	-
PRTC	-	British Virgin Islands	120,152,200	16.46	-	-
MRSB	-	Malaysia	105,903,927	14.51	-	-
Dato' Mohammed Azlan bin Hashim	Non-Independent Non-Executive Chairman	Malaysian	80,609,477	11.04	138,569,512	[5]18.98
Datin Nonadiah binti Abdullah	-	Malaysian	32,665,585	4.47	186,513,404	[4]25.55
Directors						
Dato' Mohammed Azlan bin Hashim	Non-Independent Non-Executive Chairman	Malaysian	80,609,477	11.04	138,569,512	[5]18.98
Tay Kheng Chiong	Group Managing Director	Malaysian	3,908,439	0.54	-	-
Cheam Dau Peng	Executive Director	Malaysian	7,963,682	1.09	-	-
Goh Nan Yang	Non-Independent Non-Executive Director	Malaysian	100,000	0.01	84,587,805	[1]11.59
Dr Lim Thian Soo	Non-Independent Non-Executive Director	Malaysian	23,740,232	3.25	40,846,870	[3]5.60
Lim Loi Heng	Independent Non-Executive Director	Malaysian	100,000	0.01	-	-

1. INFORMATION SUMMARY *(Cont'd)*

			After Public Issue			
			^Direct		Indirect	
Directors	**Designation**	**Nationality**	**No. of Shares**	**%**	**No. of Shares**	**%**
Wong Meng Tak	Independent Non-Executive Director	Malaysian	100,000	0.01	-	-
Lim Chong Puang	Independent Non-Executive Director	Malaysian	100,000	0.01	-	-
Lai Kin Shin	Alternate Director to Goh Nan Yang	Malaysian	100,000	0.01	-	-
Low Tek Beng	Alternate Director to Cheam Dau Peng	Malaysian	100,000	0.01	-	-
Key Management						
Low Swee Cheng	Business Development Director	Malaysian	13,481,800	1.85	-	-
Teng Beng Wan	Financial Controller	Malaysian	105,000	0.01	-	-
Gary Lim Boon Cheong	General Manager	Malaysian	5,186,836	0.71	-	-
Mary Sze	Senior Quality Manager	Malaysian	4,976,264	0.68	-	-
Tan Chin Ming	Production Operation Manager	Malaysian	120,000	0.02	-	-
Sim Cheih Eng	Accountant	Malaysian	55,000	0.01	-	-
Wee Hu Shing	Senior Facilities Manager	Malaysian	4,306,410	0.59	-	-
Moidin bin Hassan	Senior Human Resource Manager	Malaysian	-	-	-	-
Teng Cheng Gum	General Manager	Malaysian	75,000	0.01	-	-
Tan Cheng Bok	Production Manager	Malaysian	46,000	0.01	-	-
Goh Keng Chye	Assistant Manager	Malaysian	45,000	0.01	-	-
Bong Kok Liong	Production Operation Manager	Malaysian	90,000	0.01	-	-
Norshahjatulnizam Johan	Senior Process Engineer	Malaysian	-	-	-	-
Tan Choon Seng	Operation Section Manager	Malaysian	45,000	0.01	-	-
Lim Che Neo	Senior Process and Development Engineer	Malaysian	65,000	0.01	-	-
Bak Chee Heng	Senior Process Engineer	Malaysian	85,000	0.01	-	-

1. INFORMATION SUMMARY *(Cont'd)*

Notes:

^ *Based on the assumption that all eligible Directors and employees of the D&O Group will fully subscribe to their respective entitlements in respect of Public Issue Shares reserved for eligible Director and employees of the D&O Group pursuant to the Public Issue*

* *Less than 0.01%*

1. *Deemed interest by virtue of Section 6A(4) of the Act (shareholding held through ORSB)*
2. *Deemed interest by virtue of Section 6A(4) of the Act (shareholding held through ORSB and Chin Bee & Sons Sdn Bhd)*
3. *Deemed interest by virtue of Section 6A(4) of the Act (shareholding held through Kema Development Sdn Bhd and Chin Bee & Sons Sdn Bhd)*
4. *Deemed interest by virtue of Section 6A(4) of the Act (shareholding held through MRSB and her spouse, Dato' Mohammed Azlan bin Hashim)*
5. *Deemed interest by virtue of Section 6A(4) of the Act (shareholding held through his spouse, Datin Nonadiah binti Abdullah and the latter's shareholding in MRSB)*

Further information on the promoters, substantial shareholders, Directors and key management are provided in Section 5 of this Prospectus.

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1. INFORMATION SUMMARY *(Cont'd)*

1.3 Financial Highlights

1.3.1 Historical Financial Information

The following table is extracted from the Accountants' Report set out in Section 10 of this Prospectus and should be read in conjunction with the notes thereto.

The following is a summary of the proforma consolidated results of D&O for the past five (5) financial years ended 31 December 1999 to 31 December 2003 and the seven (7)-month period ended 31 July 2004, and is provided for illustration purposes based on the audited financial statements of the subsidiaries of D&O, prepared on the assumption that the existing group structure of D&O had been in existence throughout the financial years/period under review:

	<-------- Financial Years ended 31 December ------->					7-month ended
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000	31.07.2004 RM'000
Revenue	10,570	18,893	27,326	40,328	69,192	56,862
EBITDA	1,817	2,272	6,252	9,221	13,018	13,466
Interest expense	(279)	(278)	(494)	(619)	(773)	(554)
Interest income	67	56	65	185	206	-
Depreciation	(397)	(528)	(907)	(1,257)	(2,582)	(2,604)
Amortisation	(122)	(537)	(657)	(538)	(125)	(2)
PBT	1,086	985	4,259	6,992	9,744	10,306
Taxation	-	-	(969)	(636)	(500)	(808)
PAT	1,086	985	3,290	6,356	9,244	9,498
Minority interest	-	-	-	-	-	-#
Profit attributable to shareholders	1,086	985	3,290	6,356	9,244	9,498
Weighted average number of shares in issue ('000)	206,308	217,418	297,250	348,052	402,784	481,728
Gross EPS (sen)[3]	0.5	0.5	1.4	2.0	2.4	2.1^
Net EPS (sen)[4]	0.5	0.5	1.1	1.8	2.3	2.0^

Notes:

\# *Share of loss by minority interest in OPPB of RM49, OPPB is a 51% subsidiary of OSTB*

^ *The gross EPS and net EPS were computed by dividing the PBT and PAT respectively for the seven (7)-month period ended 31 July 2004 by the weighted average number of ordinary shares in issue during the period. The gross EPS and net EPS computed were not annualised.*

1. *The proforma consolidated income statements are prepared for illustrative purposes only and are prepared based on the audited financial statements of Omega and OSTB for the financial years/period under review. The proforma consolidated income statements for the financial years/period under review have been prepared based on accounting policies consistent with those adopted in the preparation of the audited financial statements of the D&O Group*
2. *There were no exceptional or extraordinary items and share of profits/losses from associated company and joint ventures during the financial years/period under review*
3. *Gross EPS has been calculated based on PBT and the weighted average number of ordinary shares in issue*
4. *Net EPS has been calculated based on PAT and the weighted average number of ordinary shares in issue*

1.3.2 Proforma Consolidated Balance Sheets

The proforma consolidated balance sheets of D&O as at 31 July 2004, assuming that the Public Issue and the ESOS had been completed as at that date, together with the detailed assumptions underlying its preparation are set out in Sections 9.8 of this Prospectus. The following table shows a summary of the proforma consolidated balance sheets of D&O made up to 31 July 2004:

	Audited as at 31 July 2004 RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000	Proforma IV RM'000
Assets					
Property, plant and equipment	-	-	49,028	79,423	79,423
Other investment	-	-	10,143	10,143	10,143
Deferred asset	-	-	2,392	2,392	2,392
	-	-	61,563	91,958	91,958
Current Assets					
Inventories	-	-	10,869	10,869	10,869
Trade receivables	-	-	15,957	15,957	15,957
Other receivables, deposits and prepayments	-	-	5,972	5,972	5,972
Deposit with a licensed bank	-	-	10,000	10,000	10,000
Cash and bank balances	-#	-#	4,050	10,642	52,252
	-#	-#	46,848	53,440	95,050
Less: Current Liabilities					
Trade payables	-	-	6,154	6,154	6,154
Other payables and accruals	14	14	11,934	11,934	11,934
Provision for taxation	-	-	13	13	13
Short-term borrowings	-	-	13,007	13,007	13,007
	14	14	31,108	31,108	31,108
Net Current Assets/(Liabilities)	(14)	(14)	15,740	22,332	63,942
	(14)	(14)	77,303	114,290	155,900
Share capital	-*	-**	62,740	73,000	83,950
Share premium	-	-	-	26,727	57,387
Reserve on consolidation	-	-	7,228	7,228	7,228
Accumulated loss	(14)	(14)	(14)	(14)	(14)
Shareholders' Equity	(14)	(14)	69,954	106,941	148,551
Non-Current Liabilities					
Term loans	-	-	3,961	3,961	3,961
Deferred taxation	-	-	3,388	3,388	3,388
	(14)	(14)	77,303	114,290	155,900
No. of Shares in issue ('000)	-*	2	627,404	730,000	839,500
NTA	N/A	N/A	69,954	106,941	148,551
NTA per Share (RM)	N/A	N/A	0.11	0.15	0.18

Notes:

* *Issued and paid-up share capital of RM200 comprising 200 ordinary shares of RM1.00 each*
** *Issued and paid-up share capital of RM200 comprising 2,000 ordinary shares of RM0.10 each*
\# *Amount equals to RM200*

Proforma I	:	Incorporates Sub-Division of Shares
Proforma II	:	Incorporates Proforma I and Acquisitions
Proforma III	:	Incorporates Proforma II, Public Issue and the utilisation of proceeds from the Public Issue
Proforma IV	:	Incorporates Proforma III and assuming full exercise of ESOS options

1.3.3 Auditors' Qualification

The audited financial statements of D&O, Omega, OSTB and OPPB for the financial years/period under review were not subject to any auditors' qualifications.

1.3.4 Estimate and Forecast

Set out below is a summary of profit estimate and forecast of the D&O Group for the financial years ending 31 December 2004 and 31 December 2005 respectively. Investors should review the financial forecast taking into account the various assumptions underlying the forecast contained in Section 9.6.1 of this Prospectus.

(i) Consolidated Profit Estimate and Forecast

Financial years ending 31 December	**Estimate 2004 RM'000**	**Forecast 2005 RM'000**
Consolidated PBT	16,036	25,198
Less: Taxation	(350)	(2,059)
Consolidated PAT	15,686	23,139
Less: Pre-acquisition profits	(10,901)	-
Consolidated PAT attributable to shareholders of D&O	4,785	23,139
Based on the enlarged issued and paid-up share capital		
Net EPS (sen)	0.7[1]	3.2[4]
Net PE Multiple based on the issue price of RM0.38 per Share (times)	54.3	11.9
Based on the weighted average number of Shares[2] in issue		
Net EPS (sen)	2.6[3]	3.2[4]
Net PE Multiple based on the issue price of RM0.38 per Share (times)	14.6	11.9

Notes:

1. *Based on the consolidated PAT after pre-acquisition profit and the enlarged issued and paid-up capital of 730,000,000 Shares*
2. *On the assumption that the Public Issue is completed in December 2004*
3. *Based on the consolidated PAT after pre-acquisition profit and the weighted average number of shares in issue of 184,768,192 Shares*
4. *Based on the consolidated PAT after pre-acquisition profit and the enlarged issued and paid-up capital of 730,000,000 Shares*

Further information on the consolidated profit estimate and forecast of D&O is set out in Section 9.6.2 of this Prospectus

(ii) Dividend Estimate and Forecast

Financial years ending 31 December	Estimate 2004 RM'000	Forecast 2005 RM'000
Gross dividend per Share (%)	1.0	3.0
Net dividend per Share (%)	0.7	2.2
Gross dividend yield based on the issue price of RM0.38 per Share (%)	0.3	0.8
Net dividend yield based on the Public Issue price of RM0.38 per Share (%)	0.2	0.6
Net dividend cover based on enlarged number of ordinary shares in issue (times)	9.1	14.7

Further information on the dividend estimate and forecast of the D&O Group is set out in Section 9.6.4 of this Prospectus.

1.4 Risk Factors

There are a number of risk factors (which may not be exhaustive), both specific to the D&O Group and relating to the general business environment, which may have an impact on the operating performance and financial position of the Group and affect the achievability of the forecast. To appreciate the risk factors associated with an investment in D&O, this Prospectus should be read in its entirety. Details of the key risk factors listed below, of which investors should be aware are set out in Section 3 of this Prospectus:

(i) Business risks;
(ii) Rapid technological change;
(iii) Competition;
(iv) Dependence on key customers;
(v) Machinery and equipment;
(vi) Absence of long term contracts;
(vii) Sources and availability of raw materials;
(viii) Fluctuation in prices of products;
(ix) Foreign exchange risk;
(x) Dependence on key personnel;
(xi) Availability of skilled labour;
(xii) Availability of foreign labour;
(xiii) Political and economic considerations;
(xiv) Adequacy of insurance coverage and risk of business disruption;
(xv) Seasonal sales;
(xvi) Control by substantial shareholders;
(xvii) No prior market for the Shares;
(xviii) Profit estimate and forecast; and
(xix) Forward looking statements.

1.5 Technology

The Group utilises high technology machines for the various processes involved in the assembly and testing of semiconductor devices, such as die attach, wire attach, encapsulation system, laser mark, auto trim and form system. The Group's assembly processes are done in a controlled environment to ensure minimal contamination and quality to meet the stringent standards of the automotive, military, telecommunication and other electronic or computerised applications in which these components are used.

Further details on the technology of the D&O Group is set out in Section 4.4.3 of this Prospectus.

1.6 R&D

Recognising the rapid development of technological change in the semiconductors industry, the Group is committed to continuous development in R&D so as to ensure that its assembly, testing and packaging services meet the evolving needs of the customers. The Group's R&D activities are usually initiated based on the plans of existing customers of the Group as well as the inquiries from existing and prospective customers. Continuous R&D activities are also undertaken to enhance manufacturing processes with the objective of attaining production or operational efficiency targets at the lowest possible cost.

The Group's R&D initiatives focus on the consolidation of its inherent strengths and diversification into designing new product packaging and new tooling for OEM products, such as Metal-Can UV sensors, MEMS devices, VCSEL and Side Firing Laser.

Amongst others, the focus and strategies of the D&O Group's R&D team are as follows:

(i) Continuous process improvement;
(ii) Quality assurance programs;
(iii) Machines/tools design and modifications;
(iv) Implementation of new technologies; and
(v) Collaboration with MNCs.

Further details on the R&D activities of the D&O Group are set out in Section 4.4.9 of this Prospectus.

1.7 Principal Statistics relating to the Public Issue

		RM
(i)	**Share Capital**	
	Authorised:	
	1,000,000,000 ordinary shares of RM0.10 each	100,000,000
	Issued and fully paid-up:	
	627,404,000 ordinary shares of RM0.10 each	62,740,400
	To be issued pursuant to the Public Issue:	
	102,596,000 new ordinary shares of RM0.10 each	10,259,600
		73,000,000
	To be issued pursuant to the full exercise of ESOS options:	
	109,500,000 new ordinary shares of RM0.10 each	10,950,000
		83,950,000
(ii)	**Issue Price per Public Issue Share**	RM0.38

(iii) Proforma Consolidated NTA

Proforma Consolidated NTA as at 31 July 2004 (after taking into account the Public Issue and estimated listing expenses of RM2.0 million) (RM'000)	106,941
Proforma Consolidated NTA per Share (based on the enlarged share capital of 730,000,000 Shares) (RM)	0.15

(iv) Classes of shares and ranking

There is only one class of shares in D&O namely ordinary shares of RM0.10 each. The Public Issue Shares, upon allotment and issue, will rank pari passu in all respects with the other existing issued and paid up ordinary shares in the Company including voting rights and dividends and/or distributions that may be declared subsequent to the date of allotment thereof.

1.8 Utilisation of Proceeds

The gross proceeds of approximately RM39.0 million from the Public Issue accruing to the Company will be utilised in the following manner:

	Amount (RM'000)	Expected timing of utilisation from the date of listing
Capital expenditure on factory expansion	7,850	Within 6 months
Purchase of production equipment and tooling	21,782	Within 2 years
Purchase of new management information system infrastructure	763	Within 1 year
R&D expenditure	3,000	Within 1 year
Working capital	3,591	Within 6 months
Estimated listing expenses	2,000	Within 6 months
	38,986	

Further information on the utilisation of proceeds is provided in Section 2.6 of this Prospectus.

1.9 Working Capital

The Directors of D&O are of the opinion that after taking into account the cash flow position including the proceeds from the Public Issue and the banking facilities available, the D&O Group will have adequate working capital for its present and foreseeable requirements, and in any case for a period of twelve (12) months after the date of issuance of this Prospectus.

1.10 Borrowings

As at 15 October 2004, the total bank borrowings of the Group comprising term loan, bank overdraft and bankers' acceptances, all of which are domestic borrowings and are interest bearing, are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Bank overdraft	1,041	-	1,041
Bankers' acceptances	10,565	-	10,565
Term loan	2,316	3,098	5,414
	13,922	3,098	17,020

Save as disclosed above, the Group does not have any other loan capital outstanding or created but unissued, mortgages or charges outstanding, convertible debt outstanding, guarantees or other borrowings as at 15 October 2004.

There has been no default on payments of either interest and/or principal sums in respect of any borrowings throughout the past financial year ended 31 December 2003 or the subsequent financial period thereof, immediately preceding the date of this Prospectus.

1.11 Material Litigation

As at 15 October 2004, neither D&O nor its subsidiaries are engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Directors of D&O are not aware of any proceedings pending or threatened against the Company and its subsidiaries or any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of the Company and its subsidiaries.

1.12 Material Capital Commitments

Save as disclosed below, as at 25 November 2004, the Group has not contracted any capital commitments, which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group:

	RM'000
Approved and contracted for:	
- Property, plant and equipment	12,909
- Unquoted investment in 22,000,000 5% redeemable convertible preference share of RM1.00 each ("RCPS"), of which approximately RM0.55 per RCPS has been called and paid-up to-date	9,980
	22,889

1.13 Contingent Liabilities

As at 15 October 2004, the Directors of D&O are not aware of any contingent liabilities, which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group.

2. PARTICULARS OF THE PUBLIC ISSUE

2.1 Introduction

This Prospectus is dated 7 December 2004.

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus, together with the Application Form, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. Admission to the Second Board of Bursa Securities is not to be taken as an indication of the merits of the Company and its subsidiaries or of its Shares.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed D&O Shares as a prescribed security. In consequence thereof, the Public Issue Shares will be deposited directly with the Depository and any dealings in these Shares will be carried out in accordance with the aforesaid Act and the Rules of the Depository.

Approval-in-principle has been obtained from Bursa Securities on 10 August 2004 for the admission of D&O to the Official List of the Second Board of Bursa Securities and for the listing of and quotation for the entire enlarged issued and paid-up ordinary shares of D&O, including the Public Issue Shares which are the subject of this Prospectus, on the Second Board of Bursa Securities. These Shares will be admitted to the Official List of the Second Board of Bursa Securities and official quotation will commence upon receipt of confirmation from the Depository that all the CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all the successful applicants.

Pursuant to the Listing Requirements of Bursa Securities, at least 25% of the total number of shares of the Company for which the listing is sought must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each upon completion of the Public Issue and at the point of listing. In the event that the above requirement is not met pursuant to the Public Issue, the Company may not be allowed to proceed with its listing on the Second Board of the Bursa Securities. In the event thereof, monies paid in respect of all applications will be returned without interest.

In the case of an application by way of an Application Form, the applicant must state his/her CDS account number in the space provided in the Application Form. Where an applicant does not presently have a CDS account, the applicant should open a CDS account at an ADA prior to making an application for the Public Issue Shares. In the case of an application by way of ESA, only an applicant who has a CDS account can make an ESA and the applicant shall furnish his/her CDS account number to the Participating Financial Institution by keying in his/her CDS account number if the instruction on the ATM screen at which he/she enters his/her ESA requires him/her to do so. A corporation or institution cannot apply for the Public Issue Shares by way of ESA.

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

The distribution of this Prospectus and the sale of the Public Issue Shares are subject to Malaysian law and the Company and/or Hwang-DBS take no responsibility for the distribution of this Prospectus and/or sale of the Public Issue Shares outside Malaysia. Persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation of an offer to buy any Public Issue Shares in any jurisdiction in which such offer is not authorised or lawful or to any person to whom it is unlawful to make such offer.

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.

2.2 Indicative Timetable

The indicative timing of events leading up to the listing of and quotation for the Company's entire enlarged issued and paid-up share capital on the Second Board of Bursa Securities is set out below:

Event	**Tentative Date**
Opening date of Application	7 December 2004
Closing date of Application	*16 December 2004
Target date for balloting of Application	20 December 2004
Target date of allotment of shares	22 December 2004
Target date for despatch of Notice of Allotment	27 December 2004
Target date for listing of and quotation for the Company's entire enlarged issued and paid-up share capital on the Second Board of Bursa Securities	28 December 2004

* *This timetable is tentative and is subject to changes which may be necessary to facilitate implementation procedures. The Board and the Managing Underwriter may at their discretion mutually decide to extend the closing date of the application to a later date or dates. Should the closing date of the application be extended, the dates for the allotment of the Public Issue Shares and the listing of and quotation for the entire enlarged issued and paid-up share capital of D&O on the Second Board of Bursa Securities would be extended accordingly. D&O will notify the public via an advertisement in a widely circulated Bahasa Malaysia and English newspaper in the event there is an extension of time on the closing date of the application.*

2.3 Purposes of the Public Issue

The purposes of the Public Issue are as follows:

(a) To enable the Company to gain access to the capital market to raise funds for future expansion and continued growth of the D&O Group;

(b) To provide an opportunity for the eligible Directors and employees of the D&O Group and Malaysian public to participate in the continuing growth of the Group by way of equity participation; and

(c) To obtain listing of and quotation for the entire enlarged issued and paid-up ordinary share capital of D&O on the Second Board of Bursa Securities, which is expected to enhance the business, profile and future prospects of the Group.

2.4 Details of the Public Issue

The Public Issue of 102,596,000 new Shares is an invitation by the Company to eligible Directors and employees of the D&O Group, the Malaysian public and identified investors/placees to apply for the Public Issue Shares at an issue price of RM0.38 per Share, payable in full on application upon the terms and conditions of this Prospectus.

The Public Issue Shares, upon issue and allotment, will rank pari passu in all respects with the other existing issued and paid-up ordinary shares in the Company including voting rights and dividends and/or distributions that may be declared subsequent to the date of allotment of the Public Issue Shares.

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

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

The Public Issue Shares totalling 102,596,000 Shares shall be allocated in the following manner:

(a) Eligible Directors and Employees

5,000,000 new Shares representing approximately 0.7% of the enlarged issued and paid-up share capital are reserved for application by eligible Directors and employees of the D&O Group.

The details of the allocation to the eligible Directors are as follows:

Directors	**No. of Shares allocated**
Dato' Mohammed Azlan bin Hashim	150,000
Tay Kheng Chiong	470,000
Cheam Dau Peng	428,000
Goh Nan Yang	100,000
Dr Lim Thian Soo	100,000
Lim Loi Heng	100,000
Wong Meng Tak	100,000
Lim Chong Puang	100,000
Lai Kin Shin	100,000
Low Tek Beng	100,000
	1,748,000

The remaining 3,252,000 new shares are allocated to a total of 341 eligible employees of the D&O Group.

The allocation of the Shares to eligible Directors and employees of the D&O Group, as approved by the Board of D&O, is generally based on seniority in ranking, length of service and contribution to the success of the Group.

(b) Malaysian Public

36,500,000 new Shares representing 5.0% of the enlarged issued and paid-up share capital are available for application by Malaysian citizens, companies, co-operatives, societies and institutions to be allocated via ballot, of which 30% is to be set aside for Bumiputera individuals, companies, co-operatives, societies and institutions;

(c) Placement

61,096,000 new Shares representing approximately 8.4% of the enlarged issued and paid-up share capital will be placed out to investors to be identified.

The Public Issue Shares under paragraph (b) above are underwritten at an underwriting commission of 1.5%.

2.5 Pricing of the Public Issue Shares

The Issue Price was determined and agreed upon by the Company and Hwang-DBS as the Adviser, Managing Underwriter, Underwriter and Placement Agent after taking into consideration the following factors:

(i) the Group's estimate and forecast net EPS of approximately 0.7 sen and 3.2 sen for the years ending 31 December 2004 and 31 December 2005, computed based on the enlarged issued and paid-up share capital of 730,000,000 Shares, and the estimate and forecast net PE Multiple of approximately 54.3 and 11.9 times respectively;

(ii) the Group's operating and financial history and conditions as described in Sections 4.1, 4.4 and 4.5 of this Prospectus;

(iii) the industry review, future plans and outlook of the Group as described in Sections 4.6 and 4.9 of this Prospectus; and

(iv) the proforma consolidated NTA per Share of D&O as at 31 July 2004 of approximately RM0.15 (after the Public Issue and utilisation of proceeds from the Public Issue but before the exercise of ESOS options).

2.6 Proceeds of the Public Issue and Utilisation of Proceeds

The gross proceeds of approximately RM39.0 million from the Public Issue accruing to the Company will be utilised in the following manner:-

	Notes	**RM'000**	**Expected timing of utilisation from the date of listing**
Capital expenditure on factory expansion	*(a)*	7,850	Within 6 months
Purchase of production equipment and tooling	*(b)*	21,782	Within 2 years
Purchase of new management information system infrastructure	*(c)*	763	Within 1 year
R&D expenditure	*(d)*	3,000	Within 1 year

	Notes	**RM'000**	**Expected timing of utilisation from the date of listing**
Working capital	*(e)*	3,591	Within 6 months
Estimated listing expenses	*(f)*	2,000	Within 6 months
		38,986	

The above proceeds are expected to be fully utilised within two (2) years from the date of the listing of the D&O Shares on the Second Board of Bursa Securities.

(a) Capital expenditure on factory expansion

An amount of RM1.45 million has been allocated for the construction of an extension to the existing factory building at Lot 7, Batu Berendam Free Trade Zone, Phase III, Melaka. Construction work on the factory extension had been completed and the built-up area of the factory building has increased by 10,641 sq. ft.. The factory extension is expected to be fully commissioned by November 2004 and will be used for the increase in capacity for the Group's OEM products.

An amount of RM6.4 million has been allocated for the construction of a four (4)-storey factory building adjacent to the existing factory building at Lot 6, Batu Berendam Free Trade Zone, Phase III, Melaka. Construction work has been completed and the new factory building, with an additional built-up area of 69,539 sq. ft. will cater for the capacity expansion of LED products. The new factory building is expected to be fully commissioned by the end of 2004.

(b) Purchase of production equipment and tooling

In conjunction with the Group's expansion plan, an amount of RM21.8 million has been earmarked to finance the purchase and installation of new production machinery, equipment and tooling for the purpose of upgrading and increasing the Group's existing production capacities as well as to enhance the production of new products.

(c) Purchase of new management information system infrastructure

The information technology infrastructure is necessary to handle new product implementation and capacity expansion and will enable customers of the Group to link directly to the Group's system and have access to information relating to production matters, such as work-in-progress, processing status, production performance relating to output, quality yield, line items, finished goods and others. In addition, the system will keep track of the process flow which is not only essential for effective production planning and scheduling, but also helps production managers to improve on production planning, execution and trouble-shooting. The estimated cost for setting up the information technology infrastructure is as follows:

	Description	**Unit**	**Estimated cost RM'000**
(a)	Human Resource Information System/Record Retention software	1	283
(b)	ACCPAC Advantage Series Enterprise plus hardware accessories	1	160
(c)	Upgrading of production tracking system WM3 from "Access" to "SQL" platform plus software revamp	1	120
(d)	Information technology hardware and upgrade		200
			763

(d) R&D expenditure

The Group will allocate an amount of RM3.0 million to fund its R&D activities, which include, amongst others, the upgrading of its in-house laboratory and acquisition of necessary machinery and equipment for the R&D team to undertake experiments in engineering, product, machinery and tool designs.

(e) Working capital

The proceeds from the Public Issue allocated for working capital requirements will be utilised to fund the Group's general working capital and administrative requirements.

(f) Estimated listing expenses

The estimated listing expenses incidental to the listing of and quotation for the entire enlarged issued and paid-up share capital of D&O on the Second Board of Bursa Securities, to be borne by the Company, are as follows:

	RM'000
Professional fees	650
Fees to the authorities	100
Advertisement and printing	280
Underwriting commission, managing underwriting fee, placement commission and brokerage	550
Issuing house	85
Contingencies	335
Total estimated listing expenses	2,000

The financial impact arising from the above utilisation of proceeds includes, amongst others, the following:

(a) With the scheduled purchase of additional production equipment and tooling, the D&O Group is expected to achieve an estimated annual production capacity of 211 million and 1,070 million units of discrete products and opto products respectively for the financial year ending 31 December 2004. This is in line with the Group's increase revenue forecast in 2004 and for the subsequent year's revenue growth; and

(b) Development of new packaging design through R&D is also expected to further increase the subsequent year's revenue growth and profitability from new products.

The consolidated profit estimate and forecast for the financial years ending 31 December 2004 and 31 December 2005 are set out in Section 9.6.2 of this Prospectus.

2.7 Brokerage and Underwriting Commission

Brokerage relating to the Public Issue Shares will be paid by the Company at the rate of 1% of the Issue Price of RM0.38 per Public Issue Share in respect of successful applications bearing the stamp of Hwang-DBS, a participating organisation of Bursa Securities, a member of the Association of Banks in Malaysia, a member of the Association of Merchant Banks in Malaysia or MIDFCCS.

The Underwriters mentioned earlier in this Prospectus have entered into an underwriting agreement on 8 November 2004 for the underwriting of the Public Issue Shares. Underwriting commission is payable by the Company at the rate of 1.5% of the Issue Price for the Shares which are being underwritten.

2.8 Salient Terms of the Underwriting Agreement

The Underwriting Agreement dated 8 November 2004 between D&O and the Underwriters contains certain clauses as set out below which may allow the Underwriters to withdraw from their obligations under the Underwriting Agreement. The terms used in this section shall have the same meanings as ascribed thereto in the Underwriting Agreement.

(i) Underwriters' Option to Terminate for Inaccuracy or Breach

In the event any material inaccuracy of the said warranties or representations or any material failure to perform any of the said agreements or undertakings shall come to the notice of the Underwriters or any of them prior to the Closing Date, each Underwriter shall be entitled (but not bound) by notice in writing to the Company (with a copy to the Managing Underwriter in the event such election is made by any of the other Underwriters) to elect to treat such inaccuracy, failure or change as releasing or discharging the Underwriter concerned from its obligations hereunder and thereupon the Underwriter concerned and the Company shall be so discharged PROVIDED THAT the Company shall remain liable for the payment of the costs and expenses referred to in Clause 16.1 below which are incurred prior to or in connection with such release and discharge AND PROVIDED FURTHER THAT failure by the Underwriters or any of them to make such election as aforesaid shall be without prejudice to the right of the Underwriters or the Underwriter concerned to treat any further or other material inaccuracy, failure or change as releasing and discharging the Underwriters or the Underwriter concerned from their respective obligations as aforesaid.

(ii) Underwriters' Option to Terminate Due to Change of Circumstances

Notwithstanding anything herein contained, each Underwriter may at any time on or before the Closing Date, elect to terminate its obligations under the Agreement by notice in writing to the Company (with a copy to the Managing Underwriter in the event such election is made by any of the other Underwriters) if:

(a) there has been an adverse change or development reasonably likely to involve a prospective adverse change in the position financial or otherwise of the Company from that expressly described in the Prospectus which is material in the context of the Public Issue or any occurrence of an event rendering untrue or incorrect, to an extent which is material as aforesaid, any representations or warranties contained in Clause 3.1 of the the Agreement though they had been given or made on such date; or

(b) there shall have been such a change in national or international monetary, financial, political or economic conditions or in exchange control or in currency exchange rates as would in the reasonable opinion of the Underwriter be likely to prejudice materially the success of the Public Issue; or

(c) there shall have been any government requisition or other occurrence of any nature whatsoever which in its reasonable opinion seriously affects or will seriously affect the business of the Company; or

(d) there shall have been any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of event beyond the reasonable control of the Underwriter (including without limitation acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, sabotage, acts of God or accidents) which has or is likely to have the effect of making any material part of the incapable of performance with its terms or which prevents the processing of application and/or payments pursuant to the Public Issue or pursuant to the underwriting thereof; or

(e) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, which in the opinion of the Underwriter has or is likely to have a material adverse effect on the condition, financial or otherwise, or the earnings, business affairs or business prospects (whether or not arising in the ordinary course of business) of the Company; or

(f) the imposition of any moratorium, suspension or material restriction on trading in securities generally in Bursa Securities due to exceptional financial circumstances or otherwise.

Upon receipt of such notice, the Agreement shall be terminated and the Underwriter concerned and Company shall be released and discharged from their respective obligations hereunder except for the liability of the Company in the payment of costs and expenses referred to in Clause 16.1 hereof and for the payment of any taxes, duties and levies incurred prior to or in connection with such termination and the liability for antecedent breach, if any. The remaining Underwriters and the Company may however confer with a view to defer the Public Issue or amend its terms or the terms of the Agreement and enter into a new underwriting agreement accordingly, but neither the Company nor the remaining Underwriters will be under any obligation to enter into a new agreement.

(iii) Conditions Precedent for Underwriting

The Underwriting Agreement is conditional upon the fulfilment of the following conditions:

(a) the Underwriters being reasonably satisfied that such listing and quotation will be made two (2) clear Market Days after receipt by Bursa Securities of all required documents and confirmation from the Bursa Depository that the securities accounts of the successful applicants have been duly credited and notices of allotment have been despatch to all successful applicants;

(b) that all consents, approvals, authorisations or other orders required by the Company under the laws of Malaysia for or in connection with the Public Issue, and/or the listing of and quotation for all the shares in the Company, including the Public Issue Shares, on the Second Board, including the approval of the shareholders of the Company, have been obtained and are in force on the Closing Date or the Underwriter being reasonably satisfied that the same will be obtained and be in force on the Closing Date;

(c) the Prospectus having been registered with the SC and lodged with CCM before the date of issue of the Prospectus;

(d) there having been as at any time hereafter up to and including the Closing Date, no material adverse change or any development involving a prospective material adverse change in the condition financial or otherwise of the Company (which in the reasonable opinion of the Underwriters or any of them is or will be material in the context of the Public Issue Shares) from that set forth in the Prospectus nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to any extent which is or will be material in any of the warranties contained in Clause 3 if they were repeated on and as of the Closing Date;

(e) the Public Issue Shares in accordance with the provisions of the Prospectus and Application Forms not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);

(f) the Public Shareholding Spread is met;

(g) the delivery to the Managing Underwriter prior to the date of registration of the Prospectus of (aa) a copy certified as true copy by an authorised officer of the Company of all the resolutions of the directors of the Company and the shareholders in general meeting approving the Agreement, the Prospectus, the Public Issue and authorising the execution of the Agreement and the issuance of the Prospectus; (bb) a certificate dated the date of the Prospectus signed by duly authorised officers of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in Clause 6.1.4; and

(h) the Agreement having been duly executed by all Parties and stamped.

If any of the foregoing conditions is not fulfilled on or before the Closing Date, the Agreement shall be terminated except for the liability of the Company for the payment of costs and expenses as provided in Clause 16.1 hereof incurred prior to or in connection with such termination and the parties hereto shall be released and discharged from their respective obligations hereunder. The Underwriters reserve the right to waive any of the foregoing conditions precedent and such waiver shall not prejudice the other rights of the Underwriters under the Agreement.

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3. RISK FACTORS

There are a number of risk factors, both specific to the D&O Group and relating to the general business environment, which may have an impact on the operating performance and financial position of the Group and affect the achievability of the forecast. Investors should carefully consider the following factors (which may not be exhaustive), which may have a significant impact on the future performance of the Group before applying for the Public Issue Shares.

3.1 Business Risks

The Group is subject to general business risks as well as certain risks inherent in the industry in which it operates. For instance, the Group may be affected by a general downturn in the global, regional and national economies, entry of new players, constraints in labour supply, changes in law and tax legislation affecting the industry, increase in production and purchasing costs, changes in credit and interest rate conditions and fluctuation in foreign exchange rates.

Any adverse developments in the political situation and economic uncertainties in Malaysia and/or other countries in which the Group has business links, directly or indirectly could materially and adversely affect the financial performance of the Group. These include risks of war, global economic downturn, expropriation, nationalisation, unfavourable changes in government policies and regulations such as foreign exchange rates and methods of taxation and currency exchange controls. There can be no assurance that any change to these factors will not have a material adverse effect on the Group's business.

Although the Group seeks to minimise these business risks through, inter alia, prudent management policies and maintaining good business relationships with its customers and suppliers, no assurance can be given that any change in any of these factors will not have a material adverse effect on the Group's business.

3.2 Rapid Technological Change

The semiconductor industry is characterised by rapidly changing technologies and frequent introduction of new products and services. Advances in technology typically lead to price erosion and decreased margins for older range of products and may also cause the capabilities of the Group to be less competitive with new emerging technologies and, sometimes, to even be obsolete.

If the Group fails to develop advanced manufacturing services in a timely manner, or develop and introduce new products to meet customers' requirements and address technological advancement in a timely and cost-effective manner, the Group may lose existing or potential customers demanding these services or products. Furthermore, the Group may also miss the opportunity to benefit from the higher average selling prices that may be derived from newer and emerging turnkey services.

In order to remain competitive and to keep abreast with the latest technology development, the R&D team constantly evaluates the machinery technology in the market as part of its manufacturing enhancement process, as well as the development of new products or product enhancements that respond to technological changes or customers' requirements. The R&D team is also continuously looking out for suitable machinery that meets the Group's budget and technological requirements.

Notwithstanding the above, there can be no assurance that the Group's products and services will not be rendered obsolete by the emergence of new technologies or new customers' requirements.

3.3 Competition

The D&O Group faces competition from various local and foreign turnkey service providers in the semiconductor industry. The Group is operating in an environment that is constantly and rapidly evolving and requires players to be capable of supplying increasingly complex semiconductor components. On the global front, emergence of competitors who are able to provide the same services at a lower cost could potentially result in the relocation of MNCs or termination of existing contracts.

The Board of D&O believes that the principal elements of competition among the turnkey contract manufacturing service providers in the semiconductor industry include technical competence, engineering capability, quality, time-to-market, breadth of assembly and test services, quality of customer service and competitive pricing. The Group believes that its experienced management team, prompt completion and delivery of customers' orders, consistent quality, innovative designs and ability to offer competitive pricing have been and will continue to be important factors in attracting and retaining customers.

Furthermore, the Group has been in business for more than ten (10) years and has successfully built up strong relationships with its customers. The Group is also continuously exploring different ways to improve on its production processes in order to increase production efficiency and reduce wastage. Despite the aforementioned strategies, there can be no assurance that the Group will not be affected by the competitive strategy adopted by other service providers within the same industry, both locally and overseas.

3.4 Dependence on Key Customers

For the financial year ended 31 December 2003, approximately 94% of the revenue of the Group was derived from sales to a few well-known MNC customers. The loss of any of these key customers may adversely affect the performance of the Group.

The risk with the Group's reliance on key customers include the relocation of these MNCs to other countries or the cessation of certain product lines by these customers which may result in the Group losing a substantial portion of its business.

Nevertheless, the Board of D&O believes that the high concentration in a few customers is the norm for contract manufacturers in the semiconductor industry and that the dependence on a few key customers will not create significant problems for the Group in view of the length of the Group's relationships with its customers and its ability to meet the requirements of its customers in terms of delivery, quality and pricing. The Board of D&O is of the opinion that its medium-sized customer base has enabled the Group to work closely with its customers and fully concentrate on meeting their needs.

Over the years of operation, the Group has developed long business relationships with these key customers as evidenced below and the Board is not presently aware of and do not foresee any circumstances that could adversely affect the continuation of these business relationships.

Customers	**Country**	**Length of Relationship (Years)**
STMicroelectronics Sdn Bhd / STMicroelectronics Pte Ltd	Malaysia / Singapore	10
Fairchild Semiconductor (Optoelectronics) Sdn Bhd	Malaysia	7
Central Semiconductor Corp.	USA	7
Agilent Technologies (Malaysia) Sdn Bhd	Malaysia	5

The continuous orders from the above customers through the years is also a testimony to the strong working relationships between the D&O Group and its customers.

The Group's risk of losing its customers is also mitigated to a certain extent by the nature of the business contracts it has with its customers, which are mainly based on 'captive contract' terms. Under the 'captive contract' arrangement, these customers consign all their production equipment to the Group for the purpose of producing scheduled orders. The nature of such an arrangement substantially reduces the likelihood that these customers will terminate the existing business contracts as such a move will involve high relocation costs and disapproval by MNCs' end customers. to switching manufacturers without strong justification and benefits to the customer in terms of cost, quality, reliability and delivery performance. Re-qualification of any new manufacturer requires a very costly and tedious process, and long quality and reliability tests through the entire end user chain.

In addition, the nature of the industry is such that it involves high vendor switching costs and requires a long gestation period of acceptance. This is because customers normally require a lengthy time to carry out operational and quality audits of the turnkey manufacturers' production capabilities and facilities, and the ensuing evaluation of the quality of products manufactured. Consequently, it is usual that customers would foster long-term business relationships with their turnkey manufacturers. The D&O Group believes that by fostering a long-term business relationship with its customers, the risk of losing its customers is mitigated to a certain extent.

Nonetheless, there is no assurance that the Group will continue to retain these MNC customers and that they will maintain or increase their current level of business with the D&O Group in the future. The loss or partial loss of any of these customers would adversely affect the Group's revenue and operating profits, and force the Group to curtail its growth plans.

The Group is mitigating the risk of over dependency on its existing MNC customers by expanding its OEM product portfolio. The Group's R&D initiatives focus on the consolidation of its inherent strengths and diversification into designing new product packaging and new tooling for OEM products. The Group has invested continuously in upgrading its existing technology platform to assemble new OEM products. It is anticipated that the revenue contribution from its OEM products will increase from approximately 9% to 23% for the financial years ending 31 December 2004 and 31 December 2005 respectively.

3.5 Machinery and Equipment

While it is the policy of the Group to own its machinery and equipment as far as possible so as to gain flexibility in its manufacturing operations and develop in-house capability and capacity, it is not uncommon that certain non-standard machinery and equipment are usually consigned from customers. Currently, most machinery and equipment used in the Group's assembly business are consigned from its customers. This is a common practice within the industry, particularly in the outsource manufacturing business, where the consignor consigns excess capacity for certain processes to the consignee.

This practice of accepting consigned machinery and equipment from customers has the drawback to the Group of not being able to utilise such machinery and equipment to service the needs of other customers and such machinery and equipment can be removed by the customers who own them at short notice. Nevertheless, the Directors believe that the risk associated with machinery and equipment is mitigated to a certain extent in view of the nature of industry where it involves high vendor switching costs and requires a long gestation period of acceptance. This is because the customers normally require a lengthy time to carry out operational and quality audits of the turnkey manufacturers' production capabilities and facilities, before accepting the manufacturer as their supplier/manufacturer. Thus, it is usual that customers would foster long term business relationships with their turnkey manufacturers.

In the event the manufacturing contract is terminated, the Group may be given the option to purchase the machinery and equipment from customers. In such event, it will result in a change in the business arrangement where the Group may own the production line and can manufacture for any customers as an OEM contract manufacturer. Further, as part of its expansion plan, the Group has earmarked an amount of RM21.8 million out of the total proceeds from the Public Issue for the purchase and installation of new production machinery, equipment and tooling.

3.6 Absence of Long Term Contracts

To the best of the Directors' knowledge, it is not a common practice for MNCs to enter into formal long term contracts with their turnkey manufacturers. Normally, the MNCs will provide forecast purchase order for one (1) to three (3) months and the confirmed order will be given to the Company on a weekly basis. In general, the Group operates on a just-in-time manufacturing concept and maintains a minimum level of finished goods in its warehouses. The D&O Group works closely with its MNC customers to monitor their production schedules, stock levels and also impending requirements to ensure that there are sufficient stocks to meet the customers' requirement. Currently, there are manufacturing/subcontracting contracts entered into by the D&O Group with its major MNC customers, where the Group is appointed as the authorised manufacturer/service provider until the contracts are terminated by either the Group or the customers. Nonetheless, these manufacturing/subcontracting contracts do not tantamount to long term contracts as sales are normally confirmed via purchase orders from these customers.

The Board of D&O believes that the Group has established long term business relationships with its existing customers and has a proven track record of delivering quality products at competitive prices in a timely manner, thus enabling the long-standing business relationships to continue.

Further, as stated in Section 3.4 above, it is usual that customers would foster long term business relationships with their turnkey manufacturers, after having gone through a lengthy process to carry out operational and quality audits of the turnkey manufacturers' production capabilities and facilities, and the ensuing evaluation of the quality of products manufactured, before selecting the manufacturer as their supplier/manufacturer.

3.7 Sources and Availability of Raw Materials

To maintain competitive manufacturing operations, it is crucial that the Group must be able to obtain sufficient quantity of quality materials at acceptable prices in a timely manner. The major raw materials used in the Group's manufacturing are leadframes, headers, silver preform, metal caps, solder bars, mould compound, resin, hardener, silver epoxy, aluminum wire and gold wire. The Group sources most of its materials from both local and overseas suppliers by way of a blanket purchase order for a one (1)-year delivery followed by confirmed quantities on a monthly basis. Certain suppliers enter into a consignment supply contract/agreement with the Group whereby the suppliers will keep their stock in the Group's warehouse and only issue invoices based on actual quantity used at the end of each month. The average stock holding level is equivalent to two (2) months' average consumption level. The management of the Group does not foresee any difficulty in procuring raw materials as it sources its raw materials from various suppliers and is confident that it is able to identify additional suppliers should the need arise.

The Group is also exposed to the risk of fluctuation in prices of raw materials. Notwithstanding this risk, the Group may still be able to maintain reasonable profits if it can pass the increase in costs to its customers. Currently, the Group adjusts its selling price with its customers in the event of an increase in the cost of raw materials. Furthermore, the Group has extensive experience in purchasing raw materials and is well versed with the market trends of raw material prices and their availability.

Over the years, the Group has always been able to source most of its raw materials from an approved list of vendors both locally and overseas. The Group has followed a policy of prompt payment within the credit period and hence has established a good reputation amongst its suppliers. The Group does not expect its performance to be significantly affected by the termination of its business relationship with any of its suppliers. Due to its strong relationship with key suppliers, the Group has not, nor is it likely to be threatened by any shortages in raw materials.

However, no assurance can be given that the Group will not be adversely affected should any of its major suppliers choose not to extend their business ties with the Group in the future.

3.8 Fluctuation in Prices of Products

Fluctuation in the prices of the Group's products is a normal occurrence in industries where its price is determined by the forces of global supply and demand. The overhang in stockpile of semiconductor products worldwide has led many MNCs to implement just-in-time stock control. The implementation of just-in-time has resulted in reduced volatility of semiconductor prices. However, as the Group is a contract manufacturer, pricing is fixed at the point of contract agreement. Any price revision will be on the basis of official notification and upon quotation by either party and acceptance by both parties after negotiation.

3.9 Foreign Exchange Risk

The Group is exposed to foreign exchange fluctuations through its exports and to a lesser extent, its imports. The risk of foreign exchange fluctuation has been minimised since the introduction of capital controls by the Government in 1998 whereby the Ringgit has been pegged to the US Dollar at RM3.80 to USD1.00. Nevertheless, there can be no assurance that any future significant fluctuations in exchange rates will not have an impact on the financial performance of the Group.

3.10 Dependence on Key Personnel

The Group believes that its continued success will depend, to a certain extent, upon the abilities and continued efforts of its existing key management team. The loss of any of the Group's key management team could adversely affect the Group's continued ability to compete effectively in the semiconductor industry. The Board of D&O recognises the importance of the Group's ability to attract and retain its key personnel and has in place a human resource strategy, which includes a suitable compensation package, a structured training and grooming program and a conducive working environment. The ESOS, which was implemented by the Company, is designed to reward and retain key personnel of the D&O Group in recognition of their contribution which is considered vital to the operations and continued growth of the Group.

3.11 Availability of Skilled Labour

Semiconductor assembly and testing are complex processes which involve significant technological expertise and specialised equipment. As at 15 October 2004, more than 90% of the D&O Group's employees are skilled workers. The performance of the D&O Group may be affected by the shortage of suitably qualified skilled personnel and may suffer from inferior product quality, production downtime, failure in meeting delivery schedules and loss of customers' confidence. As in any other industry, there is competition for highly skilled employees.

The management of the Group recognises the importance of human resource training to stay ahead in technological advancement. The Group also believes in investing in its workforce. On the job training is viewed as one of the more effective training tools for its employees. The employees of the Group are subject to work orientation programs, on the job training and cross training in the various processes.

Although the D&O Group seeks to limit the above business risk, no assurance can be given that any change to this factor will not have a material adverse effect on the Group's business.

3.12 Availability of Foreign Labour

Government regulations on foreign labour can severely affect the manufacturing industry as most manufacturers employ a significant number of foreign workers. Regulations which have been introduced to limit the recruitment of foreign workers may affect the industry's expansion as it could lead to a shortage of workers. All the foreign production workers of the Group hold valid working permits in Malaysia. The Group has not, in the past, experienced any shortage of foreign labour which has materially affected the Group's business growth or caused interruptions in its operations.

Although the Group seeks to limit the reliance on foreign labour through automating the labour intensive operations, there can be no assurance that any changes to current immigration rules and policies adopted by the Government will not have an adverse impact on the Group's labour force.

3.13 Political and Economic Considerations

Any adverse development in the political situation and economic uncertainties in Malaysia and other countries which the Group has business links, directly or indirectly could materially and adversely affect the financial performance of the Group. These include risks of war, global economic downturn, expropriation, nationalisation, unfavourable change in government policies and regulations such as foreign exchange rates, methods of taxation and currency exchange controls. There can be no assurance that any changes to these factors will not have a material adverse effect on the Group's business.

3.14 Adequacy of Insurance Coverage and Risk of Business Disruption

The Group is aware of the adverse consequences arising from inadequate insurance coverage that could adversely affect its business operations. In ensuring that such risks are minimised, the Group reviews and ensures coverage for its assets on a continuous basis. At present, the Directors believe that the Group is adequately insured against unforeseen events such as fire, malicious damage, theft and burglary. The Group has also installed adequate fire fighting systems, such as sprinkler systems, fire hydrants, hose reels and fire extinguishers, in the building premises and exercise stringent safety measures to minimise the risk of fire.

The Group did not experience any disruption in business arising from energy disruptions which have a significant impact on the Group's operations in the past twelve (12) months.

3.15 Seasonal Sales

The Group's products are employed in the production of most industrial, consumer, telecommunication and electronic equipment. The Group's revenue is thus directly or indirectly related to capital expenditures of government, public and private sectors which may be subject to fluctuation as a consequence of general economic conditions and industry patterns. The Group's revenue may also fluctuate as a consequence of seasonal sales. To the best of the Directors' knowledge, demand for semiconductor products will, traditionally, soften in the third quarter of a calendar year and further decline in the fourth quarter due to the build-up in the stockpile of MNCs and the long year-end holidays observed in the USA. Such seasonal sales trends are still prevalent in today's market. However, the volatility of demand for semiconductor products which are associated to seasonal sales has been substantially reduced with the implementation of just-in-time stock control by the MNCs.

3.16 Control by Substantial Shareholders

Upon completion of the Public Issue, the substantial shareholders of D&O, namely, ORSB, PRTC, Goh Nan Yang, Lim Yam Chiew, Dr Lim Thian Soo, Lim Thiam Cheok, Lim Yam Poh, Dato' Mohammed Azlan bin Hashim, Datin Nonadiah binti Abdullah and MRSB will collectively hold, directly and indirectly, approximately 70.8% of the Company's issued and paid up capital. Consequently, the aforesaid shareholders may be able to influence the outcome of certain matters such as the election of the Directors and the approval of business ventures requiring the vote of the Company's shareholders unless they are required to abstain from voting by law and/or by the relevant authorities.

Adherence to corporate governance principles and best practice is expected to promote greater accountability and transparency. Additionally, the formation of the Audit Committee, which comprises Independent Directors, may effectively help to promote transparency in all material transactions and the D&O Group's accountability, thereby protecting the interests of shareholders. The substantial shareholders would also be required to abstain from voting if there are any related party transactions, which may pose as a conflict to the interest of the Company.

3.17 No Prior Market for the Shares

Prior to the Public Issue, there has been no public market for D&O Shares. There can be no assurance that an active market for D&O Shares will develop upon its listing on the Second Board of Bursa Securities or, if developed, that such a market will sustain. The Issue Price has been determined after taking into consideration a number of factors, including but not limited to, the Group's financial and operating history and conditions, the prospects of the industry in which the Group operates, the management of the Group, the market prices for shares of companies involved in businesses similar to that of the Group and the prevailing market conditions. There can be no assurance that the Issue Price will correspond to the price at which D&O Shares will trade on the Second Board of Bursa Securities upon or subsequent to its listing.

3.18 Profit Estimate and Forecast

This Prospectus contains the consolidated profit estimate and forecast of D&O that are based on assumptions which the Directors deem to be reasonable, but which nevertheless are subject to uncertainties and are contingent in nature. Due to the subjective judgements and inherent uncertainties of the consolidated profit estimate and forecast and as events and circumstances frequently do not occur as expected, there can be no assurance that the consolidated profit estimate and forecast contained herein will be realised and actual results may be materially different from the forecast. Investors are deemed to have read and understood the assumptions and uncertainties underlying the consolidated profit estimate and forecast that are contained herein. Investors are advised to read carefully the assumptions made in this Prospectus of the consolidated profit estimate and forecast as set out in Section 9.6.2 of this Prospectus.

3.19 Forward Looking Statements

Certain statements in this Prospectus are based on historical data which may not be reflective of the future results, and others are forward-looking in nature which are subject to uncertainties and contingencies. All forward-looking statements are based on estimates and assumptions made by the Board, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Although the D&O Group believes that the expectations reflected in such forward-looking statements are reasonable at this point in time, there can be no assurance that such expectations will prove to be correct.