

# PROSPECTUS



## DUFU TECHNOLOGY CORP. BERHAD

(Company No. 581612-A)  
(Incorporated in Malaysia under the Companies Act, 1965)

I PUBLIC ISSUE OF 24,200,000 NEW ORDINARY SHARES OF RM0.50 EACH AT AN ISSUE PRICE OF RM0.70 PER ORDINARY SHARE PAYABLE IN FULL UPON APPLICATION COMPRISING:

- 6,000,000 NEW ORDINARY SHARES OF RM0.50 EACH FOR APPLICATION BY THE MALAYSIAN PUBLIC; AND
- 18,200,000 NEW ORDINARY SHARES OF RM0.50 EACH TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

II OFFER FOR SALE OF 9,800,000 ORDINARY SHARES OF RM0.50 EACH AT AN OFFER PRICE OF RM0.70 PER ORDINARY SHARE PAYABLE IN FULL UPON APPLICATION COMPRISING:

- 1,000,000 ORDINARY SHARES OF RM0.50 EACH FOR APPLICATION BY ELIGIBLE EMPLOYEES OF DUFU TECHNOLOGY CORP. BERHAD AND ITS SUBSIDIARY COMPANIES; AND
- 8,800,000 ORDINARY SHARES OF RM0.50 EACH TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

IN CONJUNCTION WITH THE LISTING OF DUFU TECHNOLOGY CORP. BERHAD ON THE SECOND BOARD OF THE BURSA MALAYSIA SECURITIES BERHAD

Adviser, Underwriter and Placement Agent



### ALLIANCE INVESTMENT BANK

**Alliance Investment Bank Berhad** (21605-D)  
*formerly known as Alliance Merchant Bank Berhad*

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" IN SECTION 4 OF THIS PROSPECTUS.

**THIS PROSPECTUS IS DATED 31 JANUARY 2007**

DUFU TECHNOLOGY CORP. BERHAD

PROSPECTUS

57-2 Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang  
Tel No.: (604) 6429887 Fax No.: (604) 6456698  
E-mail address: corp@hickswoodpeg.com

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND THE PROMOTERS OF DUFU TECHNOLOGY CORP. BERHAD (581612-A) ("DUFU" OR "COMPANY") AND THE OFFERORS 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 HEREBY ACCEPT FULL RESPONSIBILITY FOR THE PROFIT FORECASTS INCLUDED IN THIS PROSPECTUS AND CONFIRM THAT THE PROFIT FORECASTS HAVE BEEN PREPARED BASED ON THE ASSUMPTIONS MADE.

ALLIANCE INVESTMENT BANK BERHAD (FORMERLY KNOWN AS ALLIANCE MERCHANT BANK BERHAD) ("ALLIANCE"), BEING THE ADVISER, 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 OFFERING AND IS SATISFIED THAT THE PROFIT FORECASTS (FOR WHICH THE DIRECTORS OF THE COMPANY ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THE PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

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

THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES 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 ON 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.**

ADMISSION TO THE OFFICIAL LIST OF BURSA MALAYSIA SECURITIES BERHAD ("SECURITIES EXCHANGE") IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INVITATION, CORPORATION OR ITS SECURITIES.

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

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS IN CONNECTION WITH THE PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 57, 58 AND 153 OF THE SECURITIES COMMISSIONS ACT, 1993.

A COPY OF THIS PROSPECTUS MAY BE OBTAINED FROM THE WEBSITE OF THE SECURITIES EXCHANGE AT [www.bursamalaysia.com](http://www.bursamalaysia.com).

THE DISTRIBUTION OF THIS PROSPECTUS AND THE INITIAL PUBLIC OFFERING ARE SUBJECT TO MALAYSIAN LAWS. THE COMPANY AND ITS ADVISERS TAKE NO RESPONSIBILITY FOR THE DISTRIBUTION OF THIS PROSPECTUS (IN PRELIMINARY OR FINAL FORM) OUTSIDE MALAYSIA. THE COMPANY AND ITS ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT A PUBLIC OFFERING OF ITS SHARES BASED ON THIS PROSPECTUS OR THE DISTRIBUTION OF THIS PROSPECTUS OUTSIDE MALAYSIA. THIS PROSPECTUS MAY NOT BE USED FOR ANY OFFER TO SELL OR INVITATION TO BUY DUFU SHARES IN ANY JURISDICTION OR IN ANY CIRCUMSTANCE IN WHICH SUCH AN OFFER OR INVITATION IS NOT AUTHORISED OR UNLAWFUL. THIS PROSPECTUS SHALL ALSO NOT BE USED TO MAKE AN OFFER OR INVITATION OF THE COMPANY'S SHARES TO ANY PERSON TO WHOM IT IS UNLAWFUL TO DO SO. THE COMPANY AND ITS ADVISERS REQUIRE POTENTIAL INVESTORS TO INFORM THEMSELVES OF AND TO OBSERVE SUCH RESTRICTIONS.

THIS PROSPECTUS IS PREPARED AND PUBLISHED SOLELY FOR THE INITIAL PUBLIC OFFERING IN MALAYSIA UNDER THE LAWS OF MALAYSIA. THE IPO SHARES (AS DEFINED HEREIN) ARE OFFERED IN MALAYSIA SOLELY BASED ON THE CONTENTS OF THIS PROSPECTUS. THE COMPANY AND ITS ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE POTENTIAL INVESTORS WITH INFORMATION WHICH IS NOT CONTAINED IN THIS PROSPECTUS.

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**INDICATIVE TIMETABLE**


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The following events are intended to take place on the following indicative times and dates:

<b>EVENT</b>	<b>INDICATIVE TIME AND DATE</b>
Opening of applications	10.00 a.m. on 31 January 2007
Closing of applications	5.00 p.m. on 9 February 2007
Balloting	13 February 2007
Allotment	27 February 2007
Listing	28 February 2007

The Directors and the Underwriter may mutually decide, at their absolute discretion, to extend the date and time for the closing of applications to any later date or dates. If the date of the closing of applications is extended, the dates of the balloting, allotment and listing would be extended accordingly. Any extension of the date of closing of applications will be announced in a widely circulated English newspaper and Bahasa Malaysia newspaper not less than one (1) market day before the original date of the closing of applications.

The success of the IPO is also exposed to the risk that it may fail or be delayed should any of the following events occur:

- (i) the placees for the placement fail to subscribe for their portion of the IPO Shares allocated to them; and
- (ii) the Company is unable to meet the public spread requirement of at least 25% of the Company's total number of shares for which listing is sought is in the hands of a minimum number of 1,000 public shareholders holding not less than 100 Shares each.

Although Dufu and Alliance will endeavour to secure the listing and ensure compliance with the Securities Exchange LR, no assurance can be given that the abovementioned factors will not cause a delay in or failure of the listing.

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## PRESENTATION OF INFORMATION

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All references to “Company” is to Dufu Technology Corp. Berhad (581612-A); references to “Group” is to the Company and its subsidiary companies; and references to “we”, “us”, “our” and “ourselves” are to the Company, and, save where the context otherwise requires, our subsidiary companies. Unless the context otherwise requires, references to “Management” are to the directors, key management and key technical personnel of the Group as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Certain abbreviations, acronyms and technical terms used are defined in “Definitions” appearing after this section. Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to date and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

The information on the Company’s website, or any website directly or indirectly linked to such websites does not form part of this Prospectus and you should not rely on it.

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## FORWARD-LOOKING STATEMENTS

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This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives of our Management for future operations are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, our performance or achievements, or industry results, to differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to the future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or any other similar expressions and include all statements that are not historical facts. Such forward-looking statements include, but not limited to, statements in relation to:

- (i) demand for our products/services;
- (ii) our future plans, business strategies and objectives of the Management for future operations;
- (iii) our financial performance and position; and
- (iv) our future earnings, cash flows and liquidity.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, but not limited to:

- (i) the economic, political and investment environment in Malaysia and globally; and
- (ii) government policies, laws, legislations and regulations.

Additional factors that could cause our actual results, our performance or achievements to differ materially include, but not limited to, those discussed in Section 4 of this Prospectus. The Management and/or Alliance cannot give any assurance that the forward-looking statements made in this Prospectus will be realised or achieved. Such forward-looking statements are made only as at the date of this Prospectus. The Management expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Prospectus to reflect any change in the Management's expectations or any change in events, conditions or circumstances on which any such forward-looking statement is based.

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**DEFINITIONS**


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The following terms shall apply throughout this Prospectus unless otherwise defined or the context requires otherwise:

“Acquisitions”	:	The DISB Acquisition and the IPG Acquisition, collectively
“Act”	:	The Companies Act, 1965
“ADA”	:	Authorised Depository Agent(s)
“ADA Code”	:	ADA (Broker) Code
“A.k.a”	:	Also known as
“Alliance”	:	Alliance Investment Bank Berhad (21605-D) (Formerly known as Alliance Merchant Bank Berhad)
“Application Form(s)”	:	Printed application form(s) for the application of the IPO Shares
“ATM(s)”	:	Automated Teller Machine(s)
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
“By-Laws”	:	The By-Laws of the ESOS, as set out in Section 16 of this Prospectus
“CDS”	:	Central Depository System
“CDS Account”	:	An account established by Bursa Depository for a depositor for the recording of securities and for dealing in such securities by the depositor
“Central Depositories Act”	:	The Securities Industry (Central Depositories) Act, 1991
“D&B Malaysia”	:	Dun & Bradstreet (D&B) Malaysia Sdn Bhd (527570-M) (Formerly known as Infocredit D&B (Malaysia) Sdn Bhd)
“D&B Malaysia Report”	:	D&B Malaysia’s Independent Market Research Report dated 15 March 2006 (updated General Economic Overview, Industry Overview and Industry Outlook on 26 October 2006)
“DISB”	:	Dufu Industries Sdn Bhd (165467-T)
“DISB Acquisition”	:	The acquisition by Dufu of the entire issued and paid-up share capital of DISB comprising 5,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM29,110,000 fully satisfied by the issue of 58,220,000 new Dufu Shares at par
“DISPL”	:	Dufu Industries Services Pte Ltd (200204589D), a wholly-owned subsidiary company of DISB
“Dufu” or “Company”	:	Dufu Technology Corp. Berhad (581612-A)
“Dufu Group” or “Group”	:	Dufu and its subsidiary companies, namely, DISB, IPG and DISPL, collectively
“Dufu Share(s)” or “Share(s)”	:	Ordinary share(s) of RM0.50 each in Dufu

**DEFINITIONS (Cont'd)**

“EPS”	:	Earnings per share
“ESA”	:	Electronic share application of the Public Issue Shares through a participating financial institution’s ATMs
“ESOS”	:	Employees’ Share Option Scheme of Dufu
“ESOS Option(s)” or “Option(s)”	:	The right to subscribe for new Dufu Shares upon acceptance of an offer under the ESOS
“FIC”	:	Foreign Investment Committee
“FIC Guidelines”	:	Guidelines on the Acquisition of Interests, Mergers and Take-overs by Local and Foreign Interests issued by the FIC
“FYE”	:	Financial year(s) ended/ending
“GDP”	:	Gross domestic product
“Government”	:	Government of Malaysia
“Grantee”	:	Any eligible employee who has accepted the Company’s offer of an ESOS Option in accordance with the By-Laws
“HGST”	:	Hitachi Global Storage Technology
“Initial Public Offering” or “IPO”	:	The Public Issue and the Offer for Sale, collectively
“IPG”	:	I.P.G. Metal Industry (M) Sdn Bhd (186860-U)
“IPG Acquisition”	:	The acquisition by Dufu of the entire issued and paid-up share capital of IPG comprising 2,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM3,789,998 fully satisfied by the issue of 7,579,996 new Dufu Shares at par
“IPO Share(s)”	:	The Public Issue Shares and the Offer Shares, collectively
“IPO Price”	:	The issue/offer price of RM0.70 per IPO Share
“ISO”	:	International Organization for Standardization
“Issuing House”	:	Malaysian Issuing House Sdn Bhd (258345-X)
“Latest Practicable Date”	:	31 December 2006, being the latest practicable date prior to the issue of this Prospectus
“Malaysian Public”	:	All Malaysian citizens, companies or societies and Malaysian institutions excluding the Directors, substantial shareholders and persons connected or associated with them (as defined in the Securities Exchange LR)
“MASB”	:	Malaysian Accounting Standards Board
“Maxtor”	:	Maxtor Corporation and its group of companies



**DEFINITIONS (Cont'd)**

“MI”	:	Minority interest												
“MITI”	:	Ministry of International Trade and Industry												
“mm”	:	Milimeter												
“MMI”	:	MMI Holdings Ltd. and its group of companies												
“MNC”	:	Multinational company												
“NBV”	:	Net book value												
“NTA”	:	Net tangible assets												
“Offer for Sale”	:	The offer for sale by the Offerors of 9,800,000 Dufu Shares representing approximately 10.89% of the enlarged issued and paid-up share capital of Dufu at an offer price of RM0.70 per Dufu Share subject to the terms and conditions of this Prospectus												
“Offer Share(s)”	:	The 9,800,000 Dufu Shares to be offered for sale by the Offerors under the Offer for Sale												
“Offerors”	:	The Offerors of the Offer for Sale are as follows: <table><tr><td><b>Name of Offeror</b></td><td><b>No. of Offer Shares</b></td></tr><tr><td>Hsu, Chin-Shui</td><td>3,802,000</td></tr><tr><td>Lee, Hui-Ta a.k.a Li Hui Ta</td><td>3,802,000</td></tr><tr><td>Wong Ser Yian</td><td>1,398,000</td></tr><tr><td>Yong Poh Yow</td><td>798,000</td></tr><tr><td>Total</td><td><u>9,800,000</u></td></tr></table>	<b>Name of Offeror</b>	<b>No. of Offer Shares</b>	Hsu, Chin-Shui	3,802,000	Lee, Hui-Ta a.k.a Li Hui Ta	3,802,000	Wong Ser Yian	1,398,000	Yong Poh Yow	798,000	Total	<u>9,800,000</u>
<b>Name of Offeror</b>	<b>No. of Offer Shares</b>													
Hsu, Chin-Shui	3,802,000													
Lee, Hui-Ta a.k.a Li Hui Ta	3,802,000													
Wong Ser Yian	1,398,000													
Yong Poh Yow	798,000													
Total	<u>9,800,000</u>													
“Participating Financial Institutions”	:	Financial institutions participating in the ESA												
“PAT”	:	Profit after tax												
“PBT”	:	Profit before tax												
“PE”	:	Price-earnings												
“Pink Form Shares”	:	The 1,000,000 Offer Shares representing approximately 1.11% of the enlarged issued and paid-up share capital of Dufu which are reserved for application by eligible employees of the Group												
“Promoters”	:	Hsu, Chin-Shui and Lee, Hui-Ta a.k.a Li Hui Ta, collectively												
“Public Issue” or “Issue”	:	The public issue of 24,200,000 new Dufu Shares representing approximately 26.88% of the enlarged issued and paid-up share capital of the Company, at the IPO Price subject to the terms and conditions of this Prospectus												
“Public Issue Share(s)”	:	The 24,200,000 new Dufu Shares to be issued pursuant to the Public Issue subject to the terms and conditions of this Prospectus												
“QA”	:	Quality assurance												

**DEFINITIONS (Cont'd)**

“QC”	:	Quality control
“QMS”	:	Quality management system
“R&D”	:	Research and development
“RM” and “sen”	:	Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
“ROC”	:	Registrar of Companies
“Rules”	:	Rules of the Bursa Depository
“Samsung”	:	Samsung Electronics and its group of companies
“SC”	:	Securities Commission
“SC Guidelines”	:	Policies and Guidelines on Issue/Offer of Securities of the SC as amended or expanded from time to time
“Seagate”	:	Seagate Technology LLC and its group of companies
“Securities Exchange”	:	Bursa Malaysia Securities Berhad (63599-W)
“Securities Exchange LR”	:	Listing Requirements of the Securities Exchange as amended or expanded from time to time
“SGD”	:	Singapore Dollar
“sq. ft.”	:	Square feet
“Toshiba”	:	Toshiba Storage Device Division of Toshiba Corporation
“U.S.”	:	United States of America
“USD”	:	United States of America Dollar
“Western Digital”	:	Western Digital Corporation and its group of companies

**GLOSSARY OF TECHNICAL TERMS**

“CNC”	:	Computer numerical control
“CAD”	:	Computer aided design
“CAM”	:	Computer aided manufacturing
“E&E”	:	Electrical and electronics
“HDD”	:	Hard disk drive
“PC”	:	Personal computer

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**1. CORPORATE DIRECTORY**


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**BOARD OF DIRECTORS**

<b>Name/Designation</b>	<b>Address</b>	<b>Occupation</b>	<b>Nationality</b>
Hsu, Chin-Shui <i>Executive Chairman</i>	22 Pantai Jerjak 18 Sungai Nibong 11900 Bayan Lepas Penang	Company Director	Taiwanese
Lee, Hui-Ta a.k.a Li Hui Ta <i>Executive Director/ Chief Financial Officer</i>	29-16-1 Tingkat Bukit Jambul 1 Bukit Jambul 11900 Penang	Company Director	Taiwanese
Yong Poh Yow <i>Executive Director/ Chief Executive Officer</i>	3 Lorong Kenari 15 Sungai Ara 11900 Bayan Lepas Penang	Company Director	Singaporean
Khoo Lay Tatt <i>Non-Independent Non-Executive Director</i>	107-17-3, Gambier Heights Persiaran Bukit Gambir 1 11700 Penang	Chartered Secretary	Malaysian
Lee Kah Kheng <i>Independent Non-Executive Director</i>	Block 3B-12-01, N Park Jalan Sungai Dua 11700 Penang	Company Director	Malaysian
Baqir Hussain Bin Hatim Ali <i>Independent Non-Executive Director</i>	2901-G Taman Golf 05250 Alor Setar Kedah	Chartered Accountant	Malaysian

**AUDIT COMMITTEE**

<b>Name</b>	<b>Responsibility</b>	<b>Directorship</b>
Baqir Hussain Bin Hatim Ali	Chairman	Independent Non-Executive Director
Lee Kah Kheng	Member	Independent Non-Executive Director
Lee, Hui-Ta a.k.a Li Hui Ta	Member	Executive Director

**NOMINATION COMMITTEE**

<b>Name</b>	<b>Responsibility</b>	<b>Directorship</b>
Lee Kah Kheng	Chairman	Independent Non-Executive Director
Baqir Hussain Bin Hatim Ali	Member	Independent Non-Executive Director
Khoo Lay Tatt	Member	Non-Independent Non-Executive Director



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**1. CORPORATE DIRECTORY (Cont'd)**


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**REMUNERATION COMMITTEE**

<b>Name</b>	<b>Responsibility</b>	<b>Directorship</b>
Lee Kah Kheng	Chairman	Independent Non-Executive Director
Baqir Hussain Bin Hatim Ali	Member	Independent Non-Executive Director
Hsu, Chin-Shui	Member	Executive Chairman

**COMPANY SECRETARIES** : Khoo Lay Tatt (MAICSA 7029262)  
107-17-3, Gambier Heights  
Persiaran Bukit Gambir 1  
11700 Penang  
Tel No.: (604) 6429887

How Wee Ling (MAICSA 7033850)  
Block 4-11-01  
Solok Gangsa  
11600 Penang  
Tel No.: (604) 6429887

**REGISTERED OFFICE** : 57-2 Persiaran Bayan Indah  
Bayan Bay, Sungai Nibong  
11900 Penang  
Tel No.: (604) 6429887  
Fax No.: (604) 6456698  
E-mail address: corp@hickswoodpg.com

**HEAD OFFICE** : Plot 19, Free Industrial Zone  
Phase IV, Bayan Lepas  
11900 Penang  
Tel No.: (604) 6161300  
Fax No.: (604) 6161302  
E-mail address: enquiry@dufu.com.my  
Website: www.dufu.com.my

**AUDITORS AND REPORTING ACCOUNTANTS** : Deloitte KassimChan (AF 0080)  
Chartered Accountants  
4<sup>th</sup> Floor, Wisma Wang  
251-A, Jalan Burma  
10350 Penang  
Tel No.: (604) 2288255

**SOLICITORS FOR THE LISTING EXERCISE** : Zaid Ibrahim & Co  
51-22-B&C, Menara BHL  
Jalan Sultan Ahmad Shah  
10050 Penang  
Tel No.: (604) 2270888

**ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (258345-X)  
27<sup>th</sup> Floor, Menara Multi-Purpose  
Capital Square  
No. 8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel. No.: (603) 26932075

**1. CORPORATE DIRECTORY (Cont'd)**

<b>SHARE REGISTRAR</b>	: Epsilon Registration Services Sdn Bhd (629261-T) 312, 3 <sup>rd</sup> Floor, Block C, Kelana Square No. 17, Jalan SS7/26 47301 Petaling Jaya Selangor Tel No.: (603) 78062216/ 78031126
<b>PRINCIPAL BANKERS</b>	: Public Bank Berhad (6463-H) Bandar Bayan Baru Branch 5,7,9 &11, Lorong Kampung Jawa Bandar Bayan Baru 11900 Bayan Lepas, Penang Tel No.: (604) 6438200  RHB Bank Berhad (6171-M) 1 <sup>st</sup> Floor, 42 A, B & C, Jalan Tengah 11950 Bayan Baru, Penang Tel No.: (604) 6415170
<b>INDEPENDENT MARKET RESEARCHER</b>	: Dun & Bradstreet (D&B) Malaysia Sdn Bhd (527570-M) (Formerly known as Infocredit D&B (Malaysia) Sdn Bhd) Level 9-3A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur Tel No. : (603) 20806000
<b>ADVISER, UNDERWRITER AND PLACEMENT AGENT</b>	: Alliance Investment Bank Berhad (21605-D) (Formerly known as Alliance Merchant Bank Berhad) 3 <sup>rd</sup> Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No. : (603) 26927788
<b>LISTING SOUGHT</b>	: Second Board of the Securities Exchange

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## 2. SUMMARY INFORMATION

This section is only a summary of the salient information about the Group and the IPO. Investors should read and understand the entire Prospectus before deciding whether to invest in the Company.

### 2.1 PRINCIPAL BUSINESS OF THE DUFU GROUP

Dufu was incorporated in Malaysia under the Act on 30 May 2002 as a private limited company under the name of Dufu Technology Corp. Sdn Bhd. The Company was subsequently converted into a public limited company on 26 December 2002 and assumed its present name. Dufu commenced operations upon its completion of the acquisition of DISB and IPG on 30 August 2006.

Dufu is the listing vehicle and the investment holding company of DISB, IPG and DISPL in conjunction with the listing of the Group on the Second Board of the Securities Exchange. Dufu also provides management services to its subsidiary companies. The principal activities of its subsidiary companies are as follows:

Name	Date and place of incorporation	Principal business	Issued and paid-up share capital	% interest held
DISB	22 October 1987/ Malaysia	Develop and manufacture of precision machining components for the HDD industry, industrial safety and sensor industries, telecommunication industry computer industry and consumer electronics industry	RM5,000,000	100.00
IPG	19 September 1989/ Malaysia	Design and manufacture of precision steel moulds and stamping parts and components	RM2,000,000	100.00
DISPL	29 May 2002/ Singapore	Marketing and engineering support services	SGD2	100.00*

*Note:*

\* Held through DISB.

Further details of the history and business of the Group is set out in Section 5.1 of this Prospectus.

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## 2. SUMMARY INFORMATION (Cont'd)

### 2.2 PRINCIPAL PRODUCTS AND SERVICES

The products manufactured by the Group are as follows:

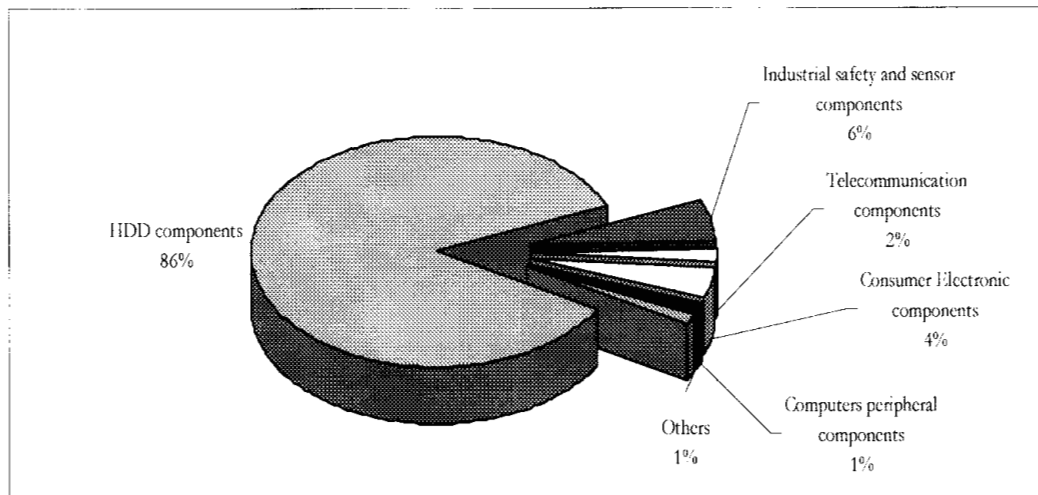
Market Segment	Product
HDD components	Spacer
	Clamp and spring washer
	Circular latch
	Swage pin
	Ground pin
	Extreme coil pin
	Hexagon nut
Industrial safety and sensor components	Heat and gas sensor housing
	Infra-red sensor housing
	Sensor terminal pins
	Sensor cap
	Lead frame
Telecommunication components	Battery connector
	Balance weight
Computer peripheral components	Contact solder
Consumer electronics components	Mounting bar
	Reflection plate
	Back cab
	Chassis
	Heat sink
Others	Bracket
	Terminal (Automotive)
	Shunt resistor (Automotive)

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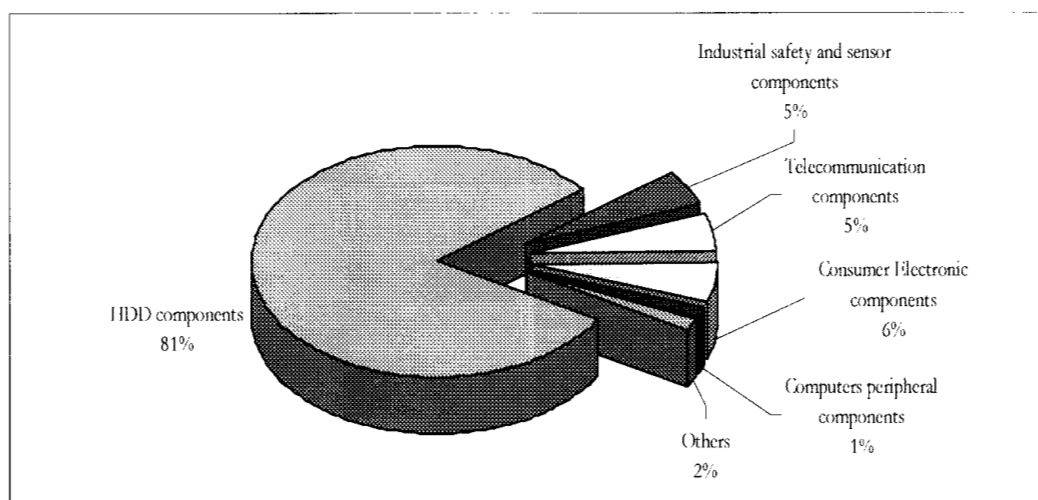
## 2. SUMMARY INFORMATION (Cont'd)

The Group's revenue contribution by market segment for the seven (7)-month period ended 31 July 2006 and the FYE 31 December 2005 can be diagrammatically illustrated as follows:

### 7-month period ended 31 July 2006



### FYE 31 December 2005



Further details of the Group's principal products and services are set out in Section 5.5.1 of this Prospectus.

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## 2. SUMMARY INFORMATION *(Cont'd)*

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### 2.3 COMPETITIVE STRENGTHS

The Group considers the following to be its competitive strengths:

**(i) Experienced Management Team**

The Management has an average of 20 years of experience in the manufacturing, marketing and distribution of precision machining parts and components for the HDD, industrial safety and sensor, telecommunication, consumer electronics and computer peripheral market.

**(ii) Established Customer Relationship and Proven Track Record**

The Dufu Group has established long term business relationships with its major customers such as Seagate Technology International, Singapore (18 years), Seagate Technology (Thailand) Ltd. (7 years), Western Digital (M) Sdn Bhd (13 years), Western Digital (Thailand) Pte. Ltd (7 years) and MMI (8 years).

**(iii) Focus on Customer Services**

The Group works closely with its customers to develop components and parts with the view of meeting the customer's short to medium-term production demand and high product quality.

**(iv) Integrated Manufacturing Process**

The existence of an in-house mould, tool and die fabrication division is a business strength as the Group is able to provide its customers with an integrated manufacturing process that promotes shorter lead times from design to production.

**(v) Stringent Quality Control**

DISB and IPG are both ISO 9001:2000 certified. The ISO 9001:2000 standard is one of the world's foremost standards for recognising quality management and is an international reference for quality requirements.

Further details of the Group's competitive strengths are set out in Section 5.1.1 of this Prospectus.

### 2.4 FUTURE PLANS AND STRATEGIES

The future plans and strategies of the Dufu Group will be focused on the following:

**(i) New Customer Acquisition**

The Dufu Group is currently working on securing projects with new customers. This is in-line with the Group's objectives of diversifying its revenue streams, reducing its dependency on HDD industry and increasing profit margins.

**(ii) Expansion of Production Facilities**

In view of the expected increase in production orders, the Group has earmarked approximately RM7 million for the purchase of new precision machining and stamping equipment over the next 3 years.

The Group is constructing a new building at a cost of approximately RM9.1 million for warehousing and production purposes within the existing factory compound in Bayan Lepas. This is expected to be completed by first quarter of 2007 to increase the Group's production area, improve logistics and inventory control functions.



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**2. SUMMARY INFORMATION (Cont'd)**


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**(iii) Setting up of Sales and Customer Support Office**

The Dufu Group plans to set up a sales and customer support office in the U.S. in 2007. This is to create a visible presence and explore new customer acquisition.

Further details of the Group's future plans and strategies are set out in Section 7.1 of this Prospectus.

**2.5 SECURITIES FOR DISTRIBUTION**

The IPO Shares issued at the IPO Price are payable in full upon application. The IPO is subject to the terms and conditions of this Prospectus and, upon acceptance, the IPO Shares will be allocated in the following manner:

**2.5.1 The Public Issue**

Under the Public Issue, 24,200,000 new Dufu Shares at the IPO Price will be allocated in the following manner:

**(i) Malaysian Public**

6,000,000 Public Issue Shares are reserved for application by the Malaysian Public, of which at least 30% will be, to the extent possible, allocated to Bumiputera individuals, companies, societies, co-operatives and institutions.

**(ii) Placement to Bumiputera Investors**

18,200,000 Public Issue Shares are reserved for application by Bumiputera investors approved by the MITI.

**2.5.2 The Offer for Sale**

9,800,000 Dufu Shares at the IPO Price will be allocated in the following manner:

**(i) Eligible Employees**

1,000,000 Offer Shares are reserved for application by the eligible employees of the Group.

**(ii) Placement to Bumiputera Investors**

8,800,000 Offer Shares are reserved for application by Bumiputera investors approved by the MITI.

**2.5.3 IPO Price**

IPO Price per IPO Share	<b>RM10.70</b>
-------------------------	----------------

The factors taken into consideration in determining the IPO Price are set out in Section 3.7 of this Prospectus.

**2.5.4 Market Capitalisation**

The market capitalisation upon listing (before exercise of any ESOS Options) based on the IPO Price	<b>RM63,000,000</b>
--	---------------------

Further details of the securities for distribution are set out in Section 3 of this Prospectus.

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**2. SUMMARY INFORMATION (Cont'd)**


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**2.6 USE OF PROCEEDS**

Gross proceeds of RM16,940,000 will be raised from the Public Issue. The proceeds shall accrue to the Company who will bear all expenses relating to the listing.

The proceeds from the Public Issue are intended to be fully used by the Group in the following manner:

	<b>RM'000</b>	<b>Timeframe for use (from the listing date)</b>
(i) Purchase of machinery	7,000	Within 3 years
(ii) Part settlement of hire purchase payables	5,000	Within 1 year
(iii) Working capital	2,940	Within 2 years
(iv) Estimated share issue expenses	2,000	Within 1 year
Total	<u>16,940</u>	

Further information on the use of proceeds is provided in Section 3.8 of this Prospectus.

The proceeds from the Offer for Sale amounting to RM6,860,000 will accrue entirely to the Offerors who will bear all expenses relating to the Offer for Sale, such as brokerage, stamp duty, registration and share transfer fees.

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## 2. SUMMARY INFORMATION (Cont'd)

## 2.7 PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS OF DUFU

## 2.7.1 Promoters and Substantial Shareholders

As at the date of this Prospectus, the direct and indirect shareholdings of the Promoters and the substantial shareholders of Dufu in the Company before and after the IPO and after the full exercise of ESOS Options are as follows:

Name of Promoter/ Substantial Shareholder	Designation	Nationality	Before the IPO			After the IPO			After IPO and full exercise of ESOS Options <sup>^</sup>		
			Direct No. of Dufu Shares held	% held	Indirect No. of Dufu Shares held	Direct No. of Dufu Shares held	% held	Indirect No. of Dufu Shares held	Direct No. of Dufu Shares held	% held	Indirect No. of Dufu Shares held
<b>Promoters</b>											
Hsu, Chin-Shui	Executive Chairman	Taiwanese	25,525,000	38.79	-	21,723,000	24.14	-	22,923,000	22.15	-
Lee, Hui-Ta a.k.a Li Hui Ta	Executive Director/Chief Financial Officer	Taiwanese	25,525,000	38.79	-	21,723,000	24.14	-	22,923,000	22.15	-
<b>Substantial Shareholders</b>											
Hsu, Chin-Shui	Executive Chairman	Taiwanese	25,525,000	38.79	-	21,723,000	24.14	-	22,923,000	22.15	-
Lee, Hui-Ta a.k.a Li Hui Ta	Executive Director/Chief Financial Officer	Taiwanese	25,525,000	38.79	-	21,723,000	24.14	-	22,923,000	22.15	-
Yong Poh Yow	Executive Director/ Chief Executive Officer	Singaporean	5,364,000	8.15	-	4,566,000	5.07	-	5,766,000	5.57	-
Wong Ser Yian	-	Singaporean	9,386,000	14.27	-	7,988,000	8.88	-	8,738,000	8.44	-

Note:

<sup>^</sup> Assuming the exercise of the maximum allocation of ESOS Options (details of the ESOS Options allocation are set out in Section 8 of this Prospectus).

## 2. SUMMARY INFORMATION (Cont'd)

### 2.7.2 Directors

As at the date of this Prospectus, the direct and indirect shareholdings of the Directors of Dufu in the Company before and after the IPO and after the full exercise of ESOS Options are as follows:

Name of Directors	Designation	Nationality	Before the IPO			After the IPO			After IPO and full exercise of ESOS Options <sup>^</sup>		
			Direct No. of Dufu Shares held	% held	Indirect No. of Dufu Shares held	Direct No. of Dufu Shares held	% held	Indirect No. of Dufu Shares held	Direct No. of Dufu Shares held	% held	Indirect No. of Dufu Shares held
Hsu, Chin-Shui	Executive Chairman	Taiwanese	25,525,000	38.79	-	21,723,000	24.14	-	22,923,000	22.15	-
Lee, Hui-Ta a.k.a Li Hui Ta	Executive Director/ Chief Financial Officer	Taiwanese	25,525,000	38.79	-	21,723,000	24.14	-	22,923,000	22.15	-
Yong Poh Yow	Executive Director/ Chief Executive Officer	Singaporean	5,364,000	8.15	-	4,566,000	5.07	-	5,766,000	5.57	-
Khoo Lay Tatt	Non-Independent Non-Executive Director	Malaysian	-	-	-	-	-	-	-	-	-
Lee Kah Kheng	Independent Non- Executive Director	Malaysian	-	-	-	-	-	-	-	-	-
Baqir Hussain Bin Hadim Ali	Independent Non- Executive Director	Malaysian	-	-	-	-	-	-	-	-	-

Note:

<sup>^</sup> Assuming the exercise of the maximum allocation of ESOS Options.

Further details on the promoters, substantial shareholders and Directors of Dufu are set out in Section 8 of this Prospectus.

## 2. SUMMARY INFORMATION (Cont'd)

### 2.8 SUMMARY HISTORICAL FINANCIAL INFORMATION

#### 2.8.1 Proforma Consolidated Income Statements

The following is a summary of the proforma consolidated income statements of Dufu for the past three (3) financial years from the FYE 31 December 2003 to 2005 and the seven (7)-month period ended 31 July 2005 and 2006, which is presented for after making such adjustments that are considered necessary and assuming that the Group has been in existence throughout the financial years/ period under review. The proforma consolidated income statements of Dufu should be read in conjunction with the accompanying notes and assumptions as set out in Section 11 of this Prospectus.

	< ----- Proforma Group ----- >				
	FYE 31.12.2003 RM'000	FYE 31.12.2004 RM'000	FYE 31.12.2005 RM'000	Seven (7)-month period ended 31.07.2005 <sup>#</sup> RM'000    31.07.2006 RM'000	
Revenue	38,135	41,442	68,207	39,849	52,179
Results of operating activities including finance cost, research & development expenses, depreciation, taxation and amortisation	5,927	9,656	11,255	6,482	8,219
Research & development expenses	-	-	-	-	-
Profit before interest, taxation, depreciation and amortisation	5,927	9,656	11,255	6,482	8,219
Depreciation expense	(3,170)	(3,723)	(4,331)	(2,445)	(2,891)
Profit from operations	2,757	5,933	6,924	4,037	5,328
Interest expense	(603)	(901)	(1,000)	(607)	(690)
PBT	2,154	5,032	5,924	3,430	4,638
Tax income/(expense)	48	(834)	(501)	(396)	(439)
PAT	2,202	4,198	5,423	3,034	4,199
MI	-	-	-	-	-
PAT and MI (A)	2,202	4,198	5,423	3,034	4,199
Gross profit	6,974	10,188	11,811	6,540	8,870
Gross profit margin (%)	18.29	24.58	17.32	16.41	17.00
PAT margin (%)	5.77	10.13	7.95	7.61	8.05
Number of Dufu Shares in issue ('000)* (B)	65,800	65,800	65,800	65,800	65,800
EPS (sen)					
- Basic (A)/(B)	3.35	6.38	8.24	4.61	6.38
- Diluted (A)/(B)	3.35	6.38	8.24	4.61	6.38

**Notes:**

\* Based on the number of Dufu Shares in issue after the Acquisitions but before the IPO.

# The proforma consolidated income statement for the seven (7)-month period ended 31 July 2005 is not audited and is included for comparison purpose only.

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**2. SUMMARY INFORMATION (Cont'd)**

---

**2.8.2 Auditors' Qualification**

The audited financial statements of Dufu, DISB, IPG and DISPL for the relevant FYE and period were reported without any audit qualification.

**2.8.3 Proforma Consolidated NTA as at 31 July 2006**

Proforma consolidated NTA after the Acquisitions, the Public Issue and the use of proceeds RM52.03 million

Proforma consolidated NTA per Dufu Share based on the enlarged issued and paid-up share capital of 90,000,000 Dufu Shares RM0.58

The detailed calculation of the proforma consolidated NTA of the Company is set out in Section 11.10 of this Prospectus.

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## 2. SUMMARY INFORMATION (Cont'd)

### 2.9 SUMMARY CONSOLIDATED PROFIT FORECASTS AND DIVIDEND FORECASTS

#### 2.9.1 Consolidated Profit Forecasts

The Directors of Dufu forecast the following consolidated profit of Dufu after the Public Issue for the FYE 31 December 2006 and 2007, which have been prepared on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the financial period from 1 January 2006 to 31 July 2006. The consolidated profit forecasts should be read in conjunction with the accompanying notes and assumptions as set out in Section 12 of this Prospectus.

	FYE 31.12.2006 RM'000	FYE 31.12.2007 RM'000
Revenue	102,061	115,281
Consolidated PBT	8,897	12,721
Less: Tax expenses	(1,093)	(1,728)
Consolidated PAT	7,804	10,993
Weighted average number of Dufu Shares in issue after taking into consideration the Acquisitions which were completed in 30 August 2006 and the expected completion of the IPO by 28 February 2007 ('000)	60,747	87,983
Based on PAT attributable to shareholders over the weighted average number of Dufu Shares in issue		
Basic EPS (sen)	12.85	12.49
Diluted EPS (sen)	12.85	12.49
PE multiple (times)*	5.45	5.60
For illustration, the EPS and PE multiple calculated based on PAT attributable to shareholders over the enlarged number of Dufu Shares of 90,000,000 are as follows:		
Basic EPS (sen)	8.67	12.21
Diluted EPS (sen)	8.67	12.21
PE multiple (times)*	8.07	5.73

Note:

\* Based on the IPO price of RM0.70 per Dufu Share.

Detailed information on the consolidated profit forecasts is set out in Section 12 of this Prospectus.

## 2. SUMMARY INFORMATION (Cont'd)

### 2.9.2 Dividend Forecasts

The Company does not intend to declare any dividend for the FYE 31 December 2006.

The dividend forecast for the FYE 31 December 2007 is as follows:

	FYE 31 December 2007
Gross dividend per Dufu Share (sen)	1.50
Gross dividend per Dufu Share (%)	3.00
Net dividend per Dufu Share (sen)	1.09
Net dividend per Dufu Share (%)	2.19
Gross dividend yield based on the issue price of RM0.70 per Dufu Share (%)	2.14
Net dividend yield based on the issue price of RM0.70 per Dufu Share (%)	1.56
Gross dividend cover (times)	8.33
Net dividend cover (times)	11.46

Based the above and the enlarged issued and paid-up share capital of 90,000,000 Dufu Shares, the total gross dividend would be RM1,350,000. The declaration and payment of dividend are subject to the recommendation of the Board of Directors and/or shareholders' approval.

Further details on the Company's dividend policy are set out in Section 12.5 of this Prospectus.

### 2.10 RISK FACTORS

Prior to applying for any of the IPO Shares, which is the subject of this Prospectus, investors should carefully consider, along with other matters in this Prospectus, the risks set out below which are specific to the Group and its industry. Additional risks, whether known or unknown, may in the future have a material adverse effect on the Group or Dufu Shares.

- (i) Dependence on the HDD industry;
- (ii) Dependence on key customers;
- (iii) Competition and new market entrants;
- (iv) Dependence on key suppliers;
- (v) Dependence on key personnel;
- (vi) Supply and price of raw materials;
- (vii) Dependence on skilled labour; and
- (viii) Foreign currency exchange fluctuations.

Further details of the Group's risk factors are set out in Section 4.0 of this Prospectus.

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