

5. INFORMATION ON THE DCB GROUP

5.1 History and Business Activities

DCB, an investment holding company, was incorporated in Malaysia under the Act on 16 January 2003 to undertake the Listing.

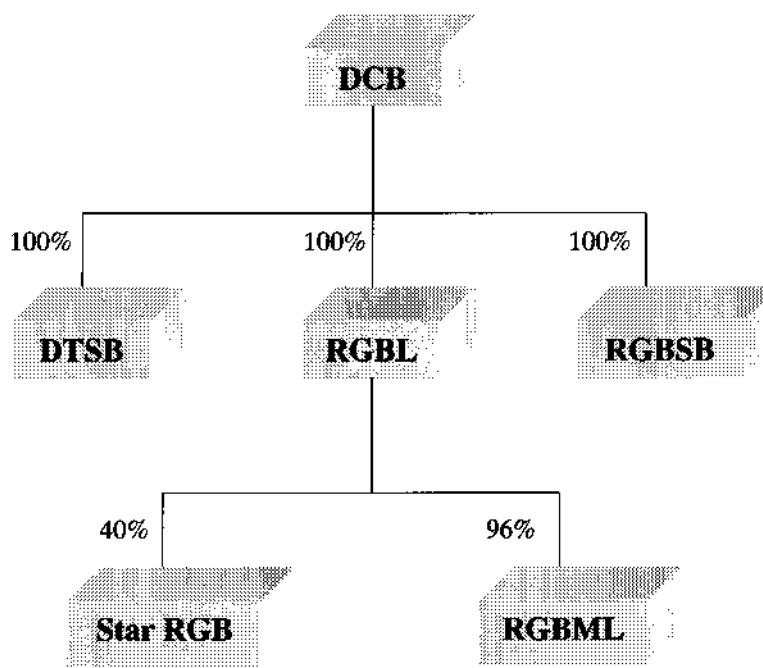
Its subsidiaries and associated corporations are mostly involved in various aspects of technology, manufacturing, technical support and management of gaming and amusement machines, provision of technical services to gaming establishments, clubs and resorts in gaming and amusement equipment and machinery as well as rental of properties.

The subsidiary companies and associated corporations of DCB are as follows:

Name of Subsidiaries	Date/ Place of Incorporation	Issued and Fully Paid-Up Share Capital	Effective Equity Interest (%)	Business Activities
RGBSB	4.12.1986 (Malaysia)	RM1,000,000	100	Manufacturing, refurbishment, technical support and maintenance and sales and marketing of gaming and amusement machines and equipment, and sales and marketing of security surveillance products and systems for local and overseas markets
RGBL	6.1.1999 (Malaysia)	USD1	100	Sales and marketing, technical support and management of gaming and amusement machines and equipment mainly for the overseas markets
DTSB	18.6.1994 (Malaysia)	RM550,000	100	Renting of properties
<i>Subsidiary of RGBL</i>				
RGBML	12.8.2003 (Macau SAR)	MOP25,000	96	Sales and marketing, technical support and management of gaming and amusement machines and equipment mainly for Macau SAR and regional markets
<i>Associated corporation of RGBL</i>				
Star RGB	26.11.2001 (Philippines)	P5,000,000	40	Marketing and administrative office

5. INFORMATION ON THE DCB GROUP (cont'd)

The corporate structure of the Group after the Acquisitions is illustrated below:



5.2 Changes in Share Capital

The current authorised share capital of DCB is RM50,000,000 divided into 500,000,000 ordinary shares of RM0.10 each of which 205,572,000 DCB Shares have been issued and fully paid-up. Upon completion of the Listing, the issued and fully paid-up share capital will be RM28,000,000 divided into 280,000,000 DCB Shares.

Details of the changes in the issued and fully paid-up share capital of DCB since its incorporation are as follows:

Date of Allotment/ Share Split	No. of DCB Shares Allotted/ Split	Par Value RM	Consideration	Total Issued and Fully Paid-Up Share Capital RM
16.1.2003	2	1.00	Subscribers shares	2
7.2.2003	20	0.10	Share split	2
23.9.2003	8,329,500	0.10	Issued for the Acquisition of DTSB	832,952
23.9.2003	91,500,400	0.10	Issued for the Acquisition of RGBSB	9,982,992
23.9.2003	105,742,080	0.10	Issued for the Acquisition of RGBL	20,557,200

As at 8 December 2003, DCB does not have any outstanding warrants, options, convertibles or uncalled capital.

5. INFORMATION ON THE DCB GROUP (cont'd)**5.3 The Listing Scheme****5.3.1 Acquisition of DTSB****(a) Terms of the acquisition**

DCB had on 18 March 2003 entered into a conditional share swap agreement with the Vendors of DTSB for the acquisition by DCB of 550,000 ordinary shares of RM1.00 each, representing the entire issued and fully paid-up share capital of DTSB for a total consideration of RM832,951. The purchase consideration was satisfied by the issuance of 8,329,500 new DCB Shares at an issue price of approximately RM0.10 per DCB Share.

Details of the Vendors of DTSB and share swap arrangement for the Acquisition of DTSB are as follows:

Vendors	No. of ordinary shares of RM1.00 each held in DTSB acquired	%	Purchase consideration RM	No. of DCB Shares issued
Datuk Chuah Kim Seah	275,000	50.0	416,475.50	4,164,750
Chuah Kim Chiew	275,000	50.0	416,475.50	4,164,750
TOTAL	550,000	100.0	832,951.00	8,329,500

(b) Basis for the purchase consideration

The purchase consideration of RM832,951 for the Acquisition of DTSB was arrived at on a willing-buyer-willing-seller basis after taking into account the adjusted audited NTA of DTSB of RM832,951 as at 31 December 2002 as follows:

	RM
Audited NTA as at 31 December 2002	584,243
Revaluation surplus ⁽¹⁾	248,708
	<u>832,951</u>

⁽¹⁾ *Based on valuation of a property carried out on 31 December 2002 by Messrs CH William Talhar & Wong.*

5.3.2 Acquisition of RGSB**(a) Terms of the acquisition**

DCB had on 18 March 2003 entered into a conditional share swap agreement with the Vendors of RGSB for the acquisition by DCB of 1,000,000 ordinary shares of RM1.00 each, representing the entire issued and fully paid-up share capital of RGSB for a total consideration of RM9,150,602. The purchase consideration was satisfied by the issuance of 91,500,400 new DCB Shares at an issue price of approximately RM0.10 per DCB Share.

5. INFORMATION ON THE DCB GROUP (cont'd)

Details of the Vendors of RGBSB and share swap arrangement for the Acquisition of RGBSB are as follows:

Vendors	No. of ordinary shares of RM1.00 each held in RGBSB acquired	%	Purchase consideration RM	No. of DCB Shares issued
Chuah Poh Aun	10	(1)	(1)	915
Chuah Kim Heng	29,969	3.0	274,518	2,742,175
Chuah Kim Chiew	51,985	5.2	475,831	4,756,648
GJSB	918,036	91.8	8,400,253	84,000,662
TOTAL	1,000,000	100.0	9,150,602	91,500,400

(1) *Negligible*

(b) Basis for the purchase consideration

The purchase consideration of RM9,150,602 for the Acquisition of RGBSB was arrived at on a willing-buyer-willing-seller basis after taking into account the adjusted audited NTA of RGBSB of RM9,150,602 as at 31 December 2002 as follows:

	RM
Audited NTA as at 31 December 2002	9,127,316
Revaluation surplus ⁽¹⁾	23,286
	<u>9,150,602</u>

(1) *Based on valuation of properties carried out on 30 and 31 December 2002 conducted by Messrs CB Richard Ellis and Messrs CH William Talhar & Wong, respectively.*

5.3.3 Acquisition of RGBL**(a) Terms of the acquisition**

DCB had on 18 March 2003 entered into a conditional share swap agreement with the Vendor of RGBL for the acquisition by DCB of 1 ordinary share of USD1, representing the entire issued and fully paid-up share capital of RGBL for a total consideration of RM10,574,226 satisfied by the issuance of 105,742,080 new DCB Shares at an issue price of approximately RM0.10 per DCB Share.

5. INFORMATION ON THE DCB GROUP (cont'd)

Details of the Vendors of RGBL and share swap arrangement for the Acquisition of RGBL are as follows:

Vendors	No. of ordinary shares of USD1.00 each held in RGBL acquired	%	Purchase consideration RM	No. of DCB Shares issued
Datuk Chuah Kim Seah	1	100.0	10,574,226	105,742,080

(b) Basis for the purchase consideration

The purchase consideration of RM10,574,226 for the Acquisition of RGBL was arrived at on a willing-buyer-willing-seller basis after taking into account the audited NTA of RGBL of RM10,574,226 as at 31 December 2002.

5.3.4 Status of the Acquisition Shares

The 205,571,980 new DCB Shares issued pursuant to the Acquisitions rank pari passu in all respects with the existing issued and fully paid-up share capital of twenty (20) DCB Shares.

The acquisition of the entire issued and fully paid-up share capital of DTSSB, RGSB and RGBL are free from any encumbrances, liens and charges and with all rights attaching thereto.

Upon completion of the Acquisitions, the issued and fully paid-up share capital of DCB increased from RM2 to RM20,557,200 comprising 205,572,000 DCB Shares.

5.3.5 Placement

To facilitate the listing of and quotation for the entire issued and fully paid-up share capital of DCB on the MESDAQ Market and to comply with the Listing Requirements with regard to shareholding spread, the Company proposes to undertake a placement of 63,000,000 new DCB Shares at the Issue Price to the Places. Upon completion of the Placement, the issued and fully paid-up share capital of DCB will be further increased from 205,572,000 DCB Shares to 268,572,000 DCB Shares. The placement to the Proposed Places at the Placement Price represents 22.50% of the enlarged issued and fully paid-up share capital of 280,000,000 DCB Shares.

5.3.6 Public Issue

To facilitate the listing of and quotation for the entire issued and fully paid-up share capital of DCB on the MESDAQ Market and to comply with the Listing Requirements with regards to shareholding spread, the Company will undertake a public issue of 11,428,000 new DCB Shares at the Issue Price. Upon completion of the Public Issue, the issued and fully paid-up share capital of DCB will be further increased from 268,572,000 DCB Shares to 280,000,000 DCB Shares.

5. INFORMATION ON THE DCB GROUP *(cont'd)*

The Public Issue will be allocated as follows:

- (a) **Eligible Directors and Employees**
- (i) 4,330,000 DCB Shares will be made available to Eligible Directors; and
- (ii) 1,670,000 DCB Shares will be made available to Eligible Employees.
- (b) **Malaysian Public**
- 5,428,000 DCB Shares will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions of which 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

5.3.7 Listing on the MESDAQ Market of the KLSE

Concurrently, the listing of and quotation for the entire enlarged issued and fully paid-up share capital of the Company comprising 280,000,000 DCB Shares will be sought on the MESDAQ Market of the KLSE.

5.4 Subsidiary Companies and Associated Corporations

(i) RGBSB

RGBSB, a wholly-owned subsidiary of DCB, was incorporated as a private limited company in Malaysia under the Act on 4 December 1986 and commenced operations on 1 February 1987. The business activities of the company are manufacturing, refurbishment, technical support and maintenance and sales and marketing of gaming and amusement machines and equipment, and sales and marketing of securities surveillance products and systems for local and overseas markets. The company has a total of 57 employees as at 8 December 2003.

The existing authorised share capital is RM3,000,000 comprising 3,000,000 ordinary shares of RM1.00 each of which RM1,000,000 have been issued and fully paid-up, comprising 1,000,000 ordinary shares of RM1.00 each.

The changes in the issued and fully paid-up share capital of RGBSB since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued and Fully Paid-up Share Capital
				RM
4.12.1986	2	1.00	Cash	2
28.06.1988	29,998	1.00	Cash	30,000
10.08.1993	70,000	1.00	Cash	100,000
05.08.1996	900,000	1.00	Bonus Share	1,000,000

As at 8 December 2003, RGBSB does not have any outstanding warrants, options, convertibles or uncalled capital. In addition, RGBSB has no equity interest in any subsidiary company as at the date of this Prospectus.

RGBSB currently holds 4,000 ordinary shares of RM1.00 each, representing 4% of the issued and fully paid-up share capital in Magna Eden Sdn Bhd. As at 8 December 2003, Magna Eden Sdn Bhd is principally an investment holding company.

5. INFORMATION ON THE DCB GROUP (cont'd)

Magna Eden Sdn Bhd holds 500 ordinary shares of Rand 1 each, representing 50% of the issued and fully paid-up share capital in Magic Slots South Africa (Pty) Ltd. Magic Slots South Africa (Pty) Ltd was incorporated for the sole purpose of operating gaming machines in the Republic of South Africa.

(ii) RGBL

RGBL, a wholly-owned subsidiary of DCB was incorporated as an offshore company in the Federal Territory of Labuan under the Labuan Offshore Companies Act, 1990 on 6 January 1999 and commenced operations on 9 April 1999. The business activities of the company are of sales and marketing, technical support and management of gaming and amusement machines and equipment mainly for the overseas markets. As at 8 December 2003, RGBL has a total of 9 employees.

The existing authorised share capital is USD13,000 comprising 13,000 ordinary shares of USD1.00 each of which USD1.00 have been issued and fully paid-up, comprising 1 ordinary share of USD1.00 each.

The changes in the issued and fully paid-up share capital of RGBL since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value USD	Consideration	Total Issued and Fully Paid-up Share Capital
				USD
6.1.1999	1	1.00	Cash	1.00

As at 8 December 2003, RGBL does not have any outstanding warrants, options, convertibles or uncalled capital.

RGBL currently holds 499,997 shares of P1 each, representing approximately 40% of the issued and fully paid-up share capital in Star RGB, a company incorporated pursuant to the Corporation Code of the Philippines.

Star RGB is a marketing and administrative corporation and has entered into a concession agreement with the PAGCOR on 14 December 2002 for the supply of gaming machines to arcades.

The existing authorised capital stock of Star RGB is P20,000,000 comprising 20,000,000 shares of par value P1 per share.

RGBL currently holds quotas (shares) in the total amount of MOP24,000 representing 96% of the total capitalisation of RGBML, a limited liability corporation incorporated in Macau SAR. RGBML is involved in sales and marketing, technical support and management of gaming and amusement machines and equipment mainly for Macau SAR and regional markets.

(iii) DTSB

DTSB, a wholly-owned subsidiary of DCB, was incorporated as a private limited company in Malaysia under the Act on 18 June 1994 and commenced operations on 1 August 1995. The business activity of the company is renting of properties. The company does not employ any employees as at 8 December 2003.

The existing authorised share capital is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each of which RM550,000 have been issued and fully paid-up, comprising 550,000 ordinary shares of RM1.00 each.

5. INFORMATION ON THE DCB GROUP *(cont'd)*

The changes in the issued and fully paid-up share capital of DTSB since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Total Issued and Fully Paid-up Share Capital RM
18.6.1994	2	1.00	Cash	2
26.7.1995	549,998	1.00	Capitalisation of amount owing to directors of DTSB	550,000

As at 8 December 2003, DTSB does not have any outstanding warrants, options, convertibles or uncalled capital. In addition, DTSB has no equity interest in any subsidiary companies as at the date of this Prospectus.

5.5 Overview of the Malaysian Economy

The Malaysian economy experienced its sharpest deceleration in 1998 when GDP contracted by 7.4%, reflecting the effects of the East Asian financial crisis, which began in July 1997. To promote economic recovery, a comprehensive set of policies consisting of expansionary fiscal and accommodative monetary policies, a fixed exchange rate, selective exchange controls and a longer-term programme of restructuring for the corporate and financial sector, was implemented.

As a result of these policies and strong external demand, the economy turned around in 1999. GDP recorded strong positive growth of 6.1% with the value of GDP returning to almost the same level as in 1997. The Malaysian economy expanded by 8.3% for the year 2000, surpassing an earlier Government forecast of 7.5%. While the performance was supported by strong external demand, the main contributor to economic growth was the increase in private consumption and a strong revival in domestic investment. Continued prudent macroeconomic policies and restructuring efforts to diversify the country's economic structure significantly improved economic and financial fundamentals.

In 2001, the outlook of the global economy became uncertain largely due to the economic slowdown in the United States of America. As a result, the Government announced a package of pre-emptive measures worth RM3 billion on 27 March 2001. This was to counter the effects of a global economic slowdown and to sustain the country's growth momentum built over the past 2 years. Supported by prevailing strong economic fundamentals, the new pre-emptive measures directed at stimulating domestic demand were expected to raise GDP growth closer to 6% for 2001.

However, following the terrorist attacks on the United States of America on the 11 September 2001, the outlook of the global economy became increasingly uncertain. The contagion effects of the United States' economy on the rest of the world were significant. On 25 September 2001, the Government announced another RM4.3 billion stimulus package, to be implemented swiftly to further cushion the impact of a global slowdown on Malaysia. The RM4.3 billion package was part of the total fund allocation under the Budget 2002.

In 2001, the economy experienced a growth of 0.4% in real GDP. The slower growth of real GDP was mainly attributed to the slowdown of the United States and global economy. For 2002, GDP is forecasted to grow by between 4% and 5% as targeted in the Budget 2003. The projection is based on stronger growth in private consumption, a modest recovery in private investment, sustained public sector expenditure and a moderate growth in exports.

5. INFORMATION ON THE DCB GROUP *(cont'd)*

In 2002, the Government proposed a budget amounting to RM109.8 billion for 2003, an increase of 9.2% over the previous budget. In view of a global recovery from economic uncertainties, the 2003 Budget focuses on further stimulating economic growth through encouraging domestic activities with an expectation of the services and manufacturing industries to continue to lead the nation's economic growth momentum.

On the 21 May 2003, the Government announced a RM7.3 billion Stimulus Package aimed at mitigating some of the adverse impact brought about by external factors including the Iraq war and the outbreak of Severe Acute Respiratory Syndrome (SARS). The Package, which focuses on four main strategies comprising 90 measures, aims at stimulating economic activities by mobilising domestic sources of growth and, at the same time, reducing dependency on the external sector. This will help ensure Malaysia's economic fundamentals remain strong in the medium and long term.

The thrust of the Budget 2004 is to continue with policies and strategies to stimulate and accelerate domestic economic activities. To this end, the focus of the Budget 2004 is to enable the private sector to resume its role as the engine of growth. The budget 2004 will focus on five main strategies:

- Accelerating domestic private sector and stimulating the service sector to spearhead economic growth;
- Implementing fiscal consolidation towards a balanced budget in the near term;
- Implementing monetary policy that can support and harness private consumption and investment;
- Enhancing the nation's competitiveness to enable Malaysia to become a truly trading nation;
- Strengthening the social agenda and caring society to enhance the quality of life and well-being Malaysians.

(Source : Assessment of the Gaming Machine and Equipment Industry Report prepared by Vital Factor Consulting Sdn Bhd)

Quarterly GDP Growth

For the first quarter of 2001, the Malaysian economy registered a real GDP growth of 3.0%. This was supported by domestic demand and growth in domestic-oriented industries.

In the second quarter of 2001, the economy continued to experience growth, albeit at a modest 0.4%. This was despite the poor performance in the manufacturing sector, which was adversely affected by the downturn in the electronics industry. Positive performance in the agriculture and mining sectors together with stronger growth experienced in the construction and services sectors have contributed to the overall GDP growth of the economy.

Real GDP declined by 0.9% and 0.5% for the third and fourth quarters of 2001. In the first quarter of 2002, real GDP turned around and recorded a positive growth of 1.1% indicating an improving economy. In the second quarter of 2002, real GDP continued to grow by 3.9%. In comparison with the real GDP performance of the same period in previous year, the economy has improved and was staging a stronger growth despite the recent weakness in global financial markets amid the United States' corporate problems.

The stronger GDP growth in the second quarter of 2002 was primarily supported by overall growth within domestic demand. The leading sectors were private consumption and manufacturing, both of which recorded 5.4% and 5.6% growth respectively in the second quarter.

The output of export-oriented industries rebounded to show growth of 11.2% in the third quarter of 2002. The growth of export-oriented industries was largely attributed to stronger growth in output electronics industry, particularly the recover of the external demand of audio-visual products and air-conditioners.

5. INFORMATION ON THE DCB GROUP *(cont'd)*

In addition, the service sector grew by 3.4% in the third quarter of 2002. Bank Negara indicated that the service sector has been the important driver of growth in the more recent period and this sector will continue to sustain the country's economic growth.

Economic growth prospects for the second half of 2002 remain favourable and growth is likely to be supported by continued expansion in both domestic and external demand. Some of the supporting factors for favourable growth include higher electronic and electrical goods order, as well as rising intra-regional trade within the Asia-Pacific region.

The Malaysian Government's proactive role in developing stimulus packages and increasing annual budget to help counter the effects of any downturn will ensure that the Malaysian economy continues to be sustainable as a result of a strong domestic demand. This will augur well for local manufacturers that are servicing the domestic and export markets.

Real GDP in the Malaysian economy grew by 4.5% and 5.1% in the second and third quarters of 2003. The growth has been broad based, both in terms of expenditure and production components. Strong economic fundamentals and the comprehensive public sector response to uncertainties in the global economy in the early part of the year enabled the economy to benefit from the more favourable external environment in the third quarter. In addition, the strong private sector response to the pro-active Government measures and a low interest rate environment has contributed to the strengthening of the growth momentum.

(Source : Assessment of the Gaming Machine and Equipment Industry Report prepared by Vital Factor Consulting Sdn Bhd)

5.6 Summary of Outlook and Areas of Growth for the Industry

The outlook for the gaming machine and equipment industry is favourable. The gaming machines and equipment industry is forecasted to grow by approximately 10% per annum for the next five years. This prognosis is mainly supported by the following analyses and observations:

5.6.1 Growth in Gaming Machines and Equipment

Between 1998 and 2002, import quantity of pintable, slot machine and the like grew at an average annual rate of 72.5%. In 2002, import quantity of pintable, slot machine and the like increased by 298% to reach 3832 units. Between 1998 and 2002, import value of pintable, slot machine and the like grew at an average annual rate of 12.7%. In 2002, import value of pintable, slot machine and the like increased by 36.2%, which amounted to RM14.4 million.

Between 1998 and 2002, import quantity of other games, coin or disc operated (excluding bowling alley equipment) grew at an average annual rate of 30.5%. In 2002, import quantity of other games, coin or disc operated (excluding bowling alley equipment) declined by 41.4% amounted to 58,854 units. Between 1998 and 2002, import value of other games, coin or disc operated (excluding bowling alley equipment) decreased at an average annual rate of 15.2%. However, in 2002, import value of other games, coin or disc operated (excluding bowling alley equipment) increased by 16.8%, which amounted to RM8.5 million. *(This category includes amusement machines).*

Between 1998 and 2002, import value of playing cards increased at an average annual rate of 50.7%. In 2002, import value of playing cards increased by 153.2%, which amounted to approximately RM6.7 million. Between 1998 and 2002, import quantity of playing cards grew at an average annual rate of 73.8%. In 2002, import quantity of playing cards increased by 112.2% to 3.2 million packs.

(Source : Assessment of the Gaming Machine and Equipment Industry Report prepared by Vital Factor Consulting Sdn Bhd)

5. INFORMATION ON THE DCB GROUP (cont'd)

5.6.2 Increasing Demand for Gaming Related Products and Services and End-User Industries

Between 1993/94 and 1998/99, household expenditure on recreation, education and cultural services (including gaming activities), grew by an average annual rate of 7.8%. In 2002, there were 15.4 million patrons who visited Genting Highland Resort compared to 14.1 million in 2001, representing 9.2% increase. Between FYE 1998 and 2002, revenue from leisure and hospitality division of Genting Berhad grew at an average annual rate of 3.8%. For the FYE 31 December 2002, revenue of leisure and hospitality division of Genting Berhad increased by 12.0%, which amounted to RM2.7 billion. Between 1998 and 2002, receipts from tourism grew at an average annual rate of 31.7%. In 2002, receipts from tourism increased by 6.4%, which amounted to RM25.8 billion. Between 1998 and 2002, tourist arrivals grew at an average annual rate of 24.4%.

(Source : Assessment of the Gaming Machine and Equipment Industry Report prepared by Vital Factor Consulting Sdn Bhd)

5.6.3 High Barrier to Entry and Low Competitive Pressure

Entry to the gaming machine and equipment industry is based on granting of licences from MOF. MOF has indicated that as the gaming industry is highly regulated, it would not easily grant new gaming machine and equipment dealing licence. To-date there are only 10 licensed organisations dealing in gaming machines and equipment. Three of the licensed organisations are highly active while business activities are low among the remaining 7 organisations. The high barrier to entry and low competitive pressure would provide a highly stable business environment for current licensed organisations to sustain and grow their businesses.

(Source : Assessment of the Gaming Machine and Equipment Industry Report prepared by Vital Factor Consulting Sdn Bhd)

5.6.4 Regional Growth Opportunities

Liberalisation of the gaming industry in some of the Asian countries, for example Macau SAR, Cambodia, India, Singapore, Vietnam and Philippines would provide significant opportunities for organisations in Malaysia. This is because for organisations that have exclusive distribution rights for high demand brand name gaming machines and equipment, they would be able to address growth within their geographical distribution area. Some of the Malaysian organisations have distribution rights to some Asian countries, and thus would be able to address growth opportunities in Asian countries.

Following are the number of casinos for some of the Asian countries:

Countries	Estimated Number of Casinos in 2002
Macau SAR	11
Philippines	15
Cambodia	16
South Korea	13
Laos	1

In 2002, the Macau SAR government granted three (3) concession agreements for the operation of Casinos to Societe de Jogos de Macau, Galaxy Casino Co. Ltd and Wynn Resort (Macao) Limited.

5. INFORMATION ON THE DCB GROUP *(cont'd)*

The state-run PAGCOR is planning to develop “Manila Theme Park Entertainment City”, a 62.74 hectare area comprising casinos, shopping complex, entertainment and leisure complex, educational and cultural complex, office and other developments.

The increase in the number of casinos within the Asian region would provide export opportunities for Malaysian organisations within the gaming machine and equipment industry.

(Source : Assessment of the Gaming Machine and Equipment Industry Report prepared by Vital Factor Consulting Sdn Bhd)

5.6.5 Gaming Market in the Asian Region

The following information in relation to the respective overseas markets are management’s representations and the Directors’ opinion based upon the company’s field visits to the respective countries.

(a) Cambodia

Cambodia has numerous licensed gaming establishments operating in the country with the majority of these establishments dotting the frontiers with Thailand and Vietnam. Within a short span, the numbers of table games and gaming and amusement machines operating in these establishments have expanded rapidly. A substantial quantity of the leisure and gaming machines are supplied and maintained by DCB Group by way of sales and technical support management agreements.

Many of the existing establishments are also carrying out major expansionary plans to increase the number of hotel rooms as well as the number of table games and gaming and amusement machines.

The Directors believe that DCB Group, is in a position to tap into such expansionary programmes.

(b) Thailand

The Board is aware of the expansion of gaming activities in Thailand . In anticipation of impending changes, various leading gaming companies and resort operators have expressed their interest to operate in the country.

Given DCB Group's distribution rights for various products in the region, including Thailand, DCB Group is in a position to further expand, its business in Thailand.

(c) Vietnam

Vietnam has a number of private membership clubs that allow gaming machines as one of their activities and a number of resort-type casino licenses have been issued to-date. However, it must be noted that only foreigners are allowed to frequent these outlets.

DCB Group is one of the suppliers of the gaming machines in the country.

(d) Macau SAR

While the Asian gaming industry is growing rapidly, the government of Macau SAR has come up with a massive plan to give its gaming industry a complete overhaul in order to create a whole new concept for its gaming industry.

5. INFORMATION ON THE DCB GROUP (cont'd)

The gaming industry in Macau SAR is, in the opinion of the Board, one of the largest (if not the largest) in Asia Pacific and South Asia region outside Australia. In this respect, the government of Macau SAR has granted gaming concessions to various operators for periods of up to 20 years.

With the above new development, the Board expects that the number of gaming machines and table games operating in Macau SAR will increase tremendously and this will create opportunities for DCB Group to further expand its wings in this country.

(e) Philippines

PAGCOR operates a chain of gaming establishments in the Philippines. In addition to PAGCOR's own operations, PAGCOR has also granted licenses to several private organisations in special economic zones, which cater mostly to foreign players.

PAGCOR has planned a massive Manila Theme Park in the Manila Bay Area. This mega-sized development project shall consist of a sports complex, theme parks, shopping complexes, office condominium blocks, residential facilities and state-of-the-art medical cum hotel facilities including gaming establishments.

Gaming machines arcade licenses have also been issued with each location allowed to operate gaming machines. There are plans for new casinos to be built-in other cities in the Philippines.

The DCB Group is one of the PAGCOR's approved distributor of gaming machines and table equipments in the Philippines. The DCB Group has the distinction of dealing with PAGCOR for the past seven (7) years and this provides DCB Group with the advantage of being in the front line in terms of the distribution, maintenance and technical support management for gaming machines and table equipments in the country.

(f) Laos

There is potential for increasing gaming, leisure, amusement and hospitality activities. The DCB Group believes that its technical support experience and strength will enable the Group to establish a presence in this market.

DCB Group is poised to enter into this potential market.

(g) Myanmar

There are several private clubs operating in Myanmar, featuring gaming machines as part of the facilities provided by the clubs. DCB Group is well represented in the country in terms of the promotion, distribution, maintenance and provision of technical support management for amusement, leisure equipment and accessories. It intends to further intensify its scope of business in the country.

(h) South Korea

The authorities are opening up their gaming market to foreign investors and operators. As at 2002, there were more than 10 casinos in South Korea. In October 2002, the first casino for Koreans was established in the Kangwon Province. DCB Group is looking to enter into this market.

5. INFORMATION ON THE DCB GROUP (cont'd)

(i) Singapore

There is a number of membership clubs that permit the operation of gaming machines as part of their facilities to their members. DCB Group is in the position of supplying machines to these markets via its approved distributors in Singapore.

(j) India

India, which permits the operation of gaming machines, has a number of private clubs all of which are concentrated in the area of Goa. There are other states in India exploring the issuance of similar gaming licenses.

DCB Group has also taken steps to promote its products and services into India and is confident that it will be able to capture some market share in the country.

(k) Nepal

There are a number of gaming establishments operating in Nepal, catering mostly to the tourists from neighbouring countries, particularly from North India. DCB Group is looking to enter into this market.

(l) Cruise Ships

There are many cruise ships plying the Asian region that offers amusement and leisure activities. DCB Group has been a regular supplier of the related machines, equipments and maintenance and technical support to these cruise ships.

Having regard to the above, the gaming business in many Asian countries is still very much in its infancy or early development stages in comparison with other developed markets. DCB Group, with its exclusive distribution rights for various products and services and its established technical and marketing expertise in this field should be able to capture the majority of these opportunities.

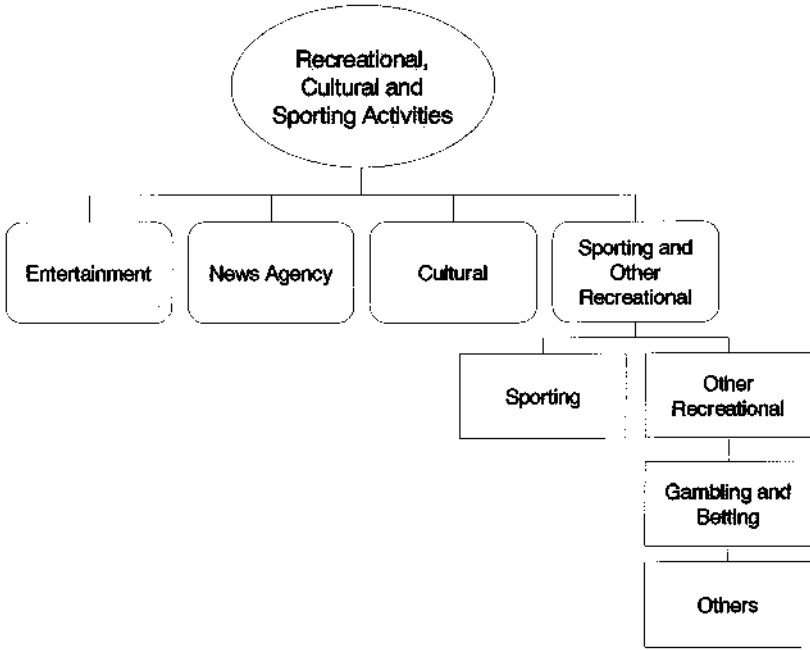
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5. INFORMATION ON THE DCB GROUP (cont'd)

5.7 Gaming Machine and Equipment Industry

5.7.1 Overview of the Industry

The gaming machines and equipment industry falls under the total umbrella of the recreation, culture and sports industry and is divided into four main sub-sectors as depicted in the figure below:



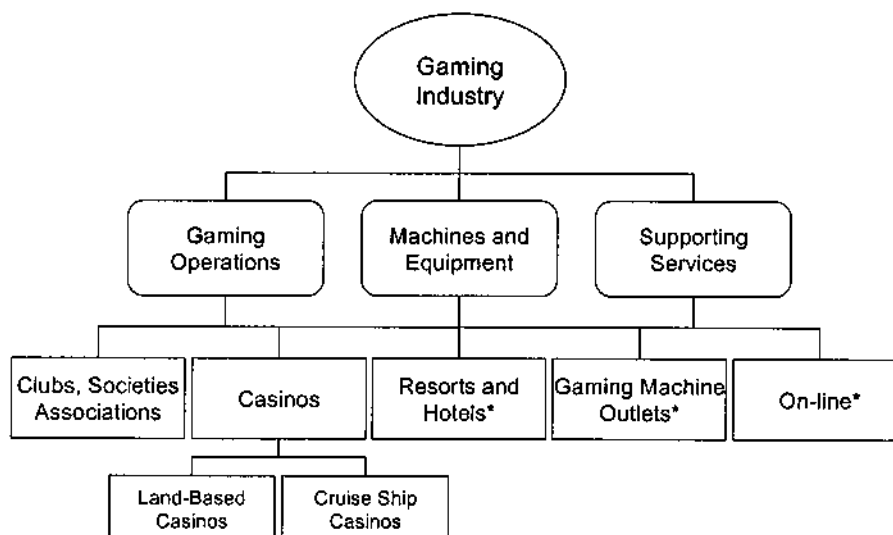
(Source : Assessment of the Gaming Machine and Equipment Industry Report prepared by Vital Factor Consulting Sdn Bhd)

Examples of activities under the entertainment sub-sector include motion picture, radio, television, dramatic arts and music. Examples of activities under the news agency sub-sector include picture and printed news supply. Examples of activities under culture sub-sector include library, archives, museums, and botanical and zoological gardens. Examples of activities under sports sub-sector include country and golf clubs, water sports, equestrian clubs, sports event promotion and sports facility operations. Examples of activities under other recreation include casting activities, recording, booking agency, recreation parks and beach services, and gambling and betting activities.

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5. INFORMATION ON THE DCB GROUP (cont'd)

The gaming and betting sub-sector is the main focus of this report. Gaming and betting means the playing of any game of chance or mixed chance and skill for money via mechanical devices or other games. The gaming and betting (herein referred to as gaming) industry is mainly segmented into the following areas:



* Not permissible in Malaysia

(Source : Assessment of the Gaming Machine and Equipment Industry Report prepared by Vital Factor Consulting Sdn Bhd)

There are three sub-sectors within the gaming industry in Malaysia:

- (a) Gaming operations;
- (b) Gaming machines and equipment; and
- (c) Gaming supporting services.

In turn, these three sub-sectors provide products and services to five segments of the market as follows:

- (a) Casinos (land-based and cruise ship);
- (b) Clubs, societies and associations;
- (c) Resorts and hotels (not permissible in Malaysia);
- (d) Gaming machine outlets (not permissible in Malaysia); and
- (e) On-line gaming (not permissible in Malaysia).

Casinos are public places or buildings specifically for the purpose of conducting gaming activities. They are mainly categorised as either land-based or cruise ship casinos. Cruise ship casinos normally operate in international waters and are outside the jurisdiction of any country. Clubs, societies and associations are organisations that offer their members social amenities, in addition to other benefits, for example golfing, swimming and other sports and recreational activities. Some of these clubs also provide gaming facilities, but are restricted to gaming machines only in Malaysia.

5. INFORMATION ON THE DCB GROUP *(cont'd)*

In some countries (not Malaysia) gaming services are provided in resorts and hotels, and specialised outlets that mainly provide gaming machines facilities. On-line gaming enables users to play games and wagers via the internet. As the service is provided on the internet, the gaming service provider can be located anywhere in the world.

(Source : Assessment of the Gaming Machine and Equipment Industry Report prepared by Vital Factor Consulting Sdn Bhd)

5.7.2 Industry Players and Competition

5.7.2.1 Competitive Nature

Organisations in the gaming machine and equipment industry face normal competitive conditions. As with most free enterprise environments, competition is based on a number of factors, including:

- (a) Quality of products and services;
- (b) Cost competitiveness; and
- (c) Customer service.

Generally, competition among organisations in the gaming machine and equipment industry within Malaysia is low. This is primarily substantiated by the low number of organisations dealing in gaming machines and equipment, and the high barrier to entry through government licensing.

As at 30 June 2003, there were ten organisations that are licensed by MOF to deal in gaming machines and equipment. Of the ten licensed organisations, only three are highly active, while business activities are low among the remaining seven organisations. MOF does not envisage granting any more new licenses for dealing in gaming machines and equipment.

(Source : Assessment of the Gaming Machine and Equipment Industry Report prepared by Vital Factor Consulting Sdn Bhd)

5.7.2.2 Key Players In the Industry

As at 30 June 2003, there were ten (10) organisations that were licensed to deal in gaming machines and equipment in Malaysia.

(Source : Assessment of the Gaming Machine and Equipment Industry Report prepared by Vital Factor Consulting Sdn Bhd)

5.7.3 Laws and Regulations Governing the Industry

5.7.3.1 Licence to Deal in Gaming Machines

According to the Lotteries Act 1952 (Act 288) and Lotteries (Registration and Licensing of Gaming Machines) Regulation 1973, an organisation that deals in gaming machines must obtain a licence provided by MOF.

Any person who carries on trade or business of dealing in gaming machines at more than one place of business or who, in carrying on such trade or business, stores any gaming machine at a place different from his place of business shall apply for a licence in respect of each place of business or storage.

5. INFORMATION ON THE DCB GROUP (cont'd)

The licensee shall submit within two weeks of the 31 March, 30 June, 30 September and 31 December of each year the following:

- (a) number of gaming machines in possession on that date;
- (b) number of gaming machines sold during the quarter preceding that date; and
- (c) registration numbers of all gaming machines sold and the names and addresses of purchasers.

License to deal in gaming machines shall be valid for one year and may be renewed from time to time. When renewing such licence, conditions attached to the licence may be varied, or additional conditions imposed.

(Source : Assessment of the Gaming Machine and Equipment Industry Report prepared by Vital Factor Consulting Sdn Bhd)

5.7.3.2 Repairs to Gaming Machines

Repairs to gaming machines must be carried out at the specified premises where the gaming machines are to be kept, except with the prior written approval from the Secretary-General of the Treasury or any officer authorised by him/her.

(Source : Assessment of the Gaming Machine and Equipment Industry Report prepared by Vital Factor Consulting Sdn Bhd)

5.7.3.3 Possession of Gaming Machines

All persons or organisations that possess gaming machines must either be licensed dealers, licensed operators or registered owners, and all gaming machines must be registered and kept in approved premises.

(Source : Assessment of the Gaming Machine and Equipment Industry Report prepared by Vital Factor Consulting Sdn Bhd)

5.7.3.4 Licence to Operate Gaming Machines

All persons or organisations that operate gaming machines must obtain licences provided by MOF, except companies licensed to promote and organise gaming under section 27A of the Common Gaming Houses Ordinance, 1953.

Registered owners of gaming machines that have permits to operate are not permitted to sell, assign, lease, mortgage or transfer in any manner whatsoever, any interest of any sort in any registered gaming machine or any permit to operate gaming machines except with the prior written permission of the Secretary-General of the Treasury or any officer authorised by him/her.

(Source : Assessment of the Gaming Machine and Equipment Industry Report prepared by Vital Factor Consulting Sdn Bhd)

5. INFORMATION ON THE DCB GROUP *(cont'd)*

5.7.4 Substitute Products and Services

On-line (through local area network, wide area network or the internet) gaming and general-purpose personal computers are substitute products and services to traditional gaming machines, either stand-alone or configured as a system of linked gaming machines. With on-line gaming, players only require general-purpose personal computers with attached network cards or modems to access a variety of gaming facilities. In fact on-line gaming provides players with the full range of gaming facilities including gaming machines, table games, lotteries and wagers. In on-line gaming, bets or wagers would either be in the form of game credits or through use of credit cards.

On-line gaming is also a substitute for gaming equipment, particularly for table games like roulette and blackjack. On-line gaming is currently not permitted in Malaysia. However, it is difficult to police such activities if the service provider is outside Malaysia.

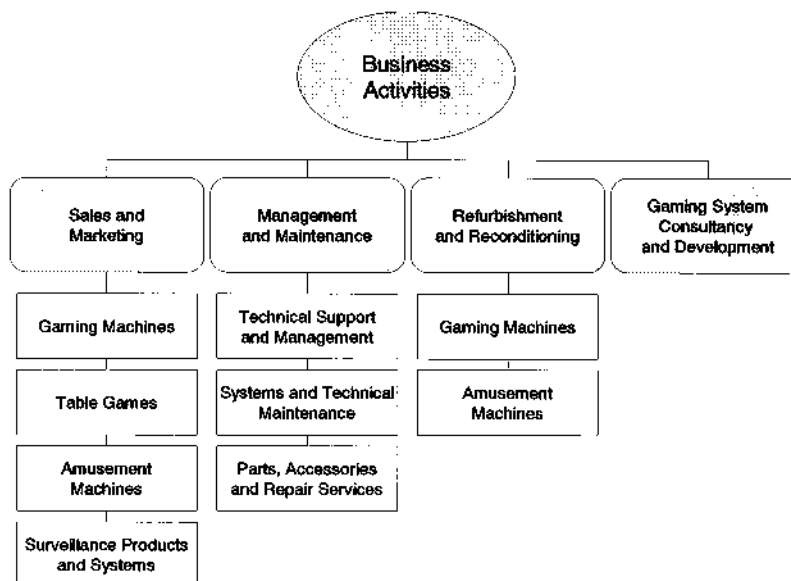
General-purpose personal computers could also serve as substitute products for gaming machines and equipment. However, it has significantly less appealing features compared to a purpose-built gaming machine. Even if general-purpose personal computers were to be modified, the end-result would be effectively similar to purpose-built gaming machines. In fact, newer generation of video-based gaming machines are all software driven and function similarly to general-purpose computers loaded with gaming software.

Use of general purpose personal computers for gaming would fall under the Government regulations for licensing of gaming machines.

(Source : Assessment of the Gaming Machine and Equipment Industry Report prepared by Vital Factor Consulting Sdn Bhd)

5.8 Business Overview

The current business activities of the Group is as depicted below:



(Source : Business Information of Dreamgate Corporation Bhd Report prepared by Vital Factor Consulting Sdn Bhd)

5. INFORMATION ON THE DCB GROUP (cont'd)

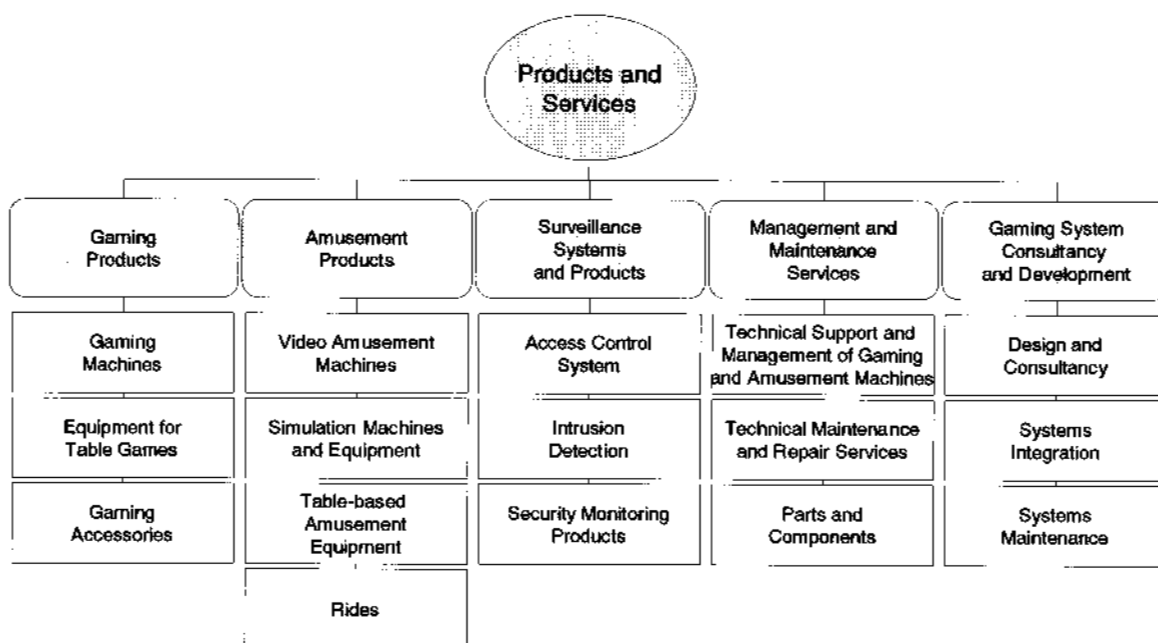
Currently, the Group is not involved in the manufacturing of the gaming and amusement machines and equipment. The Group intends to manufacture and assemble its own gaming and amusement machines in the future as highlighted in Sections 5.9 and 7 of this Prospectus.

5.8.1 Products and Services

The principal business activities of the Group are focused on gaming machines and equipment in four key areas:

- (a) Sales and marketing;
- (b) Management and maintenance services;
- (c) Refurbishment and reconditioning services; and
- (d) Gaming system consultancy and development.

The current range of gaming and amusement products and services provided by the Group fall into five segments as follows:



(Source : Business Information of Dreamgate Corporation Bhd Report prepared by Vital Factor Consulting Sdn Bhd)

5.8.1.1 Gaming Products

Gaming machines are mechanical and electronic devices designed for the use of playing wagering games. The unique part of gaming machines is making wagers against the machines instead of playing interactive games against another person.

DCB Group mainly promotes, distributes and maintains the following categories of gaming machines:

- (a) Slot machine, a game played by electronically manipulating images with animated graphics produced by a computer programme on a monitor or screen; and

5. INFORMATION ON THE DCB GROUP *(cont'd)*

- (b) Multi-player gaming machine, a mechanical or electronic device that allows more than one player to simultaneously wager on the same device. Such a machine has separate stations, commonly four to twelve stations, to accommodate each player and their respective wagers.

Currently the Group's product range incorporates approximately 200 different themes or titles of gaming machines. The Group is currently a distributor in Malaysia and some Asian countries.

(Source : Business Information of Dreamgate Corporation Bhd Report prepared by Vital Factor Consulting Sdn Bhd)

5.8.1.2 Equipment for Table Games

Table games are wagering games that take place on purpose-built tables. Depending on the type of table games, various equipment, including purpose-built tables would be required.

The Group deals in a wide range of equipment for table games and includes the following:

- (a) Roulette;
- (b) Blackjack;
- (c) Baccarat;
- (d) Poker;
- (e) Sic Bo (Tai Sai or Big Small); and
- (f) Pai Kow.

Currently the Group's product range incorporates approximately 40 different types of equipment for table games. The Group is currently a distributor in Malaysia and some Asian countries.

(Source : Business Information of Dreamgate Corporation Bhd Report prepared by Vital Factor Consulting Sdn Bhd)

5.8.1.3 Gaming Accessories

The Group provides the full compliment of gaming machines and equipment as well as accessories to be a one-stop dealer in gaming products and services. Some of the gaming accessories that the Group deals in include, among others, the following:

- (a) Dice;
- (b) Playing cards;
- (c) Chips;
- (d) Dealing shoes;
- (e) Card shuffling devices;

5. INFORMATION ON THE DCB GROUP (cont'd)

- (f) Chip tray;
- (g) Float trays;
- (h) Cash boxes;
- (i) Plaques;
- (j) Layouts (materials with imprints to facilitate wagering and are placed on top of games table);
- (k) Bill validators;
- (l) Notes and coin counting machines;
- (m) Chip sorting machines;
- (n) Coin dispensers;
- (o) Displays and signage;
- (p) Locks and seals; and
- (q) Tokens.

The Group would also mostly undertake customisation of accessories, particularly in the following forms:

- (a) Design logo and artworks;
- (b) Printing of company logos, emblems and writings incorporating desired colour schemes, for example on to chips, playing cards and layout materials for the top of games table; and
- (c) Various physical designs of tables to cater to any peculiarities in seating positions of players and operation stations.

Currently the Group's product range incorporates approximately 20 different types of gaming accessories. The Group is currently a distributor in Malaysia and some Asian countries.

(Source : Business Information of Dreamgate Corporation Bhd Report prepared by Vital Factor Consulting Sdn Bhd)

5.8.1.4 Amusement Machines and Equipment

Amusement machines and equipment are mainly found in the following places:

- (a) Theme parks;
- (b) Amusement arcades;
- (c) Recreation centres, for example clubhouses;
- (d) Entertainment places, for example pubs, karaoke lounges and cinemas; and
- (e) Public places, for example shopping centres.

5. INFORMATION ON THE DCB GROUP *(cont'd)*

These amusement machines and equipment are normally coin operated and are designed for entertainment. Some of the amusement machines and equipment that the Group deals in include the following:

- (a) Video amusement machines, which are primarily electronic and based on computer software;
- (b) Simulation machines and equipment, which are more elaborate amusement games that uses props and accessories. These normally simulate live situations like car racing (for example Daytona), aircraft flying (for example After Burner), fishing and sport games;
- (c) Pool and foosball table; and
- (d) Amusement rides.

The main objective for the Group to incorporate amusement machines as part of its product offerings is to provide a one-stop centre for gaming machines and equipment incorporating amusement machines. This is because operators of gaming machines and equipment commonly also provide amusement machines and games. In addition, amusement machines are very similar to gaming machines, and the incremental costs and skills required to provide sales and marketing, and technical maintenance and support services are minimal. Currently the Group's product range incorporates approximately 500 different themes and titles of amusement machines and equipment. The Group plays an important role in expanding their market in Asia and Malaysia.

(Source : Business Information of Dreamgate Corporation Bhd Report prepared by Vital Factor Consulting Sdn Bhd)

5.8.1.5 Surveillance Systems and Products

The Group also provides total surveillance systems and individual surveillance products. These include the following:

(a) **Electronic Access Control System**

A computerised card access system designed to provide entry to authorised personnel or prevent unauthorised entry to premises or specified areas.

(b) **Intrusion Detection Systems**

Intrusion detection systems is a security system that uses advanced microprocessor technology. Intrusion detection devices include:

- (i) Passive infrared motion detectors;
- (ii) Vibration sensors; and
- (iii) Contact devices to detect forced entry via windows, doors and glass panels.
- (iv) Other complementary functions and devices include:
 - (a) Siren alarms and strobe lights to alert and to scare off intruders;