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

- (b) Panic button to alert the central monitoring station; and
- (c) Other safety devices such as heat detectors for fire protection and power failure warning.

(c) Security Monitoring Products

Security monitoring products relate to visual surveillance, which enable users in a central location to monitor multiple designated areas through strategically placed cameras. These are commonly called close circuit television.

The main objective of carrying a full product range of surveillance products again is to reinforce the concept of a one-stop centre to meet the needs of gaming product customers. Surveillance products are particularly important to operators of gaming and amusement machines and equipment as they deal in large amount of cash in their premises. In addition, surveillance products are critical to help prevent fraud, theft and robbery.

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

5.8.2 Management and Maintenance

The main products and services provided in this business activity are:

- (a) Technical support and management of gaming and amusement machines; and
- (b) Technical maintenance and repair services.

5.8.2.1 Technical Support and Management of Gaming and Amusement Machines

The Group is currently providing technical support and management services for the gaming and amusement machines for overseas market. Commonly this comprises a contractual arrangement whereby the Group would place a number of gaming and amusement machines at the operator's premises and would be responsible for generating revenue through these gaming and amusement machines. The Group's revenue is commonly based on an agreed formula. The gaming and amusement machines in overseas market are owned and maintained by the Group.

To maximise revenue generation, the Group also provides promotional services and activities as well as creating a conducive environment to ensure maximum usage of the gaming and amusement machines at the operators' premises. To-date, the Group provides technical support and management services to five casinos and one club in Cambodia, Philippines and Myanmar.

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

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

5.8.2.2 Technical Maintenance and Repair Services

The Group also provides technical maintenance and repair services as part of its total products and services solution to the operators. This is also one of their obligations to buyer to provide efficient after sales services.

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

5.8.3 Gaming System Consultancy and Development

Gaming system consultancy and development are focused on networking gaming machines where players have a chance of winning accrued benefits. A common example of networked gaming machines is the jackpot system whereby every player of the jackpot system has a chance of winning the continuously growing (except when someone wins) jackpot. Players may be physically dispersed from as far away as in another state or as near as the next machine. Through R&D, the Group is able to introduce the mystery system jackpot and improved it using third party software.

Currently the Group's business activities in the provision of systems consultancy and development are focused in three areas:

- (a) Design and consultancy;
- (b) Systems integration; and
- (c) Systems maintenance.

This is a growing business activity of the Group. As such, for the financial year/period ended 31 December 2002, system consultancy and development contributed 0.7% to the Group's total revenue, amounting to RM282,000.

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

5.8.3.1 Design and Consultancy

Prior to the actual implementation of the system, the Group would have to design the system and consult with the client to ensure it meets with the client's requirements. Design and consultancy would incorporate the system, network, security, facilities, and performance measurement and support services. Design and consultancy also incorporates computer simulation of the layout of gaming machines, table games and other facilities in the proposed project to enable customers to visualise the end-result. These simulations use computer technologies incorporating three-dimension graphics and animation for simulation.

Part of consultancy services would also include procurement of third party systems, power, ancillary systems and cabling.

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

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

5.8.3.2 Systems Integration

Systems integration include the following functions:

- (a) installation and configuration of systems and applications software;
- (b) installation and configuration of hardware including gaming machines and servers; and
- (c) installation of network system.

Installation and configuration of applications systems include the following:

- (a) wagering game software onto gaming machines;
- (b) jackpot software system onto centralised server; and
- (c) gaming machine performance, accounting and monitoring application systems onto centralised server.

Systems integration also includes network integration and include the following functions:

- (a) network design, topology and protocol;
- (b) procurement and installation of communication devices including hubs, routers and modems;
- (c) cabling and installation of local area networks;
- (d) establishing the wide area network using either one or more combinations of leased lines; and
- (e) integrating the various local area networks to the wide area network.

Security systems are also paramount in a networked environment as unauthorised entry could compromise the integrity of the system. As such, the following system security would need to be considered and installed, on top of physical security:

- (a) Encryption methodology and installation of encryption software and hardware. Encryption is particularly critical if using virtual private network or wireless technologies for wide area networks.
- (b) Firewalls, security and authentication at all levels including:
 - (i) Identity level;
 - (ii) Network level;
 - (iii) Application level; and
 - (iv) Transaction level.
- (c) Intrusion detection system to identify, isolate and minimise impact of attacks from intruders, viruses, spamming, denial of service and other types of unauthorised intrusions.

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

Finally, prior to going live, the network system would have to go through a thorough testing process to ensure each gaming machine runs smoothly as a stand alone gaming machine as well as being part of the total networked gaming system.

- (d) In addition, a thorough audit test would need to be run to ensure the overall system integrity and security. Currently the Group's systems integration activities rely on its distributor's total gaming system including, among others, network systems, security system, accounting system and player tracking system.

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

5.8.3.3 System Maintenance

Once the networked gaming system is installed and running, there is a need to maintain the system to ensure uninterrupted system performance.

The Group's system maintenance activities include, among others:

- (a) technical support;
- (b) user support; and
- (c) fixing system and programme bugs (errors).

The above system maintenance functions cover the following areas:

- (a) network hardware and software;
- (b) gaming machine and server hardware;
- (c) applications and system software; and
- (d) security system.

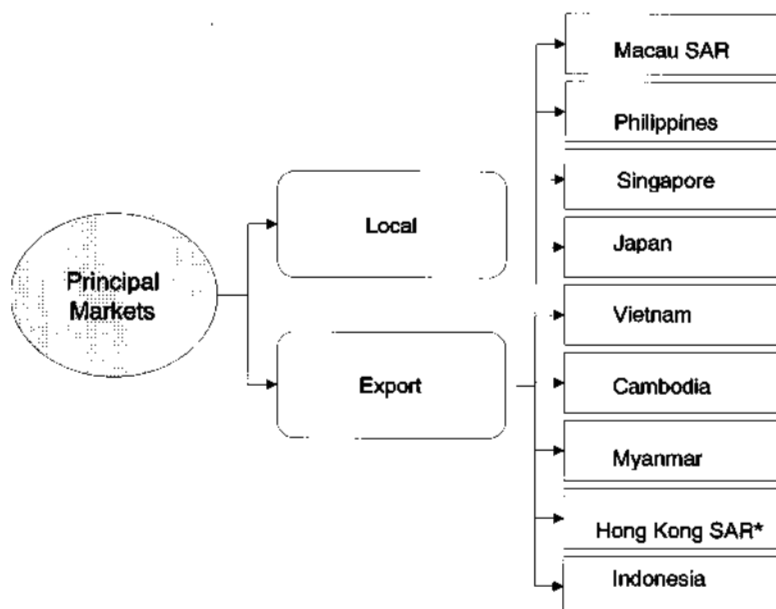
(Source : Business Information of Dreamgate Corporation Bhd Report prepared by Vital Factor Consulting Sdn Bhd)

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

5.8.4 Principal Markets for the DCB Group

The principal markets of Group are both local and export markets. This is depicted in the diagram below:



* Cruise ship

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

For the financial year/period ended 31 December 2002, exports represented the largest source of revenue, which accounted for 70% of total Group revenue. The Group directly exports the following products and services; gaming and amusement machines, table games, parts and accessories and technical support and management of gaming and amusement machines.

5.8.5 Technologies

The Group currently utilises IT in its products and services development and to deliver some of its services. Some of the technologies utilised by the Group are as follows:

5.8.5.1 Programming Languages

- (a) Visual Studio;
- (b) Visual Basic;
- (c) Visual C++;
- (d) C/ C++;
- (e) OpenGL;
- (f) HTML (Hyper Text Mark-up Language); and
- (g) XHTML (Extended Text Mark-up Language).

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

5.8.5.2 Operating System

- (a) Windows based operating system;
- (b) Windows CE.Net & Windows XP Embedded; and
- (c) Dos Operating System.

5.8.5.3 Telecommunications Protocols and Platforms

- (a) Transmission Control Protocol (TCP)/Internet Protocol (IP);
- (b) Ethernet for Local Area Network;
- (b) Broadband Wireless;
- (d) RS 232 C;
- (e) RS 485; and
- (f) RS 422.

5.8.5.4 Other Development Tools and Equipment

- (a) MacroMedia MX;
- (b) Adobe PhotoShop;
- (c) Partner – J M10 SH4 with GCCSH-14P;
- (d) Industrial PCs; and
- (e) M-Systems 'Disk on Chip'.

These technologies are primarily used in the customisation and development of software as well as for networking purposes.

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

5.8.6 Marketing

The Group's marketing strategy is based on a two-pronged approach:

- (a) Total solutions provider; and
- (b) Direct and indirect distribution.

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

5.8.6.1 Total Solutions Provider

The major thrust of the Group's strategy is to position and market itself as a total gaming solutions provider incorporating a comprehensive range of gaming products and services, and supplemented by amusement machines and equipment. The Group's marketing strategy of being a total solutions provider is necessitated by its overall business strategy of aggressively addressing opportunities locally as well as regionally. The total solutions provider strategy will provide the platform for high growth. This marketing strategy of being a total solutions provider is supported by a wide range of products and technical capabilities including:

(a) Products

- (i) Gaming machines, equipment and accessories;
- (ii) Amusement machines, equipment and accessories; and
- (iii) Support systems and software for the gaming industry (for example, accounting, monitoring and performance software and systems).

(b) Services

- (i) Gaming and amusement machine maintenance and repair;
- (ii) Refurbishment and reconditioning of gaming machines;
- (iii) Systems design and development of gaming systems (for example networked gaming machines with cumulative jackpot system); and
- (iv) Technical support and management of gaming and amusement machines operations.

By providing total solutions, the Group is able to address a wider customer base with its large range of synergistic products and services for the gaming industry. This would provide the following benefits:

- (a) Reduces unit cost of sales and marketing as a wider range of products and services can be sold to each existing and potential customers;
- (b) Increases capabilities to meet more of customers' needs to increase revenue earning potential;
- (c) Provides convenience to customers to attract new and retain existing customers through a full suite of products and services including machine customisation, installation and maintenance, and operations management; and
- (d) Meet specific customers' requirements by carrying a wide range of machines based on:
 - (i) different brands and models to meet customers' different target player groups;
 - (ii) high or low-priced machines to meet customers' budgetary constraints; and

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

- (iii) new or refurbished machines to meet customers' budgetary constraints and requirements for latest technologies and games.
- (e) Extend the Group's revenue stream beyond merely one-off sales of products and services through on-selling of other products and services in the Group's portfolio of products and services.

In addition, the Group as a total solutions provider is able to service different segments of the gaming industry as follows:

- (a) Land-based and cruise ship casinos; and
- (b) Clubhouses, resorts, hotels, and gaming and amusement machine outlets.

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

5.8.7 R&D

5.8.7.1 Policies on R&D

The objectives of the Group's R&D activities are to:

- (a) provide the means to sustain and grow the business through new products and services;
- (b) create competitive advantages through significant value-add on existing products and services to better meet customers' needs; and
- (c) increase profitability through proprietary products and services, and high value-add on third party's products and services.

As a business entity that is responsible to its shareholders for sustainable profits, the Group's R&D policies are practical in approach and incorporates the following:

- (a) focused on strategic products and services that complement and add significant value to its current products and services;
- (b) focused on providing competitive advantages that will increase the appeal of its products and services to win sales; and
- (c) customer focused and market driven to maximise success of commercialisation.

The Group's R&D policies are in-line with its product development philosophy where it optimises between in-house development of strategic products and services, and gaining distribution rights to world-class products, services and brand names. The Group believes that this combination of in-house developed and third party products and services will provide it with a practical approach to managing its business for long-term sustainability and success.

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

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

5.8.7.2 Technologies Used

Please refer to Section 7 of this Prospectus for further information on the technologies utilised by DCB Group.

5.8.7.3 Facilities and Personnel

The Group has an R&D facility that allows it to design, prototype and test products and services. Some of its R&D machinery and equipment are shared with its current refurbishment operations including the following testing equipment:

- (a) RS Demo; Synergy : Software for installing & commission of bill acceptor
- (b) PortaClone : Palm top device for on-site software testing of bill acceptor equipment
- (c) PSION : Handheld computer for on-site testing of chip sorting machine
- (d) CAT 5 Cable Tester : Testing of network connectivity
- (e) Systems and Display Test Station : Test and configure system and display equipment for jackpot systems
- (f) Printed Circuit Board Test Station : Test function ability of printed circuit boards
- (g) Portable eeprom programming tools : On-site eeprom programming
- (h) Microcoin S7 & QL Programmer : Programming for coin validator

The Group has four (4) Japanese engineers, five (5) dedicated R&D personnel and three (3) technical personnel who are involved in R&D. As most of the R&D activities are focused on software and networks the main skills required are formal training and experience in software applications development, graphics design, systems integration and networking. As many of these skills are commonly available within the IT industry, there is a low threat in obtaining skilled resources for R&D work. In addition, the number of R&D personnel can easily be expanded if required.

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

During FYE 31 December 2002 and the financial period for the six months ended 30 June 2003, R&D expenditures amounted to RM235,000 and RM98,000, respectively.

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

5.8.7.4 Achievements in R&D

As the Group's R&D efforts are primarily focused on IT in general and software and network development in particular, most of its research work are involved in identifying current and future customers' needs or market opportunities, and developing the programmes, systems and networks for them. The Group's R&D activities can be categorised into two main areas:

- (a) R&D to meet current and future customers' needs; and
- (b) R&D to develop proprietary products, services and systems for general usage.

5.8.7.5 Meeting Specific Customers' Needs

R&D activities to meet specific customers' needs are primarily involved in software and network customisation. Among others, this may involve some combination of the following:

- (a) researching mathematical functions to achieve certain results, developing computer algorithms for the mathematical functions, and coding them into computer programmes and modules;
- (b) researching on graphics design and animation (including sound), and creating add-on modules to interface with main gaming functions or modifying existing software; and
- (c) researching on the design, topology and security of networks and developing networked systems to link all devices in a secured manner.

To-date the Group has successfully undertaken many of such R&D work for its customers. This is one of the competitive advantages of the Group in being able to value-add significantly to gaming and amusement machines. This value-add has enabled the Group to differentiate itself from many other distributors that merely buy and sell machines. DCB has the skills and the facilities to undertake R&D work for customisation and creation of new supporting products and services.

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

5.8.7.6 Developing Proprietary Products and Services

In the areas of developing new proprietary products and services, R&D activities are focused in the following areas:

- (a) creating new games (applications software development);
- (b) creating new supporting applications programmes and modules (applications software development); and
- (c) creating new networked systems (network systems development).

One of the Group's major achievements in R&D has resulted in its ability to implement networked systems particularly for centralised cumulative jackpot. This has been successfully implemented for various customers locally and overseas.

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

This is significant as there are high interests among local and overseas casinos, clubhouses and other gaming machine outlets to install networked jackpot systems. This has enabled the Group to enhance its current product range to increase its profitability. However, it must be noted that the Group's networked jackpot system utilises third party software as the core system.

The Group's contribution is to integrate the core system, design, configure and, later, develop additional modules to integrate them into the networked system.

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

5.8.7.7 On-Going R&D Work

The Group's current and on-going R&D work is focused in the following areas:

- (a) gaming machine software development; and
- (b) systems development.

The Group's on-going R&D work is similar to its current areas of research incorporating the following:

- (a) creating new gaming machine software;
- (b) creating new supporting modules; and
- (c) enhancing on the networked jackpot system.

This on going research is conducted to meet changing customers needs and continuing improvement in equipment and services.

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

5.8.7.8 Creating New Gaming Machine Software

Areas of R&D for creating new gaming machine software include the following:

- (a) development of software using IT; and
- (b) utilising personal computers platform for gaming machine software development.

The successful development of new gaming machine software will enable the Group to increase the value of its existing products and services, as well as create new revenue streams for its business.

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

5.8.7.9 Software Enhancement of Supporting Modules

The Group currently undertakes R&D on customising and enhancing supporting software modules and systems that allow operators to monitor players and machines virtually anywhere within its premises.

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

Some of these software modules and systems currently being customised and enhanced by the Group are as follows:

(a) Online machine performance monitoring system

This system enables operators to monitor online, the performance of a number of gaming machines. Among others, this software system enables casino operators to monitor payout of each machine in real-time.

From a security point of view, this is highly useful to monitor machine faults and tampering. From an accounting point of view, operators can monitor the performance and revenue of each machine at any point in time. For trending purposes, data accumulated over time would allow operators to analyse which machines are good or poor performers at what time of the day, in which area, and on an overall basis.

(b) Player Tracking System

This system enables casino operators to monitor each player's trend and performance. Players are provided with a magnetic strip or smart cards and they will be required to log in every time they play a gaming machine or table game. This card can also serve as a credit or debit card in place of coins or tokens for gaming machines.

Information on players' habits allows casino operators to customise special promotions and incentives to encourage higher usage of casino's facilities.

(c) Enhancing on the Networked Jackpot System.

The networked jackpot system has been successfully developed by the Group using third party software but configured, enhanced and integrated by the Group. This system currently uses leased lines or virtual private network in its wide area network configuration.

The Group is currently undertaking R&D on using fibre optic as a platform for the development of the network system. Fibre optics will be used in local area network, and where practical for part or all of the wide area network (particularly if premises are in close proximity to each other).

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

5.8.8 Marketing and distribution

The distribution strategy of the Group is based on direct and indirect distribution. However, currently the Group undertakes most of its local and overseas sales and marketing activities directly. The Group's current focus on direct distribution is mainly for the following reasons:

- (a) The Group is able to obtain a higher profit margin; and

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

- (b) Many of the successful sales and marketing efforts are based on cultivating long term and personalised business relationships supported by good customer service. As such, the Group has always found it highly effective to undertake sales and marketing directly with customers.

The Group's direct distribution strategy also covers export markets. This means that the Group undertakes sales and marketing mission to overseas countries. In some situations, especially for some overseas countries, the Group has found it effective to use indirect distribution by selling through third parties. Currently, the Group uses two distributors in Singapore.

Where it is more effective, the Group will continue to extend its distribution channel and seek specialist distributors that can focus on different market segments for maximum impact and success.

Following are the geographical distribution rights of the Group:

By Country	By Products					
	Gaming Machines	Gaming Accessories	Table Games	Amusement Machines	Amusement Accessories	Surveillance System
Malaysia	√	√	√	√	√	√
Singapore	√	√	√	√	√	√
Japan	√	√	√			
Macau SAR	√	√	√	√	√	√
Hong Kong SAR*	√	√	√	√	√	
South Korea	√	√	√	√	√	√
Philippines	√	√	√	√	√	√
Vietnam	√	√	√	√	√	√
Cambodia	√	√	√	√	√	√
Myanmar	√	√	√	√	√	√
India	√	√		√	√	√

* Cruise ship

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

5.8.9 Location of Principal Assets and Place of Business

The location of principal assets and place of business of the Group are as follows:

Company	Location of property	Purpose
RGBSB	8, Green Hall 10200 Pulau Pinang	Head office, R&D centre, technical support centre, spare part storage, showroom and management office
RGBSB	65, Sims Avenue, #08-04 Yi Xiu Factory Building, Singapore	Rented out

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

Company	Location of property	Purpose
RGBSB	No. 2017, Solok Perusahaan 3, Kawasan Perusahaan Perai, 13600 Perai, Pulau Pinang	Factory and office
RGBL	Level 9F, Main Office Tower, Financial Park Labuan, Jalan Merdeka, 87000 Federal Territory of Labuan	Administrative and management office
DTSB	8, Green Hall 10200 Pulau Pinang	Rented out
RGBML	13J, Zhu Kuan Building Avenida Xian Xing Hing Macau SAR	Sales and marketing, technical support and management of gaming and amusement machines and equipment mainly for Macau SAR and regional markets
Star RGB	Suite 600, S&L Building 1500 Roxas Boulevard Ermita, Manila	Marketing and administrative office

There have been no interruptions in the business, which may have had significant impact on the operations of the Group during the past twelve (12) months.

5.8.10 Quality Control and Management**5.8.10.1 Individual Machines**

As the Group places significant emphasis on product quality, the Group adheres to stringent quality standards by undertaking rigorous quality tests and checks. On completion of the refurbishment, the Group has its own technical quality testing processes and this includes undertaking the following:

- (a) Functional tests including the following:
- (i) coin comparator to ensure that the programme synchronises with the size of the coins or tokens;
 - (ii) games software to ensure that the programme runs smoothly and according to specifications;
 - (iii) payout algorithm to ensure that physical payouts are as specified through a series of simulations; and
 - (iv) synchronisation and proper integration and functioning of all parts and components.

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

- (b) "Burn-in" testing to ensure the continuous smooth running of the machine and that there are no inherent faults. The burn-in testing session usually encompasses the continuous running of the machine for 24 hours to ensure that the machine is error-free and robust. Error reports are produced after the burn-in session, which allows technicians to make any improvements if required.
- (c) Various mechanical and electronic testing including:
 - (i) monitors and screens;
 - (ii) mechanical moving parts;
 - (iii) sound system;
 - (iv) jackpot alarm;
 - (v) hopper payout;
 - (vi) bill acceptor;
 - (vii) coin-in acceptance; and
 - (viii) payout coincides with pay table.

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

5.8.10.2 Network Gaming Systems

Among others, the Group also develops value-added networked gaming systems, particularly for networking of gaming machines with a cumulative jackpot payout. To ensure quality, integrity and security, various tests and assurances are performed as follows:

- (d) performance of wide and local area network;
- (e) total system and network security;
- (f) total system and data integrity;
- (g) integrity of jackpot payout algorithm;
- (h) communications software;
- (i) gaming software;
- (j) machine performance monitoring software;
- (k) accounting software; and
- (l) back-up and disaster recovery.

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

5. INFORMATION ON THE DCB GROUP (cont'd)**5.8.11 Revenue Contribution Analysis****5.8.11.1 Breakdown of Contribution from Principal Products and Services**

The breakdown of the Group's revenue by business activities for the financial year/period ended 31 December 2002 is as follows:

Business Activity	Revenue Contribution to the Group for the Financial Year/Period Ended 31 December 2002	
	RM'000	%
Sales and marketing	28,570	67.0
Technical Support, Management and Maintenance	13,601	31.9
Gaming System Consultancy and Development	281	0.7
Others – Rental Income	206	0.5
TOTAL	42,658	100.0[^]

[^] Total exceeds 100% due to rounding

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

5.8.11.2 Breakdown of Local and Export Revenue

The estimated breakdown of revenue contribution by local and export markets for the financial year/period ended 31 December 2002 was as follows:

Markets	Revenue Contribution for Financial Year/Period Ended 31 December 2002	
	RM'000	%
Local	12,869	30.0
Export	29,789	70.0
TOTAL	42,658	100.0

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

The Group's revenue is segmented by the following countries:

Countries	Proportion of Total Revenue for the Financial Year/Period Ended 31 December 2002 %
Malaysia	30
Cambodia	29
Philippines	12
Macau SAR	10
Singapore	8
Vietnam	6
Japan	2
Hong Kong SAR	2
Myanmar	1
Indonesia	1
TOTAL	100*

* Total more than 100% due to rounding

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

The Group undertakes technical support and management and technical maintenance of gaming and amusement machines in Cambodia, Myanmar and Philippines. The Group's export activities would contribute positively to Malaysia's foreign exchange earnings and current account surplus.

Local sales are mainly for gaming and amusement machines and equipment to land-based casino and clubhouses.

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

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

5.8.11.3 Sales and Marketing

For financial year/period ended 31 December 2002, sales and marketing activities amount to RM28.6 million representing 67.0% of total revenue. RGSB is responsible for sales and marketing for local and export markets while RGBL, being registered in Labuan mainly focuses on overseas sales. Products sold are for both new and refurbished gaming and amusement machines and equipment. The new factory has commenced operation on February 2003. For the financial year/period ended 31 December 2002, sales of gaming machines provided the largest revenue contribution representing 55.2% of total Group revenue. Equipment for table games represented 9.7% of the Group's total revenue for the financial year/period ended 31 December 2002.

Amusement machines and equipment forms a small proportion of total revenue amounting to 2.1% of total Group revenue for financial year/period ended 31 December 2002.

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

5.8.11.4 Refurbishment and Reconditioning

The Group refurbishes and reconditions gaming and amusement machines and equipment, which are subsequently sold. This is in addition to sales of new gaming and amusement machines and equipment. The refurbishment and reconditioning of machines and equipment are primarily dependent on the requirements of customers. Among others, it includes customising and replacing games, replace or installation of bill and coin validators, and cabinet design, colour schemes, decorations and accessories. Refurbishment and reconditioning also incorporates sourcing of parts, components and new software. The refurbishment and reconditioning of gaming and amusement machines and equipment has been growing from 20 units in 2001 to 170 units in 2002. In anticipation of expanding its refurbishment and reconditioning business activities, the Group recently moved to larger premises to undertake this activity as follows:

Approximate Built-up Area (Square Metre)	Location of Facilities
1,035.03	No 2017 Solok Perusahaan 3, Kawasan Perusahaan Perai, 13600 Perai, Pulau Pinang

The factory has commenced operations from February 2003. There are significant technical value-adding in the Group's refurbishment and reconditioning activities. In addition, it contributes to Malaysia's foreign exchange earnings through import substitution where local parts and components are incorporated, and the refurbished and reconditioned machines are exported.

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

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

5.8.11.5 Technical Support, Management and Maintenance

For the financial year/period ended 31 December 2002, technical support, management and maintenance of gaming and amusement machines contributed 31.9% of the Group's total revenue, which amounted to RM13.6 million. Technical support and management of gaming and amusement machines is currently undertaken for overseas customers. In this situation, the Group would provide, maintain and manage the gaming and amusement machines placed at the premises of its customers. Technical support and revenue are generally based on an agreed formula. The technical support and management of gaming and amusement machines have been growing from 6% of total group revenue in 2000 to 15% in 2001 of total group revenue.

5.8.11.6 Gaming System Consultancy and Development

The Group currently provides gaming system consultancy and implementation of linking up gaming machines across diverse locations to provide players with a chance to win accrued benefits. The Group provides total solutions incorporating the following:

- (a) systems design;
- (b) consultancy;
- (c) system implementation; and
- (d) system maintenance.

These processes enable DCB Group to value add to its products for its customers. The Group also provides consultancy on floor management of casinos and clubs, and on-going advisory services to the operators.

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

5.8.12 Major Customers and Major Suppliers

5.8.12.1 Major Customers

The top 10 major customers of DCB Group for the financial year/period ended 31 December 2002 are as follows:

	Customers	Proportion of Group Total Turnover (%)	Length of Relationship (Years)
1.	Naga Resorts and Casinos Ltd, Cambodia	12.3	5
2.	Star Vegas Resort and Club Co. Ltd, Cambodia	12.2	3
3.	Resorts World Berhad, Malaysia	10.6	10

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

	Customers	Proportion of Group Total Turnover (%)	Length of Relationship (Years)
4.	Sociedade De Turismo E Diversoes De Macau, Macau SAR	10.0	5
5.	Penang Turf Club, Malaysia	7.3	1
6.	PAGCOR, Philippines	6.4	7
7.	Newland Investment Ltd, Vietnam	5.4	1
8.	Pacific Palm Corporation, Philippines	4.7	1
9.	Standard RGB Pte Ltd, Singapore	4.5	8
10.	Sigma Gaming Technology Pte Ltd, Singapore	4.0	8

The Group is not dependent on certain customers. Over the years, the Group has built-up a large clientele base. Hence, the Group has minimised the risk of being over-dependent on certain customers.

5.8.12.2 Major Suppliers

The top 10 major suppliers of DCB Group for the financial year/period ended 31 December 2002 are as follows:

	Suppliers	Proportion of Group Total Purchases (%)	Length of Relationship (Years)
1.	Sigma Inc (Universal Distributing of Nevada Inc, Japan Branch)	19.2	15
2.	Atronic GMBH	13.2	3
3.	TCS Aces Pte Ltd	7.8	2
4.	Pacific Gaming Pty Ltd	7.6	3
5.	Eagle Co Ltd	6.0	2
6.	WMS Gaming Inc	5.8	2
7.	Sega Gaming Technology, Inc	5.5	6
8.	Stargames Corporation Pty Ltd	4.5	2
9.	Global Payment Technologies Inc	3.9	6
10.	Sigma Game Inc	2.6	1

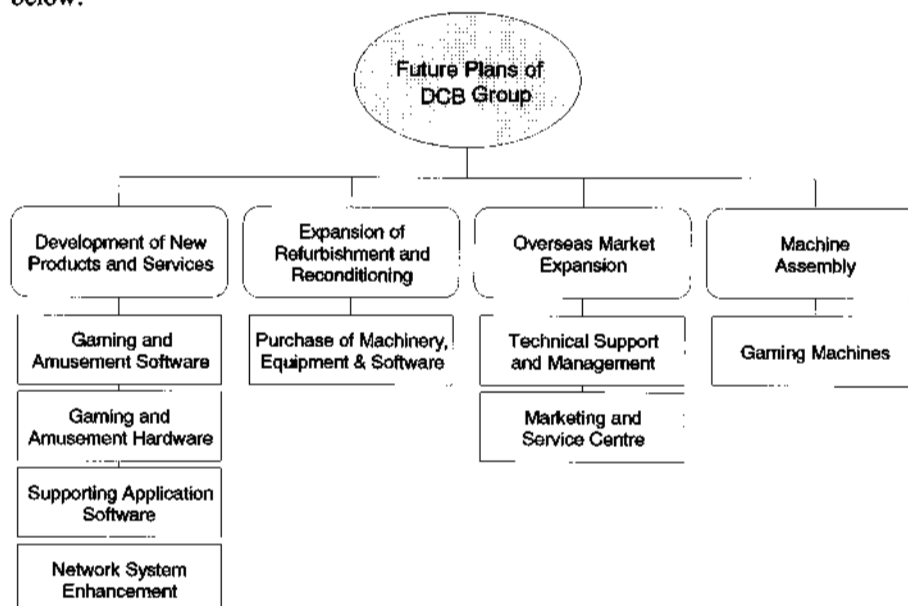
The Group is not dependent on certain suppliers. Over the years, the Group has built-up a large supplier base. Hence, the Group has minimised the risk of being over-dependent on certain suppliers.

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

5.9 Prospects, Strategies and Future Plans

5.9.1 Overview of Future Plans

The future plans of the Group are focused in four key areas as depicted in the figure below:



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

The Group's future plans are aimed at providing the basis for:

- (a) Continuing business sustenance and success;
- (b) High business growth; and
- (c) Business diversification.

The Group hopes to achieve these objectives through the following means:

- (a) expansion into new overseas markets to increase revenue stream and facilitate business diversification; and
- (b) increase in-house developed proprietary products and services, and high value added products like refurbished and reconditioned machines and assembly of new gaming and amusement machines to increase profitability.

5.9.2 Development of New Products and Services

The Group intends to enhance its current products and services in four main areas:

- (a) Gaming and amusement software;
- (b) Gaming and amusement hardware;
- (c) Supporting application software; and
- (d) Network system enhancement.

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

5.9.2.1 Gaming and Amusement Software

Currently a significant proportion of the Group's products and services are based on third party products. To provide business diversification as well as to increase profit margin, the Group intends to develop its own proprietary gaming and amusement software. This will enable the Group to incorporate their proprietary software into new, refurbished and reconditioned gaming and amusement machines. In addition, these new gaming and amusement machines can also be sold under the Group's own brand names.

These activities will enable the Group to significantly increase its value-add and command a higher margin compared to sales of third party products. Amongst others, the Group will undertake R&D to create new gaming and amusement software.

5.9.2.2 Gaming and Amusement Hardware

As part of the Group's vision to increase value-add to its products, it intends to develop new concepts, design and features for the gaming and amusement machines. The common gaming and amusement machine is a purpose-built box made of a combination of wood, metal and plastic. The Group would undertake R&D, incorporating prototyping to identify new hardware concepts, designs and features to create its proprietary hardware. It is envisaged that these newly developed gaming and amusement machine hardware would be incorporated with refurbished and reconditioned machines with or without the newly developed gaming and amusement software. The significant value-add would contribute to increased profitability for the Group.

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

5.9.2.3 Support Application Software

Support application software assists gaming machine operators to monitor and analyse performances of a large number of machines. Among others, the Group will also undertake the enhancement of support application software including, the following:

- (a) Machine accounting software;
- (b) Online machine performance system; and
- (c) Player tracking system.

The enhancement and subsequent marketing of such support applications software would be highly synergistic as the Group would be targeting a similar customer base. More importantly, the Group can on-sell to its existing customer base. As the support applications software will be developed in-house, the Group will own the intellectual property. As such, the Group would be able to obtain a higher profit margin compared to selling third party software. In addition, the Group will be able to recruit value-added resellers in countries where it does not have representation yet. This would allow the Group to extend its geographic reach beyond its focus on the Asian markets.

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

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

5.9.2.4 Network System Enhancement

To-date, the Group has successfully installed many networked jackpot systems. It intends to further provide enhancements to the current networked jackpot system to provide higher value-add and benefits to its customers.

As such, it would undertake R&D to further enhance the networked jackpot system. Areas to be covered include, among others, the following:

- (a) the use of optic fibre networks for better network performance;
- (b) incorporation of support applications software to facilitate management analysis; and
- (c) more innovative ways and means of striking jackpot to encourage higher patronage.

Although the core of the networked jackpot system is from third parties, there are significant opportunities to build other applications and features around them.

This is mainly because the Group carries out the total system design and implementation. As such, the Group can suggest additional features and modules, which it can develop in-house. Combining its own proprietary software to the core system would provide the Group with significant value add to command a higher margin.

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

5.9.3 Expansion of Refurbishment Facilities

5.9.3.1 Purchase of Plant and Machinery, Equipment and Software

Part of the Group's plans also involve the purchase of additional new plant, machinery and equipment for the following:

- (a) refurbishment and reconditioning;
- (b) assembly; and
- (c) R&D.

Currently the Group has the capacity to refurbish approximately 40 units of machines per month. To expand on its refurbishment, reconditioning and assembly activities, the Group proposes to invest in the following additional machinery and equipment:

- (a) gravity roller conveyer;
- (b) platform truck;
- (c) tab lift;
- (d) centralise compressor;
- (e) forklift; and
- (f) other tools and equipment.

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

As for the R&D activities, the Group intends to purchase IT hardware, software and development tools as follows:

- (a) servers;
- (b) personal computers and peripherals;
- (c) operating systems and applications software;
- (d) software development tool;
- (e) Erasable Programme Read Only Memory (EPROM) Programmer machine;
- (f) plotter; and
- (g) prototyping and designing software tools.

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

5.9.4 Overseas Market Expansion

5.9.4.1 Technical Support and Management

The Group is currently undertaking expansion program to increase from its success in the provision of technical support and management services for the operation of gaming machines in the overseas markets.

5.9.4.2 Establishment of Marketing and Service Centre

In tandem with its expansion plans overseas, the Group has recently established a marketing, technical support and management service centre in Macau SAR. The centre will serve as the sales and marketing office, as well as to provide technical support and maintenance for the Macau SAR market. The gaming and tourism industry in Macau SAR represented approximately 40% of its total GDP in 2001.

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

The Group has already established its presence in Macau SAR gaming and amusement machines market. It could improve on its success to further develop the market, especially after the recent award of licences to new operators. As such, it is highly strategic for the Group to have a strong business presence in Macau SAR by the establishment of the new office.

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

5.9.5 Assembly of Gaming Machines**5.9.5.1 Process and Benefits**

One of the most significant future business activities of the Group is the assembly of new gaming machines. This allows the Group to take advantage of local talents and reduce cost of labour and parts.

The assembly process will incorporate the following activities:

- (a) sourcing parts, components and accessories;
- (b) outsourcing some of the manufacturing functions for customised parts and accessories; and
- (c) incorporating in-house developed proprietary software.

The assembly of new gaming machines is significant as it will be sold under the Group's own brand name, thus providing it with considerable business opportunities as follows:

- (a) increased profitability from being an assembler as opposed to being a trader of gaming machines;
- (b) increased market coverage and thereby sales through a combination of direct and indirect distribution as there will be no marketing restriction for its own gaming machines; and
- (c) increased sales through customising gaming hardware and software through the capabilities of short-run production.

In addition, the Group can also undertake assembly on behalf of third party brands of gaming machines. The assembly process is a natural progression from refurbishment and reconditioning, with the exception of in-house developed software. Hardware, parts, components and accessories can be sourced externally and putting them together would be similar to the Group's current refurbishing and reconditioning processes. As such, it is relatively easy for the Group to undertake physical assembly of gaming machines. In terms of software, The Group relies on in-house intellectual property that is high technology and knowledge-based. This would represent the highest value-add of the entire assembly process. As such, it would require the Group to undertake significant R&D to design and develop gaming software.

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

5.9.5.2 Opportunities and Technical Collaboration

The implementation of the AFTA would provide the Group with significant opportunities to sell its in-house assembled gaming machines to members of the ASEAN with little or no duty. This would make the Group's gaming machines more cost competitive compared to those manufactured outside of the ASEAN.

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

To satisfy the conditions of an ASEAN product, the Group aims to achieve at least 40% local content. As such, the Group's assembly operations would have benefits for down-stream suppliers, particularly for hardware. The multiplier effect from the Group's assembly activities would contribute to creating wealth for the nation. Its proprietary software, when completed, would count significantly towards the 40% local content requirement.

One interesting development is that some of the Group's gaming machine suppliers are actively encouraging the Group to undertake in-house assembly. This is because rather than viewing the Group as creating competing products, overseas suppliers would prefer to work with the Group to abide by the AFTA requirements to ensure that their gaming machines are cost competitive in ASEAN countries.

As such, the Group is currently discussing technical collaboration with some of its overseas gaming machine manufacturers for both hardware and software development. These technical collaborations would enable the Group to have the option to assemble gaming machines for its own brands or third party brands.

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

5.9.6 Building of Own Brand Name

DCB Group's future plans include development of its own intellectual property in the following areas:

- (i) gaming software;
- (ii) gaming hardware; and
- (iii) IT applications support systems.

In addition, it intends to assemble and manufacture gaming and amusement machines.

As such, with its own proprietary products, it intends to build and manage its brands to reflect quality, trustworthiness, innovation and world-class standards. Brand building is important within the gaming and equipment industry, as one of the main buying criteria is the reputation of the brand or manufacturer. This is because of the stringent regulatory requirements required by recognised overseas regulatory board. DCB Group's brand building would incorporate the following activities, among others:

- (i) registration of brand names and trademarks;
- (ii) targeted advertisements and promotions;
- (iii) product launches, roadshows and exhibitions;
- (iv) brand awareness campaigns;
- (v) public relations campaigns; and
- (vi) constant monitoring of the perception of its brands.

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

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

5.9.7 Market Share

5.9.7.1 Installed Base of Gaming Machines

As at June 2003, the estimated installed base of gaming machines in Malaysia was 5,200 units.

(Source : Assessment Of The Gaming Machine And Equipment Industry Report by Vital Factor Consulting)

5.9.7.2 Market Position

As at June 2003, among the ten organisations dealing in gaming machines and equipment, the Group is the market leader in terms of number of units sold. There were 227 units of gaming machines sold in Malaysia by the Group for the six (6) months period ended 30 June 2003.

(Source : Assessment Of The Gaming Machine And Equipment Industry Report by Vital Factor Consulting)

5.9.8 Availability of Resources

Currently, DCB Group has approximately 50 suppliers locally and overseas. The types and sources of some of the raw materials are as follows:

Materials/ Finished Products by Type	Value of Purchases Financial Year/ Period Ended 31 December 2002 (RM'000)	Percentage of Total Group Purchases (%)	Sources of Supply	
			Local (%)	Import (%)
Gaming Machines	14,987	64.9	0.07	99.93
Table Games	3,632	15.7	1.31	98.69
Amusement Machines	543	2.4	-	100.00
Parts and Accessories	1,536	6.6	-	100.00
Gaming System	137	0.6	-	100.00
Total	20,835	90.2	1.38	98.62

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

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