

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTER OF METRONIC GLOBAL BERHAD ("MGB" OR "COMPANY") AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION GIVEN HEREIN AND CONFIRM THAT, AFTER HAVING MADE ALL REASONABLE ENQUIRIES AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING. THE DIRECTORS OF MGB HEREBY ACCEPT FULL RESPONSIBILITY FOR THE CONSOLIDATED PROFIT FORECAST INCLUDED IN THIS PROSPECTUS AND CONFIRM THAT THE CONSOLIDATED PROFIT FORECAST HAVE BEEN PREPARED BASED ON ASSUMPTIONS MADE.

HWANG-DBS SECURITIES BERHAD, BEING THE ADVISER, UNDERWRITER, PLACEMENT AGENT AND SPONSOR, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PUBLIC ISSUE, AND IS SATISFIED THAT THE CONSOLIDATED PROFIT FORECAST (FOR WHICH THE DIRECTORS OF THE COMPANY ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THIS PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

BURSA MALAYSIA SECURITIES BERHAD (FORMERLY KNOWN AS MALAYSIA SECURITIES EXCHANGE BERHAD) ("BMSB") AND THE SECURITIES COMMISSION ("SC") HAVE APPROVED THE ISSUE IN RESPECT OF THE PUBLIC OFFERING ON 5 MARCH 2004 AND 4 MARCH 2004 RESPECTIVELY AND THAT THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT BMSB AND THE SC RECOMMEND THE PUBLIC ISSUE. THE SC AND BMSB SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND ASSUME NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY AND COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

THE ISSUE PRICE OF 21 SEN PER SHARE WAS DETERMINED AND AGREED UPON BY MGB AND HWANG-DBS SECURITIES BERHAD AS THE ADVISER AND UNDERWRITER, BASED ON VARIOUS FACTORS. INVESTORS SHOULD FORM THEIR OWN VIEWS ON THE VALUATION OF THE SECURITIES AND THE REASONABLENESS OF THE BASES USED.

ADMISSION TO THE OFFICIAL LIST OF THE MESDAQ MARKET OF BMSB IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INVITATION, COMPANY OR OF ITS SECURITIES.

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

THE PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BMSB'S WEBSITE AT [www.bursamalaysia.com](http://www.bursamalaysia.com).

**CHARACTERISTICS OF THE MESDAQ MARKET OF BMSB**

INVESTORS SHOULD BE AWARE THAT THE MESDAQ MARKET IS A DISTINCT MARKET FROM THE MAIN AND SECOND BOARDS IN MANY RESPECTS. IN PARTICULAR, COMPANIES LISTED ON MESDAQ MARKET ARE SUBJECT TO DIFFERENT QUANTITATIVE AND QUALITATIVE REQUIREMENTS, WHICH HAVE BEEN PRIMARILY DESIGNED TO ACCOMMODATE HIGH-GROWTH AND/OR TECHNOLOGY COMPANIES.

COMPANIES THAT ARE LISTED ON MESDAQ MARKET MAY NOT HAVE AN OPERATING HISTORY OR ANY PROFIT TRACK RECORD PRIOR TO LISTING. AS SUCH, WHILST POTENTIAL INVESTMENT RETURNS MAY BE RELATIVELY HIGH, COMPANIES LISTED ON MESDAQ MARKET MAY BE OF HIGHER INVESTMENT RISK.

THE REGULATORY PHILOSOPHY UNDERLYING THE MESDAQ MARKET IS THAT THE MARKET SHOULD BE ALLOWED TO DETERMINE THE MERITS OF THE SECURITIES/INSTRUMENTS IN A PARTICULAR COMPANY. HENCE, AS WITH ALL INVESTMENTS, PROSPECTIVE INVESTORS SHOULD BE AWARE OF ALL POTENTIAL RISKS IN INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST AFTER DUE AND CAREFUL CONSIDERATION BY REFERRING TO, AMONGST OTHERS, THE PROSPECTUS, THE LATEST FINANCIAL STATEMENTS AND CORPORATE ANNOUNCEMENTS. IN THIS RESPECT, ADVICE FROM A SECURITIES PROFESSIONAL / ADVISER IS STRONGLY RECOMMENDED.

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Company No.	632068-V
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## INDICATIVE TIMETABLE

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

Event	Tentative Date
Opening date of Application	30 April 2004
Closing date of Application	11 May 2004
Balloting of applications	13 May 2004
Allotment of shares	19 May 2004
Listing of the Company's entire enlarged issued and paid-up share capital on the MESDAQ Market of BMSB	24 May 2004

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

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## DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following abbreviations shall have the following meanings:

Acquisition	:	Acquisition by MGB of the entire equity interest in MESB which was satisfied by the issuance of 212,539,980 new MGB Shares at par
ADA	:	Authorised Depository Agent
ADA Code	:	ADA (Broker) Code
ATM	:	Automated Teller Machine
BACnet	:	Building Automation Control Network, an open source communication protocol
BAS	:	Building Automation System
BMSB	:	Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) (635998-W)
Board	:	Board of Directors
CCD Camera	:	Charge-Coupled Devices Cameras
CCTV	:	Closed Circuit Television System
CDS	:	Central Depository System
DDC or Direct Digital Control	:	A form of technology used in BAS and is incorporated into control modules to communicate with each other and act as a single 'intelligent' entity
Distributed Systems	:	These are systems with separate interacting applications residing at different hardware servers connected by LAN and/or WAN
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
E-Commerce	:	Electronic Commerce
EPS	:	Earnings per share
ESA or Electronic Share Application	:	An application for the Public Issue Share through a Participating Financial Institution's ATM
Ethernet	:	A type of local area network "LAN"
FIC	:	Foreign Investment Committee
GDP	:	Gross domestic products
GPS	:	Global Positioning System
GSM	:	Global System for Mobiles

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**DEFINITIONS (Cont'd)**


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<b>HTTP</b>	<b>:</b>	<b>The Hypertext Transfer Protocol</b>
<b>HVAC</b>	<b>:</b>	<b>Heating ventilation air conditioning</b>
<b>Hwang-DBS</b>	<b>:</b>	<b>Hwang-DBS Securities Berhad (14389-U)</b>
<b>IBMS</b>	<b>:</b>	<b>Intelligent Building Management System</b>
<b>ICT</b>	<b>:</b>	<b>Information and Communications Technology</b>
<b>Internet</b>	<b>:</b>	<b>A global computer network of interconnected commercial, educational and governmental networks that utilises a common communication protocol</b>
<b>IP</b>	<b>:</b>	<b>Internet Protocol</b>
<b>Issue Price</b>	<b>:</b>	<b>The issue price of 21 sen per Public Issue Share</b>
<b>ISMS</b>	<b>:</b>	<b>Integrated Security Management System</b>
<b>ISO</b>	<b>:</b>	<b>International Organisation for Standards</b>
<b>JAB</b>	<b>:</b>	<b>Japan Accreditation Board</b>
<b>Java</b>	<b>:</b>	<b>A cross-platform programming language from Sun Microsystems that can be used to create animations and interactive features on World Wide Web pages</b>
<b>JBCM</b>	<b>:</b>	<b>Java Based Control and Monitoring</b>
<b>LAN</b>	<b>:</b>	<b>Local Area Network</b>
<b>LonWorks</b>	<b>:</b>	<b>Developed by Echelon Corporation as a dedicated low speed network to communicate with Echelon's Neuron chips. Echelon's Neuron chips are specialized microprocessors that incorporates the LonTalk protocol to manage communication between various devices connected to a distributed system</b>
<b>LonTalk</b>	<b>:</b>	<b>The communication protocol that is at the heart of LonWorks technology designed specifically for control system networks and provide for peer-to-peer communications between devices.</b>
<b>M-Commerce</b>	<b>:</b>	<b>Mobile Commerce</b>
<b>MCD</b>	<b>:</b>	<b>Malaysian Central Depository Sdn Bhd (165570-D)</b>
<b>MCSB</b>	<b>:</b>	<b>Metronic Corporation Sdn Bhd (358952-U)</b>
<b>MESB</b>	<b>:</b>	<b>Metronic Engineering Sdn Bhd (125404-M)</b>
<b>MESDAQ Market</b>	<b>:</b>	<b>MESDAQ Market of BMSB</b>

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**DEFINITIONS (Cont'd)**


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MGB or Company	:	Metronic Global Berhad (632068-V)
MGB Group or Group	:	MGB and its subsidiaries, collectively
MGB Shares or Shares	:	Ordinary shares of 10 sen each in MGB
MHP	:	MH Projects Sdn Bhd (393858-W)
MIDFCCS	:	MIDF Consultancy and Corporate Services Sendirian Berhad (11324-H)
MISSB	:	Metronic Integrated System Sdn Bhd (332032-D)
MITI	:	Ministry of International Trade and Industry
MNC(s)	:	Multinational corporation(s)
MSC	:	Multimedia Super Corridor
NTA	:	Net tangible assets
ODBC	:	Open Database Connectivity
Open System	:	A system with characteristics that complies with specified, publicly maintained, readily available standards and that therefore can be connected with other systems that comply with these same standards
Participating Financial Institution(s)	:	Participation financial institution(s) for Electronic Share Application as listed in Section 14.5 of this Prospectus
PAT	:	Profit after tax
PBT	:	Profit before tax
PE Multiple	:	Price earnings multiple
Public Issue	:	Public issue of 71,000,000 new ordinary shares of 10 sen each in MGB at the Issue Price payable in full on application
Public Issue Share(s)	:	71,000,000 new ordinary shares of 10 sen each in MGB to be issued pursuant to the Public Issue, subject to the terms and conditions of this Prospectus
QA/QC	:	Quality assurance / quality control
R&D	:	Research and development
RFID	:	Radio Frequency Identification Technology
SC	:	Securities Commission
SOAP	:	Simple Object Access Protocol

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**DEFINITIONS (*Cont'd*)**

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SQL	:	Structured Query Language is an industry standard language for creating updating and, querying relational database management systems
TCP/IP	:	Transmission Control Protocol / Internet Protocol
UKAS	:	United Kingdom Accreditation Service
URL	:	Uniform Resource Locator
USA	:	United States of America
XML	:	Extensible Markup Language
VPN	:	Virtual Private Network
WAN	:	Wide Area Network
WSDL	:	Web Services Description Language

**Currency**

RM	:	Ringgit Malaysia
RMB	:	Renmimbi
USD	:	United States Dollar

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## CORPORATE DIRECTORY

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### BOARD OF DIRECTORS

Name	Address	Occupation	Nationality
Tan Sri Dato' Kamaruzzaman Bin Shariff <i>(Executive Chairman)</i>	No. 82, Taman Zaaba Taman Tun Dr Ismail 60000 Kuala Lumpur	Company Director	Malaysian
Dato' Abd. Gani Bin Yusof <i>(Executive Vice-Chairman)</i>	2919, Jalan Enam Kemensah Heights Ulu Klang, Ampang 68000 Selangor Darul Ehsan	Company Director	Malaysian
Dr Ng Tek Che <i>(Group Managing Director)</i>	No. 2, Jalan USJ 2/5A Subang Jaya 47600 Selangor Darul Ehsan	Company Director	Malaysian
Liew Chiap Hong <i>(Executive Director)</i>	No. 362, Tingkat 2, Block 3 Lafite Apartments Jalan SS 17/1G Subang Jaya 47500 Selangor Darul Ehsan	Company Director	Malaysian
Lee Fok Chong <i>(Independent Non-Executive Director)</i>	No. 23, Jalan USJ 2/4 Subang Jaya 47600 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Subhi Bin Hj Dziyauddin <i>(Independent Non-Executive Director)</i>	No. 96, Batu 3, Mentalon Alor Setar 05250 Kedah Darul Aman	Company Director	Malaysian

### AUDIT COMMITTEE

Name	Designation	Directorship
Lee Fok Chong	Chairman of Committee	Independent Non-Executive Director
Subhi Bin Hj Dziyauddin	Member of Committee	Independent Non-Executive Director
Liew Chiap Hong	Member of Committee	Executive Director

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**CORPORATE DIRECTORY (Cont'd)**


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**COMPANY SECRETARY**

Azlan Mohd Ariff (LS 0008402)  
 No. 28 Jalan Limau Purut  
 Off Jalan Maarof  
 Bangsar Park  
 59000 Kuala Lumpur  
 Tel: 03 – 7804 7076

**REGISTERED OFFICE**

650, Block A, Kelana Centre Point  
 No. 3, Jalan SS 7/19, Kelana Jaya  
 47301 Petaling Jaya  
 Selangor Darul Ehsan  
 Tel: 03 – 7804 7076

**HEAD OFFICE**

No. 2, Jalan Astaka U8/83  
 Seksyen U8, Bukit Jelutong  
 40150 Shah Alam  
 Selangor Darul Ehsan  
 Tel: 03 – 7847 2111  
 Fax: 03 – 7847 5111  
 Email: mesb@metronic-group.com  
 Website: www.metronic-group.com

**AUDITORS AND REPORTING  
 ACCOUNTANTS**

Ernst & Young (AF 0039)  
 Chartered Accountants  
 Level 23A, Menara Milenium  
 Jalan Damanlela  
 Pusat Bandar Damansara  
 50490 Kuala Lumpur  
 Tel: 03 – 2087 7000

**SOLICITORS**

Messrs Bahari & Bahari  
 Suite 7-10, Level 7  
 Heritage House  
 33, Jalan Yap Ah Shak  
 50300 Kuala Lumpur  
 Tel: 03 – 2697 9888

**INDEPENDENT MARKET  
 RESEARCH CONSULTANT**

Infocredit D&B (Malaysia) Sdn Bhd (527570-M)  
 Level 9-3A, Menara Milenium  
 Jalan Damanlela  
 Pusat Bandar Damansara  
 50490 Kuala Lumpur  
 Tel: 03 – 2718 1000

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**CORPORATE DIRECTORY (Cont'd)**


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**REGISTRAR**

PFA Registration Services Sdn Bhd (19234-W)  
 Level 13, Uptown 1  
 No. 1 Jalan SS 21/58, Damansara Uptown  
 47400 Petaling Jaya  
 Selangor Darul Ehsan  
 Tel: 03 – 7725 4888

**ISSUING HOUSE**

MIDF Consultancy and Corporate Services Sendirian Berhad  
 (11324-H)  
 12th Floor, MIDF Building  
 195A Jalan Tun Razak  
 50400 Kuala Lumpur  
 Tel: 03 – 2161 3355

**PRINCIPAL BANKERS**

Malayan Banking Berhad (3813-K)  
 4th Floor, 12 & 14 Jalan 14/48A  
 The Boulevard Shop Office  
 Off Jalan Sentul  
 50100 Kuala Lumpur  
 Tel: 03 – 4043 5307

United Overseas Bank (Malaysia) Berhad (271809-K)  
 Menara UOB  
 Jalan Raja Laut  
 P.O. Box 11212  
 50738 Kuala Lumpur  
 Tel: 03 – 2692 7722

**ADVISER, UNDERWRITER,  
 PLACEMENT AGENT AND  
 SPONSOR**

Hwang-DBS Securities Berhad (14389-U)  
 Suite 23A, 23A Floor  
 Menara Keck Seng  
 203 Jalan Bukit Bintang  
 55100 Kuala Lumpur  
 Tel: 03 – 2143 7888

**LISTING SOUGHT**

MESDAQ Market of BMSB

## 1. INFORMATION SUMMARY

The following information is only a summary of the salient information about the MGB Group. Investors should read and understand the Prospectus in its entirety prior to deciding whether to invest.

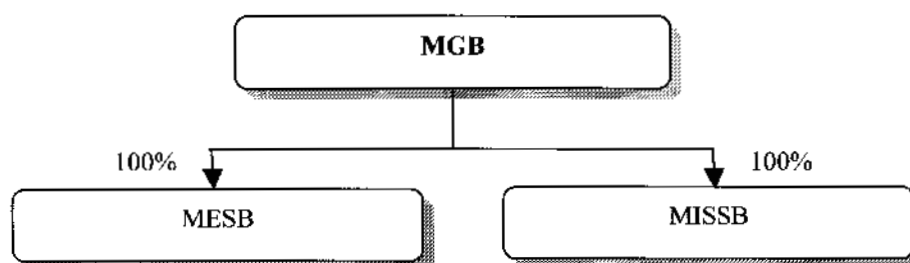
### 1.1 History and Business

MGB was incorporated in Malaysia as a public limited company on 22 October 2003 under the Companies Act, 1965. It was established to become the investment holding company of MESB and MISSB in conjunction with the listing of the Company on the MESDAQ Market. The principal activities of the Company's subsidiaries are as follows:

Subsidiaries	Date / Country of incorporation	% effective equity interest %	Issued & paid-up capital RM	Principal activities
MESB	20.08.1984 Malaysia	100	3,000,000	System integration specialising in the field of IBMS and ISMS, e-project management of mechanical and electrical services, and supply of engineered systems
MISSB	25.01.1995 Malaysia	100	1,000	Procurement of contracts in relation to engineering work specialising in the field of IBMS and ISMS, and sale of engineering equipment

Further information on the subsidiaries is set out in Section 4 of this Prospectus.

The Group's corporate structure as at the date of this Prospectus is depicted as follows:



Further details on the business overview are provided in Section 4 of this Prospectus.

## 1. INFORMATION SUMMARY (Cont'd)

### 1.2 Promoter, Substantial shareholders, Directors and Key Management

The beneficial interests, direct and indirect, of the promoter, substantial shareholders, directors and key management in MGB Shares after the Public Issue are as follows:

	Designation	<sup>^</sup> Direct No. of Shares	%	Indirect No. of Shares	%
<b>Promoter</b>					
MCSB	-	212,539,980	74.96	-	-
<b>Substantial shareholders</b>					
MCSB	-	212,539,980	74.96	-	-
Dato' Abd. Gani Bin Yusof	Executive Vice-Chairman	-	-	212,539,980	*74.96
Dr Ng Tek Che	Group Managing Director	-	-	212,539,980	*74.96
Liew Chiap Hong	Executive Director	-	-	212,539,980	*74.96
<b>Directors</b>					
Tan Sri Dato' Kamaruzzaman Bin Shariff	Executive Chairman	-	-	-	-
Dato' Abd. Gani Bin Yusof	Executive Vice-Chairman	-	-	212,539,980	*74.96
Dr Ng Tek Che	Group Managing Director	-	-	212,539,980	*74.96
Liew Chiap Hong	Executive Director	-	-	212,539,980	*74.96
Lee Fok Chong	Independent Non-Executive Director	-	-	-	-
Subhi Bin Hj Dziyauddin	Independent Non-Executive Director	-	-	-	-
<b>Key management</b>					
Wan Shahida Azmi Bin Johari	Senior Sales & Marketing Manager	298,500	0.11	-	-
Chan Weng Tong	Senior Manager – Head of Engineering Department	317,700	0.11	-	-
Kek Siew Luan	Senior Administration/ Human Resource Manager	-	-	-	-
Cheong Kok Yik	Finance Manager	304,900	0.11	-	-
Padiah Binti Safian	Human Resource Manager	55,600	0.02	-	-
Cheah Chee Fatt	Project Manager	384,900	0.14	-	-

# 1. INFORMATION SUMMARY (Cont'd)

	Designation	<sup>^</sup> Direct No. of Shares	%	Indirect No. of Shares	%
<b>Key management (cont'd)</b>					
Zulkhairnain Bin Ahmad	Business Development Manager	23,500	0.01	-	-
Peter Tan Kim Lek	System Manager	86,300	0.03	-	-
Michael Tan Chee Lin	Technical Manager	82,000	0.03	-	-
Chan Eng Seng	Service Manager	68,400	0.02	-	-
Chung Chiew Wai	Branch Manager for East Malaysia	116,300	0.04	-	-
Lawrence Chia Swee Loong	Design Manager	68,400	0.02	-	-
Kung Teong Eng	Assistant Business Development Manager	183,500	0.06	-	-

**Notes:**

\* Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 held through MCSB

<sup>^</sup> Assuming full subscription of the shares offered to eligible employees of the MGB Group under the Public Issue

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

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# 1. INFORMATION SUMMARY (Cont'd)

## 1.3 Financial Highlights

### 1.3.1 Historical Financial Information

The following table is extracted from the Accountants' Report set out in Section 11 of this Prospectus and should be read in conjunction with the notes thereto.

The table below sets out a summary of the proforma consolidated results of the MGB Group for the past five (5) financial years ended 31 December 1999 to 31 December 2003, and are provided for illustration purposes based on the audited financial statements of the subsidiaries of MGB, prepared on the assumption that the existing group structure of MGB had been in existence throughout the financial years under review:

	<-----Years ended 31 December----->				
	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Revenue	55,523	82,399	50,307	130,014	131,997
EBITDA	7,654	9,581	7,189	9,084	7,975
Finance income	75	184	154	236	200
Finance cost	(51)	(20)	(194)	(141)	(188)
Depreciation	(153)	(198)	(597)	(674)	(707)
PBT	7,525	9,547	6,552	8,505	7,280
Taxation	(103)	(2,677)	(1,619)	(1,173)	(3,806)
PAT	7,422	6,870	4,933	7,332	3,474
No. of ordinary shares in issue *('000)	212,540	212,540	212,540	212,540	212,540
Gross EPS # (sen)	3.54	4.49	3.08	4.00	3.43
Net EPS # (sen)	3.49	3.23	2.32	3.45	1.63
Net dividend rate @ (%)	-	3.29	-	-	2.32

#### Commentary:

- \* Based on the number of MGB Shares in issue after the Acquisition but before the Public Issue.
- # The gross and net EPS have been calculated by dividing PBT and PAT respectively for the financial years by the number of MGB Shares in issue.
- @ Computed based on the number of MGB Shares in issue after the Acquisition but before the Public Issue.
- 1. There are no amortisation, exceptional or extraordinary items, share of profits from associated company and joint venture, and minority interest during the financial years under review.
- 2. Year 2002 figures have been restated in compliance with the adoption of Malaysian Accounting Standards Board (MASB) 25 – Income Taxes, which became effective from 1 January 2003.
- 3. Included in the tax charge for financial year ended 31 December 2003 is an under provision for prior years amounting to approximately RM1,499,000.

# 1. INFORMATION SUMMARY (Cont'd)

## 1.3.2 Proforma Consolidated Balance Sheets

The proforma consolidated Balance Sheets of the Company as at 31 December 2003 have been prepared for illustrative purposes only to show the effects on the financial statements of the MGB Group as at 31 December 2003 had the Acquisition and Public Issue been completed on that date, and should be read with the notes and assumptions to the Proforma Consolidated Balance Sheets of MGB set out in Section 9.11 of this Prospectus.

		Proforma I	Proforma II	Proforma III
	Audited as at 31 December 2003 RM'000	After Acquisition RM'000	After Proforma I and Public Issue RM'000	After Proforma II and utilisation of proceeds RM'000
<b>Non Current Assets</b>				
Property, plant and equipment	-	6,278	6,278	8,878
Other investments	-	139	139	139
Deferred tax assets	-	970	970	970
	-	7,387	7,387	9,987
<b>Current Assets</b>				
Inventories	-	2,827	2,827	2,827
Trade receivables	-	71,795	71,795	71,795
Other receivables, deposits and prepayments	369	1,240	1,240	1,240
Fixed deposits	-	8,824	8,824	8,824
Cash and bank balances	*-	2,085	16,995	8,195
	369	86,771	101,681	92,881
<b>Current Liabilities</b>				
Trade payables	-	41,728	41,728	41,728
Other payables	370	12,840	12,840	12,840
Bank borrowings	-	9,579	9,579	4,579
Provision for taxation	-	5,331	5,331	5,331
	370	69,478	69,478	64,478
<b>Net Current (Liabilities) / Assets</b>	(1)	17,293	32,203	28,403
	(1)	24,680	39,590	38,390
<b>Financed by:</b>				
Share capital	*-	21,254	28,354	28,354
Share premium	-	-	7,810	6,610
Accumulated losses	(1)	(1)	(1)	(1)
Shareholders' equity	(1)	21,253	36,163	34,963
Reserve on consolidation	-	1,571	1,571	1,571
Hire purchase creditors	-	50	50	50
Term Loan	-	1,806	1,806	1,806
	-	3,427	3,427	3,427
	(1)	24,680	39,590	38,390
<b>NTA per Share (sen)</b>	N/A	10	13	12

\* RM2.00 comprising 20 ordinary shares of RM0.10 each

# 1. INFORMATION SUMMARY (Cont'd)

## 1.3.3 Auditors' Qualification

The audited financial statements of the Company and its subsidiaries for the past five (5) financial years/period ended 31 December 1999 to 31 December 2003 have not been subjected to any auditors' qualifications.

## 1.3.4 Forecast

Set out below is a summary of profit forecast for the financial year ending 31 December 2004. Investors should review the financial forecast taking into account the various assumptions underlying the forecast contained in Section 9.6.

### (i) Consolidated Profit Forecast

<u>Financial year ending 31 December 2004</u>	<b>RM'000</b>
Consolidated PBT (RM'000)	10,362
Less: Taxation	(2,902)
Consolidated PAT (RM'000)	7,460
Less: Pre-acquisition profit <sup>1</sup>	(1,590)
Consolidated PAT attributable to shareholders of MGB	5,870

*Based on the enlarged issued and paid-up share capital:*

Net EPS <sup>2</sup> (sen)	2.6
Net PE Multiple based on the issue price of 21 sen per Share (times)	8.0

*Based on weighted average number of Shares<sup>3</sup> in issue:*

Net EPS <sup>4</sup> (sen)	3.5
Net PE Multiple based on the issue price of 21 sen per Share (times)	5.9

*Notes:*

- The pre-acquisition profit relates to profit generated during the period from 1 January 2004 to 18 March 2004 being the date of completion of the Acquisition.*
- Based on the consolidated PAT but before pre-acquisition profit and the enlarged issued and paid-up share capital of 283,540,000 Shares.*
- On the assumption that the Public Issue is completed in Mid May 2004.*
- Based on the consolidated PAT but before pre-acquisition profit and the weighted average number of shares in issue of 211,280,000 Shares.*

Further information on the consolidated profit forecast of the MGB Group is set out in Section 9.6 of this Prospectus.

## 1. INFORMATION SUMMARY (Cont'd)

### (ii) Dividend Forecast

<u>Financial year ending 31 December 2004</u>	<b>RM'000</b>
Gross dividend per Share (%)	5.0
Net dividend per Share (%)	3.6
Gross dividend yield based on the issue price of 21 sen per Share (%)	2.4
Net dividend yield based on the issue price of 21 sen per Share (%)	1.7
Net dividend cover based on enlarged number of ordinary shares in issue (times)	7.3

Further information on the dividend forecast of the MGB Group is set out in Section 9.10 of this Prospectus.

### 1.4 Risk Factors

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

- (i) Business risks;
- (ii) Competition;
- (iii) Rapid technological changes;
- (iv) Ease of entry by principals;
- (v) Reliance on distributor/license agreements;
- (vi) Dependence on protection of intellectual property;
- (vii) Risk associated with geographical expansion;
- (viii) Security risk;
- (ix) Foreign exchange fluctuation;
- (x) Risks associated with economic conditions that are significant to the business;
- (xi) Adequacy of insurance coverage and risk of business disruptions;
- (xii) Dependence on key personnel;
- (xiii) Control by substantial shareholder;
- (xiv) Borrowings;
- (xv) Litigation risks;
- (xvi) No prior market for MGB Shares;
- (xvii) Uncertainty in the five (5)-year business development plan;
- (xviii) Profit forecast; and
- (xix) Forward looking statements.

### 1.5 Technology

The MGB Group's core technology expertise lies in the customisation and enhancement of the Java-based Ni@gara Framework (Open System), the fully Internet-enabled distributed infrastructure software, into its own JBCM Software platform used to monitor, control, schedule, trend and/or alarm objects within diverse, embedded systems in real time via thin clients. The Group develop heterogeneous "web-protocols" such as HTTP, URLs, XML, XML Namespaces, XML Schema, SOAP and WSDL.

## 1. INFORMATION SUMMARY (Cont'd)

The Ni@gara Framework consists of a Software Development Kit that allows MESB to build custom, web-enabled applications for accessing, automating and controlling "smart" devices in real-time over the Internet. The open platform Java-based JBCM unifies and integrates diverse systems and devices - regardless of manufacturer, communication standard or software - into a single "interoperable system". Interoperability in IBMS or ISMS would mean that components from different manufacturers would operate seamlessly together, sharing information as needed in a standardised manner.

Further details on the technology of the MGB Group is set out in Section 4.3.3 of this Prospectus.

### 1.6 R&D

The MGB Group is committed to continuous R&D efforts to keep abreast of market developments, market trends and to tap into new markets, so as to ensure the long-term sustainability of its business. It places strong emphasis on R&D to achieve quality improvement, enhance features, capabilities and processes of its business activities. The R&D team currently concentrates on R&D of best practices and quality of standard of its processes to achieve zero-defects and minimise problem areas during project implementation and deployment.

As part of its five (5)-year business development plan, the Group's R&D plan shall be focused on the consolidation of its inherent strengths and to diversify geographically into other countries such as China, Brunei, Vietnam and other Asean countries. In this regard, the R&D activities of the Group will revolve around:

- (i) Continuous new product enhancement and development, focusing on Internet-enabled technologies for e-devices;
- (ii) Assessing new technology and conducting system requirement studies and analysis to improve both value and quality of its IBMS and ISMS;
- (iii) Conducting system design, programming, testing and benchmarking of its deliverables to enhance its knowledge database to monitor, track and trend ongoing projects; and
- (iv) Developing new areas for expansion and diversification of business activities and products.

Further details on the R&D activities of MGB Group are set out in Section 4.3.10 of this Prospectus.

### 1.7 Principal Statistics relating to the Public Issue

(i) Share Capital	RM
<i>Authorised:</i>	
500,000,000 ordinary shares of 10 sen each	50,000,000
<i>Issued and fully paid-up:</i>	
212,540,000 ordinary shares of 10 sen each	21,254,000
<i>To be issued pursuant to the Public Issue:</i>	
71,000,000 new ordinary shares of 10 sen each	7,100,000
	28,354,000
(ii) Issue Price per Public Issue Share	21 sen

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

<b>(iii) Proforma Consolidated NTA</b>	<b>RM</b>
Proforma consolidated NTA as at 31 December 2003 (after taking into account the Public Issue and estimated listing expenses of RM1.2 million) (RM'000)	34,963
Proforma consolidated NTA per Share (based on the enlarged share capital of 283,540,000 Shares) (sen)	12
<b>(iv) Classes of shares and ranking</b>	
There is only one (1) class of shares in MGB namely ordinary shares of 10 sen each. The Public Issue Shares will, upon allotment and issue, rank pari passu in all respects with the other existing issued and paid up ordinary shares in the Company including voting rights and dividends and/or distributions that may be declared subsequent to the date of allotment of the Public Issue Shares.	

## 1.8 Utilisation of Proceeds

The gross proceeds of approximately RM14.9 million from the Public Issue accruing to the Company will be utilised in the following manner:

	<b>RM'000</b>
Repayment of bank borrowings	5,000
Capital expenditure for office expansion	2,600
R&D expenditure	3,000
Working capital	3,110
Estimated listing expenses	1,200
	<u>14,910</u>

Save for the R&D expenditure, the above proceeds are expected to be fully utilised within one (1) year from the date of the listing of the MGB Shares on the MESDAQ Market. The R&D expenditure is expected to be fully utilised within three (3) years from the date of listing of the MGB Shares on the MESDAQ Market.

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

## 1.9 Working Capital, Borrowings, Material Litigation, Material Capital Commitments and Contingent Liabilities

### (a) Working Capital

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

### (b) Borrowings

As at 31 March 2004, the total bank borrowings of the Group comprising term loans and other trade facilities, all of which are domestic borrowings and are interest bearing, are as follows:

# 1. INFORMATION SUMMARY (Cont'd)

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Overdraft, bankers' acceptances and trust receipts	10,099	-	10,099
Term loan	126	1,776	1,902
	10,225	1,776	12,001

The Board of MGB is of the opinion that, there are no unusual or onerous covenants in nature imposed under the borrowing facilities against the Group.

Save as disclosed above, the Group does not have any other loan capital outstanding or created but unissued, mortgages or charges outstanding, convertible debt outstanding, guarantees or other borrowings on that date.

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

## (c) Material Litigation

Save for a claim made by MESB against its customer in respect of non-settlement of third party payment for the provision of BAS control system, as at 31 March 2004, neither MGB nor its subsidiaries is engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Directors of the Company have no knowledge of any proceedings pending or threatened against the Company and its subsidiaries or any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of the Company and its subsidiaries. Details of the material litigation are disclosed in Section 13.4 of this Prospectus.

## (d) Material Capital Commitments

Save as disclosed below, as at 31 March 2004, the Group has not contracted any capital commitments, which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group:

	RM'000
Approved and contracted for:	
- Investment in unquoted shares*, outside Malaysia	798

\* MESB had, on 7 March 2003, entered into a Memorandum of Understanding with Infocon Holdings (S) Pte Ltd ("ISPL") whereby MESB agreed to purchase 51% of shares in Infocon (Beijing) Environment Control Technology Company Limited ("IBEC"), a subsidiary of ISPL. MESB and ISPL agreed to maintain their respective shareholding for a minimum period of three (3) years from the date of the agreement. The 51% shares are valued at USD300,000. The parties had on 5 July 2003 agreed to extend the validity period of the MOU to 30 April 2004. As at 31 March 2004, MESB has paid a deposit of RM342,000 and the Memorandum of Understanding is pending completion.

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

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Subsequent to 31 March 2004, MESB had entered into a Sale and Purchase Agreement on 12 April 2004 with MHP to acquire land and building for RM2,600,000. MESB had to date paid RM260,000 being deposit and part payment of the purchase consideration. Under the agreement, MESB has 90 days from the date where a copy of the developer's consent for the assignment of the vendor's rights, title, interest and benefits in the property to the purchaser (as the individual title has not yet been issued) is received by MESB's solicitors, to pay the balance purchase consideration of RM2,340,000.

**(e) Contingent Liabilities**

Save as disclosed below, as at 31 March 2004, the Directors of MGB are not aware of any contingent liabilities, which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group:

	<b>RM'000</b>
Performance guarantee extended to third party (secured)	<u>2,937</u>

The MGB Group is in the midst of withdrawing the above performance guarantee.

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