

2. DETAILS OF THE RIGHTS ISSUE, RESTRICTED PUBLIC ISSUE, RESTRICTED OFFER FOR SALE OF SHARES AND RESTRICTED OFFER FOR SALE OF ICULS

This Prospectus is dated 29 March 2002

A copy of this Prospectus together with copies of the PAL and other accompanying forms have been registered by the SC and lodged with the ROC who takes no responsibility for its contents.

The approval of the SC obtained vide its letters dated 4 May 2001, 11 July 2001, 26 November 2001 and 14 December 2001 shall not be taken to indicate that the SC recommends the Rights Issue, Restricted Public Issue, Restricted Offer for Sale of Shares and Restricted Offer for Sale of ICULS. The SC shall not be liable for any non-disclosure on the part of the corporation and assumes no responsibility for the correctness of any statement made or opinion or reports expressed in this Prospectus. Shareholders/ Investors should rely on their own evaluation to assess the merits and risks of the investment.

Application will be made to the KLSE within three (3) market days of the issuance of this Prospectus for admission to the Official List and for the listing of and quotation for the entire issued and fully paid-up share capital and ICULS of MGDB on the Main Board of the KLSE. These Shares and ICULS will be admitted to the Official List on the Main Board of the KLSE and the official listing and quotation will commence upon receipt of confirmation from MCD that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of applications for the Rights Shares, Restricted Public Issue Shares, Restricted Offer Shares and Restricted Offer ICULS will be conditional upon permission being granted by the KLSE to deal in and for the quotation of the entire enlarged issued and paid-up Shares on the Main Board of the KLSE. Accordingly, monies paid in respect of any application accepted from the Rights Issue, Restricted Public Issue, Restricted Offer for Sale of Shares and Restricted Offer for Sale of ICULS will be returned without interest if the said permission for listing is not granted within six (6) weeks from the date of issue of Prospectus (or such longer period as may be specified by the SC).

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, the KLSE has prescribed MGDB as a CDS counter. In consequence thereof, the Shares and ICULS issued/offered through this Prospectus will be deposited directly with the MCD and any dealings in these Shares or ICULS will be carried out in accordance with the aforesaid Acts and the Rules of the MCD.

An applicant should state his CDS account number in the space provided in the Application Form if he presently has such an account. Where an applicant does not presently have a CDS Account, he should state in the Application Form his preferred ADA Code.

The KLSE assumes no responsibility for the correctness of any statements made or opinions or report expressed in this Prospectus. Admission to the Official List of the Main Board of the KLSE is not to be taken as an indication of the merits of the Company, its Shares or of its ICULS.

No person is authorised to give any information or to make any representation not contained herein in connection with the Rights Issue, Restricted Public Issue, Restricted Offer for Sale of Shares and Restricted Offer for Sale of ICULS and if given or made, such information or representation must not be relied upon as having been authorised by MGDB. Neither the delivery of this Prospectus or any Rights Issue, Restricted Public Issue, Restricted Offer for Sale of Shares and Restricted Offer for Sale of ICULS made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the MGDB Group since the date hereof.

The distribution of this Prospectus and the sale of the Rights Shares, Restricted Public Issue Shares, Restricted Offer Shares and Restricted Offer ICULS in certain other jurisdictions may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the Restricted Public Issue, Rights Issue, Restricted Offer for Sale of Shares and Restricted Offer for Sale of ICULS in any jurisdiction in which such invitation is not authorised or lawful, or to any person to whom it is unlawful to make such an invitation.

If you are unsure of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

2. DETAILS OF THE RIGHTS ISSUE, RESTRICTED PUBLIC ISSUE, RESTRICTED OFFER FOR SALE OF SHARES AND RESTRICTED OFFER FOR SALE OF ICULS (CONT'D)

2.1 Details of the Restricted Public Issue and Restricted Offer for Sale of Shares

The Restricted Public Issue will entail the issue of 10,000,000 new ordinary shares of RM1.00 each at an issue price of RM1.20 per ordinary share whilst the Restricted Offer for Sale of Shares to the Public will entail the offer by Mr. Edmond Hoyt Yung, Mr. Lai Tan Fatt, Mr. Wong Soo Chai @ Wong Chick Wai of 7,000,000 ordinary shares of RM1.00 each at an offer price of RM1.20 per ordinary share. The Restricted Public Issue and Restricted Offer for Sale of Shares to the Public will be issued/offered to the following parties:-

- 1) 11,000,000 Restricted Public Issue Shares and Restricted Offer Shares will be issued/offered to existing staff and all the graduates of UiTM;
- 2) 4,400,000 of the Restricted Offer Shares will be placed with public investors by the Placement Agent; and
- 3) the balance of the 1,600,000 Restricted Offer Shares will be offered to the eligible employees of the MGDB Group.

The issue/offer price of the Restricted Public Issue Shares and Restricted Offer for Sale Shares is payable in full upon acceptance.

Item 1 and 3 will be underwritten. In the event of an undersubscription of Item 1 and 3, any underwritten Restricted Public Issue Shares and Restricted Offer Shares will be made available for subscription by the underwriters.

The details of the Offerors are as follows:-

Name of Offeror	No of Shares offered ('000)	Proceeds accruing to Offeror (RM'000)
Mr. Edmond Hoyt Yung	2,800	3,360
Mr. Lai Tan Fatt	2,450	2,940
Mr. Wong Soo Chai @ Wong Chick Wai	1,750	2,100
	7,000	8,400

* Based on the offer price of RM1.20 per Share

The issue/offer price of the Shares is payable in full upon acceptance. The Restricted Public Issue Shares and Restricted Offer for Sale of Shares shall be subject to the terms and conditions of this Prospectus.

2.1.1 Restricted Public Issue / Restricted Offer Share Price RM1.20 per share

2.1.2 Basis of Arriving at the Restricted Public Issue/ Restricted Offer Share Price

The issue/offer price of RM1.20 per Share was arrived at after taking into consideration of the following :-

a) PE Multiple and Forecast Earnings

The forecasted profit after tax of MGDB, for the financial year ending 30 April 2003 is RM16,892,000. Based on the enlarged share capital of 162,806,000 Shares (prior to the conversion of the ICULS), its net EPS would be approximately 10.38 sen. Accordingly, an Issue/Offer price of RM1.20 per share represents a forecast net PE multiple of approximately 11.56 times.

2. DETAILS OF THE RIGHTS ISSUE, RESTRICTED PUBLIC ISSUE, RESTRICTED OFFER FOR SALE OF SHARES AND RESTRICTED OFFER FOR SALE OF ICULS (CONT'D)

b) Dividend Forecast

Barring any unforeseen circumstances, the Directors of MGDB anticipate that the Company would be in a position to propose a gross dividend of 3% for the financial year ending 30 April 2003 (based on issued and paid-up share capital of 162,806,000 Shares). This represents a gross dividend yield of 2.5% based on the issue/offer price of RM1.20 per share. The final net dividend will be paid in the financial year following that in which it is declared.

c) Proforma Group NTA as at 31 October 2001

The proforma audited NTA of MGDB as at 31 October 2001 is approximately RM172,074,000 (assuming no conversion of ICULS).

Based on the enlarged issued and paid-up share capital of MGDB of RM162,806,000 comprising 162,806,000 ordinary shares of RM1.00 each, the proforma NTA per share of MGDB is at RM1.06. The issue/offer price of RM1.20 per share represents a premium of approximately RM0.14 or 13.21% of the proforma NTA per share of MGDB.

d) Prospects of MGDB

The information and prospects of MGDB as set out in Section 4 of this Prospectus.

The Directors of MGDB and Arab-Malaysian are of the opinion that the issue/offer price is fair and reasonable after careful consideration of the abovementioned factors.

However, shareholders should also note that the market price of MGDB's Shares upon listing on the KLSE are subject to the vagaries of the market forces and other uncertainties which may affect the price of MGDB's Shares being traded.

Investors should form their own views on the valuation of the securities and the reasonableness of the bases used.

2.1.3 Rationale of the Restricted Public Issue/Restricted Offer for Sale of Shares

The Restricted Public Issue and Restricted Offer for Sale of Shares is to enable MGDB to meet the public shareholding spread requirement i.e at least 25% of the issued and paid-up share capital of the listed company to be in the hands of the public.

11 million Shares out of the 17 million Shares from the Restricted Public Issue and Restricted Offer for Sale of Shares will be offered to existing staff and all the graduates of UiTM to enhance the Bumiputra participation and also to commemorate the existence of MIT, now known as MGDB, which was formed by the UiTM "old boys" association.

The other rationales of the Restricted Public Issue/Restricted Offer for Sale of Shares are as follows:-

- (a) To enable MGDB to gain access to the capital market and to obtain funds for future expansion and growth of MGDB;
- (b) To provide an opportunity for the eligible employees of MGDB to participate in the equity and continuing growth of MGDB; and

2. DETAILS OF THE RIGHTS ISSUE, RESTRICTED PUBLIC ISSUE, RESTRICTED OFFER FOR SALE OF SHARES AND RESTRICTED OFFER FOR SALE OF ICULS (CONT'D)

- (c) To facilitate the listing and quotation for MGDB's entire issued and paid-up share capital of 162,806,000 Shares on the Main Board of the KLSE.

2.2 Details of the Rights Issue

The Rights Issue involves a renounceable rights issue of 6,300,000 new Shares at an issue price of RM1.00 per Share on the basis of one (1) new ordinary share for every one (1) existing ordinary share held in MGDB at an entitlement date which is at 5.00 p.m. on 18 March 2002. The issue price of the Share is payable in full upon acceptance.

Should any fractional entitlements arise from the Rights Issue, it will be dealt with, in such manner as the Directors in their absolute discretion think expedient and in the interest of the Company.

New Shares issued pursuant to the Rights Issue, which are not taken up or allotted for any reason shall first be made available for excess share applications which will be allotted in such manner as the Directors in their absolute discretion consider expedient and in the interest of the Company and if under subscribed, will be allotted to the underwriters.

The following substantial shareholders have also given their irrevocable written undertakings on 28 August 2000 and a statutory declaration on 22 February 2002 to subscribe in full for their respective entitlement of 3,477,300 new Shares at an issue price of RM1.00 per new Share pursuant to the Rights Issue:-

Substantial Shareholders	No. of Shares entitled undertaken under the Rights Issue	% of Shares to be issued under the Rights Issue
Y.Bhg Tan Sri Datuk (Dr) Haji. Arshad Bin Ayub	1,585,700	25.17
Dato' Dr Abdul Razak Bin Abdul	1,891,600	30.03
Total	3,477,300	55.20

The balance 2,822,700 shares (or about 44.8%) of the Rights Shares have been underwritten by the underwriters.

2.2.1 Rights Issue price RM1.00 per share

2.2.2 Basis of Arriving at Rights Issue Price

The Rights Issue price of RM1.00 per share was arrived at after taking into consideration the following factors:-

- The proforma consolidated NTA of MGDB as at 31 October 2001 of RM1.06 per Share upon completion of the Proposals; and
- The minimum issue price of RM1.00, i.e. the par value of MGDB Shares.

2.2.3 Rationale of the Rights Issue

The Rights Issue will provide an opportunity to the existing shareholders of MGDB to increase their equity interest in the Company at par prior to the transfer of listing status to the Main Board of the KLSE.

2. DETAILS OF THE RIGHTS ISSUE, RESTRICTED PUBLIC ISSUE, RESTRICTED OFFER FOR SALE OF SHARES AND RESTRICTED OFFER FOR SALE OF ICULS (CONT'D)

2.3 Details of the Restricted Offer for Sale of ICULS

The Restricted Offer for Sale of ICULS will entail the offer of RM100,000 nominal value of ICULS by the holders of the ICULS, namely GMM, the vendor of DLSB and PBM to the service providers and staff of the service providers of the MGDB Group.

2.3.1 Restricted Offer for Sale of ICULS price **RM1.00 per unit**

2.3.2 Basis of Arriving at Restricted Offer for Sale of ICULS Price

The ICULS are offered at 100% of its nominal value i.e RM1.00 for every RM1.00 nominal value of ICULS.

2.3.3 Rationale of the Restricted Offer for Sale of ICULS

The purpose of the restricted offer of RM100,000 nominal value of ICULS by GMM to the service providers and staff of the service providers of MGDB Group is to enable the MGDB Group to meet the spread requirement under the KLSE's listing requirements of 100 holders for the ICULS to be listed.

2.3.4 Salient feature of the ICULS

Issue size	RM85.134 million nominal value of ICULS.
Basis of allotment	<p>i) For settlement of debt</p> <p>RM17.20 million Debt due by DLSB Group to the shareholders of DLSB.</p> <p>RM49.05 million Debt due by PBM to the shareholders of PBM.</p> <p><u>RM66.25 million</u></p> <p>Allotment of RM1.00 nominal value of ICULS for the settlement of every RM1.00 debt outstanding; and</p> <p>ii) For part settlement of purchase consideration</p> <p>Allotment of RM1.00 nominal value of ICULS for every RM1.00 of the purchase consideration for RM18.884 million, being 30% of the total purchase consideration for the Acquisition of DLSB (in relation to the portion to be settled by ICULS).</p>
Issue price	100% nominal value of the ICULS.
Form and Denomination	In registered form and multiples of RM1.00.
Coupon	2.5% per annum, payable semi-annually in arrears.
Maturity Date	Five (5) years from the date of issue of the ICULS.
Conversion Price	RM1.25, as approved by the SC. The price has been determined based on a premium to the issue price of the Shares.
Conversion Period	The ICULS will be convertible only after the third year from the date of issue of the ICULS until the Maturity Date.
Mode of Conversion	The Conversion Price shall be satisfied by tendering the ICULS for cancellation by MGDB (subject to RM1.00 nominal amount of the ICULS and multiples thereof) for one (1) new Share credited as issued and fully paid-up in the share capital of MGDB during the Conversion Period.
Minimum Subscription Rate	In order to be listed on the KLSE, the ICULS must meet the KLSE's spread requirements of 100 holders (i.e RM100,000 nominal value of ICULS)

2. DETAILS OF THE RIGHTS ISSUE, RESTRICTED PUBLIC ISSUE, RESTRICTED OFFER FOR SALE OF SHARES AND RESTRICTED OFFER FOR SALE OF ICULS (CONT'D)

Ranking of the shares upon conversion of ICULS	Shares to be issued and allotted upon conversion of the ICULS shall rank pari passu in all respects with the existing ordinary shares of the Company except that they will not rank for any dividends or other distributions declared in respect of the financial period prior to the financial period in which the shares are issued or any interim dividend or distribution, the declaration date of which is on or before the date of conversion of the ICULS.
Conversion Rights	The registered holders of the ICULS will have the right to convert such nominal amount of ICULS at the Conversion Price, into new ordinary shares in MGDB during the Conversion Period.
Conversion Ratio	The ICULS issued will be converted by surrendering 5 RM1.00 nominal value of ICULS each in exchange for 4 new Shares.
Listing	Application will be made to the KLSE for admission to the Official List as well as the listing of and quotation for the ICULS and new Shares arising from the conversion of the ICULS.
Automatic Conversion	Unless previously converted, all outstanding ICULS will be mandatorily converted by MGDB into new ordinary shares of MGDB at the Conversion Price on the Maturity Date.
Status	The ICULS and the coupon payment will constitute direct, unconditional and unsecured obligations of MGDB, ranking above the Shares of MGDB
Governing Law	The Trust Deed and the ICULS is governed and construed in accordance with the laws of Malaysia and the holders of the ICULS and the relevant parties mentioned in the Trust Deed dated 7 January 2002 will be subject to the exclusive jurisdiction of the Courts of Malaysia.
Facility Agent Agreement	The administrative matters relating to the ICULS is constituted by a facility agent agreement executed by MGDB and Arab-Malaysian dated 7 January 2002.
Trust Deed	The ICULS is constituted by a trust deed executed by MGDB and Arab-Malaysian Trustee Berhad dated 7 January 2002. The trustee is acting for the benefit of the holders of the ICULS.

2.3.5 Events of Default of the ICULS

The ICULS are immediately repayable if any of the following events shall occur:-

- (a) default shall continue for fourteen (14) days in the payment of the principal and/or interest in respect of any of the ICULS in accordance with these presents or in the conversion of the ICULS as and when the same ought to be converted; or
- (b) the company commits any breach of or omits to observe any of the obligations, undertakings or covenants expressed to be assumed by it under the Trust Deed and in respect of any such breach or omission which is capable of remedy, the Trustee does not determine, within fourteen (14) days after the Trustee has issued a notice to the Company requiring the same to be remedied that:-
 - (i) it has been so remedied to the Trustee's satisfaction; or

2. DETAILS OF THE RIGHTS ISSUE, RESTRICTED PUBLIC ISSUE, RESTRICTED OFFER FOR SALE OF SHARES AND RESTRICTED OFFER FOR SALE OF ICULS (CONT'D)

- (ii) the breach in question does not materially prejudice the interests of the holders of the ICULS; or
- (c) the security for any debenture, mortgage or charge created by the Company becoming enforceable and steps being taken to enforce the same or any loan stock, bonds, notes or other securities or any unsecured indebtedness by way of loan created or owing by the Company becoming by reason of default by the Company repayable prior to its stated maturity or not being paid at maturity (or on the expiry of any applicable grace period); or
- (d) the Company becoming insolvent or is unable to pay its debts as they mature or stopping payment or ceasing or threatening to cease to carry on its business or a substantial part of its business (otherwise than for the purposes of an amalgamation, merger, reorganisation or reconstruction or voluntary winding-up not involving insolvency, the terms of which have been approved by the Trustee, such approval not to be unreasonably withheld); or
- (e) any step is taken for the winding-up of the Company or a petition for winding-up is presented against the Company; or
- (f) an encumbrancer taking possession or a receiver or manager or liquidator being appointed over the whole or a substantial part of the assets or undertaking of the Company; or
- (g) a distress or execution or other process being levied or enforced upon or sued out against any of the chattels or property of the Company and not being discharged or in good faith contested by action within fourteen (14) days thereof and such distress or execution or other process being certified in writing to the Company by the Trustee to be in its opinion, materially prejudicial to the interests of the Holders of the ICULS; or
- (h) the Company is unable to pay its debts within the meaning of Section 218 of the Companies Act, 1965 or enters into any composition or arrangement with or of the benefit of its creditors (including pursuant to Section 176 of the Companies Act, 1965) or a moratorium is agreed or declared in respect of or affecting all or a part of the borrowed money of the Company; or
- (i) any representation and warranty made or repeated by or in respect of the Company or in or pursuant to the Trust Deed dated 7 January 2002 or in any notice, certificate or statement referred to in or delivered under or in respect of the Trust Deed is or proves to have been incorrect or misleading in any material respect; or
- (j) the Company shall fail to satisfy any judgment passed against it by any court of competent jurisdiction and no appeal against such judgment has been made to any appropriate appellate court within the time prescribed by law or such appeal has been dismissed and in the case of any judgment obtained in default of appearance, no application has been made to set such judgment aside within fourteen (14) days of the Company becoming aware of the judgment; or
- (k) there is a revocation, withholding or modification of a licence, authorization or approvals that impairs or prejudices the Company's ability to comply with the provisions of the Trust Deed dated 7 January 2002 or any document relation to the issue of the ICULS.

2. DETAILS OF THE RIGHTS ISSUE, RESTRICTED PUBLIC ISSUE, RESTRICTED OFFER FOR SALE OF SHARES AND RESTRICTED OFFER FOR SALE OF ICULS (CONT'D)

2.4 Details on Share Capital and Ranking of Shares

2.4.1 Share Capital

	RM'000
Authorised 500,000,000 Shares	500,000
Issued and fully paid-up 116,506,000 Shares	116,506
To be issued pursuant to the Restricted Issue# 30,000,000 new Shares	30,000
To be issued pursuant to the Rights Issue 6,300,000 new Shares	6,300
To be issued pursuant to the Restricted Public Issue 10,000,000 new Shares	10,000
	162,806
Offered for sale pursuant to the Restricted Offer for Sale of Shares 7,000,000 Shares	7,000

Note 1: The Restricted Offer for Sale of Shares and Restricted Offer for Sale of ICULS will not have any effect on the share capital of MGDB.

The Restricted Issue is expected to be completed simultaneously with the closing date for the Restricted Public Issue, Restricted Offer for Sale of Shares, Restricted Offer for Sale of ICULS and Rights Issue.

2.4.2 Ranking of Shares

There is only one class of shares in MGDB, namely ordinary shares of RM1.00 each. The shares to be issued pursuant to the Rights Issue, Restricted Public Issue, Restricted Offer for Sale of Shares and conversion of ICULS are rank pari-passu with one another and the other existing issued and fully paid up Shares of the Company except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the allotment of the new Shares.

Shares to be issued and allotted upon conversion of ICULS pursuant to the Restricted Offer for Sale of ICULS will not rank for any dividends or other distributions declared in respect of the financial period prior to the financial period in which the Shares are issued or any interim dividend or distributions, the declaration date of which is on or before the date of conversion of the ICULS.

Subject to any special rights attaching to any Shares which may be issued by MGDB in the future, the shareholders of the Company shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by the Company in person or by proxy or by attorney, and, any dividends and other distributions and in respect of the whole of any surplus in the event of liquidation of the Company in accordance with the Articles of Association of MGDB.

Each shareholder shall be entitled to vote at any general meeting of MGDB on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorized representative shall have one vote for each Share held. A proxy may, but need not be, a member of the Company.

2. DETAILS OF THE RIGHTS ISSUE, RESTRICTED PUBLIC ISSUE, RESTRICTED OFFER FOR SALE OF SHARES AND RESTRICTED OFFER FOR SALE OF ICULS (CONT'D)

2.5 Critical Dates of the Rights Issue, Restricted Public Issue, Restricted Offer for Sale of Shares and Restricted Offer for Sale of ICULS

The indicative timing of events leading up to the listing of and quotation for MGDB's entire issued and paid-up share capital of 162.806 million (assuming no conversion of ICULS) and RM85.134 million nominal value of ICULS on the Main Board of the KLSE are as follows:-

(a) Restricted Public Issue, Restricted Offer for Sale of Shares and Restricted Offer for Sale of ICULS

<u>Tentative Date</u>	<u>Event</u>
29 March 2002	→ Date of Prospectus/Opening Date
11 April 2002	→ Closing Date
17 April 2002	→ Balloting of Applications
29 April 2002	→ Dispatch Notice of Allotment
6 May 2002	→ Listing Date

(b) Rights Issue

<u>Tentative Date</u>	<u>Event</u>
29 March 2002	→ Dispatch of Prospectus and PAL
4 April 2002	→ Last day for splitting
11 April 2002	→ Last day for acceptance, renunciation, excess share application and payment
29 April 2002	→ Allotment and dispatch Notice of Allotment
6 May 2002	→ Listing Date

* *Important Note: The closing date of the Restricted Public Issue, Restricted Offer for Sale of Shares, Restricted Offer for Sale of ICULS and Rights Issue may be extended at the discretion of the Board of Directors of MGDB together with the Managing Underwriter. Should there be an extension of the Closing Date, the date of MGDB's listing on the KLSE will be extended.*

2. DETAILS OF THE RIGHTS ISSUE, RESTRICTED PUBLIC ISSUE, RESTRICTED OFFER FOR SALE OF SHARES AND RESTRICTED OFFER FOR SALE OF ICULS (CONT'D)

2.6 Utilisation of Proceeds

All proceeds of the Rights Issue and the Restricted Public Issue after deducting the relevant expenses will accrue to MGDB. The gross proceeds of the Rights Issue and the Restricted Public Issue are approximately RM6.3 million and RM12.0 million respectively. MGDB will bear all expenses incidental to the listing of and quotation for MGDB's Shares on the Main Board of the KLSE which include underwriting commission, brokerage, registration fee, professional fees, SC fees, advertising, listing expenses and other fee aggregate of which is estimated to be approximately RM2.5 million.

None of the gross proceeds from the Restricted Offer for Sale of Shares and Restricted Offer for Sale of ICULS will be receivable by MGDB as the gross proceeds from the Restricted Offer Shares and Restricted Offer ICULS amounting to RM8,400,000 and RM100,000 respectively will accrue entirely to the Offerors and GMM.

The summary of the utilisation of proceeds of the Restricted Issue, Rights Issue and Restricted Public Issue are as follow:-

Description of Usage	Note	Amount (RM'000)
Proceeds		
Restricted Issue		30,000
Rights Issue		6,300
Restricted Public Issue		12,000
		48,300
Utilisation		
Partial settlement of PBM syndicated loan	1	30,000
Settlement of Danaharta loan	2	4,776
Settlement of BPIMB loan	2	2,952
Estimated expenses in relation to the Proposals		2,500
Acquisition of fixed assets from GMM	3	1,200
Working capital		6,872
		48,300

Note:-

- 1) The RM30 million will be utilised for partial settlement of PBM's syndicated loan. The loan was drawdown for part payment of the land purchased at Simpang Ampat, Seberang Prai Selatan. The syndication of banks comprises Citibank Berhad, Arab-Malaysian Bank Berhad, HSBC Bank (M) Berhad, Southern Bank Berhad and Maybank Finance Berhad. Interest rates charged by the lenders range from 1% to 2.5% above the base lending rate.
- 2) These are the outstanding debt owing by MGDB to Danaharta and BPIMB.
Note:- In the event the amount to be settled are reduced, the difference shall be reclassified under Working Capital.
- 3) The amount consists of acquisition of furniture, office equipment, computer hardwares and softwares and motor vehicles from GMM. The MGDB Group is guided by existing management team of GMM and PBM. En. Harun bin Haji Faudzar and Mr. Edmond Hoyt Yung to ensure continuity in management for the present and future projects.

2.6.1 Time frame for Utilisation of Proceeds

The gross proceeds from the Restricted Public Issue and Rights Issue of RM18.3 million are expected to be utilised by November 2002, assuming the proceeds are received by May 2002.

2. DETAILS OF THE RIGHTS ISSUE, RESTRICTED PUBLIC ISSUE, RESTRICTED OFFER FOR SALE OF SHARES AND RESTRICTED OFFER FOR SALE OF ICULS (CONT'D)

2.6.2 Financial Impact from the Utilisation of Proceeds

The proceeds from the Rights Issue and Restricted Public Issue which are expected to be received by May 2002, will be mainly used for repayment of bank loans, expenses in relation to the Proposals, acquisition of fixed assets from GMM and working capital purposes. As such, the utilisation of proceeds by MGDB is expected to have a positive financial impact on MGDB for the financial year ending 30 April 2002 onwards.

2.7 Brokerage and Underwriting Commission

Brokerage is payable in respect of the Restricted Public Issue Shares and Restricted Offer Shares by the Company and Offerors at the rate of 1.00% of the Restricted Public Issue /Restricted Offer for Sale of Shares price of RM1.20 per Share in respect of successful applications which bear the stamp of Arab-Malaysian, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

The Underwriters mentioned earlier in this Prospectus have agreed to underwrite the 10,000,000 Restricted Public Issue Shares and 1,000,000 Restricted Offer Shares to be issued/offered to existing staff and all the graduates of UiTM and the 1,600,000 Restricted Offer Shares to be offered to the eligible employees of the new MGDB Group. Underwriting commission is payable by the Company at the rate of 2.00% of the Restricted Public Issue and Restricted Offer for Sale of Shares price of RM1.20 per Share.

The Underwriters mentioned earlier in this Prospectus have also agreed to underwrite 2,822,700 Rights Shares to be issued to the existing shareholders of MGDB. Underwriting commission is payable by the Company at the rate of 2.00% of the Rights Issue price of RM1.00 per Share.

2.8 Details of Underwriting Agreements

2.8.1 Restricted Public Issue/ Restricted Offer for Sale of Shares /Rights Issue

The following are some of the extract of the Underwriting Agreement dated 12 March 2002 between the Company and the Underwriters stating the event that may affect the underwriting of the Shares.

Clause 2 – Agreement to Underwrite

2.1 In consideration of the payment by the Company to the underwriters of the underwriting commission referred to in Clause 8.1 of the Underwriting Agreement, Arab-Malaysian agrees to act as managing underwriter and the underwriters relying upon each of the representations, warranties and undertakings by the offerors and the Company set out in Clause 3 of the Underwriting Agreement, severally but not jointly agree to underwrite such number of the underwritten shares as set out opposite their respective names in Column 2 of the Second Schedule in the Underwriting Agreement

2.2 The obligation of each underwriter hereunder is several but not joint and no underwriter shall be responsible for any failure by any other underwriters to meet their respective obligations nor shall such failure relieve the offerors and the Company or the remaining underwriters of their respective obligations and nothing in the Underwriting Agreement shall be construed as constituting or evidencing a partnership between the underwriters or any of them.

2. DETAILS OF THE RIGHTS ISSUE, RESTRICTED PUBLIC ISSUE, RESTRICTED OFFER FOR SALE OF SHARES AND RESTRICTED OFFER FOR SALE OF ICULS (CONT'D)

- 2.3 The rights of each underwriter is also several. Each underwriter shall have the right to protect and enforce its rights arising out of the Underwriting Agreement and it shall not be necessary for the managing underwriter or the other underwriters to be joined as an additional party in any proceedings for the purposes of the Underwriting Agreement.
- 2.4 The obligations of the managing underwriter and the underwriters under the Underwriting Agreement shall further be conditional upon:-
- (1) the Company receiving on or prior to date of issue of the Prospectus the approval in principle of the KLSE for the listing and quotation of the entire issued and paid-up share capital of the Company on the Main Board of the KLSE which is unconditional or subject to such conditions which are acceptable to the managing underwriter.
 - (2) the acceptance for registration by SC and lodgement with the ROC in Malaysia of the Prospectus and such other documents as may be required on or before its circulation;
 - (3) there not having been, on or prior to the Closing Date, any adverse change or any development reasonably likely to result in any adverse change in the condition (financial or otherwise) of the MGDB Group which is material in the context of the underwritten shares nor the occurrence of any event rendering untrue or incorrect to any extent which is material as aforesaid any Representations and Warranties as though they had been repeated or made on such date;
 - (4) the delivery to the managing underwriter prior to the date of registration of the Prospectus with the SC of:-
 - (a) a copy certified as a true copy by an authorised officer of the Company of all the resolutions of the Directors of the Company and the shareholders in general meeting approving the Underwriting Agreement, the Prospectus, the Rights Issue Shares, the Public Issue Shares and the Offer for Sale Shares and authorising the execution of the Underwriting Agreement and the issuance of the Prospectus;
 - (b) a certificate from the secretary of the Company confirming that DLSB and PBM are wholly owned subsidiaries of the Company;
 - (c) a certificate in the form set out in the fourth schedule of the Underwriting Agreement dated the date of the Prospectus and signed by a duly authorised officer of the Company stating that, to the best of his knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Clause 2.4(3) of the Underwriting Agreement;

2. DETAILS OF THE RIGHTS ISSUE, RESTRICTED PUBLIC ISSUE, RESTRICTED OFFER FOR SALE OF SHARES AND RESTRICTED OFFER FOR SALE OF ICULS (CONT'D)

- (5) the delivery to the managing underwriter on the Closing Date, of such reports and confirmations from the Board of Directors of the Company as the managing underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of the Group;
- (6) the managing underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 13;
- (7) the Public Issue Shares by the Company, the Offer for Sale Shares and the Rights Issue Shares, not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia;
- (8) the managing underwriter having been satisfied that the Company and the offerors have complied and the Rights Issue Shares, the Public Issue Shares and the Offer for Sale Shares are in compliance with the policies guidelines and requirements of the SC and all revisions, amendments and/or supplements thereto;
- (9) the confirmation from the Directors that the Restricted Issue has been fully completed resulting in the allotment of the Restricted Issue portion of the shares to the existing shareholders of PBM; and
- (10) the issuance of the Prospectus within one (1) month from the date of the Underwriting Agreement.

2.5 If any of the foregoing conditions is not satisfied on or before the closing date, the managing underwriter and the underwriters shall thereupon be entitled to terminate this Underwriting Agreement by notice in writing to the offerors and the Company and in that event (except for the liability of the offerors and the Company for the payment of costs and expenses as provided in Clause 13, incurred prior to or in connection with such termination) the parties hereto shall be released and discharged from their obligations hereunder.

2.6 Notwithstanding anything herein contained, the underwriters or any of them, may at any time before the allotment of the Rights Issue Shares, the Public Issue Shares and the Offer for Sale Shares by notice in writing delivered to the Company terminate its obligations under the Underwriting Agreement if in the opinion of the underwriters there shall have been:-

- (1) a change in the national or international monetary, financial, political or economic conditions or a material change in the stock market condition or exchange control or currency exchange rates as would in its reasonable opinion prejudice materially the success of the issuance of the Public Issue Shares and the offering of the underwritten shares and their distribution or sale (whether in the primary market or in respect of dealings in the secondary market); or
- (2) any breach of the representations, warranties and undertakings or breach of any of the terms and conditions of this Agreement by the Group and/or the offerors or withholding of information of a material nature from the Underwriters; or

2. DETAILS OF THE RIGHTS ISSUE, RESTRICTED PUBLIC ISSUE, RESTRICTED OFFER FOR SALE OF SHARES AND RESTRICTED OFFER FOR SALE OF ICULS (CONT'D)

- (3) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriters (including without limitation acts of government, strikes, lock-outs, fire, explosions, flooding, civil commotion, acts of war, sabotage, acts of God or accidents) which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance with its terms pursuant to the underwriting hereof.

And thereupon the parties shall (except for the liability of the Company and the offerors in the payment of costs and expenses referred to in the Underwriting Agreement incurred prior to or in connection with such termination) be released and discharged from their respective obligations.

- 2.7 In the event that a supplemental Prospectus is issued with the SC's approval subsequent to the issue of the Prospectus, the underwriters may at any time before the allotment of the Public Issue Shares, the Offer for Sale Shares and the Rights Issue Shares terminate its obligations under the Underwriting Agreement if in its reasonable opinion, there shall have been events which have occurred detailed in Clause 2.6.
- 2.8 In the event of termination pursuant to Clause 2.6 and/or Clause 2.7, the respective parties shall be released and discharged from their obligations, save and except that the liability of the Company and the offerors for the payment of costs and expenses referred to in the Underwriting Agreement incurred prior to or in connection with such termination shall remain and shall not be affected by such termination.

Clause 7 – Application of Underwritten Shares

- 7.1 The underwriters shall forthwith and in any case not later than seven (7) Market Days after receipt of the Underwriting Notice deliver to the Issuing House (in its capacity as the Issuing House) application(s) in the appropriate form(s) for the number of the underwritten shares which the underwriters are required to apply for (as may be rounded up by the managing underwriter in the Rounding Up Notice, together with the remittance for the amounts payable on such application(s) in respect of the shares applied for as stipulated in the Prospectus less the amount of the underwriting commission payable to the respective underwriters. If any underwriter ("Defaulting Underwriter") fails within seven (7) Market Days after the delivery of the Underwriting Notice to deliver the application(s) and/or remittance, then the Company and the offerors shall, with the consent of the managing underwriter, be at liberty to sign and lodge such application(s) on behalf and in the name of the Defaulting Underwriter, and this authority and any application(s) made thereunder shall be irrevocable. The Defaulting Underwriter further expressly declares and agrees that all applications, instruments, acts and things signed, executed and done by the Company and/or the offerors, as aforesaid described shall be as good, valid and effectual to all intents and purposes whatsoever as if the same has been signed, executed and done by the Defaulting Underwriter. The Company and/or the offerors in such an instance shall also be entitled to have recourse to all remedies against the Defaulting Underwriter to recover all cost, damages and all expenses incurred resulting from or arising out of the Defaulting Underwriter's failure PROVIDED THAT if the Company procures financing for the remittance of the subscription monies on behalf of the Defaulting Underwriter, the Defaulting Underwriter shall be liable to reimburse such financial institution or third party the subscription monies together with any interest, costs and expenses as may be incurred in the remittance by such financial institution or third party on behalf of the Defaulting Underwriter.

2. DETAILS OF THE RIGHTS ISSUE, RESTRICTED PUBLIC ISSUE, RESTRICTED OFFER FOR SALE OF SHARES AND RESTRICTED OFFER FOR SALE OF ICULS (CONT'D)

Notwithstanding anything to the contrary herein contained, the liability of the managing underwriter and the underwriters, pursuant to the provisions of this clause shall be proportionate to their respective liabilities as set forth in Column 3 of the Second Schedule and limited to the maximum number of the underwritten shares as set forth opposite their respective names in Column 2 of the Second Schedule hereto.

- 7.2 In the event that the underwriters are required to apply for any of the Underwritten Shares pursuant to the Underwriting Agreement, the underwriters and the Company agree that the managing underwriter shall have the right and absolute discretion to round up the number of Underwritten Shares that each underwriter is required to apply for to the nearest board lot of 1,000 Shares (so far as possible) but limited to the maximum number of the Underwritten Shares as set in Column 2 of the Second Schedule and the managing underwriter shall give notice of such rounding up (if any) to the underwriters (the "Rounding Up Notice") together with the Underwriting Notice pursuant to Clause 6.2 of the Underwriting Agreement.
- 7.3 The application of the underwriters shall be on the terms and conditions of the Prospectus and in the form registered with SC and lodged with the ROC, Malaysia notwithstanding any variation between the Prospectus so lodged and the Draft Prospectus in the Third Schedule hereto PROVIDED ALWAYS THAT no variation shall have been made in the draft Prospectus without the prior written consent of the underwriters, with regard to the matters following, namely:-
- (1) the constitution of the Board of Directors of the Company;
 - (2) the authorised and issued share capital of the Company;
 - (3) the number of shares comprised in the Rights Issue, the Public Issue and the Offer for Sale, the par value of such shares and the respective price;
 - (4) the remuneration of the Directors of the Company unless approved by the members at a General Meeting;
 - (5) the intention of the Company to apply to the KLSE for permission to deal in and for quotation of the entire issued and paid-up ordinary shares amounting to 162,806,000 ordinary shares of the Company inclusive of all the Underwritten Shares on the Main Board of the KLSE;
 - (6) the forecast consolidated profit after taxation of the Company for the financial year ending 30 April, 2003 is RM16,892,000;
 - (7) the forecast net dividend for the financial year ending 30 April, 2003 is 2.2 sen per share of the enlarged share capital of 162,806,000 ordinary shares;
 - (8) the information/statements relating to material litigation by or against the Company or its subsidiaries;
 - (9) the information/statements relating to contingent liabilities affecting the Company or its subsidiaries; and
 - (10) the description of the business of the Company and its subsidiaries.

2. DETAILS OF THE RIGHTS ISSUE, RESTRICTED PUBLIC ISSUE, RESTRICTED OFFER FOR SALE OF SHARES AND RESTRICTED OFFER FOR SALE OF ICULS (CONT'D)

Clause 11 – Termination

11.1 Notwithstanding anything herein contained, the underwriters may by notice in writing to the Company given at any time before the closing date, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:-

- (1) in the opinion of the underwriters, there is any material breach by the Company of any of the representations, warranties or undertakings contained in Clause 3, which, if capable of remedy, is not remedied within seven (7) days after notice of such breach shall be given to the Company or by the Closing Date, whichever is earlier, or withholding of information of a material nature from the underwriters, which, in the opinion of the underwriters would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, the Offer for Sale and the Rights Issue or the distribution or sale of the Public Issue Shares, Offer for Sale Shares and the Rights Issue Shares; or
- (2) in the opinion of the underwriters, there shall have occurred, happened or come into effect any of the following circumstances:-
 - (a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia or overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing. For this purpose, a material change in the conditions of the Malaysian stock market shall include but not limited to, the Composite Index of the KLSE falling below 600 points; or
 - (b) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the underwriters (including without limitation, acts of God, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);

which in the opinion of the underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or the operations of the Group, the success of the Rights Issue, the Public Issue and the Offer for Sale, or the distribution or sale of, or which is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance with its terms pursuant to the underwriting hereof.

11.2 Upon such notice(s) being given under Clause 11.1, the underwriters shall be released and discharged of their obligations without prejudice to their rights whereby the Underwriting Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of the Underwriting Agreement, except that the Company and the offerors shall remain liable in respect of any of its/their obligations and liabilities under Clause 3 and under Clause 13 for the payment of the costs and expenses already incurred up to the date on which such notice was given which payment shall be paid within forty-eight (48) hours from receipt of such notice .

3. RISK FACTORS

In evaluating an investment in the Rights Issue, Restricted Public Issue Shares, Restricted Offer Shares, and Restricted Offer ICULS, prospective applicants should carefully consider all information contained in this Prospectus including but not limited to the general and specific risks of the following investment considerations:-

a. Business Risks

Being principally involved in property development, the MGDB Group is subject to certain general risks inherent in the property development industry. The primary inherent risk of the property development industry in general is the subjugation of the business to economic cycles. In order to mitigate such risks, the MGDB Group provides a varied product composition mix. MGDB Group's development projects includes township development i.e the township development undertaken in Seberang Perai, namely Bandar Tasek Mutiara ("BTM"), ranging from low to high cost housing and sub-commercial development. BTM, a flagship of the MGDB Group was conceived and implemented to be a comprehensive new township development spanning over an estimated of 15 years. Additionally, the MGDB Group is currently developing a residential development in Selayang which comprises medium to high cost condominiums and a sub-commercial centre in Dataran Prima which comprises shop-offices, a 17-storey office tower, a 7-storey shopping complex and medium to high rise condominiums. The Group is also currently developing a residential development in Cheras, namely Taman Lagenda Mas. This development is a mixed housing scheme comprising terrace houses, townhouses, low cost apartments, low medium cost apartments and medium cost townhouses.

The other risks include changes in political and business conditions, labour, land and building material shortages, increases in the costs of labour, interest rates and availability of bank loans, land and building materials and changes in the legal and environmental framework within which this industry operates.

b. No Prior Market for MGDB Shares and MGDB ICULS on the KLSE

Despite MGDB having been listed on the BSE before, there can be no assurance regarding the future development of the market for MGDB shares and that the price for the Rights Issue, Restricted Public Issue, Restricted Offer for Sale of Shares and Restricted Offer for Sale of ICULS will correspond to the price at which MGDB's Shares and ICULS will trade on the Main Board of the KLSE upon or subsequent to its listing, and that an active market for MGDB's Shares and MGDB's ICULS will develop and continue upon or subsequent to its listing.

The Restricted Public Issue/Offer Share price of RM1.20 per share, Rights Issue price of RM1.00 per share and Restricted Offer ICULS price of RM1.00 per unit have been determined after taking into consideration a number of factors, including but not limiting to the Group's financial and operating history and standing, the future prospects of the Group and the industry in which the Group is involved, the NTA of the Group, the market prices for shares of companies engaged in business similar to that of the Group and the prevailing market condition.

c. Political, Economic and Regulatory Considerations

Adverse developments in political and economic conditions in Malaysia where MGDB is currently involved in or may undertake projects could materially and adversely affect the financial prospects of the Company. Other political and economic uncertainties include risks of war, expropriation, nationalisation, renegotiation or nullification of existing contracts, changes in interest rates and methods of taxation and currency exchange controls.

d. Dependency on Key Management

The continued performance of MGDB Group will largely depend on the abilities and continued efforts of its new Directors and Senior Management as well as the ability of MGDB to attract and/or retain qualified personnel.

3. RISK FACTORS (CONT'D)

As MGDB has been dormant for almost 5 years, there is no management team that exist within the existing MGDB. The new MGDB Group is managed by En. Harun bin Hj Faudzar, an existing director of PBM and Mr. Edmond Hoyt Yung, an existing director and substantial shareholder of both DLSB and PBM. Both of them are businessmen with considerable experience in property development. Both Mr. Edmond Hoyt Yung and En. Harun bin Hj Faudzar has approximately 27 years and 15 years experience respectively in the property sector. The management team of GMM has been transferred to MGDB Group on 1 January 2002 to provide continuing management to the present and future projects. The existing management team of GMM has a good track record in both project management and property development. One of its recent major success is the residential development in UEP-Subang Jaya known as Subang Perdana.

As such, based on the good track record of the existing management team of GMM and the guidance of Encik Harun bin Haji Faudzar and Mr Edmond Hoyt Yung, the Group is confident that they will continue serving the Group for the years to come.

e. Penang State Government Plans

BTM located in Seberang Perai Selatan, will be the flagship of the MGDB Group. The speed of the population growth in the mainland particularly Seberang Perai Tengah and Seberang Perai Selatan is dependent on private sector's response to the state government's plans to relocate the development of industrial estate from the land scarce island to Seberang Perai. As such the effort of the Penang State Government and the private sector's response will play a role in the future value and rate of development in BTM. However even if the state government's plans fail to materialise, the development of BTM will continue to proceed as planned to provide affordable houses to the region after taking into cognizant of the situation of the property market.

f. Capital Market Risks

As an investor of MGDB, it is to be noted that MGDB will be listed on the Main Board of the KLSE. The performance of the local bourse is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on KLSE, thus adding risk to the market price of the listed shares of MGDB.

g. Ownership and Control of the Group

Upon completion of the Proposals, the controlling shareholders of the new Group are THSB (26.5%), APSB (15.8%), GMM (15.4%), Mr. Edmond Hoyt Yung (6.0%), Mr. Lai Tan Fatt (5.2%) and Mr. Wong Soo Chai @ Wong Chick Wai (3.7%). The substantial shareholders of THSB and APSB are En. Harun bin Hj Faudzar and En. Amir bin Faudzar whereas the substantial shareholders of GMM are Mr. Edmond Hoyt Yung, Mr. Lai Tan Fatt, Mr. Wong Soo Chai @ Mr Wong Chick Wai. They will collectively control 72.6% of the shareholdings in the new MGDB Group upon completion of the Proposals. As such, they will be able, in the foreseeable future to effectively control the outcome of certain matters requiring the votes of the Company's shareholders.

h. Government Control and Regulation

The government regulations and controls in the property development industry are principally in the broad sense to achieve the aspirations of the New Economic Policy of equitable distributions of income and the ownership of homes by the populations in general through provision of affordable housing in the form of low and medium low cost housing.

The regulations are to control and protect individual consumers as well as set the minimum standard to the property development industry.

3. RISK FACTORS (CONT'D)

The regulations and controls therefore are not a negative deterrent to the property industry but a positive factor in the macro sense as evidenced by the Homeownership Campaign of 1998/1999/2000, the Special Scheme for low and medium cost housing development fund of RM2 billion by Syarikat Perumahan Negara ("SPN") and Bank Negara Malaysia to finance developers on the construction of such projects at fixed and subsidized interest rates and the revision of low cost housing price from RM25,000 to RM42,000. All these contribute towards positive impetus to the property development industry.

i. Dependencies on Supplier

The Group has many suppliers and contractors or subcontractors and do not depend on any single supplier or contractor to complete its development projects. Tenders are carried out on an open-tender system to ensure cost competitiveness. As such, the Group will be less prone to delay in completing its development projects as a result of shortages in raw materials supply.

j. Competitive Risk

In view of the current market conditions and the number of developments being launched in 1999 to 2000 and first half of 2001, competition will be keen. It is the Group's policy to constantly review its development and marketing strategy in response to economic conditions and change in market demands.

The Group is currently developing reasonable sized apartments at affordable prices for its Villa Lagenda project in Selayang, priced at approximately RM168,000 each. Besides this, the Group also has plans to remain competitive through innovative product design and competitive pricing for its new mixed housing and condominium developments. The Group is also currently developing 2 to 4 ½ storey American rooflined townhouses with separate entry for each level and larger sized condominium units to be sold at attractive price for its Taman Lagenda Mas project in Cheras. These townhouses will be sold for between RM113,000 and RM190,000 each.

However, no assurance is given that MGDB will be able to maintain its existing market share in the future. However, the Directors of MGDB believe that MGDB Group will be able to maintain its position due to their extensive knowledge and expertise in the field.

k. Delay In Launching of Projects

Development projects are subject to various regulatory approvals and the completion of a development project on time is dependent on many external factors, such as obtaining approvals as scheduled, securing construction materials in adequate amounts, favourable credit terms and satisfactory performance of building contractors which may be appointed to complete the development project. These delays may have a direct impact on the Group's future profitability.

However, most of the Group's previous projects were launched and completed on time, with some projects completed 6 to 12 months ahead of schedule. This is largely attributed to the Group's policy of carefully choosing contractors or subcontractors for its projects. However, the Group's Prima Court project which is originally scheduled to be launched in 2001 has been deferred to the fourth quarter of 2002 as the building plans are still being revised and thus have not been submitted to the relevant authority i.e Majlis Perbandaran Petaling Jaya for its approval.

l. Quantity and Quality of Land Bank

The success of a property development company is very much dependent on the quality of its landbank in order to sustain its future profitability. As at 15 September 2001, the MGDB Group has a total landbank measuring approximately 1,002 acres at Simpang Ampat, Seberang Perai and in populated area such as Cheras, Selayang and Petaling Jaya for future development. Since then, Phase 4 of BTM had been fully completed and substantially sold. As such, the total landbank as at 31 January 2002 is approximately 969 acres.

3. RISK FACTORS (CONT'D)

The existing landbank in Seberang Perai of approximately 931 acres has a road frontage onto Jalan Tasek, off the eastern side of Butterworth – Ipoh main trunk road near the town of Simpang Ampat. It can be assessed from the Butterworth – Ipoh main trunk road or from the North – South Highway via Bukit Tambun interchange, which is about 10 to 15 minutes drive from the Penang Bridge.

The landbank in Cheras of approximately 21 acres and in Selayang of approximately 7 acres are situated in established locations close to public facilities such as schools, markets, hospitals and shopping. Additionally, MGDB has a landbank of approximately 10 acres in the Mukim of Sungai Buloh, Petaling Jaya. These landbank are located at populated area.

m. Risk Associated With Borrowings

Significant fluctuations in the interest rate may pose an impact on the financial performance of the MGDB Group, as some working capital requirements are met partially by borrowings and internally generated funds. As at 31 October 2001, the proforma MGDB Group's total borrowings amounted to approximately RM138 million comprising term loans, short term borrowings and other banking facilities. Long term and short term bank borrowings amount to approximately RM106 million and RM32 million respectively. The MGDB Group will be utilising part of the proceeds from the Rights Issue and Restricted Public Issue to reduce their borrowings by a total of approximately RM8 million. The proceeds from the Restricted Issue of RM30 million will also be utilised for partial settlement of PBM's syndicated loan. Upon completion of the Proposals, the Group's borrowings and gearing will be approximately RM101 million and 0.59 times respectively.

n. Failure or Delay in Listing of MGDB

As mentioned in Section 4.3 (iv) of the Prospectus, the Restricted Issue will be completed simultaneously by the closing date for the Restricted Public Issue, Restricted Offer for Sale of Shares, Restricted Offer for Sale of ICULS and Rights Issue. Any unexpected delay in the completion of the Restricted Issue may delay the listing date of MGDB.

In the event the ICULS cannot be listed on the KLSE as a result of the Company not being able to meet the KLSE spread requirements of 100 holders pursuant to the Restricted Offer for Sale of ICULS, the monies paid in respect of the application for the Offer for Sale of ICULS will be refunded by GMM to the respective applicants.

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