

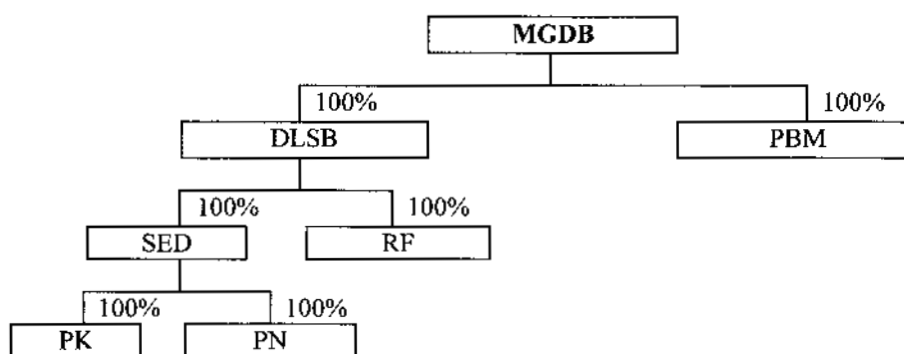
#### 4. INFORMATION ON MGDB GROUP

##### 4.1 Incorporation

MGDB was incorporated in Malaysia on 27 June 1978 under the Companies Act, 1965 as a private limited company under the name of MIT Holdings Berhad. Subsequently on 17 October 2001, the Company has changed its name from MIT Holdings Berhad to Mutiara Goodyear Development Berhad.

The Company was listed on the BSE in 1980, which had subsequently become defunct in 1996. The Company was previously involved in property development, general construction, housing project management, supplying offices machinery and equipment, insurance brokery and consultancy whilst listed on the BSE. It has ceased operations and been dormant since 1996 onwards.

In conjunction with the revival of the Company's operations and the transfer of listing status of MGDB from the BSE to the Main Board of the KLSE, MGDB undertook a Listing Scheme. Pursuant to the proposals implemented under the Listing Scheme, MGDB had acquired the entire issued and paid-up share capital of two (2) companies, namely DLSB and PBM. Upon the completion of the Proposals, MGDB's group structure will be as follows:-



Please refer to section 4.3 for details of the Proposals.

The completion of the Proposals will see a revival of MGDB from its dormant position. The MGDB Group will be principally involved in property development and property investment.

##### 4.2 Share Capital and Changes in Share Capital

The present authorised share capital of the Company is RM20,000,000 comprising 20,000,000 Shares. The authorised capital of MGDB will be increased from RM20,000,000 to RM500,000,000 Shares by the creation of an additional RM480,000,000 Shares.

The issued and paid up share capital of MGDB is 6,300,000 Shares, which have been issued and fully paid-up. The present issued and paid-up share capital of MGDB Group is RM116,506,000 comprising 116,506,000 Shares.

The changes in the issued and paid-up share capital of MGDB are as follows: -

Date of Allotment	No. of Shares Allotted '000	Par Value RM	Consideration	Cumulative Issued and Paid-Up Share Capital RM'000
As of to date	-	1.00	-	6,300
18.09.01	44,063	1.00	Settlement for the acquisition of DLSB	50,363
18.09.01	66,143	1.00	Settlement for the acquisition of PBM	116,506

**4. INFORMATION ON MGDB GROUP (CONT'D)**

In addition to this, MGDB Group has also issued RM85,134,000 nominal value of ICULS issued pursuant to the Acquisition of DLSB and settlement of debt owing to shareholders of DLSB and PBM of RM17.20 million and RM49.05 million respectively.

**4.3 Restructuring Exercise**

In conjunction with, the transfer of listing status of MGDB from the BSE to the Main Board of the KLSE, MGDB undertook a Listing Scheme which was approved by the FIC on 27 November 2000, the SC on 4 May 2001, 11 July 2001, 26 November 2001 and 14 December 2001 and the MITI on 31 December 2001. The proposals involves inter-alia the following:-

**(i) Acquisition of DLSB**

Acquisition of the entire issued and paid-up share capital of DLSB by MGDB for a purchase consideration of RM62.947 million to be satisfied with the issuance of 44,063 million new Shares in MGDB at an issue price of RM1.00 per Share and RM18.884 million nominal value of ICULS in MGDB.

The details of the acquisition of DLSB Group are as follows:-

Vendors	No of Shares held in DLSB ('000)	Purchase Consideration (RM'000)	No of Consideration Shares ('000)	No of ICULS ('000)
Mr. Edmond Hoyt Yung	3,000	23,605	16,524	7,081
Mr. Lai Tan Fatt	2,625	20,655	14,458	6,197
Mr. Wong Soo Chai@ Wong Chick Wai	1,875	14,753	10,327	4,426
GMM	500	3,934	2,754	1,180
<b>Total</b>	<b>8,000</b>	<b>62,947</b>	<b>44,063</b>	<b>18,884</b>

The purchase consideration for the acquisition of DLSB is arrived at on a "willing buyer - willing seller" basis after taking into consideration the adjusted NTA of DLSB Group as at 30 April 2000 of RM62.947 million. The adjusted NTA takes into consideration the open market value of the properties owned by the subsidiary companies of DLSB as appraised by an independent professional firm of valuer, Henry Butcher and the valuations which are approved by the SC vide its letter dated 30 January 2001.

**(ii) Acquisition of PBM**

Acquisition of the entire issued and paid-up share capital of PBM by MGDB for a purchase consideration of RM69.450 million to be satisfied by the issuance of 66,143 million new Shares in MGDB at an issue price of RM1.05 per Share in MGDB. The details of the acquisition of PBM are as follows:-

Vendors	No of Shares held in PBM ('000)	Purchase Consideration (RM'000)	No of Consideration Shares ('000)
THSB	7,500	34,725	33,071
GMM	4,500	20,835	19,843
APSB	3,000	13,890	13,229
<b>Total</b>	<b>15,000</b>	<b>69,450</b>	<b>66,143</b>

**4. INFORMATION ON MGDB GROUP (CONT'D)**

The purchase consideration for the Acquisition of PBM is arrived at on a "willing buyer - willing seller" basis after taking into consideration the adjusted NTA of PBM as at 30 April 2000 of RM69.450 million. The adjusted NTA takes into consideration the open market value of the property owned by PBM as appraised by an independent professional firm of valuer, Henry Butcher and the valuation which was approved by the SC vide its letter dated 30 January 2001.

**(iii) Debt Settlement**

Settlement of debt owing to the shareholders of DLSB of RM17.20 million and PBM of RM49.05 million into RM66.25 million nominal value of ICULS in MGDB on the basis of RM1.00 nominal value of ICULS for every RM1.00 of outstanding debt. The ICULS will be for a period of five (5) years and at a coupon rate of 2.5% per annum, convertible only after the third year from the date of issue of the ICULS. The details of the amount outstanding by DLSB Group and PBM are as follows:-

Company	Owing to	Nature of Debt	Nominal value of ICULS RM'000
<b>DLSB Group</b>			
• RF	GMM	The advances were given for purpose of repayment of term loan in 1997 of RM3.2 million, purchase of freehold land in 1999 of RM2.8 million, as well as for working capital and financing development expenditure amounting to RM1.8 million.	7,800
• SED	Mr. Edmond Hoyt Yung	The advances were given to finance the acquisition of investment in Glomac Group Management Services Sdn Bhd and PK.	3,750
	Mr. Lai Tan Fatt	As above	3,300
	Mr. Wong Soo Chai @ Wong Chick Wai	As above	2,350
			9,400
	Total DLSB Group		17,200
PBM	THSB	The advances were given for working capital purposes.	1,000
	GMM	The advances were given to acquire land amounting to approximately RM31.57 million, pay for the term loan and bridging loan interest of RM15.92 million and advances for working capital amounting to approximately RM0.56 million.	48,050
	Total PBM		49,050
	<b>Grand Total</b>		66,250

**(iv) Restricted Issue to the shareholders of PBM**

The Restricted Issue entails the issuance of 30 million new Shares in MGDB at an issue price of RM1.00 per Share to the existing shareholders of PBM. The details are as follows:-

Name of Shareholders	No of Shares to be allotted ('000)	% of Shares to be allotted
THSB	15,000	50.0
GMM	2,500	8.3
APSB	12,500	41.7
	30,000	100.0

#### 4. INFORMATION ON MGDB GROUP (CONT'D)

The Restricted Issue is expected to 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.

(v) Special Offer to Bumiputra Parties

The Special Offer to Bumiputra Parties entails a special offer of 15 million Shares at an offer price of RM1.20 per Share to Bumiputra parties nominated by MGDB and approved by MITI. These Bumiputra Parties has subscribed for the Shares before the issuance of the Prospectus. The Special Offer to Bumiputra Parties will also facilitate MGDB in having substantial Bumiputra interest in the MGDB Group upon its listing on the Main Board of the KLSE. The MGDB Group will have 59.3% Bumiputra interest upon listing.

The details of the offer are as follows:-

Name of offeror	No of Shares offered ('000)	Proceeds to offeror (RM'000)
THSB	5,000	6,000
Mr. Edmond Hoyt Yung	4,000	4,800
Mr. Lai Tan Fatt	3,500	4,200
Mr. Wong Soo Chai @ Wong Chick Wai	2,500	3,000
	<b>15,000</b>	<b>18,000</b>

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

(vi) Rights Issue

The Rights Issue involves a renounceable rights issue of 6.3 million new Shares at an issue price of RM1.00 per Share on the basis of one (1) new Share for every one (1) existing Share held by the existing shareholders of MGDB prior to the Proposals at the entitlement date i.e. at 5.00 p.m. on 18 March 2002. The issue price of the Shares is payable in full upon acceptance.

(vii) Restricted Public Issue/Restricted Offer for Sale of Shares

The Restricted Public Issue will entail the issue of 10 million new Shares in MGDB at an issue price of RM1.20 per Share whilst the Restricted Offer for Sale of Shares will entail the offer by Mr. Edmond Hoyt Yung, Mr. Lai Tan Fatt and Mr. Wong Soo Chai @ Wong Chick Wai of 7 million Shares at an offer price of RM1.20 per Share and are payable in full on application/acceptance upon such terms and conditions as set out in this Prospectus. The Restricted Public Issue/Restricted Offer Shares totaling 17 million Shares are allocated in the following manner:-

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

**4. INFORMATION ON MGDB GROUP (CONT'D)****(viii) Restricted Offer for Sale of ICULS**

The holders of the ICULS, namely GMM, the vendor of DLSB and PBM will offer for sale RM100,000 nominal value of ICULS to the service providers and staff of the service providers of the MGDB Group. The details of the offeror is as follow:-

<b>Name of offeror</b>	<b>No of ICULS offered ('000)</b>	<b>Proceeds to the offeror (RM'000)</b>
<b>GMM</b>	100	100

**(ix) Increase in Authorised Share Capital**

The present authorised share capital of the Company is RM20,000,000, comprising 20,000,000 Shares, of which 6,300,000 Shares have been issued and fully paid-up.

Upon completion of the Proposals and upon full conversion of the ICULS, the issued and paid-up capital of the Group will increase to 230,913,000 Shares. To accommodate the issue of these new Shares, the Board proposes to increase the authorised share capital to RM500,000,000 by the creation of 480,000,000 new Shares.

**(x) Listing**

The enlarged issued and paid-up share capital of MGDB Group of 162,806,000 Shares and RM85,134,000 nominal value of ICULS will be listed on the Main Board of the KLSE.

The Proposals are inter-conditional.

**4.4 History and Business Overview**

MGDB was incorporated on 27 June 1978 in Malaysia as a public limited company under the Companies Act, 1965 under the name MIT Holdings Berhad. Subsequently on 17 October 2001, the Company changed its name from MIT Holdings Berhad to Mutiara Goodyear Development Berhad. The Company was listed on the BSE in 1980, which had subsequently become defunct in 1996.

The Company was previously involved in property development, general construction, housing project management, supplying offices machinery and equipment, insurance brokery and consultancy whilst listed on the BSE. It has ceased operations and been dormant since 1996 onwards.

In conjunction with the revival of the Company's operations and the transfer of listing status of MGDB from the BSE to the Main Board of the KLSE, MGDB undertook a Listing Scheme. Pursuant to the proposals pursuant to the Listing Scheme, MGDB had acquired the entire issued and paid-up share capital of two (2) companies, namely DLSB and PBM. The MGDB Group will be principally involved in property development and property investment.

#### 4. INFORMATION ON MGDB GROUP (CONT'D)

##### 4.4.1 Principal Products and Property Development

The completion of the Proposals will see a change in MGDB's business focus. The new MGDB Group focuses mainly on property development and property investment around Peninsular Malaysia, as detailed below:-

Name of Company	Name and Location	Details of Project
PBM	BTM, Simpang Ampat, Seberang Perai Selatan	Township Development
RF	Villa Lagenda, Selayang	Medium to High Cost Condominiums
	Taman Lagenda Mas, Cheras	Mixed Housing Scheme
PK	Selayang Baru, Selayang	Low Cost Apartments
	Dataran Prima, Sungai Buloh	Sub-Commercial Development

Presently, the MGDB Group's portfolio is diversified. It concentrates on township development – BTM, residential properties in Cheras and Selayang and sub-commercial development in Dataran Prima.

The Group's total landbank as at 31 January 2002 is approximately 969 acres, comprising the following:-

- 931 acres in BTM;
- 21 acres in Cheras;
- 7 acres in Selayang; and
- 10 acres in Mukim of Sungai Buloh, Petaling Jaya

As at 15 September 2001, the Group has landbank of approximately 1,002 acres. Since then Phase 4 of BTM has been fully completed and substantially sold. As such, the total landbank as at 31 January 2002 is approximately 969 acres.

The approximate property mix (in percentage) of the Group's completed, on-going and future projects as at 31 January 2002 is illustrated below:-

Property Mix	Percentage (%)
Condominium	6.0
Terrace House	32.0
Semi-Detached House	14.0
Bungalow	6.0
Town House	3.0
Low-Medium Cost Apartment	8.0
Low Cost Apartment	20.0
Shop-Office	11.0
	<b>100.0</b>

*Note: The property mix does not take into consideration the piece of land measuring approximately 96 acres, allocated for the development of a business centre for the BTM project.*

##### 4.4.2 Overview of the projects undertaken by MGDB Group

As of 31 January 2002, the Group has completed various projects with the GDV of approximately RM417 million. Out of which, approximately 97.0% of the units which amounts to approximately RM408 million have been sold and delivered to the purchasers. Among the completed projects are Phases 1, 2 3 and 4 of BTM in Seberang Perai and Phases 1, 2 and 3 of Dataran Prima in Petaling Jaya. The completed projects comprise mainly low-medium and medium cost residential and commercial units.

#### 4. INFORMATION ON MGDB GROUP (CONT'D)

The Group is currently undertaking various development projects with GDV of approximately RM260 million under various subsidiaries. The Group has secured a total sales value of approximately RM175 million which represents approximately 67% of the total GDV as at 31 January 2002. These on-going projects comprise approximately 2,134 units of, single and double storey terrace houses, single and double storey semi-detached houses, low-medium cost apartments, medium cost townhouses, condominiums and commercial units. The on-going projects are completed at various stages and are expected to be delivered to purchasers within the next two (2) years. Among the projects are Phases 5 and 6 of BTM in Seberang Perai, Villa Lagenda in Selayang, Taman Lagenda Mas in Cheras, Bandar Baru Selayang in Selayang and Dataran Prima in Petaling Jaya.

The future projects with GDV of approximately RM1,119 million is expected to be launched over the next few years. Among the projects are Phases 7 to 16 of BTM in Seberang Perai and Dataran Prima in Petaling Jaya. The future phases of the projects will consist of terrace houses, semi-detached houses, bungalow, commercial units, low medium and low cost apartments.

The on-going development undertaken by the MGDB Group are as follows:-

**a) BTM**

PBM is currently developing a township known as BTM. BTM is an integrated mix development project comprising commercial and residential units. The development is on a piece of freehold land, measuring approximately 1,086 acres located at Simpang Ampat, Seberang Perai Selatan. The development was conceived and implemented to be a comprehensive new township development spanning over an estimated of 15 years. To date, approximately 155 acres of the said land had been developed and handed over to purchasers, whilst another approximately 61 acres are in various stages of development. The balance land of approximately 931 acres has yet to be developed. The entire lay-out plan for the BTM project has been approved by Majlis Perbandaran Seberang Perai on 20 April 1995 and 9 December 1995 respectively.

BTM has been designed to be an integrated and self contained township. It will incorporate the infrastructure facilities including fibre-optic network and co-axial cable to ensure that the township can derive benefits from the current telecommunication technologies.

The township will also consist of government schools, a provision for private institution of higher learning, regional police station, a hospital, fire station, wet & dry market, food centre, mosques, recreational parks and a commercial centre for the surrounding area.

The design concept emphasises on a garden city atmosphere conducive for a relaxed lifestyle. Additionally, blending well with the surrounding environment, the township provides low density landed residential properties with landscaping and infrastructures.

Since the launch of first phase in 1997, 3,349 units of various types of properties have been put up for sale and approximately 92% have been sold to date. The 92% sales have generated revenue amounting to approximately RM269 million. Phase 1, 2, 3 and 4 totalling 2,576 units have been successfully completed and handed over with certificate of fitness. The building and infrastructure works for Phase 5 is currently in various stages of construction. Phase 5 consists of 275 units of single storey terrace house, 97 units of double storey terrace house, 60 units of single storey semi-detached house and 74 units of double storey semi detached house. Earthworks have been completed on Phase 6.

**4. INFORMATION ON MGDB GROUP (CONT'D)****(b) Villa Lagenda, Selayang**

Villa Lagenda is a residential development in Selayang undertaken by RF. The development will be on a piece of leasehold land, measuring approximately 3.58 acres. This development comprises medium to high cost condominiums which consists of 296 units of apartments and 8 penthouses. This project which was launched on 9 December 2001 is expected to generate a GDV of approximately RM52.48 million. This development is located adjacent to the Selayang wholesale market along Jalan Ipoh, Kuala Lumpur which is close to public facilities such as schools, markets, hospitals and shopping malls. The development order for the project has been obtained on 3 May 2000 from Dewan Bandar Kuala Lumpur (Jabatan Perancang dan Kawalan Bangunan). The building plan has been approved by Dewan Bandaraya Kuala Lumpur on 26 September 2001.

**(c) Selayang Baru Low Cost Apartments**

The Selayang Baru Low Cost Apartments Project is undertaken by PK. The development will be on a piece of leasehold land, measuring approximately 2.48 acres. The Group is currently working on the 210 units of low cost apartments and is expected to be completed in early 2002. The low cost apartments which had been launched in August 2000 had achieved 100% sales. The 210 units of low cost apartments are expected to generate a GDV of approximately RM8.9 million.

**(d) Taman Lagenda Mas**

Taman Lagenda Mas is a residential development in Cheras undertaken by RF. The development will be on a piece of freehold land, measuring approximately 20.56 acres. This property is located approximately 13.6 km (8.5 miles) from Kuala Lumpur City Centre, along Jalan Cheras. It is also situated close to public facilities such as schools, markets, hospitals and shopping malls. This development is a mixed housing scheme comprising 665 units of various types of residential properties consisting of 72 units of 2-storey terrace house, 303 units of dual frontage 3, 4 and 4 1/2 -storey townhouse, 140 units of low cost apartments, 70 units of low medium cost apartment and 80 units of medium cost townhouse. This project was launched in June 2001 (save for the low cost apartments which was launched in August 2001). Since the launch of Taman Lagenda Mas in June 2001, approximately 94.4% of the 2-storey terrace house, approximately 73.3% of the dual frontage 3, 4 and 4 1/2 storey townhouse, approximately 41.3% of the medium cost townhouse, approximately 77.1% of the low medium cost apartment and approximately 72.1% of the low cost apartment have been sold as at 31 January 2002. Taman Lagenda Mas is expected to generate a GDV of approximately RM76.2 million. Earthworks have already been completed. The development order for the project and approval for the building plans has been obtained on 24 June 2000 and 13 April 2001 respectively from Majlis Perbandaran Kajang.

**(e) Dataran Prima**

The Dataran Prima Project is undertaken by PK. The development is on a piece of freehold land measuring approximately 19.76 acres located at Mukim of Sungai Buloh, Daerah Petaling. This development was designed to be a sub-commercial centre in the vicinity of Section 1 of PJ Utara. It comprises 665 units of 5 to 9- storey shop-offices, a 17- storey office tower, a 7- storey shopping complex and 494 units of medium to high rise condominiums.

The total development is expected to generate a GDV of approximately RM455.2 million. The 5 to 9- storey shop-offices in the first 3 phases were completed with certificate of fitness of occupation. The 5 to 9- storey shop-offices in Phase 1-2 and 3 have been completed in December 1998 and July 1999 respectively.



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**4. INFORMATION ON MGDB GROUP (CONT'D)**

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Approximately 98% of these shop-offices have been sold, thus generating sales revenue in excess of RM210 million.

Phase 4, which consists of a 26-storey high-rise condominium, inclusive of 2 levels of car parking floor and a clubhouse is expected to be launched in the fourth quarter of 2002. It is expected to generate a GDV of approximately RM33.6 million.

Phase 5, which is still in the preliminary planning stage, consists of 2 blocks of 13 to 14- storey luxurious high-rise condominiums with one level of car parking floor and clubhouse. It is expected to be launched in the third quarter of 2002. Phase 5 is expected to contribute a GDV of approximately RM58.8 million.

Phases 6 to 7 are still in the preliminary planning stage. Phase 6 consists of a 17-storey office tower with 2 basements and Phase 7 consists of a 7- storey shopping complex. Phase 6 is expected to contribute a GDV of approximately RM50 million whilst Phase 7 is expected to contribute a GDV of approximately RM100 million.

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## 4. INFORMATION ON MGDB GROUP (CONT'D)

## a. Completed Projects

Name/ Location of Project	Phase	Type of Development	Launched Date	No of units Launched	No of Units Sold as at 31 January 2002	% of Units Sold	% Completed as at 31 January 2002	Average Sale Price Per Unit (RM)	GDV RM'000
BTM (by PBM) Seberang Perai	1	1 storey terrace	March 1997	531	531	100	100	68,902	55,051
		2 storey shop/office		96	96	100	100	192,331	
	2	1 storey terrace 2 storey shop/office Low cost apartment	August 1997	365 70 280	365 35 278	100 50 100	100 100 100	80,321 220,089 25,000	51,723
	3	1 storey terrace – Astra	April 1998	229	229	100	100	85,934	56,131
		1 storey terrace – Agate		250	250	100	100	83,812	
	4	2 storey terrace Low cost apartment		77 200	77 165	100 82	100 100	136,352 25,000	
Dataran Prima (by PK) -Daerah Petaling	1	1 storey terrace	October 1999	478	478	100	100	86,812	41,496
		5-storey shop office	September 1995	155	154	99	100	150,000 – 418,000	41,800
	2	6-storey shop office with 2 carpark basement	October 1995	222	216	97	100	150,000 – 925,000	62,600
	3	5 to 9-storey shop office with 2 carpark basements	August 1996	288	283	98	100	150,000 – 1,466,000	108,400

## 4. INFORMATION ON MGDB GROUP (CONT'D)

## b. On-Going Projects

Name/ Location of Project	Phase	Type of Development	Launching Date	No of Units to be Launched	No of Units Sold as at 31 January 2002	Percentage of Completion as at 31 January 2002	Average Sale Price per Unit (RM)	GDV RM'000
BTM (by PBM) Seberang Perai	5	1 storey terrace	October 2000	275	274	57.0	85,187	61,924
		2 storey terrace					148,375	
		1 storey semi-detached					147,249	
		2 storey semi-detached					206,354	
	6	1 storey terrace	January 2002	215	67	10.0	86,034	29,301
		2 storey semi detached		52	32	10.0	207,767	
Villa Lagenda, (by RF) -Selayang	-	Apartments	December 2001	296	159	10.0	168,000	49,728
		Penthouse	December 2001	8	-	-	300,000 - 390,000	2,760
Taman Lagenda Mas (by RF) - Cheras &	-	2-storey terrace house	June 2001	72	68	49.0	190,000	13,612
		Dual frontage 3, 4 and 4 ½ storey townhouse	June 2001	303	222	29.0	154,000	43,113
		Medium cost townhouse	June 2001	80	33	24.0	113,000	9,040
		Low medium cost apartment	June 2001	70	54	27.0	72,000	5,040
Bandar Baru Selayang Phase 2A - Low Cost Fiat (by PK) -Selayang	-	Low cost apartment	August 2001	140	101	36.0	42,000	5,922
		Walk-up low cost apartment	August 2000	210	210	80.0	42,000	8,900
Dataran Prima (by PK) -Daerah Petaling	4	26-storey highrise condominium with 2 levels of carparking floor and clubhouse	Fourth quarter, 2002	182	Not launched yet	-	180,000 - 320,000	33,600

\* Earthworks has been completed.

## 4. INFORMATION ON MGDB GROUP (CONT'D)

## c. Future Projects

Name/ Location of Project	Phase	Type of Development	Expected Launched Date	No of Units Expected to be Launched	Average Sales Value per Unit (RM)	Estimated GDV (RM'000)
Dataran Prima (by PK) -Daerah Petaling	5	2 blocks of 13 to 14- storey luxurious highrise condominiums with 1 level of carparking floor and a clubhouse	3 <sup>rd</sup> quarter, 2002	312	185,000 -- 320,000	58,800
BTM (by PBM) Seberang Perai	6	17-storey office tower with 2 basements	Planning stage	Planning stage	Planning stage	50,000
	7	7- storey shopping complex	Planning stage	Planning stage	Planning stage	100,000
	7	2 storey terrace	June 2002	198	149,129	32,192
		2 storey bungalow (1 and only)		37	72,000	
	8	2 storey semi-detached 2 storey shop/office Low cost flat	December 2002	164 62 200	210,000 220,000 35,000	55,080
	9	2 storey terrace 2 storey semi-detached	May 2003	180 190	160,000 210,000	68,700
	10	2 storey shop/office 2 storey terrace 2 storey semi-detached Low cost flat	November 2003	60 208 100 200	220,000 155,000 228,000 35,000	75,240
	11	2 storey terrace 2 storey semi-detached	May 2004	312 104	155,000 235,000	72,800
	12	2 storey shop/office 2 storey semi-detached	November 2004	56 120	225,000 240,000	68,700
	13	3 storey shop-office 2 storey semi-detached 2 Storey Bungalow Low cost flat	May 2005	78 120 160 200	350,000 245,000 335,000 35,000	90,000
	14	2 storey shop /office 2 storey bungalow 10 storey apartment	November 2005	96 148 160	210,000 350,000 130,000	92,760

## 4. INFORMATION ON MGDB GROUP (CONT'D)

Name/ Location of Project	Phase	Type of Development	Expected Launched Date	No of Units Expected to be Launched	Average Sales Value per Unit (RM)	Estimated GDV (RM'000)
	15	2 storey semi detached 3 storey shop office Low cost flat	May 2006	200 78 200	250,000 355,000 35,000	84,690
	16	2 storey bungalow 10 storey apartment	November 2006	200 160	368,000 130,000	94,400
	Future Phases	Terrace house Semi-detached Bungalow Low medium cost apartment Low cost flat Shop office Business Centre	**	618 582 177 560 892 155 96 acres	*	*

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\* The sales price per unit has yet to be determined

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\*\* The launch date has yet to be determined

**4. INFORMATION ON MGDB GROUP (CONT'D)****(d) Property Investment**

The details of the current property investment of DLSB Group are as follow:-

**Kelana Centre Point**

The DLSB Group, via its subsidiary namely PN, is also involved in property investment. PN owns a 13- storey office building with 2 basement floors identified as Wisma Goodyear (Block B) situated within Kelana Centre Point, Kelana Jaya, Selangor Darul Ehsan. Kelana Centre Point is a comprehensive commercial development comprising a row of 10- storey shop offices (Block A), a block of 13- storey office building (Block B) and two blocks of 13- storey office buildings (Block C and D). The built-up area for Block B is 21,219 square metres. The project was developed as a joint venture between SED and Glomac Berhad. Wisma Goodyear (Block B) was purchased by PN from Glomac Group Management Services Sdn Bhd on 15 May 1999 at RM31.9 million.

This property can be accessed by the Lebuhraya Damansara Puchong (LDP) or the Klang Valley Expressway using the Subang Interchange.

As at 31 January 2002, approximately 70,753 sq. ft of the nett lettable area of 114,745 sq.ft (or approximately 62%) of Wisma Goodyear (Block B) is being tenanted. The expected rental revenue based on current occupancy rate is approximately RM1.65 million per annum.

**4.5 Subsidiary Companies**

<b>Name</b>	<b>Date/Place of Incorporation</b>	<b>Issued and Paid-Up Share Capital RM'000</b>	<b>Effective Equity Interest (%)</b>	<b>Nature of Business</b>
<b><u>Subsidiaries of MGDB Group</u></b>				
DLSB	02.05.1996 Malaysia	Ordinary shares - 8,000	100	Investment holding
PBM	30.04.1993 Malaysia	Ordinary shares - 15,000	100	Property development
<b><u>Subsidiary Companies of DLSB</u></b>				
SED	25.03.1994 Malaysia	Ordinary shares - 100 Preference shares - 100	100	General merchants and property investment
RF	14.04.1994 Malaysia	Ordinary shares - 500 Preference shares - 500	100	Property development
<b><u>Subsidiary Companies of SED</u></b>				
PK	27.07.1994 Malaysia	Ordinary shares - 4,000 Preference shares - 4,000	100	Property development
PN	19.10.1993 Malaysia	Ordinary shares - 100	100	Property investment

#### 4. INFORMATION ON MGDB GROUP (CONT'D)

##### 4.5.1 Information on DLSB

###### a) History and Business Overview

DLSB was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 2 May 1996 under the name of Dynastic Lion Sdn Bhd. The principal activity of DLSB is investment holding.

DLSB's subsidiary companies are as follows:-

Name of company	Date/Place of incorporation	Issued and paid-up share capital (RM)	Effective equity interest %	Principal activities
SED	25.03.94/ Malaysia	Ordinary shares 100,000 Preference shares 100,000	100	General merchant and Property investment
RF	14.04.94/ Malaysia	Ordinary shares 500,000 Preference shares 500,000	100	Property development
PK	27.07.94/ Malaysia	Ordinary shares 4,000,000 Preference shares 4,000,000	100	Property development
PN	19.10.93/ Malaysia	Ordinary shares 100,000	100	Property investment

###### b) Share Capital

The present authorised share capital is RM10,000,000, comprising 10,000,000 ordinary shares of RM1.00 each, of which RM8,000,000, comprising 8,000,000 ordinary shares of RM1.00 each, have been issued and fully paid up.

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

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
02/05/96	2	1.00	Cash	2
18/05/00	7,999,998	1.00	Cash	8,000,000

**4. INFORMATION ON MGDB GROUP (CONT'D)****4.5.2 Information on SED****a) History and Business Overview**

SED was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 25 March 1994 under the name of South East Dragon Sdn Bhd. The principal activity of SED is general merchants and property investment.

SED's subsidiary companies are as follows:-

Name of company	Date/Place of incorporation	Issued and paid-up share capital (RM)	Effective equity interest %	Principal activities
PN	19.10.93/ Malaysian	Ordinary shares 100,000	100	Property investment
PK	27.07.94/ Malaysian	Ordinary shares 4,000,000 Preference shares 4,000,000	100 100	Property development

**b) Share Capital**

The authorised share capital of SED is RM500,000, comprising 300,000 ordinary shares of RM1.00 each and 200,000 preference shares of RM1.00 each, of which 100,000 ordinary shares of RM1.00 each and 100,000 preference shares of RM1.00 each have been issued and fully paid-up.

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

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
<i>Ordinary shares</i>				
25/03/94	2	1.00	Cash	2
10/06/96	99,998	1.00	Cash	100,000
29/04/00	100,000	1.00	Cash	200,000
30/04/00	(100,000)*	1.00	Conversion to preference shares	100,000
<i>Preference shares</i>				
30/04/00	100,000	1.00	Conversion from ordinary shares	100,000

\* Pursuant to Section 66 of the Companies Act, 1965 and Article 4B of the Company's Articles of Association, these shares have been converted to the equivalent number of preference shares on 30 April 2000

Note: The preference shares do not have any rights attached to them. The rights have been exhausted via a one time dividend payment to the shareholders of the preference shares.



**4. INFORMATION ON MGDB GROUP (CONT'D)****4.5.3 Information on PN****a) History and Business Overview**

PN was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 19 October 1993 under the name of Potensi Naga Sdn Bhd. The principal activity of PN is property investment.

PN does not have any subsidiary companies.

**b) Share Capital**

The authorised share capital of PN is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, all of which have been issued and fully paid-up.

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

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Par value (RM)</b>	<b>Consideration</b>	<b>Total issued and paid-up share capital (RM)</b>
19/10/93	2	1.00	Cash	2
13/05/99	99,998	1.00	Cash	100,000

**4.5.4 Information on PK****a) History and Business Overview**

PK was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 27 July 1994 under the name of Puncak Kencana Sdn Bhd. The principal activity of PK is property development.

PK does not have any subsidiary companies.

**b) Share Capital**

The authorised share capital of PK is RM25,000,000 comprising 20,000,000 ordinary shares of RM1.00 each and 5,000,000 preference shares of RM1.00 each, of which 4,000,000 ordinary shares of RM1.00 each and 4,000,000 preference shares of RM1.00 each have been issued and fully paid-up.

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**4. INFORMATION ON MGDB GROUP (CONT'D)**

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

<b>Date of allotment</b>	<b>No. of shares allotted</b>	<b>Par value (RM)</b>	<b>Consideration</b>	<b>Total issued and paid-up share capital (RM)</b>
<i>Ordinary shares</i>				
27/07/94	2	1.00	Cash	2
01/09/94	99,998	1.00	Cash	100,000
23/09/94	900,000	1.00	Cash	1,000,000
08/01/96	3,000,000	1.00	Cash	4,000,000
31/03/99	4,000,000*	1.00	Cash	8,000,000
31/03/99	(4,000,000)	1.00	Conversion to preference shares	4,000,000
<i>Preference shares</i>				
31/03/99	4,000,000	1.00	Conversion from ordinary shares	4,000,000

*Note: The preference shares do not have any rights attached to them. The rights have been exhausted via a one time dividend payment to the shareholders of the preference shares.*

\* Pursuant to Section 66 of the Companies Act 1965 and Article 4B of the company's Articles of Association, these shares have been converted to the equivalent number of preference shares on 31 March 1999.

**4.5.5 Information on RF****a) History and Business Overview**

RF was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 14 April 1994 under the name of Regal Form Sdn Bhd. The principal activity of RF is property development.

RF does not have any subsidiary companies.

**b) Share Capital**

The authorised share capital of RF is RM5,000,000 comprising 4,000,000 ordinary shares of RM1.00 each and 1,000,000 preference shares of RM1.00 each, of which 500,000 ordinary shares of RM1.00 each and 500,000 preference shares of RM1.00 each have been issued and fully paid-up.

**4. INFORMATION ON MGDB GROUP (CONT'D)**

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

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
<b>Ordinary shares</b>				
14/04/94	2	1.00	Cash	2
18/07/94	99,998	1.00	Cash	100,000
11/04/95	100,000	1.00	Cash	200,000
29/12/96	300,000	1.00	Cash	500,000
29/04/00	500,000	1.00	Cash	1,000,000
30/04/00	(500,000)*	1.00	Conversion to preference shares	500,000
<b>Preference shares</b>				
30/04/00	500,000	1.00	Conversion from ordinary shares	500,000

*Note:* The preference shares do not have any rights attached to them. The rights have been exhausted via a one time dividend payment to the shareholders of the preference shares.

\* Pursuant to Section 66 of the Companies Act, 1965 and Article 4B of the Company's Articles of Association, these shares have been converted to the equivalent number of Preference Shares on 30 April

**4.5.6 Information on PBM****(a) History and Business Overview**

PBM was incorporated on 30 April 1993 in Malaysia as a private limited company under the Companies Act, 1965, under the name of Pembangunan Permatang Rotan Sdn Bhd. PBM changed to its present name on 7 January 1995. PBM is principally involved in property development.

PBM does not have any subsidiary or associate companies.

**(b) Share Capital**

The present authorised share capital is RM300,000,000, comprising 300,000,000 ordinary shares of RM1.00 each of which RM15,000,000, comprising 15,000,000 ordinary shares of RM1.00 each have been issued and fully paid up.

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

Date of allotment	No. of shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
30/4/1993	2	1.00	Cash	2
05/05/1995	999,998	1.00	Cash	1,000,000
06/02/1996	593,000	1.00	Cash	1,593,000
06/02/1996	13,407,000	1.00	Cash	15,000,000

#### 4. INFORMATION ON MGDB GROUP (CONT'D)

##### 4.6 Employees

The new MGDB Group is managed by En. Harun bin Hj Faudzar who is a businessman with approximately 15 years experience in property development and Mr. Edmond Hoyt Yung who has over 27 years experience 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 in the Central Region. The management of PBM will be involved in the development of the Group's flagship development, BTM and any other future business interests in the Northern Region.

The management team of GMM has a good track record in both project management and property development. One of its recent major success includes the residential development in UEP - Subang Jaya known as Subang Perdana. The management team of GMM is guided by Mr. Edmond Hoyt Yung, who will be assisted by a team of management staff who has vast experience in their respective field of expertise. Due to the vast experience and abilities of its management, the Group is confident of accepting challenges ahead in the property sector.

They had successfully completed various project management contracts until 1990 as it subsequently changed its business focus to property development. These contracts are valued in the region of RM800 million in terms of construction value. GMM, being involved in the project management of these contracts have earned project management fees in the region of 1% and 7% of the total construction value. Since changing its business focus in 1990 to property development, GMM has undertaken property development projects with gross development value over RM600 million. GMM's landmark project is the residential development in UEP - Subang Jaya known as Subang Perdana, generated sales revenue of RM529 million. This has made GMM to be known as an innovative property developer for its quality.

As at 18 March 2002, the MGDB Group has 70 employees under permanent employment. The employees of the Group do not belong to any union and the employees relationship with the management of the group is amicable.

The employee structure of the new MGDB Group are as follows:-

Category of Employee	Malaysians					Non-Malaysian	Total
	Bumi-putra	Chinese	Indian	Others	Total Malaysian		
1. Managerial and Professional	4	16	-	-	20	-	20
2. Technical and supervisory	10	16	-	1	27	-	27
3. Clerical and related occupations (e.g. clerks, typist, stenographers, personal secretaries, etc.) plus sales	8	11	2	-	21	-	21
4. General workers (e.g. telephone operators, drivers, office boys, watchmen, gardener, etc.)	1	-	1	-	2	-	2
5. Factory workers : (a) Skilled (b) Unskilled	-	-	-	-	-	-	-
<b>Total Column</b>	<b>23</b>	<b>43</b>	<b>3</b>	<b>1</b>	<b>70</b>	<b>-</b>	<b>70</b>

**4. INFORMATION ON MGDB GROUP (CONT'D)**

To keep abreast with the new development in the property development industry and demand for properties, the Directors and senior management of the Group attend trade fairs and seminars relevant to the property development industry so as to be aware of the latest developments and progress in the industry.

The following is a table setting out the breakdown of the length of service of MGDB Group's staffs:-

Category of Employees	Number of Employees			Total
	<1 year	1-5 years	> 5 years	
Managerial and Professional	3	6	11	20
Technical and supervisory	9	10	8	27
Clerical and related occupations	6	11	4	21
General workers	-	2	-	2
Factory workers	-	-	-	-
	<b>18</b>	<b>29</b>	<b>23</b>	<b>70</b>

As at 18 March 2002, MGDB Group has total staff strength of 70, whereby approximately 32.8% have been with the Group for more than 5 years. The loyalty and dedication of the staffs of the Group throughout the years and their technical expertise will continue to contribute to the Group's growth.

**4.7 Quality and Production Control**

The projects undertaken by the Group include township developments, condominiums, mixed housing schemes and sub-commercial development. The Group has developed various measures to ensure that a satisfactory level of quality of all the Group's on-going or future projects will be met. Quality control emphasis is place on workmanship, materials purchasing, space usage, timely delivery, purchaser's satisfaction or complaints and maintenance services.

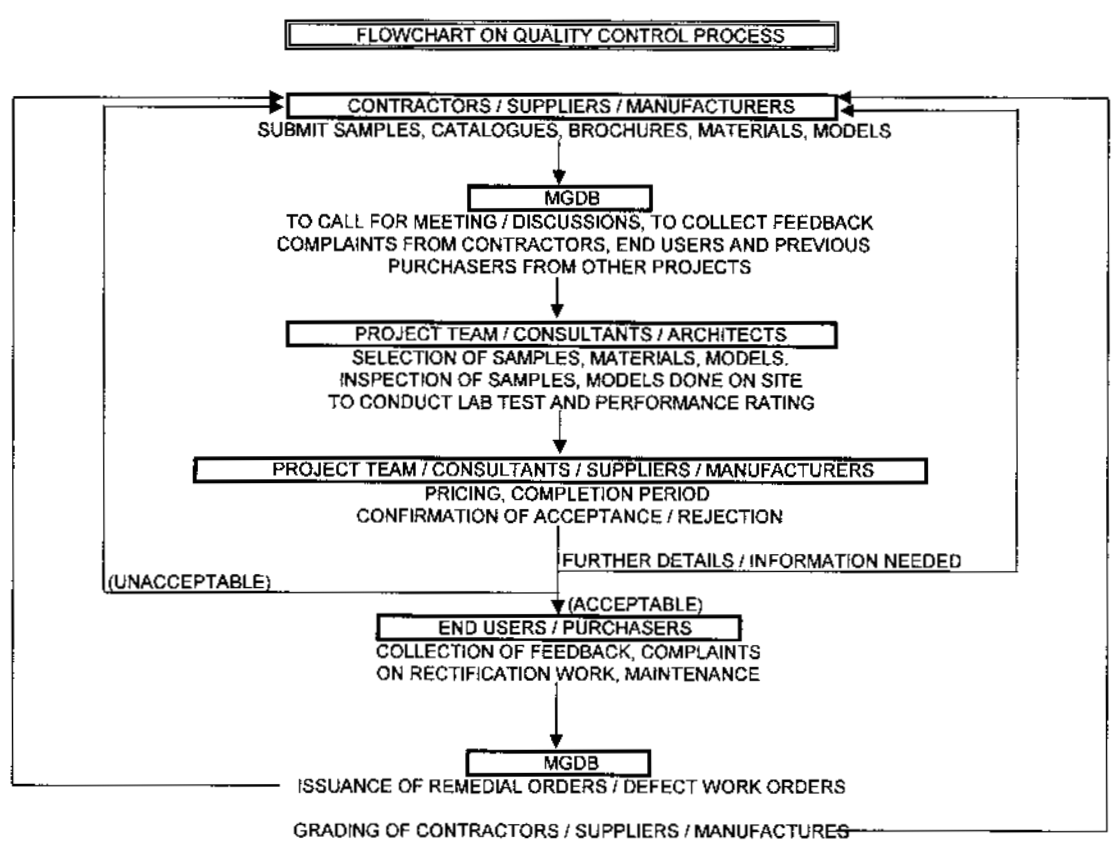
The Group is also maintaining its quality control through the following:-

- a) Total Quality Management; and
- b) Total Project Management

Currently, the Group conducts site meetings with architects, consultants and contractors to resolve technical problems encountered by contractors, matters pertaining to workmanship and materials purchasing for ongoing projects on a regular basis. Besides this, the Group also has full-time site staffs comprising of resident engineers and clerks-of-works to check and confirm on the contractors' daily work.

**4. INFORMATION ON MGDB GROUP (CONT'D)**

As a reputable developer, the Group has three objectives which are equally important namely time, cost and quality. Quality control for all projects are monitored from the conceptual stage to project handover as follows:-



In order to maintain the quality of its projects, the planning, design and construction of properties of the Group are mainly carried out by in-house divisions. The Group has an in-house project team which consist of an architect, project managers, technical managers, resident engineers and clerks-of-works to conduct frequent checks or inspection on site. The project team has handled many projects ranging from residential to commercial complexes. The project team also carries out frequent checks or inspections with external consultant-architects and other consultants for all its on-going projects. Such checking or inspections are to ensure that the quality of workmanship, materials, finishes of the products have met the necessary standards.

**4.8 Source and Availability of Raw Materials**

The raw materials used for the construction projects are part of the services provided by the contractors, as stipulated in the construction contract. As such, the MGDB Group is very unlikely to be exposed to any shortages or fluctuation in raw material prices, as the terms and conditions of the raw material prices have been determined upfront, via the construction contracts.

Furthermore, 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.

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**4. INFORMATION ON MGDB GROUP (CONT'D)**

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**4.9 Pricing Strategy**

The Group's pricing strategy is focused on affordability or "value for money". Thorough project and market feasibility studies are carried out before the acquisition of land is undertaken. This will assist in determining the type of properties to be constructed. Besides this, registration exercises will also be carried out a few months before the official sales launch, with all types of proposed properties and estimated price range being indicated in the registration form. This will assist the Group to gauge the response from the registration exercise. However, the selling price will normally be adjusted and finalised to suit the prevailing market conditions during the launch. The Group's projects to be launched in the near future are mainly priced below RM250,000.

**4.10 Strategic Location**

The success of a property development company is very much dependent on the quantity and quality of its land bank in order to sustain its future profitability. Currently, the MGDB Group have landbank at a strategic location in Simpang Ampat, Seberang Perai and in populated areas in Petaling Jaya, Cheras and Selayang for future development. The landbank in Selayang which is approximately 7 acres is located adjacent to the Selayang Wholesale Market along Jalan Ipoh while the Cheras landbank which is approximately 21 acres is located approximately 13.6 km (8 ½ miles) from Kuala Lumpur City Centre, along Jalan Cheras. Both the properties are situated in established locations close to public facilities such as schools, markets, hospitals and shopping malls.

The existing landbank in Seberang Perai of 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 accessed from the Butterworth – Ipoh main trunk road or from the North–South Highway via Bukit Tambun interchange which is about 10 –15 minutes drive from the Penang Bridge.

Additionally, MGDB Group has a landbank of approximately 10 acres in Dataran Prima, Mukim of Sungai Buloh, Daerah Petaling.

**4.11 Marketing Strategy**

The Group has put great emphasis on the research activities (i.e feasibility studies) which will enable the Group to identify the type of development in demand which in turn make the marketing effort more fruitful and innovative marketing strategies such as offering innovative features and designs to their product at competitive prices.

The Group did not encounter difficulties in marketing its commercial and residential properties. Most of the sales were promoted through advertisements, promotional launches and some personal introductions.

The marketing team of Taman Lagenda Mas focuses on the innovative features of the townhouses, i.e. separate individual driveways and entry for every level, private car parks and no monthly maintenance fee charges. All of these features are comparable to the single storey terrace houses which are normally priced higher. However, the said Taman Lagenda Mas townhouses have an additional feature which is not found in the normal single storey terrace house, i.e. they have a balcony view for second and third floor units. As Taman Lagenda Mas townhouses concept is unique and different from others, a show unit will also be built at the project's site for prospective buyer's viewing. In addition to the above, a show unit will also be built at the Dataran Prima and Villa Lagenda project's site for prospective buyers' viewing. This is part of the Group's marketing strategy to promote its larger than average size condominium units that will be sold at attractive prices.

#### 4. INFORMATION ON MGDB GROUP (CONT'D)

The marketing approach for BTM is to continue to take advantage of the present low interest rates, higher end financing loan margins and strong demand of landed houses below RM100,000 for single story terrace houses and below RM150,000 for double storey terrace houses while building up the size of population in the township. As such the management of the Group has adopted a competitive pricing strategy as an indication of the effectiveness. Phases 1 and 2 with certificate of Fitness for Occupation was recently transacted at prices between RM80,000 to RM90,000 giving an appreciation of approximately 15% to 20% over the launching price range of RM65,000 to RM75,000 even through the period of economic downturn. Phase 3 was transacted at prices between RM93,000 to RM98,000, giving an appreciation of approximately 13% to 19% over the launching price range of RM79,900 to RM84,800.

##### 4.12 Government Legislation, Policies and Incentives

Among the government legislation, policies and incentives provided is the Malaysian Construction Industry Development Board Act 1994, the Housing Developers (Control and Licensing) Act 1966 (Revised 1973), Housing Developers (Control and Licensing) Regulations 1989 and Housing Developers (Housing Development Account) Regulations 1991. These Acts are responsible for regulating and improving the industry by means of providing consultancy, quality accreditation, research and development, promoting usage of high technology as well as manpower training services.

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 distribution of income and the ownership of homes by the populations in general through provisions of affordable housing as well as to control and protect individual consumers by setting the minimum standard to the property development industry.

The other government legislations, policies and incentives that will affect the property industry are as follows:-

a) Bank Negara Malaysia's Guidelines On Financing Development of Properties

Banking institutions are not allowed to finance the development of commercial properties and projects involving shophouses priced above RM250,000 each, not located within residential areas.

b) Before the Local Council approves a new proposed housing development with the land size measuring more than 5 acres, irrespective of the land cost, the developers have to abide by the following rules:-

- a) 20% of the units must be Low Cost (i.e below RM42,000);
- b) 10% of the units must be Low Medium Cost (i.e below RM 72,000); and
- c) 10% of the units must be Medium Cost (i.e below RM100,000).

This has indirectly resulted in developers pricing their properties at a higher price for the balance 60% of the same proposed housing project. This is to subsidise the shortfall between the selling price and costs of the abovementioned properties.



**4. INFORMATION ON MGDB GROUP (CONT'D)****4.13 Industry Players and Competition**

Among the major players in the property sector, listed on the KLSE are Selangor Properties Berhad, Merge Housing Berhad, Sime UEP Properties Berhad, MK Land Holdings Berhad, Glomac Berhad and IGB Corporation Berhad.

The success of a market player in this sector is largely dependent on the large and strategic land banks and the product type or mix of a company which possess a good concept in their development projects.

As a result of the intense competition in the property sector, MGDB Group remains competitive by focusing on acquiring strategic land banks and performing thorough market research to determine the right property mix for its development projects. Additionally, before the launch of any development projects, surveys will be conducted to ensure that the pricing tagged to its properties are competitive and affordable to its target customers.

**4.14 Major Suppliers**

MGDB Group's major suppliers are essentially its contractors. The following are the Group's largest contractors (above RM25 million of the aggregate total contract sum):-

Suppliers	Nature of Business	Commencement of Relationship (Years)	Aggregate Total Contract Sum from 1997 to 2001 (RMmil)
Pembinaan Hasfas Sdn Berhad*	Construction and Building Contractor	1997	92.4
Bina Goodyear Berhad*	Construction and Building Contractor	1997	92.1
Suakaya-Mega Sdn Berhad	Construction and Building Contractor	2000	52.8
BG Builders Sdn Berhad	Construction and Building Contractor	2001	40.8
Glomac-Bina Sdn Berhad	Construction and Building Contractor	1997	27.7

\* Please refer to Section 7.1 for details on the related party transactions

However, MGDB Group is not dependent on any one main contractor due to the following:-

- i) Contracts are awarded to more than one qualified and reputable contractor on 'parcel to parcel' basis. This will enable the Quality Control Department to check their work progress and the quality of performance, and to decide on the continuance of their service for the following parcel or project.
- ii) All tenders are awarded based on open system.
- iii) Tenders are invited based on price competitiveness vis-à-vis experience, track record and qualification basis.

#### 4. INFORMATION ON MGDB GROUP (CONT'D)

##### 4.15 Industry Overview

The new principal activities of MGDB will be investment holding and property development. Therefore, the prospects of the Group are inherently linked to private and corporate consumption and investment spending which is largely determined by the Malaysia's economy outlook.

##### I. Overview and Prospects of the Malaysian Economy

###### *Economic Outlook For 2002*

The performance of the Malaysian economy in 2001 has been adversely affected by the greater than expected slowdown in the world economy, particularly in the United States ("US"), as well as the continuing weak performance of the Japanese economy. The recent attack on the US has led to greater uncertainties with respect to the severity and duration of the recovery in the US. There are concerns on the risks of the US economy entering into recession and its contagion on other industrialised and developing economies. In light of the more difficult environment, real GDP growth of the Malaysian economy is projected to grow by 1% to 2% for 2001. Following the lower growth in nominal value, Gross National Product ("GNP") of 1.8%, GNP per capita is forecast to be somewhat lower at RM13,333. In terms of purchasing power parity, however, per capita income is expected to increase by 1.3% to USD8,944 after taking into account lower domestic inflation.

*(Source: Economic Report 2001/2002)*

The outlook of the external sector in 2002 remains uncertain, particularly in the light of the aftermath of the attack on the US. While it is generally viewed that the US may avoid a recession, the recovery would be delayed with an upturn taking place gradually in the later part of 2002. The prospect for a growth in Japan continues to be discouraging, with the economy not expected to witness a rapid growth. Given the weaker performance of the US and Japan, world growth has subsequently been revised downwards to 2.6% with the GDP growth for the major industrialised countries decelerating to 1.3%.

Taking cognisance of the uncertainties in the external environment, growth for the Malaysian economy will continue to be spearheaded by domestic activities. In this regard, the Government will continue to adopt an expansionary fiscal policy to further strengthen domestic demand to generate growth. At the same time, to increase business confidence and commitment, the Government will ensure a more conducive business environment for the private sector's expansion and initiatives.

The Malaysian economy is forecast to grow by 4-5% in 2002, led by stronger performances in the manufacturing and services sectors. The recovery in global electronics demand will contribute towards growth in the manufacturing sector while the pace of expansion in the services sector will be driven by higher economic activities and the Government fiscal stimulus.

*(Source: Economic Report 2001/2002)*

###### *Sectoral Output Outlook*

In view of the external economic condition and the forecasted Malaysian economic growth of 1% to 2% for the year 2001, all sectors of the Malaysian economy are expected to be affected by the slower growth in the economy. The steep decline in value added of the manufacturing sector has, however, to some extent been offset by the better performance from agriculture, construction and services sector. The services sector has provided the lead in the growth of the economy on account of better performance of government services and other sub-sector services. In construction sector, fiscal stimulus efforts by the Government, particularly for infrastructure projects coupled with the construction of low and medium cost residential houses, have contributed towards its higher growth. In the agriculture sector, the higher output from palm oil has resulted in higher rate of growth for the sector.

*(Source: Economic Report 2001/2002)*

**4. INFORMATION ON MGDB GROUP (CONT'D)****II. Property Sector**

The Malaysian property market entered the year 2001 equipped with specific measures to strengthen the industry, as provided for in the Budget 2001 to cushion the weakening market dominated with high overhang in the residential, shops and industrial sector in addition to the high vacancy rates in the purpose built offices and shopping complexes. Among the measures were the lowering of the ceiling rate of ad-valorem stamp duty on property transfers from 4% to 3%.

The Employee Provident Fund has relaxed its policies to allow contributors to make withdrawals towards the purchase of a second house. The government introduced a similar measure by increasing the housing loan eligibility and permitted public sector employees to utilise the balance of their loan eligibility for a second house. The financial institutions, on the other hand, continued to provide attractive housing loan packages.

*(Source: Property Market Report – Jan-Jun 2001)*

It was observed that the measures were more focused on the residential sector but not the property sector as a whole, which inevitably were affected by the general economy. On 27 March 2001, the Prime Minister announced pre-emptive measures dubbed as firm steps to run wheels faster in response to the expected slowdown in the US economy. The measures were in the form of increasing the fiscal stimulus, promoting consumption, reducing the property overhang, continuing the accommodative monetary policy, promoting financing of small and medium enterprises, promoting the services sector and maintaining the ringgit peg.

*(Source: Property Market Report – Jan-Jun 2001)*

The FIC has amended rules and guidelines pertaining to asset acquisition making it more attractive and conducive. It included steps to expedite approvals by exempting acquisition by citizens involving less than RM10 million (previously was RM5 million) and exempting acquisitions less than RM20 million by selective groups, but the parties need to inform FIC. Rules on asset acquisition have also been relaxed for foreigners. Foreign manufacturers who are exempted from obtaining manufacturing licenses by the MITI are allowed to purchase industrial properties without local equity participation. Foreigners are allowed to own all types of residential units, shops, office space and retail space worth above RM250,000 without local equity participation. The properties, however, must be 50% completed when purchased and the purchase can be financed locally. Further relaxation was extended under the Silver-Haired Programme to allow foreigners to purchase residential units above RM150,000 in areas designated for such a programme.

*(Source: Property Market Report – Jan-Jun 2001)*

The number of properties that remained unsold as at the end of the first half of 2001 decreased significantly compared to the end of the preceding half. The total number of unsold properties, that includes houses, shops and industries, fell from 62,051 units at the end of December 2000 to 46,315 units at the end of June 2001, showing a drop of 25.4%. Unsold residential units recorded a substantial decrease of 31.4% or 16,145 units while unsold industrial properties and retail shops continued to increase through marginally. The estimated value of unsold residential units was reduced by 26.5% to RM4.86 billion when compared to the similar period of the second half of 2000 while the value of shops units and industrial properties that remained unsold increased by 5.8% and 20.9% respectively. The net difference between the three sectors was a reduction of 14.3% over the second half of 2000.

*(Source: Property Market Report – Jan-Jun 2001)*

It is expected that there will be positive growth in the property market in the second half of 2001 with increases in the number of transactions. The residential sector is expected to contribute to the growth to balance the expected decline in the commercial and industrial sectors.

*(Source: Property Market Report – Jan-Jun 2001)*

#### 4. INFORMATION ON MGDB GROUP (CONT'D)

##### ***Residential Sub-sector***

In 2000, the residential sector's growth moderated to 8.8% and 18.3% in volume and value respectively after experiencing encouraging up-trends of 27.8% and 32.9% in volume and value respectively in 1999. The current nationwide efforts to steer the market back to the pre-crisis level through liberalized access to housing loans, home ownership drives and other policy instruments produced some impacts in this sector.

*(Source.: Property Market Report 2000)*

The market consolidated in the first half of 2001. Transaction volume fell by 9.5% in the first half of 2001 compared to the preceding half but rose by 16.8% in the second half of 2000 compared to the first half of the same year. Value of transaction trended similarly in the same period with a decrease of 12.1% and an increase of 19.7%. Nonetheless, activity in volume and value was still higher in the first six months of 2001 compared with the corresponding period of last year even after taking into account bulk sales of 1,633 units in the first half of 2001.

*(Source: Property Market Report – Jan-Jun 2001)*

Measures to strengthen the residential market introduced in the Budget 2001 and to a lesser extent the fiscal pre-emptive measures announced on 27 March 2001 has kept the market resilient. In terms of price range, the RM100,001 – RM150,000 bracket led with 18.2% followed closely by the RM50,001 – RM75,000 and RM75,001 – RM100,000 ranges with 17.3% and 17.2% respectively. These price ranges saw marginal growth of 0.6% -1.8% in the share of transactions compared with the previous two halves.

*(Source: Property Market Report – Jan-Jun 2001)*

A total of 30,666 residential units were launched in the second quarter of this year which recorded an increase of 42.1% over the preceding quarter. Sales performance was better in the current quarter with 59.0% of units sold compared to 53.0% for the last quarter.

*(Source: Property Market Report – Jan-Jun 2001)*

##### ***Retail Property***

Market activity in the first half of 2001 recorded 7,359 transactions which was the lowest since the first half of 1999. However, transaction value fluctuated mainly within a narrow band of 1% to 2% in the same period to settle at RM3.20 billion in the first half of 2001. Transaction volume and value that reduced in the first half of 2000 from the second half of 1999, went up by 5.3% and 1.9% respectively in the next half year before coming down by 13.1% and 1.7% respectively in the first of 2001. Although the number of transactions was lower by 8.5% in the first half of 2001 compared to the corresponding half of last year, transaction value was marginally higher by 0.2%.

*(Source: Property Market Report – Jan-Jun 2001)*

The price range of RM250,001 – RM500,000 was still the focus of demand except in the states of Perak, Kedah and Terengganu. Properties within the range of RM150,001 – RM200,000 were more popular in Perak by an extra 5% share of commercial transactions. The number of transactions fell in all the price ranges over the preceding half. The double storey shophouses was still the most preferred type for all states except in Kelantan, where vacant shop lots led in demand.

*(Source: Property Market Report – Jan-Jun 2001)*

The nationwide stock of shophouses, collected on a quarterly basis, was 246,959 units in the second quarter of 2001 which included 1,798 completed units. An incoming supply of 22,674 units, that represented 9.2% of existing stock, was made up of 21,691 units under construction and 983 starts. Planned supply stood at 23,862 units or 9.7% of existing stock.

*(Source: Property Market Report – Jan-Jun 2001)*

#### 4. INFORMATION ON MGDB GROUP (CONT'D)

##### *Purpose-built Office*

By the end of the first half of 2001, the total purpose-built office stock increased by 0.3% to 12,298,906 s.m. with the completion of 199,302 s.m. of office space over the last six months. Most of the new supply was distributed in Kuala Lumpur and Selangor with a combined 68.2% followed by Pulau Pinang with 14.8% and Sarawak with 11.3%.

Overall occupancy rate was 78.7% with an occupied space of 9,677,559 s.m.. Kuala Lumpur accounted for more than half of vacant office space. The relocation of government departments in the city to Putrajaya in stages is expected to impact negatively upon the vacancy situation in Kuala Lumpur in the short term. A fresh supply of office space representing 7.4% of the supply in Kuala Lumpur will likely be completed in the immediate future, thereby aggravating the oversupply at hand. Low take up rates for newly completed buildings further burdener the market.

*(Source: Property Market Report – Jan-Jun 2001)*

By the end of the first half of 2001, total purpose-built office stock nationwide stood at 12,298,906 sm of which 1.6% represented newly completed stock of 199,302 s.m.. The stock represented both private and government owned office space. Starts were 31,266 s.m. or 0.3% of existing stock. An incoming supply of 2,750,568 s.m. will add another 22.4% to existing stock upon completion. Total planned supply stood at 2,067,404 s.m. and represented 16.8% of existing supply. Of the total space under construction, Kuala Lumpur alone made up 1,711,488 s.m. or 62.2%. Looking at the low absorption rate for new completion and the high vacancy, the prospects appear less than rosy for occupancy levels in Kuala Lumpur.

*(Source: Property Market Report – Jan-Jun 2001)*

##### *Property Sector Prospects*

The prospects for the property industry in the medium term is expected to be favourable owing to the following factors :-

##### *(a) Growth in population*

For the period 1980 to 1995, the population of Malaysia increased at an average annual rate of 2.7% from 13.88 million to 20.69 million to reach 23.27 million in 2000. For the period 2000 to 2005, the Government had projected that the Malaysian population would increase at a rate of 2.3 per cent to reach 26.04 million by 2005 (Table 1).

	<b>1995</b>	<b>2000</b>	<b>2005</b>
<b>Population (*million)</b>	20.68	23.27	26.04

*(Source : Eighth Malaysia Plan 2000-2005)*

As the Malaysian population continues to grow, demand for properties is expected to increase naturally over time.

#### 4. INFORMATION ON MGDB GROUP (CONT'D)

##### (b) *Increasing rate of urbanization*

The greater economic opportunities available in urban centres has attracted immigration of population resulting in an increasing concentration of population in these centres. As a result, the urbanization rate increased from 55.1% in 1995 to 61.8% in 2000. It is expected about 66.9% of the total population will reside in urban areas by the year 2005 (Table 2).

	1995	2000	2005
Urbanization Rate (%)	55.1	61.8	66.9

The urban population earned higher incomes, due to the expansion of urban economic activities.

(Source : *Eighth Malaysia Plan 2000-2005*)

The increasing rate of urbanization is expected to create higher demand for residential as well as certain type of commercial properties.

##### (c) *Employment*

The employment is expected to grow at an average rate of 3.3 per cent per annum in the less developed states and 3.1 per cent per annum in the more developed states for 2001 to 2005. Among the less developed states, Sabah and Sarawak are expected to register a high growth in employment, arising from the expansion of downstream activities in the petroleum, agro-based and wood based industries. The better employment prospects is expected to create higher demand for residential as well as certain type of commercial properties as the population.

(Source : *Eighth Malaysia Plan 2000-2005*)

#### 4.16 Future Plans Of MGDB Group

Led by En. Harun bin Haji Faudzar as the Executive Chairman, Mr Edmond Hoyt Yung as the Managing Director and supported by an experienced management team, MGDB is expected to enjoy synergistic benefits of operational effectiveness and efficiency at present and in all future undertakings.

Based on the present property market sentiments, MGDB Group will concentrate on taking advantage of low interest rates, demand for quality residential properties below RM250,000 while tapping on the middle income market group.

Backed by reputation built upon long standing record of quality developments spanning from Subang Jaya in the 1970's, Subang Perdana, Dataran Prima and BTM, MGDB Group will be well placed to experiment and promote innovative property designs and marketing programmes with confidence in market acceptance.

In the Northern Region, MGDB will concentrate on the development of BTM into an integrated township with a garden lifestyle living concept. This is intended to complement the needs of industrial parks in the region of Seberang Perai, in the areas of accommodation and commerce.

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**4. INFORMATION ON MGDB GROUP (CONT'D)**

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In the Central Region, particularly the Klang Valley, MGDB Group will continue with what it has established over these years, i.e. being a developer in residential and commercial projects. Among the projects currently being undertaken by the MGDB Group in Klang Valley includes the development in Selayang which is known as Villa Lagenda Condominiums comprising 304 units of medium to high cost condominiums and the development in Cheras which is known as Taman Lagenda Mas, Cheras which comprises a mixed housing scheme comprising 665 units of various types of residential properties. The MGDB Group is also presently working on the development of 210 units of walk-up low cost apartments in Selayang.

The other future plans of the MGDB Group includes:-

- a) Expanding its landbank in the Klang Valley, in the Northern Region including Penang Island and if opportunities arise, even in the Southern Region;
- b) Look for opportunities in joint ventures with land owners to develop viable projects; and
- c) Project rehabilitation.

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