

4. PARTICULARS OF THE IPO

4.1 Opening and Closing of Applications

Applications for the IPO Shares will be accepted from 10.00 a.m. on 10 April 2004 to 5.00 p.m. on 23 April 2004 or for such further date or dates as the Directors of the Company and the Underwriter in their absolute discretion may decide.

4.2 Indicative Timetable

The indicative timing of events leading up to the Listing is set out below:

Event	Tentative Date
Opening of application for the IPO Shares	10 April 2004
Closing of application for the IPO Shares	23 April 2004*
Balloting for applications for the IPO Shares	27 April 2004
Allotment of the IPO Shares	5 May 2004
Listing	7 May 2004

Note:

* *The Directors of Mudajaya and the Underwriter may in their absolute discretion mutually decide to extend the closing date of the application to a further date or dates. Should the closing date of the application be extended, the dates for the allotment of the IPO Shares and the listing of and quotation for the entire enlarged issued and paid-up share capital of Mudajaya on the Main Board of MSEC would be extended accordingly.*

Where the closing date of the application for the IPO Shares is extended from the original closing date, the notice of such extension(s) will be advertised in a widely circulated Bahasa Malaysia and English newspaper in Malaysia.

4.3 Share Capital

	RM
Authorised	
500,000,000 ordinary shares of RM0.50 each	<u>250,000,000</u>
Issued and fully paid-up as at the LPD	
120,600,000 ordinary shares of RM0.50 each	60,300,000
To be issued pursuant to the Public Issue	
15,400,000 new ordinary shares of RM0.50 each	<u>7,700,000</u>
	<u>68,000,000</u>
To be offered pursuant to the Offer for Sale	
22,600,000 ordinary shares of RM0.50 each	<u>11,300,000</u>

The price of RM1.28 for each IPO Share is payable in full on application.

There is only one (1) class of shares in the Company, being ordinary shares of RM0.50 each. The Issue Shares will rank pari passu in all respects with one another and the other existing issued and paid-up ordinary shares of the Company including voting rights and will be entitled to all rights, dividends and distributions the entitlement date of which is subsequent to the date of allotment of the said Issue Shares.

4. PARTICULARS OF THE IPO (cont'd)

At any general meeting of the Company, each shareholder shall be entitled to vote in person or by proxy or by attorney and, on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one (1) vote and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each ordinary share held. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

Subject to any special rights attaching to any shares that may be issued by the Company 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 as dividends or other distributions and the whole of any surplus in the event of liquidation of the Company in accordance with the Articles of Association of the Company.

4.4 Details of the IPO

The IPO is subject to the terms and conditions of this Prospectus and upon acceptance, the IPO Shares will be allotted in the following manner:

4.4.1 Public Issue at an Issue Price of RM1.28 per Issue Share

(i) Eligible Directors and Employees of the Mudajaya Group

6,800,000 of the Issue Shares have been reserved for eligible Directors and employees of the Mudajaya Group. Any Issue Shares not subscribed by the eligible Directors and employees of the Group will be made available for application by Malaysian citizens, companies, co-operatives, societies and institutions.

The allocation to the eligible employees is based on the following criteria:

- (a) The length of service and performance of the eligible employees of the Mudajaya Group; and
- (b) The designation of the eligible employees who are confirmed employees of the Mudajaya Group as at 5 March 2004.

Based on this criteria, there are 180 eligible employees of the Group who are eligible to subscribe for the reserved shares as at 5 March 2004.

The eligible Directors of Mudajaya are allocated up to 1,000,000 Mudajaya Shares each. The details of the allocation to the eligible Directors are as follows:

Name of Directors	No. of Mudajaya Shares allocated
Ng Ying Loong	1,000,000
Wee Teck Nam	500,000
Anto A/L SF Joseph	600,000
Aminodin bin Ismail	200,000

(ii) Malaysian Public

8,600,000 of the Issue Shares will be made available for application by Malaysian citizens, companies, co-operatives, societies and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions.

4. PARTICULARS OF THE IPO (cont'd)

4.4.2 Offer for Sale at an Offer Price of RM1.28 per Offer Share

(i) Identified Investors

9,504,000 of the Offer Shares have been reserved for private placement to identified investors.

(ii) Bumiputera Investors

13,096,000 of the Offer Shares have been reserved for Bumiputera investors approved by the MITI.

1,000,000 of the Issue Shares under Section 4.4.1(i) and 8,600,000 of the Issue Shares under Section 4.4.1(ii) above have been underwritten by the Underwriter at an underwriting commission of 1.75% of the issue price of RM1.28 per Issue Share. An Underwriting Agreement was entered into between Mudajaya and the Underwriter on 30 March 2004. Details on the brokerage and underwriting commission relating to the Issue Shares are set out in Section 4.10 of this Prospectus.

CIMB, as placement agent, has entered into various placement agreements to place out the Offer Shares mentioned in Section 4.4.2(i) above. The Offer Shares under Section 4.4.2 above will not be underwritten as the identified investors and Bumiputera investors approved by the MITI have provided irrevocable undertakings to subscribe for the said Offer Shares.

All the IPO Shares must be taken up in order for Mudajaya to meet the public spread requirement under the Listing Requirements.

4.5 Public Shareholding Spread

Pursuant to the Listing Requirements, at least 25% of the issued and paid-up share capital of the Company must be held by a minimum number of 1,000 public shareholders holding not less than 100 Mudajaya Shares each upon completion of the IPO and at the point of Listing. The Company is expected to achieve this at the point of Listing.

4.6 Purposes of the IPO

The purposes of the IPO are as follows:

- (i) To provide an opportunity for Bumiputera investors, the Malaysian public, eligible Directors and employees of the Mudajaya Group and identified investors to participate in the continuing growth of the Mudajaya Group;
- (ii) To enable Mudajaya to gain access to the capital market to tap external sources of debt and equity funds for the future expansion and continued growth of the Group;
- (iii) To raise funds for the items stated in Section 4.8 below; and
- (iv) To obtain a listing of and quotation for the entire enlarged issued and paid-up share capital of Mudajaya on the Main Board of MASEB.

4.7 Pricing of the IPO Shares

The issue/offer price of RM1.28 per IPO Share was determined and agreed upon by the Company and CIMB, as Adviser, Underwriter and Placement Agent, after taking into consideration, amongst others, the following factors:

- (i) The prospects of the Group as set out in Section 7 of this Prospectus;
- (ii) The forecast net PE Multiple of 6.87 times based on the forecast net EPS of 18.64 sen for the financial year ending 31 December 2004 as set out in Section 11.4 of this Prospectus;

4. PARTICULARS OF THE IPO (cont'd)

- (iii) The proforma Group NTA per share as at 31 October 2003 of RM0.81 after the IPO; and
- (iv) The forecast gross dividend yield of 1.95% for the financial year ending 31 December 2004.

However, investors should note that the market price of Mudajaya Shares upon Listing are subject to vagaries of market forces and other uncertainties, which may affect the price at which Mudajaya Shares are traded. Investors should form their own views on the valuation of the IPO Shares before deciding to invest in the IPO Shares.

4.8 Utilisation of Proceeds

The gross proceeds of RM19,712,000 to be raised from the Public Issue will be utilised as follows:

	Note	RM 000
Working capital	1	17,212
Estimated listing expenses	2	<u>2,500</u>
		<u>19,712</u>

Notes:

- The Group has charted steady growth in recent years and is expected to continue in the foreseeable future. As a consequence, the Group will use the net proceeds of RM17,212,000 to be raised from the Public Issue as additional working capital to finance the initial start up cost of its new projects which generally ranges from 5% to 10% of the contract value. The cash proceeds, which will be fully utilised by April 2006, are expected to strengthen the liquidity and cash flow position of the Group.*
- The estimated expenses incidental to the Listing amounting to approximately RM2.5 million consist of the following:*

	RM 000
<i>Professional fees</i>	850
<i>Fees payable to the SC</i>	140
<i>Fees payable to MSEB including initial and annual listing fees</i>	30
<i>Underwriting commission</i>	300
<i>Brokerage fees</i>	163
<i>Issuing house fees</i>	100
<i>Printing and advertisement of Prospectus</i>	350
<i>Contingencies</i>	567
<i>Total</i>	<u>2,500</u>

These expenses are expected to be fully paid by the third (3rd) quarter of 2004.

The total gross proceeds of RM28,928,000 arising from the Offer for Sale shall accrue entirely to the Offerors and no part of the proceeds from the Offer for Sale shall be receivable by Mudajaya.

4. PARTICULARS OF THE IPO (cont'd)

4.9 Financial and Cash Flow Impact from the Utilisation of Proceeds

The financial impact from the utilisation of proceeds on the consolidated balance sheets of Mudajaya is reflected in the proforma consolidated balance sheets in Section 11.8 of this Prospectus.

The cash flow impact from the utilisation of proceeds is as follows:

Financial year ending 31 December 2004	RM 000
Inflow	
Gross proceeds from the Public Issue	19,712
Outflow	
Working capital	(17,212)
Estimated listing expenses	(2,500)
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4.10 Brokerage, Underwriting Commission and Placement Fees

Brokerage is payable by the Company for the Issue Shares at the rate of 1.0% of the issue price of RM1.28 per Issue Share in respect of successful applications which bear the stamps of CIMB, participating organisations of MASEB, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

CIMB has agreed to underwrite all of the Issue Shares which are available for application by the Malaysian public pursuant to the Public Issue and 1,000,000 of the Issue Shares which are available for application by eligible Directors and employees of the Mudajaya Group. The underwriting commission amounting to RM215,040 relates to the underwriting of 9,600,000 of the Issue Shares and is payable by the Company at the rate of 1.75% of the issue price of RM1.28 per Issue Share underwritten.

Placement fees are payable by the Offerors to CIMB, the placement agent, at a rate of 2.00% of the offer price of RM1.28 for each of the 9,504,000 Offer Shares to be issued by way of private placement.

4.11 Salient Terms of the Underwriting Agreement

The salient terms of the Underwriting Agreement dated 30 March 2004 entered into between the Company and CIMB ("Underwriting Agreement") are summarised as follows:

- (i) The obligations of the Underwriter under the Underwriting Agreement are conditional upon:
 - (a) the listing of and quotation for the entire issued and paid-up ordinary shares of the Company on the Main Board of MASEB having been approved in principle by MASEB;
 - (b) there not having been, on or prior to the last date and time for the receipt of the applications for the Public Issue in accordance with this Prospectus and the Application Form ("Closing Date"), any adverse or material change or any development reasonably likely to involve a prospective adverse or material change in the condition (financial or otherwise) of the Company from that set forth in the Prospectus which is material in the context of the Listing, nor the occurrence of any event rendering untrue or incorrect to an extent which is material as aforesaid any representations or warranties contained in the Underwriting Agreement as though they had been given or made on such date;

4. PARTICULARS OF THE IPO (cont'd)

- (c) the delivery to the SC and the Registrar of Companies, of the Prospectus in its final form for registration and lodgement, respectively in accordance with the requirements of the Securities Commission Act, 1993 and the Companies Act, 1965, together with copies of all documents required by the aforesaid legislations;
- (d) the issue of the Prospectus no later than three (3) months (or such other period as the parties may agree in writing) from the date of the Underwriting Agreement;
- (e) the issue, offering and subscription of 8,600,000 of the Issue Shares to be issued to the Malaysian public and 1,000,000 of the Issue Shares to be issued to the eligible Directors and employees of the Mudajaya Group ("Underwritten Shares") in accordance with the provisions of the Underwriting Agreement, not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including the SC and MSEB); and
- (f) all necessary approvals and consents required in relation to the Listing including but not limited to governmental approvals having been obtained and are in full force and effect until the Closing Date.

If any of the conditions stated above are not satisfied on or before the Closing Date, the Underwriter shall be entitled to terminate the Underwriting Agreement by notice given to the Company not later than three (3) Market Days from the Closing Date. In that event (except for the liability of the Company for the payment of the expenses as provided in Clause 8 of the Underwriting Agreement and any rights and liabilities of the Company and/or the Underwriter under Clauses 4 or 5 of the Underwriting Agreement) the parties shall be released and discharged from their respective obligations under the Underwriting Agreement save and except for any antecedent breaches provided that the Underwriter may at its discretion waive compliance with any provision of this clause and any condition so waived shall be deemed to have been satisfied in relation to it;

- (ii) If in the reasonable opinion of the Underwriter there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriter by reasons of Force Majeure which would have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms, then the Underwriter may, after due and proper consultation with the Company, terminate, cancel and withdraw its commitment to underwrite the Underwritten Shares by giving written notice to the Company before 5:00 p.m. on the Closing Date. In this clause, "Force Majeure" means war, hostilities, riot, uprising, flood, fire, storm, epidemic, explosion, disease, earthquake, hijacking, sabotage and acts of God which are unpredictable and beyond the reasonable control of the party claiming Force Majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation; and

4. PARTICULARS OF THE IPO *(cont'd)*

- (iii) Upon any material misrepresentation or material breach of such warranties contained in Clause 4 of the Underwriting Agreement or failure to perform the said undertakings in any material respects contained in Clause 4 of the Underwriting Agreement coming to the notice of the Underwriter, the Underwriter shall be entitled (but not bound), without prejudice to any other right or remedy which it may have (including under Clause 4.4 of the Underwriting Agreement), if in its opinion, such material misrepresentation or material breach is capable to remedy, to give written notice to remedy the material misrepresentation or breach or failure set out in the notice within seven (7) days of the Company's receipt of such notice, failing which or otherwise, the Underwriter shall terminate this Agreement whereupon this Agreement shall immediately become null and void and the Underwriter shall thereafter be released and discharged from its obligations under this Agreement provided that:
- (a) the exercise of the aforesaid rights pursuant to Clause 4.4 of the Underwriting Agreement, upon or following the occurrence of any such breach shall not prejudice or nullify any right or claims for damages (including the right to payment of the expenses referred to in Clause 8 of the Underwriting Agreement) or any other remedy which the Underwriter may have against the Company for or arising from any such breach or existing prior to the termination; and
 - (b) the non-exercise thereof before the final allotment of the Underwritten Shares shall not prejudice or nullify the Underwriter's rights to rescind this Agreement upon or following the occurrence of any further or other breach thereof.

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