

8. INFORMATION ON THE MUDAJAYA GROUP

8.1 Information on Mudajaya

8.1.1 Incorporation

Mudajaya was incorporated in Malaysia under the Companies Act, 1965 on 6 February 2003 as a public limited company under the name of Mudajaya Group Berhad.

8.1.2 Share Capital

The present authorised share capital of Mudajaya is RM250,000,000 comprising 500,000,000 ordinary shares of RM0.50 each. As at the LPD, the issued and paid-up share capital of Mudajaya is RM60,300,000 comprising 120,600,000 ordinary shares of RM0.50 each.

The changes in the issued and paid-up share capital of the Company since its incorporation are set out below:

| Date of allotment | No. of ordinary shares allotted | Consideration/Type of issue | Total issued and paid-up share capital RM |
|-------------------|---------------------------------|---|---|
| 06.02.03 | 2 | Subscribers' shares | 2 |
| 28.03.03 | 2 | Share split | 2 |
| 28.03.03 | 1,996 | Cash subscription | 1,000 |
| 01.03.04 | 120,598,000 | Issue of shares pursuant to the Acquisition | 60,300,000 |

8.2 Restructuring and Listing Exercise

The restructuring and listing exercise, which had been approved by the SC, the FIC and the MITI on 2 December 2003 (for both SC and FIC) and 22 July 2003 respectively, involves the following:

(i) Acquisition

Mudajaya entered into a conditional Sale and Purchase Agreement with the vendors of MJC as mentioned below, for the acquisition of 100% equity interest in MJC comprising 30,150,000 MJC Shares for a total purchase consideration of RM75,175,320 satisfied by the issuance of 120,598,000 new Mudajaya Shares at an issue price of approximately RM0.62 per Mudajaya Share.

Details of the share exchange are as follows:

| Vendors of MJC | No. of MJC Shares acquired | Purchase consideration RM | No. of new Mudajaya Shares issued as consideration |
|----------------|----------------------------|---------------------------|--|
| DSM | 15,075,000 | 37,587,660 | 60,299,000 |
| UF | 9,045,000 | 22,552,596 | 36,179,400 |
| Tiararibu | 5,880,000 | 14,661,051 | 23,519,600 |
| Ng Ying Loong | 149,000 | 371,519 | 596,000 |
| WSC | 1,000 | 2,494 | 4,000 |
| | 30,150,000 | 75,175,320 | 120,598,000 |

8. INFORMATION ON THE MUDAJAYA GROUP (cont'd)

The purchase consideration was arrived at a willing-buyer willing-seller basis after taking into consideration the adjusted audited NTA of MJC Group as at 31 December 2002 of RM75,175,320, the details of which are as follows:

| | RM |
|--|---------------------|
| Audited NTA of the MJC Group as at 31 December 2002 | 141,175,320 |
| Less: Interim dividend payment for the financial year ended 31 December 2003 | <u>(66,000,000)</u> |
| Adjusted audited NTA as at 31 December 2002 | <u>75,175,320</u> |

The Acquisition was completed on 1 March 2004 and resulted in the issued and paid-up share capital of Mudajaya increasing from RM1,000 to RM60,300,000.

(ii) Public Issue

Mudajaya will issue 15,400,000 new ordinary shares of RM0.50 each to the Malaysian public and eligible Directors and employees of the Mudajaya Group at an issue price of RM1.28 per Issue Share.

Upon completion of the Public Issue, the issued and fully paid-up share capital of Mudajaya will further increase from RM60,300,000 to RM68,000,000.

(iii) Offer for Sale

In conjunction with the Public Issue, the Offerors will offer for sale 22,600,000 Mudajaya Shares at an offer price of RM1.28 per share to Bumiputera investors approved by the MITI and identified investors.

(iv) Listing and Quotation

The entire issued and paid-up share capital of Mudajaya comprising 136,000,000 Mudajaya Shares will be listed and quoted on the Main Board of MASEB.

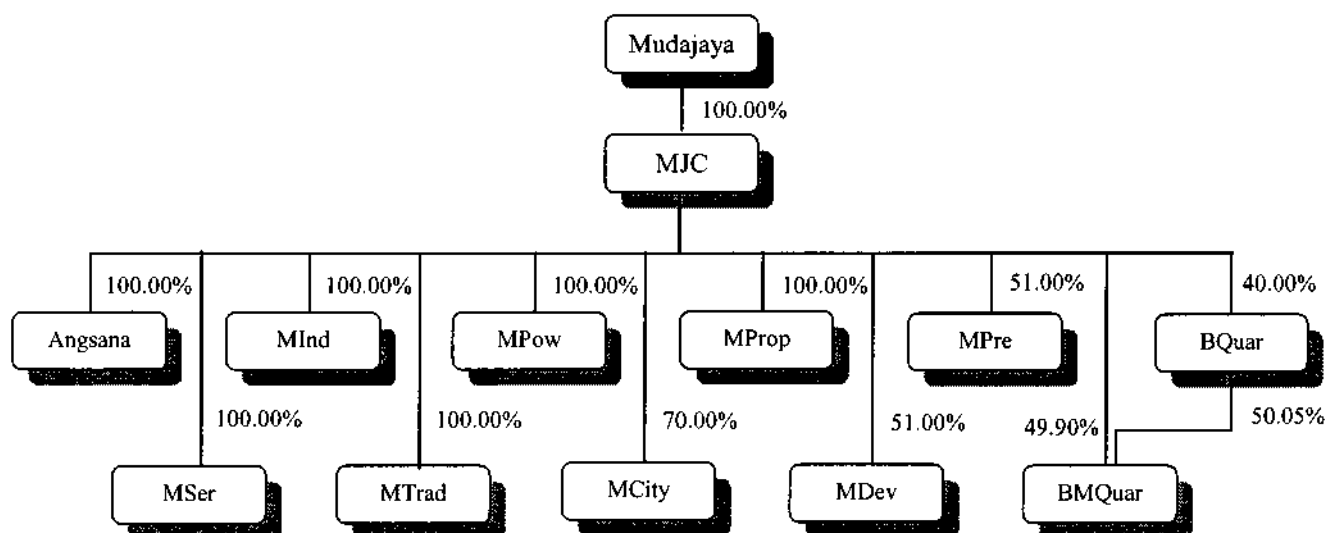
8.3 Business Overview

The principal activity of Mudajaya is that of investment holding.

The principal activities of its subsidiary and associated companies are civil engineering and building construction, property development, hire of plant and machinery, quarry operations and manufacturing and trading of concrete products and construction products.

8. INFORMATION ON THE MUDAJAYA GROUP *(cont'd)*

The group structure of the Mudajaya Group and its associated companies is as follows:



Details of the businesses of the Mudajaya Group are as follows:

(i) Construction

Construction is the main contributor to the Group's income. The Group's construction activities are primarily undertaken by MJC. MJC is involved in general construction, in particular civil engineering and building construction on both design and build and conventional construction contracts for Government, quasi-Government and the private sector. Since its incorporation in 1965, MJC has established itself as one of the leading civil and building contractors in Malaysia with a reputation for successful and timely completion of projects undertaken. As at the LPD, the Group has been involved in a portfolio of approximately RM2,093.9 million worth of contracts (some of which were on joint venture basis) comprising highways, roads, bridges, power stations, buildings, infrastructure, marine structures, dams and retaining structures, water supply works, drainage and sewerage works.

Some of the major projects undertaken and completed by the Group are as follows:

- (a) Construction of various sections of the North-South Expressway;
- (b) Construction of the Malaysia-Singapore Second Crossing;
- (c) Design and construction of the Kulim High-Technology Park - Independent Power Plant in Kulim, Kedah Darul Aman;
- (d) Design and construction of the Track Transit System for Aero Train at Kuala Lumpur International Airport;
- (e) Civil work construction for Phase 2 (600 MW) and Phase 3 (1,000 MW) of the Sultan Salahuddin Abdul Aziz power plant in Selangor Darul Ehsan;
- (f) Civil work construction of the Prai combined-cycle gas turbine power plant (350 MW) in Pulau Pinang;
- (g) Construction of the 31-storey Northam Tower office complex in Pulau Pinang;
- (h) Construction of shore protection works at Lumut Naval Base Harbour in Perak Darul Ridzuan;

8. INFORMATION ON THE MUDAJAYA GROUP (cont'd)

- (i) Construction of the saddle dams at Terengganu Hydroelectric Saddle Dam, Terengganu Darul Iman;
- (j) Construction of a reinforced concrete reservoir at the Muar Water Supply Reservoir (Stage 3), Johor Darul Takzim; and
- (k) Design and construction of Teluk Intan District Hospital, Perak Darul Ridzuan.

MJC has also established itself as the only local contractor with the capability to undertake the construction of tall chimnies of at least 100 metres. MJC was accredited with ISO 9001:2000 certification by various ISO organisations, including MS (Malaysian Standards), EN (European Standards) and BS (British Standards), for its construction and management services in relation to civil, engineering, infrastructure, building, water supply and marine structure works.

MJC acts as the main contractor in most of the construction projects undertaken by the Group. This enables the Group to control the overall construction works to ensure timely completion of the projects in accordance with the project specifications and within the budget allocated.

The Group is principally based in Petaling Jaya, Selangor. The Group however does not restrict its operations to a particular area and has successfully undertaken projects in various states and territories such as Kuala Lumpur, Selangor, Sarawak, Terengganu, Johor, Kedah, Perak, Pulau Pinang, Melaka and Negeri Sembilan. In addition, the Group has also ventured into the overseas market in India where Mudajaya was awarded three (3) highway construction projects in India. The location of Mudajaya's current construction projects are disclosed in Section 8.3.2.1 of this Prospectus.

Although the Group is able to undertake almost all facets of construction work from design to construction, for efficiency and cost-effectiveness purposes, the Group also sub-contracts a portion of the construction work to third (3rd) parties, particularly work which is highly specialised or labour intensive in nature. This allows the Group to fully utilise its capabilities and resources to undertake other aspects of the project which is more cost-effective to the operation. Nevertheless, the Group intends to progressively reduce the amount of work which is subcontracted out and work towards its plan of becoming a fully integrated construction group of companies that is able to provide the full range of construction services to its customers.

(ii) Property Development

The Group, via Angsana, has ventured into property development with its maiden project, the Villa Angsana Condominium in Kuala Lumpur. The project comprises 756 units of apartments which were successfully launched in 1996 in four (4) phases and was successfully completed ahead of schedule. Facilities include 24-hour security, a café, laundrette, convenience store, gymnasium, indoor badminton courts, tennis courts, swimming and wading pool.

Subsequently in 1997, the Group, via MCity, embarked on the Batu Kawah New Township project in Kuching. The Batu Kawah New Township is situated six (6) kilometres from Kuching city centre. The project comprises a new satellite township to be built on 265 acres of land. The township will be a self-contained township comprising apartments, condominiums, shophouses, shopping complexes, offices, private hospital, public and private schools and college, wet and dry markets, recreational park, town squares, sports and swimming facilities, bus terminal, police station, entertainment centres and hawker centres. The entire project is expected to be completed by 2015 and is expected to generate a total GDV of approximately RM843 million.

8. INFORMATION ON THE MUDAJAYA GROUP *(cont'd)*

Phases 1, 2 and 3 of the Batu Kawah New Township which comprise of 1,590 apartments, 375 shops and 375 offices were successfully completed in 2001. As at the LPD, 94.6% of the total units available under Phases 1, 2 and 3 had been sold. Phases 4(a)(a) and 4(a)(b) of the Batu Kawah New Township, which comprise of 168 apartments, 40 shops and 40 offices, were launched in August 2002 and 58.1% of the units have been taken up as at the LPD. Phases 5(a) and 5(b) of the Batu Kawah New Township, which comprise of 92 semi-detached houses, were launched in June 2003 and 23.9% of the units have been taken up as at the LPD. Phase 6(a) of the Batu Kawah New Township, which comprises of 256 courtyard sanctuary apartments, was launched in January 2004 and 60.9% of the units have been taken up as at the LPD.

The balance of approximately 6,000 units of residential units and 220 units of shops and offices, two (2) commercial buildings, a private college and a hospital will be developed and launched over a number of phases, the development of which is expected to be completed in 2015.

In addition, MCity is given the right to develop an additional 264 acres of land located adjacent to the Batu Kawah New Township Project in the future.

(iii) Manufacturing and Trading of Construction Products

Manufacturing of construction products are being undertaken by MInd and MPre. MInd produces ready-mixed concrete from its plants located at various places in Batu Kawah, Kuching, Ijok, Selangor and Kuala Langat, Selangor. It has a large fleet of mixer trucks to cater for in-house demand as well as commercial supply to other contractors. MPre's plant, located at Ijok, Selangor, is a fully equipped precasting yard to manufacture pre-stressed concrete bridge beams. MTrad trades in all types of construction products and offers rental services of sheet piles, construction plants and machinery.

The manufacturing and trading of construction products are to complement the Group's construction and property development activities. The construction products are also sold to other third parties to enhance the earnings of the Group.

As at the LPD, the Group has been involved in construction projects with total contract value of approximately RM2,093.9 million (some of which were on joint venture basis) and has on-going projects worth approximately RM950.8 million, of which RM277.4 million has already been recognised in Mudajaya's accounts as at 31 October 2003. Further details on the Group's completed and on-going projects are disclosed in Sections 8.3.1 and 8.3.2 of this Prospectus respectively.

8.3.1 Completed Projects

8.3.1.1 Construction

The construction projects completed by the Group can be broadly categorised into six (6) classes, namely projects related to the construction of:

- (i) Roads and bridges;
- (ii) Power stations;
- (iii) Buildings;
- (iv) Dams and water retaining structures and marine works;
- (v) Water supply, sewerage and drainage works; and
- (vi) Other infrastructure works.

8. INFORMATION ON THE MUDAJAYA GROUP (cont'd)

| No. | Description | Original contract value RM million | Date of completion | Client |
|--------------------------|--|---------------------------------------|--------------------|---|
| <i>Roads and Bridges</i> | | | | |
| 1. | Design and construction of Lebuhraya Damansara - Puchong (Package II - Section 3) | 70.0 | July 1998 | Lingkar Trans Kota Holdings Berhad |
| 2. | Construction of the Malaysia-Singapore Second Crossing (Package 2C)* | 38.3 | December 1997 | Linkedua (M) Sdn Bhd |
| 3. | Construction of the Johor Bahru parkway at Malaysia-Singapore Second Crossing (Package 3)* | 99.0 | September 1997 | Linkedua (M) Sdn Bhd |
| 4. | Construction of the North-South Interurban Toll Expressway-Jawi to Alor Pongsu (Package 6B3) | 140.4 | January 1994 | Projek Lebuhraya Utara-Selatan Berhad |
| 5. | Road improvements to Federal Highway Route 2 - Airport Road Interchange to Istana Kayangan (Package 3A) | 67.1 | June 1993 | Projek Lebuhraya Utara-Selatan Berhad |
| 6. | Construction of the North-South Interurban Toll Expressway - Gopeng to Simpang Pulai (Package 8A-2)* | 73.3 | May 1993 | Projek Lebuhraya Utara-Selatan Berhad |
| 7. | Construction of East-West Highway, Phase II - Eastern Section (Package 1) | 17.6 | May 1988 | Sato Kogyo Co Ltd |
| 8. | Construction of Kuala Lumpur - Seremban Toll Expressway Interchange - Salak South, UPM and Kajang (Package 1) | 40.2 | June 1985 | Lembaga Lebuhraya Malaysia |
| 9. | Construction of Toll Expressway Section 1.2 Kuala Kangsar to Perak River | 48.8 | May 1985 | Lembaga Lebuhraya Malaysia |
| 10. | Road resurfacing of Federal Road III, Terengganu Darul Iman | 48.9 | October 1983 | Jabatan Kerja Raya |
| 11. | Construction of rural roads in Kelantan (Package E) | 19.6 | February 1982 | Jabatan Kerja Raya |
| 12. | Construction of the Bahau-Keratong Highway | 32.2 | July 1979 | Jabatan Kerja Raya |
| | Sub-total | <u>695.4</u> | | |
| <i>Power Stations</i> | | | | |
| 13. | Construction of the Prai Combined Cycle Gas Turbine Power Plant, Pulau Pinang (civil works) | 41.8 | October 2002 | TOA (M) Sdn Bhd |
| 14. | Construction of administration building and customer service center for the Kulim High-Technology Park - Independent Power Plant, Kedah Darul Aman | 17.0 | September 2002 | Entrutech Sdn Bhd |
| 15. | Design and construction of the Kulim High-Technology Park - Independent Power Plant, Kedah Darul Aman (civil and engineering works) | 61.0 | September 2001 | Entrutech Sdn Bhd |
| 16. | Construction of the Sultan Salahuddin Abdul Aziz Power Station (Phase III), Port Klang, Selangor Darul Ehsan (civil works and chimney)* | 77.0 | February 1998 | Tenaga Nasional Berhad |
| 17. | Demolition works and design and construction of the Melaka Combined Cycle Conversion Power Plant, Melaka (civil works)* | 64.0 | January 1998 | Melaka Conversion Project Joint Venture |

8. INFORMATION ON THE MUDAJAYA GROUP (*cont'd*)

| No. | Description | Original contract value RM million | Date of completion | Client |
|------------------|--|---------------------------------------|--------------------|---------------------------------------|
| 18. | Construction of the Sultan Salahuddin Abdul Aziz Power Station (Phase II), Port Klang, Selangor Darul Ehsan (civil works and chimney)* | 75.3 | August 1988 | Lembaga Letrik Negara |
| | Sub-total | 336.1 | | |
| Buildings | | | | |
| 19. | Design and construction of civil, structural, infrastructure, building, mechanical and electrical and landscaping works at Batu Kawah New Township (Phase I, II & III), Kuching, Sarawak | 92.8 | June 2001 | MCity |
| 20. | Construction of building and external works including mechanical and electrical services installation for the 31-storey office blocks with basement car park in Pulau Pinang (Northam Tower) | 36.6 | January 2001 | Nostalgic Properties Sdn Bhd |
| 21. | Design and construction of hostel building and student facilities at Universiti Teknologi MARA Campus, Sarawak Branch, Jalan Etingan, Samarahan, Sarawak | 28.1 | January 2001 | Maju Holdings Sdn Bhd |
| 22. | Construction of a matriculation complex at Mukim Kuala Pilah, Negeri Sembilan Darul Khusus | 45.7 | November 1999 | Maju Holdings Sdn Bhd |
| 23. | Construction of four (4) blocks of apartments with car park comprising 756 units at Off Jalan Ipoh Mukim Batu, Kuala Lumpur (Villa Angsana Condominium) | 87.1 | October 1999 | Angsana |
| 24. | Construction of 98 units of light industrial factories and 17 units of warehouse at Bukit Punchor Industrial Park, Nibong Tebal, Seberang Prai Selatan, Pulau Pinang | 21.4 | August 1999 | Bukit Punchor Development Sdn Bhd |
| 25. | Construction of 60 units of 1½-storey terrace factory and 48 units of 1½-storey semi-detached factory at Phase 1B, Pulau Indah Industrial Park, Selangor Darul Ehsan | 25.0 | May 1999 | PKNS Engineering and Construction Bhd |
| 26. | Construction of diaphragm wall, ground anchor, basement, excavation, piling and pilecap and raft foundation and continuous bore piles at Section 16, Mukim Kuala Lumpur, Daerah Petaling, Selangor Darul Ehsan | 37.0 | November 1998 | Muipha Land & Property Sdn Bhd |
| 27. | Construction of a block of 18-storey Mutiara Oriental Condominium (Phase 2) comprising 200 units with a club house, car park and recreational facilities and utilities at Mukim Sungai Buloh, Selangor Darul Ehsan | 26.8 | September 1996 | Capital Lands Sdn Bhd |
| 28. | Construction of 214 units of double-storey terrace houses (Stage 2) at Section 7 (Phase 2), Shah Alam, Selangor Darul Ehsan | 17.9 | April 1996 | PKNS Engineering and Construction Bhd |

8. INFORMATION ON THE MUDAJAYA GROUP (cont'd)

| No. | Description | Original contract value RM million | Date of completion | Client |
|---|--|---------------------------------------|--------------------|--|
| 29. | Construction of a block of 18-storey Mutiara Oriental Condominium (Phase 1) comprising 200 units with a club house, car park and recreational facilities and utilities at Mukim Sungai Buloh, Selangor Darul Ehsan | 28.9 | June 1995 | Capital Lands Sdn Bhd |
| 30. | Construction of Teluk Intan District Hospital, Perak Darul Ridzuan* | 94.4 | April 1987 | Jabatan Kerja Raya |
| 31. | Construction of Pangkor Bay Village Hotel Development (Phase 1) at Pangkor Island, Perak Darul Ridzuan | 20.0 | April 1986 | IGB Corporation Bhd |
| | Sub-total | <u>561.7</u> | | |
| <i>Dams and water retaining structures and marine works</i> | | | | |
| 32. | Construction of saddle dams at Terengganu Hydroelectric Saddle Dam | 29.0 | September 1984 | JDC Corporation Ltd |
| 33. | Construction of shore protection at Kemaman Petroleum Supply Base, Terengganu Darul Iman (Contract No. 3) | 35.8 | May 1983 | State Economic Development Corporation Terengganu |
| 34. | Construction of shore protection at Kemaman Petroleum Supply Base, Terengganu Darul Iman (Contract No. 1) | 20.5 | May 1982 | State Economy Development Corporation Terengganu |
| 35. | Construction of shore protection works at Lumut Naval Base Harbour, Perak Darul Ridzuan | 88.9 | June 1980 | Ministry of Defence |
| 36. | Construction of shore protection at Kemaman Petroleum Supply Base, Terengganu Darul Iman (Contract No. 2) | 17.9 | December 1980 | Mitsui Harbour & Urban Construction Co Ltd |
| | Sub-total | <u>192.1</u> | | |
| <i>Water supply, sewerage and drainage works</i> | | | | |
| 37. | Construction of main water pipe for parcel 2A and 2B of the mixed housing development at Mukim Tanjung Duabelas, Daerah Kuala Langat, Selangor Darul Ehsan | 3.8 | January 2002 | Mulpha PPNS Sdn Bhd |
| 38. | Construction for the joint water supply for various development in Mukim Tanjung Duabelas, Daerah Kuala Langat, Selangor Darul Ehsan (Stage 1) | 12.6 | August 2001 | Andalas Development Sdn Bhd, Mulpha PPNS Sdn Bhd, Kumpulan Perangsang Selangor Bhd, Templer Park Golf & Resort Bhd |
| 39. | Construction of reinforced concrete reservoir for water supply at Muar, Johor Darul Takzim (Stage 3) | 22.2 | September 1996 | Southern Water Technology Sdn Bhd |
| 40. | Construction of new water supply reservoirs at Johor Bahru, Johor Darul Takzim | 6.8 | January 1987 | Jabatan Kerja Raya |
| 41. | Construction of water treatment plant at Kuala Terengganu, Terengganu Darul Iman | 18.9 | May 1983 | Jabatan Kerja Raya |
| 42. | Construction of water treatment plant at Bandar Keratong, Pahang Darul Makmur | 4.6 | January 1983 | Jabatan Kerja Raya |
| | Sub-total | <u>68.9</u> | | |

8. INFORMATION ON THE MUDAJAYA GROUP (cont'd)

| No. | Description | Original contract value RM million | Date of completion | Client |
|-----------------------------------|---|---------------------------------------|--------------------|---|
| <i>Other Infrastructure Works</i> | | | | |
| 43. | Construction and completion of site clearance and earthworks to Phase 2 of the mixed housing development at Mukim Tanjung Duabelas, Daerah Kuala Langat, Selangor Darul Ehsan | 31.4 | September 2001 | Mulpha PPNS Sdn Bhd |
| 44. | Design and construction of Track Transit System at Kuala Lumpur International Airport (Package PTC 3)* | 130.3 | January 1998 | Kuala Lumpur International Airport Berhad |
| 45. | Construction of Kuala Lumpur Light Rail Transit System Phase 1 (Package S12, S13, S14/116) | 12.9 | January 1996 | Taylor Woodrow Projects (M) Sdn Bhd |
| 46. | Civil and infrastructure works for the Medical Complex for School of Medical Sciences, Pulau Pinang | 29.0 | December 1984 | Universiti Sains Malaysia |
| 47. | Site preparation for the Paka Power Plant (Phase 1), Terengganu Darul Iman | 19.7 | November 1983 | Lembaga Letrik Negara |
| 48. | Site preparation and building construction for Terengganu Crude Oil Terminal, Terengganu Darul Iman | 16.4 | March 1983 | Esso Production (M) Sdn Bhd |
| | Sub-total | <u>239.7</u> | | |
| | Total | <u>2,093.9</u> | | |

Note:

* Being projects undertaken by the Group on a joint venture basis.

8.3.1.2 Property Development

In addition to the six (6) categories of construction projects, the Mudajaya Group is also involved in property development projects. As at the LPD, the Mudajaya Group has completed a total of 3,096 residential and commercial units with a GDV of approximately RM434 million, approximately 95.1% of which have been sold. Set out below is a summary of the completed property development projects of the Mudajaya Group as at the LPD:

| Name of project | Developer | Type of development | —No. of units— Completed Sold | | Commencement/ Completion Date | GDV RM mil |
|---|-----------|---------------------|----------------------------------|--------------|----------------------------------|---------------|
| Villa Angsana Condominium, Kuala Lumpur | Angsana | Condominium | 756 | 732 | 1996/1999 | 162 |
| Batu Kawah New Township, Kuching, Sarawak | MCity | Apartments | 1,590 | 1,537 | 1997/2001 | 104 |
| | | Shops | 375 | 356 | 1997/2001 | 110 |
| | | Offices | <u>375</u> | <u>320</u> | 1997/2001 | <u>58</u> |
| | | | <u>3,096</u> | <u>2,945</u> | | <u>434</u> |

8. INFORMATION ON THE MUDAJAYA GROUP (cont'd)

8.3.2 On-going Projects

8.3.2.1 Construction

As at 31 October 2003, the Group has a secured construction order book in four (4) categories, namely infrastructure works, power stations, roads and bridges, and buildings worth approximately RM944.4 million, of which RM277.4 million has already been recognised in Mudajaya's accounts as at 31 October 2003. As at 31 October 2003, the details of the construction projects in progress are as follows:

| No. | Description | Original contract value RM million | Contract value which has not been recognised as at 31 October 2003 RM million | Commencement date | Estimated completion date | Client |
|-----------------------------|--|---------------------------------------|--|-------------------|---------------------------|--|
| <i>Infrastructure Works</i> | | | | | | |
| 1. | Supply, construction and completion of box and pipe culverts for the Electrified Double Track Project between Rawang and Ipoh | 9.1 | 6.2 | December 2002 | September 2004 | DRB-Hicom Berhad |
| <i>Roads and Bridges</i> | | | | | | |
| 2. | Construction and completion of Pusa Sesang Coastal Road, Bahagian Sri Aman, Sarawak (Package 1) | 85.8 | 38.3 | March 2002 | March 2005 | Debessa Development Sdn Bhd |
| 3. | Bridge work on the Electrified Double Track Project between Rawang to Ipoh (Section 1A) | 11.1 | 8.2 | January 2002 | December 2004 | UEM Construction Sdn Bhd |
| 4. | Widening to four (4) lanes and strengthening of existing two (2) lanes of Udaipur-Ratanpur-Gandhinagar from Km 388.4 to Km 443.0 in the State of Gujarat, India* | 114.0 ⁽¹⁾ | 3.2 | November 2001 | May 2004 | National Highways Authority of India |
| 5. | Construction of four (4) lanes and strengthening of Pune-Solapur-Hyderabad Road from Km 14.0 to Km 40.0 in the State of Maharashtra, India* | 61.4 ⁽¹⁾ | 50.8 | March 2003 | June 2005 | Aryan Toll Road Private Limited |
| 6. | Construction of Oya-Mukah-Balingian to Persimpangan Kampung Matadeng Road, Sarawak | 229.0 | 217.8 | October 2003 | October 2006 | Konsortium Juara Beetuah Sdn Bhd – Semaring Enterprise Sdn Bhd |
| 7. | Construction of four (4) lanes and strengthening of Pune-Nashik Road from Km 12/190 to Km 42/000 in the State of Maharashtra, India* | 81.0 ⁽¹⁾ | 77.7 | September 2003 | September 2005 | Ideal Road Builders Private Limited |

8. INFORMATION ON THE MUDAJAYA GROUP (cont'd)

| No. | Description | Original contract value RM million | Contract value which has not been recognised as at 31 October 2003 RM million | Commencement date | Estimated completion date | Client |
|----------------------|--|---------------------------------------|--|-------------------|---------------------------|----------------------------------|
| <i>Power Station</i> | | | | | | |
| 8. | Construction of the Gelugor Combined Cycle Conversion Power Plant, Pulau Pinang | 28.2 | - | December 2000 | June 2004 | Mahkota Technologies Sdn Bhd |
| <i>Buildings</i> | | | | | | |
| 9. | Construction of 122 units of two-level apartment in Lot PTD 108470, Mukim Pulau, Daerah Johor Bahru, Johor Darul Takzim | 21.7 | 18.4 | April 2003 | October 2004 | Leisure Farm Corporation Sdn Bhd |
| 10. | Construction of Administration and Great Hall and Medical Faculty for the Asian Institute of Medicine, Science and Technology, Mukim Semerling, Daerah Kuala Muda, Kedah Darul Aman | 33.2 | 24.5 | January 2002 | December 2004 | Setia Precast Sdn Bhd |
| 11. | Construction of seven (7) blocks with 650 units (Phase 2) medium cost flats in Mukim Plentong, Johor Darul Takzim | 41.0 | 2.3 | November 2000 | April 2004 | Bayou Bay Development Sdn Bhd |
| 12. | Construction of 14 units of bungalows, 141 units of double-storey terrace houses, two (2) blocks of low cost flats and two (2) units of Tenaga Nasional Berhad substation on Lot 949, Seksyen 9, Bandar Kajang, Daerah Hulu Langat, Selangor Darul Ehsan | 19.8 | 19.8 | November 2003 | May 2005 | Bertam Development Sdn Bhd |
| 13. | Construction of 9 to 18-storey apartments and 20 blocks of 4-storey apartments in Batu Kawah New Township, Jalan Batu Kawah, Kuching, Sarawak ⁽²⁾ | 86.0 | 86.0 | August 2003 | August 2006 | MCity |
| 14. | Construction of 140 units of double-storey semi-detached housing development on Provisional Lease No. 2430 (lot 2), Block 217, Batu Kawah New Township, Jalan Batu Kawah, Kuching, Sarawak ⁽²⁾ | 40.5 | 36.6 | January 2003 | January 2005 | MCity |

8. INFORMATION ON THE MUDAJAYA GROUP (cont'd)

| No. | Description | Original contract value RM million | Contract value which has not been recognised as at 31 October 2003 RM million | Commencement date | Estimated completion date | Client |
|-----|--|---------------------------------------|--|-------------------|---------------------------|--------------------------------|
| 15. | Construction of 4 blocks of 4-storey shops cum offices cum apartments on Plot 6, Batu Kawah New Township, Jalan Batu Kawah, Kuching, Sarawak ⁽²⁾ | 14.1 | 8.7 | February 2002 | February 2005 | MCity |
| 16. | Construction of 4 blocks (blocks E3, F3, G3 and H3) of 4-storey shops cum offices cum apartments on Plot 7, Batu Kawah New Township, Jalan Batu Kawah, Kuching, Sarawak ⁽²⁾ | 24.1 | 24.1 | November 2003 | October 2006 | MCity |
| 17. | Construction of 4 blocks (blocks J3, K3, L3 and M3) of 4-storey shops cum offices cum apartments on Plot 7, Batu Kawah New Township, Jalan Batu Kawah, Kuching, Sarawak ⁽²⁾ | 24.1 | 24.1 | November 2003 | October 2006 | MCity |
| 18. | Upgrading works of Marine Park in Pulau Tioman, Kampung Sungai Tekek | 20.3 | 20.3 | July 2004 | December 2005 | Gadang Engineering (M) Sdn Bhd |
| | Total | 944.4 | 667.0 | | | |

Notes:

* Being projects undertaken by the Group on a joint venture basis.

⁽¹⁾ Based on exchange rate of 100 Rupees equal to RM8.26 to RM8.33, depending on the date of signing of the contract.

⁽²⁾ On 24 July 1996, MCity awarded to MJC a turnkey contract for design and construction of civil, structural, infrastructure, building, mechanical and electrical and landscaping works at Batu Kawah New Township, Kuching, Sarawak for an initial contract price of RM720.6 million. The initial contract price is the estimated cumulative total of all estimated incidental contract prices for each individual contract to be finalised and subsequently awarded for each respective phase or plot of works. As at the LPD, MJC has completed approximately RM191 million of the said initial contract price.

8. INFORMATION ON THE MUDAJAYA GROUP (cont'd)

During the period from 1 November 2003 to the LPD, the Group managed to secure another contract worth RM6.4 million, the details of which are as follows:

| Description | Original contract value RM million | Commencement date | Estimated completion date | Client |
|---|---------------------------------------|-------------------|---------------------------|-------------------------------------|
| Land reclamation at the Gelugor Combined Cycle Conversion Power Plant, Pulau Pinang | 6.4 | November 2003 | November 2004 | TNB Engineering Corporation Sdn Bhd |

As such, as at the LPD, the Group has a secured construction order book of approximately RM950.8 million, of which RM277.4 million has already been recognised in Mudajaya's accounts up to 31 October 2003.

8.3.2.2 Property Development

In respect of on-going property development projects, the Mudajaya Group has secured sales of approximately RM47.8 million as at the LPD, representing approximately 47.8% of the total GDV of approximately RM100 million of property development projects which have been launched by the Group. RM7.6 million of the RM47.8 million secured sales has already been recognised in Mudajaya's accounts as at 31 October 2003. As at the LPD, the Batu Kawah New Township is the only on-going property development project, details of which are set out below:

| Name of project | Developer | Type of development | ---No. of units--- | | Commencement/Completion Date | Total GDV RM million |
|---|-----------|--------------------------------|--------------------|------------|-------------------------------|-------------------------|
| | | | Launched | Sold | | |
| Batu Kawah New Township, Kuching, Sarawak | MCity | Apartments | 168 | 92 | August 2002/ August 2005 | 13 |
| | | Shops | 40 | 36 | August 2002/ August 2005 | 15 |
| | | Offices | 40 | 16 | August 2002/ August 2005 | 7 |
| | | Semi-detached houses | 92 | 22 | June 2003/ May 2006 | 36 |
| | | Courtyard sanctuary apartments | 256 | 156 | January 2004/ January 2007 | 29 |
| | | | <u>596</u> | <u>322</u> | | <u>100</u> |

8. INFORMATION ON THE MUDAJAYA GROUP (cont'd)

8.3.3 Future Projects

8.3.3.1 Construction

The construction business will continue to be the core activity of the Group. The Group has continuously sought for new projects to further strengthen its income stream and improve the revenue of the Group. As at the LPD, the Group has tendered or negotiated for 27 projects with a total contract value of approximately RM7.1 billion in the following segments:

| Description | RM million |
|----------------------|--------------|
| Buildings | 4,989 |
| Roads and bridges | 1,417 |
| Power stations | 472 |
| Infrastructure works | 216 |
| | <u>7,094</u> |

The Directors of Mudajaya anticipate that the Group would be able to secure approximately 10% in value of the projects under tender or negotiation.

8.3.3.2 Property Development

The balance of approximately 6,000 residential units and 220 units of shops and offices, two (2) commercial buildings, a private college and hospital of the Batu Kawah New Township project will be developed and is expected to be completed by 2015.

In the next two (2) years, the following units of the Batu Kawah New Township are expected to be launched:

| Name/ location of project | Developer | Type of proposed development | Total units | Expected commencement/ completion date | GDV RM million |
|----------------------------------|-----------|--|----------------|--|-------------------|
| Batu Kawah New Township | MCity | Phase 4(b) - shops, offices and apartments | 224 | April 2004/ April 2007 | 28 |
| | | Phase 4(c) - shops, offices and apartments | 224 | January 2005/ January 2008 | 28 |
| | | Phase 5(c) - semi-detached houses | 48 | September 2004/ September 2006 | 20 |
| | | Phase 6(b) - low rise apartments | 256 | June 2004/ June 2007 | 30 |
| | | Phase 6(c) - low and high rise apartments | 442 | December 2004/ December 2007 | 57 |
| | | | <u>1,194</u> | | <u>163</u> |

8. INFORMATION ON THE MUDAJAYA GROUP (cont'd)

8.3.4 Operational and Marketing Strategies**8.3.4.1 Operational Strategies**

The Group understands that the construction and property development industries are cyclical in nature and believes that the Group should not venture aggressively into construction and property development activities requiring high fixed costs which will increase the Group's gearing and exposure to changes in financing cost. With a view to ensuring the Group will not be saddled with huge financing for its projects, the Group constantly monitors its cash flow position and has adopted a policy of venturing into projects which will provide a stable stream of future cash flow, thereby reducing its reliance on external borrowings. By adopting such policies, the Group is able to meet its financing requirements predominantly via the Group's internally generated funds. The Directors of Mudajaya believe that this policy has helped the Group maintain a low debt level which has allowed it to avoid the financial difficulties experienced by some of its competitors during the last economic crisis.

8.3.4.2 Marketing Strategies

In general, the Group secures its appointment as the main contractor for construction projects via direct negotiation or by way of tender. The Group has on-going projects worth approximately RM950.8 million, of which RM277.4 million has already been recognised in Mudajaya's accounts as at 31 October 2003. The Directors of Mudajaya believe that its success in securing contracts have been due to the following:

- (i) The Group's good reputation and past performance;
- (ii) Repeat businesses or referrals from existing and previous clients;
- (iii) The successful submission of competitive tenders and innovative proposals;
- (iv) The Group's integrated abilities, having a concrete manufacturing arm to add value to and complement its core building activities; and
- (v) Development of new and innovative products to meet the demands of its clients.

For property development, the marketing strategies used by the Mudajaya Group include promotion and advertising campaigns designed to project an exclusive image and to ensure a high level of awareness amongst the target audience. The medium used for marketing the Group's projects are as follows:

- (i) Media (pre-launch and official launch advertisements);
- (ii) Brochures/leaflets;
- (iii) Project model and show apartments;
- (iv) Signboards and billboards;
- (v) Real estate firms; and
- (vi) Write-ups of projects in the local newspaper.

For premix and readymix products, the bulk of these products are used internally for the projects undertaken by the Group.

8. INFORMATION ON THE MUDAJAYA GROUP (cont'd)

8.3.5 Quality Control

The Mudajaya Group is committed in providing reliable and quality products and services for all its construction and property development projects and concrete products. The Group has put in place a quality management system ("QMS") that complies with the requirements of ISO 9001:2000 in order to maintain the high quality of its products and services. The Group has established the following objectives for its QMS:

- (i) To be a regional key player in conventional and turnkey construction and project management;
- (ii) To comply with the ISO 9001:2000 requirements and meet the clients' and statutory requirements;
- (iii) To achieve reasonable return to its shareholders;
- (iv) To train and develop staff skills and competency;
- (v) To provide value engineering to clients;
- (vi) To review periodically the suitability and to continue improving the effectiveness of its QMS; and
- (vii) To reward staff based on their productivity, achievement of QMS and contribution to the Company's profitability.

To ensure that quality control policies and procedures in the QMS are fully communicated and implemented, the management of the Mudajaya Group has set up a steering committee comprising representatives from all departments. The steering committee conducts internal audits, corrective and preventive actions, documentation and data control and the maintenance of quality records to ensure that the Group's high standards are maintained. In addition, a quality management representative within the steering committee oversees the quality system by conducting independent semi-annual reviews of the quality system and providing valuable input from their vast experience on the most feasible engineering techniques and construction methods.

The Group also places strong emphasis on the quality of its concrete products and has established a quality assurance team to ensure that all its concrete products are of the highest standards. Quality is taken into account at all aspects in the manufacturing process such as design control, process control, inspection, testing, handling, and storage. The Group's employees are trained to ensure that they are adequately equipped with proper knowledge to perform their jobs effectively.

8.3.6 Research and Development

Realising the importance of research and development activities in order to meet the challenges in a competitive industry, the Group has established a research and development department consisting of five (5) personnel to undertake research and development activities to improve the construction processes, techniques and products of the Group.

The main objective of the research and development activities currently being undertaken is for the improvement of current construction methods in order to save time and cost, whilst reducing the labour required in construction works. Mudajaya believes that this can be achieved mainly by maximising works off site which will, in return, reduce the construction period on site. Examples of maximising works off site that have already been implemented by Mudajaya are as follows:

- (i) Providing a prefabrication solution to floor slabs and walls; and