3. INTRODUCTION & DETAILS OF THE ISSUE

3.1. Introduction

This Prospectus is dated 24 December 2002.

Approval has been obtained from the SC on 8 October 2002 for the Issue and from the KLSE on 15 October 2002 for admission to the Official List of the MESDAQ Market, and for the listing of and quotation for the entire issued and paid-up share capital of AKN MTech including the Issue Shares which are the subject of this Prospectus. These Shares will be admitted to the Official List of the MESDAQ Market and official quotation will commence upon receipt of confirmation from MCD that all the CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all the successful applicants. The KLSE and the SC assume no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. Admission to the MESDAQ Market is not to be taken as an indication of the merits of the Company or of its Shares.

Under the KLSE's trading rules, effective from the date of listing, trading in all KLSE listed securities can only be executed through an ADA.

A copy of this Prospectus has been lodged with the Companies Commission of Malaysia and registered with the SC who takes no responsibility for its contents.

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

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

The written consents of the Adviser, Sponsor, Managing Underwriter and Placement Agent, Underwriters, Solicitors, Principal Bankers, Issuing House, Registrars and the Company Secretaries to the inclusion in this Prospectus of their names in the form and context in which their names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their name, Accountants' Report, and letter relating to the Pro-forma Balance Sheets in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

No person is authorised to give any information or to make any representation not contained herein in connection with the Issue and if given or made, such information or representation must not be relied upon as having been authorised by AKN MTech. Neither the delivery of this Prospectus nor any offer made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Company since the date hereof.

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

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

3.2. Purpose of the Issue

The purposes of the Issue are as follows:-

(a) To raise funds for the Company's continued operation and expansion, details of which are elaborated in the Section on "Utilisation of Proceeds" below;

(b) To obtain the listing of and quotation for the entire issued and paid-up capital of AKN MTech on the MESDAQ Market, which is expected to enhance the business, profile and future prospects of the Company;

(c) To enable the Company to have access to the capital market for its future expansion and growth; and

(d) To provide an opportunity for the directors and employees of the Company to participate in the equity growth of the Company.

3.3. Particulars of the Issue

	RM
Issued and fully paid-up share capital:	
67,500,000 ordinary shares of RM0.10 each	6,750,000
To be issued pursuant to the Issue:	
22,500,000 ordinary shares of RM0.10 each	2,250,000
Enlarged capital upon listing	
90,000,000 ordinary shares of RM0.10 each	9,000,000
To be issued pursuant to full exercise of ESOS Options:	
9,000,000 ordinary shares of RM0.10 each	900,000
Enlarged capital upon full exercise of ESOS Options	
99,000,000 ordinary shares of RM0.10 each	9,900,000

There is only one (1) class of shares in the Company, namely ordinary shares of RM0.10 each. The Issue Shares shall rank pari passu in all respects with the existing issued Shares of the Company, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of Shares 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 and other distributions and the whole of any surplus in the event of liquidation of the Company, such surplus to be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with the Company's Articles of Association and the provisions of the Companies Act, 1965.

Each shareholder shall be entitled to vote at any general meeting of the Company 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 Share held. A proxy may but need not be a member of the Company.

The Issue of a total of 22,500,000 Shares at an Issue Price of RM0.45 per Share shall be subject to the terms and conditions of this Prospectus and, upon acceptance, will be allocated in the following manner:-

(a) 2,500,000 Issue Shares will be made available for application under the public offer; and

(b) 20,000,000 Issue Shares will be made available for application under the private placement.

The Issue Shares under paragraph (a) above will be underwritten by the Underwriters in compliance with the KLSE Listing Requirements for the MESDAQ Market. The Placement Agent has received irrevocable undertakings from selected investors to take up the Issue Shares under paragraph (b) above. In the event of an under-subscription of the public offer, the unsubscribed public offer Shares may be made available for application under the private placement and if these Shares are not subscribed for by way of private placement, they will be subscribed for by the Underwriters in the proportion specified in the Underwriting Agreement dated 16 December 2002.

The Issue is for a total of 22,500,000 Shares at RM0.45 per Share. There is no minimum level of subscription in respect of the Issue.

3.4. Pricing of the Issue

Prior to the offering, there has been no public market for the Shares. The Issue Price of RM0.45 per Share was agreed between the Company and the Underwriters. Among the factors considered in determining the Issue Price, in addition to prevailing market conditions, are the Company's technology, estimates of business growth potential and revenue prospects for the Company, and an assessment of the Company's management.

3.5. Underwriting

The Underwriters mentioned herein have agreed to underwrite the Issue Shares which will be made available for application under the public offer. Underwriting commission of 2.0% and management fees of 1.0% of the Issue Price of RM0.45 per Share are payable by the Company to the Underwriters and the Managing Underwriter respectively. The following are some of the salient clauses contained in the Underwriting Agreement:

"6. TERMINATION

6.01 Notwithstanding anything herein contained, the Underwriters and/or the Managing Underwriter (as the case may be) may by notice in writing to the Company given at any time before the Closing Date, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:-

(a) there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 3, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company; or

(b) there is failure on the part of the Company to perform any of its obligations herein contained; or

(c) there is withholding of information of a material nature from the Underwriters which is required to be disclosed pursuant to this Agreement which, in the opinion of the Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Company, the success of the Public Issue, or the distribution or sale of the Issue Shares; or

(d) there shall have occurred, or happened any material and adverse change in the business or financial condition of the Company; or

(e) there shall have occurred, or happened any of the following circumstances:-

(i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or

(ii) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriters (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);

which, would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of the Company, the success of the Public Issue, or the distribution or sale of the Issue Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms.

6.02 Upon any such notice(s) being given pursuant to Clause 6.01, the Underwriters shall be released and discharged from their obligations hereunder whereupon this Agreement shall be of no further force or effect and no party shall be under any liability to any other in respect of this Agreement, save and except that the Company shall remain liable for the payment of the Underwriting Commission and Management Fee and in respect of its obligations and liabilities under Clause 7.03 for the payment of costs and expenses already incurred prior to or in connection with such termination and for the payment of any taxes, duties or levies, and for any antecedent breach."

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3.6. Utilisation of Proceeds

The Company expects the gross proceeds of the Issue to amount to RM10.125 million. The proceeds shall accrue to the Company and the Company shall bear all expenses relating to the listing of and quotation for its entire issued and paid-up share capital on the MESDAQ Market.

The proceeds from the Issue of RM10.125 million are expected to be utilised for the following:-

Purpose	Note	RM'000
R & D expenditure	(a)	875
Expansion of overseas operations	(b)	3,500
Capital expenditure	(c)	650
Working capital	(d)	3,975
Estimated listing expenses		1,125
		10,125

***Notes**:-*

(a) R & D expenditure is for the development of applications and content. It includes equipment costs, rental of space and salaries.

(b) The Company intends to set up joint ventures in Hong Kong, Thailand and either China or Indonesia. The costs of expansion of overseas operations include contribution of hardware, software and working capital.

(c) Of the total amount of RM650,000, capital expenditure of RM400,000 is for the purchase of additional servers for the IMP program and new partnership programs with the mobile network operators. The remaining expenditure is for the upgrading of existing servers and the purchase of additional applications software.

(d) The utilisation of approximately 39% of the listing proceeds for working capital purposes is consistent with the nature and requirements of the Company's business. As stated in the section on "Business Overview – Overall Strategy", the Company's objective is to expand its business through the widening of its existing customer base and the achievement of its growth targets. In order to achieve this objective, the Company would need to increase its trade payables and trade receivables and would therefore need additional working capital to fund these items.

It is intended that the above-mentioned proceeds of RM10.125 million will be utilised within 24 months from the listing date.

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3.7. Brokerage, Underwriting and Listing Expenses

Underwriting commission of 2.0% and management fees of 1.0% of the Issue Price of RM0.45 per Share are payable by the Company to the Underwriters and the Managing Underwriter respectively, in respect of the Issue Shares in the public offer.

Listing expenses are estimated at approximately RM1.125 million, with the following estimated breakdown:-

	RM
Professional fees	530,000
Fees of the authorities	40,500
Underwriting fee	33,750
Placement fee	180,000
Brokerage fee	11,250
Printing and advertising fees	180,000
Miscellaneous [(a)]	149,500
Total	1,125,000

Note:-

(a) Comprises fees of the Issuing House, translation fees, expenses of the underwriting ceremony, service tax on professional fees and out of pocket expenses.

3.8. Approvals and Conditions

AKN MTech's proposed listing was approved by the SC and KLSE on 8 October 2002 and 15 October 2002 respectively.

The KLSE's approval was subject to the following conditions:-

(a) AKN MTech is to confirm to the KLSE that the related party transactions with Dataco (M) Sdn Bhd **("Dataco")** and In-flux Technology (S) Pte. Ltd. **("In-flux")** were entered into on arm's length commercial terms not more favourable to the related party than those generally available to the public.

AKN MTech had confirmed to the KLSE in a letter dated 8 November 2002 that the said related party transactions were entered into on arm's length commercial terms not more favourable to the related party than those generally available to the public;

(b) AKN MTech is to legally formalise its existing business relationship with In-flux on arm's length commercial terms not more favourable to the related party than those generally available to the public, and to confirm the same to the KLSE.

AKN MTech had informed the KLSE in a letter dated 8 November 2002 that the business relationship with In-Flux had been terminated with effect from 31 October 2002. The termination of the arrangement with In-Flux will not result in any major disruption to the services provided by AKN MTech;

(c) AKN MTech is to seek its shareholders' approval for the Proposed ESOS and to furnish the KLSE with the final copy of the bye-laws and confirmation letter from its Adviser pursuant to Rule 6.12 of Guidance Note 6 of the Listing Requirements.

AKN MTech had obtained its shareholders' approval for the Proposed ESOS on 10 December 2002. The final copy of the bye-laws and the confirmation letter from AmMerchant Bank will be furnished to the KLSE prior to the date of the Company's listing on the MESDAQ Market;

(d) AKN MTech is to disclose in the Prospectus a specific time frame for signing the joint venture (**"JV"**) agreements with suitable JV partners in Thailand and China/Indonesia. The Company must also disclose in the Prospectus, alternative utilisation plan(s) for the proceeds allocated for the JV(s), in the event that the JV agreements cannot be concluded within the specified time frame. Additionally, AKN MTech must seek its shareholders' approval to enter into the JV(s) including the portion of the proceeds to be utilised once the details and arrangements on the same have been finalised. The Company is to obtain shareholders' approval for any alternative utilisation plan subject to the KLSE's clearance of the same.

On 4 December 2002, pursuant to the Company's appeal, the KLSE had waived the above requirements, subject to the condition that AKN MTech shall seek its shareholders' approval for any alternative utilisation plan in the event that the foreign expansion plans proposed by the Company cannot be concluded within the specified time frame of 24 months, subject to the clearance of the KLSE;

(e) AKN MTech is to inform the KLSE on the appointment of independent directors and provide the necessary confirmations that they qualify as independent directors pursuant to the Listing Requirements.

AKN MTech had informed the KLSE in a letter dated 13 December 2002 on the appointment of two (2) independent directors and provided the necessary confirmations that they qualify as independent directors pursuant to the Listing Requirements; and

(f) AKN MTech is to include a negative statement in its Prospectus on the exclusion of a profit forecast and projections from the Prospectus and the reasons therefor.

The negative statement on the exclusion of a profit forecast and projections from this Prospectus and the reasons for such exclusion have been set out in Section 2.9 of this Prospectus.

The SC's approval was subject to the following condition:-

(a) AKN MTech is to disclose the status of the utilisation of proceeds in its quarterly and annual reports until the listing proceeds have been fully utilised.

The Company will make the necessary disclosures in its quarterly and annual reports to comply with this condition.

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4. RISK FACTORS

If you are unsure about any of the information contained in this section on "Risk Factors", you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

In addition to the other information in this Prospectus, the following factors should be considered carefully in evaluating an investment in the Shares offered by this Prospectus. The discussion in this Prospectus contains certain forward-looking statements that involve risks and uncertainties. Prospective investors are cautioned that such statements are only predictions and that actual results or events may differ materially from those disclosed in this Prospectus.

Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this section, "Management's Discussions and Analysis of Financial Condition and Results of Operations" and "Business Overview" as well as those discussed elsewhere in this Prospectus.

4.1. Operating Risks

The Company's revenue and operating results are difficult to forecast and may be affected by many factors. The achievement of revenue and profitability growth is substantially dependent upon the Company's ability to widen its customer base and increase the number of smart partnership programs. This in turn is very much dependent on the market acceptance of the Company's products and services and the ability of the Company to maintain or grow its partnerships with corporations and mobile network operators.

A reduction in demand or an increase in competition in the market for these products and services, or the Company's other or future products and services, could have a material adverse effect on the Company's business, operating results and financial condition. The Company continuously monitors the market acceptance of its products and services and its R & D team will develop new products and services to meet the changing market demand. However, there is no assurance that the Company will be profitable in the future, or that it will achieve increasing or consistent levels of profitability.

4.2. Validity of the ASP Class Licence

AKN MTech was granted an ASP Class Licence under the Act on 18 December 2000, for the provision of mobile internet messaging solutions utilising SMS and WAP as the base platform. The ASP Class Licence is valid until 20 May 2003.

The ASP Class Licence must be renewed on an annual basis and the application for renewal may be rejected by the MCMC at its discretion. The MCMC must be satisfied that there has been genuine progress made in the provision of the intended services. The Company will ensure that it will carry on its business to meet the requirements of the MCMC. However, there can be no assurance that AKN MTech will be successful in its application to renew the ASP Class Licence, and this could prohibit the Company from carrying on its business.

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4.3. Market Acceptance and Development of SMS Contents and Applications

The SMS content services and SMS technology enabler market is in its early stages of development in Malaysia. While SMS usage and transactions have grown exponentially in Europe and the Philippines, the level of growth and its market acceptance in Malaysia may not be replicated. If general wireless product usage does not continue to increase, or the market for premium wireless content and applications services does not develop, or develops more slowly than expected, the demand for the Company's products and services may be limited and the Company's business, operating results and financial condition could be affected. As a mitigating factor, the Company will continue to advertise its products and services and organise SMS contests to promote the usage of its products and services.

4.4. Competition

The mobile messaging market is competitive and rapidly changing. The market for content and applications services and technology enabling is extremely competitive and characterised by rapid technological innovation and ongoing regulatory change. While the Company believes that it is currently the market leader in SMS content services and technology enabling, the Company has experienced and expects to continue to experience intense competition from current and future competitors. The Company believes that its ability to compete depends upon many factors both within and outside its control, including the timing and market acceptance of new products and services and enhancements developed by the Company and its competitors, product and service functionality, ease of use, performance, price, value for money, reliability, customer service and support, sales and marketing efforts, and product and service distribution channels.

The Company's competitors vary in size and in the scope and breadth of the products and services offered. The Company encounters competition from a number of sources. The Company's current primary competitors are mentioned in the Section on "Business Overview - Competition".

Some of the Company's competitors may have significantly greater resources than the Company, in terms of finance, technical and human resources and others. The Company's competitors may be able to respond more quickly to new or emerging technologies and changes in customer preference or to devote greater resources to the development, promotion, sale and service of their products and services. The Company also expects to face additional competition from international competitors that have greater name recognition. Emerging companies could enter the market and introduce new products and technologies. Increased competition could result in price reductions, reduced revenue and margins, and loss of market share, any one of which could materially and adversely affect the Company's business, operating results and financial condition.

The Company focuses on technology that is highly reliable and able to handle high volumes and also invests in product innovation to ensure its competitiveness in capturing market share and garnering market acceptance. However, there can be no assurance that the Company will be able to maintain its competitiveness against current and future competitors or that competitive pressures will not materially and adversely affect the Company's business, operating results and financial condition.

4.5. Continuing Demand for the Company's Products and Services

The Company's revenue and its ability to achieve and sustain profitability depend on the overall demand for the products and services that the Company offers. Any economic slowdown in the world, regional or national economy may cause the Company's customers to defer purchases of the Company's products and services or otherwise alter their usage patterns.

Uncertainty in the economic environment may cause some businesses to curtail or eliminate spending on information technology. In addition, the Company may experience hesitancy on the part of existing and potential customers to commit to continuing or new services from the Company.

The market for mobile content and applications solutions and technology enabling solutions has only recently begun to develop in Malaysia. It is evolving rapidly and is characterised by an increasing number of market entrants. This market may not prove to be viable or, if it becomes viable, may not continue to grow. If the Company cannot retain or grow its customer base and increase its partnership programs, it will not be able to increase revenue or create economies of scale to offset the fixed and operating costs in order to maintain profitability. As a mitigating factor, the Company will continue to develop SMS content and applications and technology enabling solutions for a wider customer base. The Company's products and services now cover the entertainment, corporate and general information markets. However, there can be no assurance that the demand for the Company's products and services will materialise as anticipated and any unexpected reduction in demand will adversely affect the performance of the Company.

4.6. Changes in Technology and Products / Services

The markets for the Company's content and applications solutions and technology enabling solutions are characterised by rapid technological developments, evolving industry standards, swift changes in customer requirements, computer operating environments and software applications, and frequent new product introductions and enhancements. The Company's future depends substantially upon its ability to address the increasingly sophisticated needs of its customers by supporting existing and emerging mobile phone hardware, software, database and networking platforms.

The timely development of new or enhanced products and services is a complex and uncertain process. Although the Company believes that it will have the funding to implement its business plan, there can be no assurance that the Company will continue to have sufficient resources to successfully and accurately anticipate technological and market trends, or to successfully manage long development cycles. The Company may also experience design, marketing and other difficulties that could delay or prevent the development, introduction or marketing of its products and services, as well as new products and services and enhancements. The Company may also be required to collaborate with third parties to develop products and services and may not be able to do so on a timely and cost-effective basis, if at all.

The Company has 12 R & D staff to monitor the changes in technology and ensure that its products and services are in line with the technology trends. Besides that, the Company's membership in the Ericsson Malaysia Focal and Forum Nokia provides the Company with access to new mobile communications technology, which enables the Company to develop content and applications that can be supported by such new technology. However, if the Company is not able to develop new products and services or enhancements to its existing products and services on a timely and cost-effective basis, or if the Company's new products and services or enhancements fail to achieve market acceptance, or if one or more of the Company's competitors introduce products and services that better address customer needs or for any reason gain market share, the Company's business, operating results and financial condition would be adversely affected.

4.7. Protection of Intellectual Property Rights

The Company currently markets its content and applications products and services under the *eBuzz* brandname and logo. The Company relies on a combination of trademark and domain name registrations, copyright protection and contractual restrictions to establish and protect its brand names and logos, software applications and internet domain names. There can be no assurance that the steps taken by the Company in this regard will adequately protect its intellectual property.

Third parties may challenge the Company's intellectual property rights and the Company could incur substantial costs in defending or prosecuting any claims relating to its intellectual property rights. Issues relating to intellectual property rights can be complicated and there can be no assurance that disputes will not arise or that any disputes in relation to the Company's intellectual property will be resolved in the Company's favour.

4.8. Dependence on Directors and Key Personnel, and Need to Hire Additional Personnel for Future Growth

The Company's future success depends on its ability to retain or to identify, attract, hire, train, retain and motivate highly skilled technical, managerial, sales and marketing and business development personnel. The Company's products and services are relatively new. As a result, the hiring and retention of qualified technical personnel with relevant experience will be one of the factors critical to the success of the Company.

Besides consciously creating a condusive working environment and providing motivation, the Company will be implementing the ESOS in conjunction with its proposed listing on the MESDAQ Market. However, even with the ESOS, it is still a challenge for the Company to retain its employees if the value of the Options is either not sufficiently substantial or so substantial that the employees leave after exercising their Options. Therefore, there can be no assurance that the employees that are critical to its operations will not leave the Company.

4.9. Maintenance and Reliability of the Telecommunications Network Infrastructure and Security Risks

The success of the Company's business will depend on the development and maintenance of its mobile messaging gateway, network and lease line infrastructure. This includes leasing and monitoring of a reliable network backbone with the necessary speed, data capacity and security. The mobile messaging gateway may experience a variety of outages and delays as a result of damage to portions of its infrastructure. These outages and delays could frustrate customers or partners using the Company's products and services, which could directly affect the revenue of the Company.

The ability to provide secure transmissions of confidential information over networks accessible to the public is a significant problem for electronic commerce and communications. They are subject to capacity limitations, breaches of security by computer viruses, sabotage, break-ins and other factors. Despite a variety of network security measures taken by the Company, the Company cannot assure that unauthorised access, computer viruses, accidental or intentional actions and other disruptions will not occur. Advances in computer capabilities, new discoveries in the field of cryptography or other developments may result in a compromise or breach of the technology that the Company uses to protect confidential customer and end-user data stored on or transmitted through the Company's network.

The costs required to prevent or eliminate computer viruses and alleviate other security problems could be prohibitively expensive. In addition, any of these occurrences may cause systems failures, interruptions in service or reduced customer capacity, which could have an impact on the Company's ability to acquire, manage or service its customers or partners and could materially and adversely affect the Company.

4.10. Dependence on Third Party Telecommunications Infrastructure / Vendors

The Company is dependent on the infrastructure lease lines of telecommunications companies. The Company will ensure that it is in compliance with the vendors' requirements with regards to the usage of the lease line facilities and will make timely payments for such services. However, there can be no assurance that the Company will be able to maintain the infrastructure lease lines leased from Telekom Malaysia Berhad and other telecommunications companies on existing terms, which could have a material adverse effect on the Company's business, operating results and financial condition.

4.11. Change or Loss of MSC Status

AKN MTech was granted MSC status on 24 October 2000 by MDC. MDC is the body responsible for assessing and monitoring all MSC status companies. As an MSC status company, AKN MTech enjoys certain financial and non-financial incentives which are guaranteed under the Malaysian Government's Bill of Guarantees for MSC status companies.

Amongst others, the Company is, by virtue of its MSC status, granted pioneer status by the Ministry of International Trade and Industry under the Promotion of Investments Act, 1986 and enjoys full exemption from paying Malaysian federal income tax for a period of five (5) years commencing from 24 October 2000. This exemption only applies in respect of income derived from the Company's MSC-qualifying activities as set out in its application documents submitted to MDC at the time when the Company applied for MSC status.

Although pioneer status can be renewed on application for a further period of five (5) years, approval is at the discretion of the Minister of International Trade and Industry with the concurrence of the Minister of Finance, and there is no assurance that such approval will be given at the time when the Company makes an application for renewal of its pioneer status. In any case, pioneer status cannot be extended beyond an aggregate of ten (10) years. The Company will be subject to pay statutory income tax upon the expiry of its pioneer status.

Furthermore, whilst it is usual for MSC status to be conferred so long as AKN MTech continues to comply with the conditions for MSC status as set out in the grant of MSC status by MDC, MDC has the right to revoke or withdraw the Company's MSC status at any time at its discretion. Although AKN MTech believes that it has and will continue to be able to fulfill the conditions for MSC status, there can be no assurance that the Company will continue to retain its MSC status or that it will continue to enjoy the benefits accorded to MSC status companies. If AKN MTech loses its MSC status, it will cease to be entitled to the benefits accorded to MSC status companies, including its pioneer status. A loss or suspension of MSC status could subject the Company to be liable to pay statutory income tax.

4.12. Achievability of AKN MTech's Proposed 5-Year Business Development Plan

As at 10 December 2002, the Company had a total of approximately 128,000 *eBuzz* subscribers. The Company has formed smart partnerships with the operators of Celcom, TM Touch, DiGi, Maxis and TIMECel, as well as strategic partnerships with various corporations. The Company's proposed future plans and prospects will be dependent upon, among other things, the Company's ability to enter into additional smart / strategic partnerships or other arrangements on a timely basis and on favourable terms; hire and retain skilled management as well as financial, technical, marketing and other personnel; successfully manage growth (including monitoring operations, controlling costs and maintaining effective quality and service controls); and obtain adequate financing as and when needed.

The duration of AKN MTech's smart partnership agreements is usually for one (1) year, and such agreements are usually renewable upon expiry. As such, the continuing renewal of existing partnerships, and on terms and conditions which are no less favourable than the existing terms and conditions, will have a direct effect on the volume or level of business projected in the Company's business development plan. The realisation of the Company's business development plan is also dependent on the level of market acceptance achieved in the future in respect of the Company's SMS technology enabling solutions such as eCast and the IMP.

There can be no assurance that the Company will be able to successfully implement its business plan or that unanticipated expenses or problems or technical difficulties will not occur which could result in material delays in its implementation or even deviation from its original plan. In addition, the actual results may deviate from the business plan due to rapid technological changes, market as well as competitive pressures.

4.13. Acquisitions and Joint Ventures

In seeking to expand the Company's business network, the Company has on 15 June 2002 entered into a Technology Transfer and Technical Assistance Agreement with Messaging Technologies (H.K.) Limited **("MTech HK")**, a company incorporated in Hong Kong. The Company subsequently entered into a Supplemental Agreement dated 26 June 2002 with MTech HK to clarify their position and respective rights and obligations under the Technology Transfer and Technical Assistance Agreement.

Under the Technology Transfer and Technical Assistance Agreement (as amended by the terms of the Supplemental Agreement), the Company has agreed to grant the rights to use certain processes, know-how and technical knowledge which the Company possesses, to MTech HK to enable it to provide similar content and services as the Company provides in Malaysia, in the People's Republic of China, including the Hong Kong Special Administrative Region, the Macau Special Administrative Region and the Republic of China (Taiwan).

In consideration of the Company granting the rights to use the processes, know-how and technical knowledge as aforesaid, MTech HK will, at the option of the Company, either pay to the Company a sum of RM500,000 in cash, to be paid in instalments of RM100,000 over a period of five (5) years, or issue to the Company 1,000,000 new ordinary shares of HK$1.00 each in the capital of MTech HK. Such option to subscribe for the said shares in MTech HK is exercisable by the Company on or before 15 April 2003.

If appropriate opportunities present themselves, the Company intends to enter into joint ventures and to acquire businesses, products or technologies that the Company believes will be in the interest of its shareholders. There can be no assurance that the Company will be able to successfully identify, negotiate or finance such joint ventures or acquisitions, or to integrate any acquisitions with its current business.

There can be no assurance that the anticipated benefits of any acquisition will be realised, or that the Company will be able to generate sufficient revenues from any such acquisition to offset associated acquisition costs, or that the Company will be able to maintain uniform standards of quality and service, controls, procedures and policies. Acquisitions may also result in potentially dilutive issuances of equity, the incurrence of debt and contingent liabilities, and amortisation expenses related to goodwill and other intangible assets. Any joint venture investments would involve many of the same risks posed by acquisitions.

4.14. Future Capital Injections

It is the Company's opinion that the net proceeds of the Issue, together with cash flow from operations and other existing sources of liquidity, will be sufficient to meet its projected working capital and other cash requirements. However, there is no assurance that future events may not cause the Company to seek additional capital sooner. If additional capital is required, there can be no assurance that it will be available or, if available, that it will be on terms satisfactory to the Company. The sale of additional equity or other convertible securities to non-shareholders will result in further dilution of the shareholdings of the Company's shareholders.

4.15. No Prior Market for AKN MTech's Shares and Possible Volatility of Share Price

There has been no prior public market for the Company's Shares. The Issue Price was determined through agreement between the Company and the Underwriters based upon several factors and may not be an indication of the market price of the Shares after the Issue. See the section on "Underwriting" for a discussion of the factors considered in determining the Issue Price. There can be no assurance that an active public market in the Shares will be developed or be sustained after this Issue or that the market price of the Shares will not decline below the Issue Price.

The price of the Company's Shares may fluctuate as a result of variations in its operating results. If the trading volume of the Shares is low, the price fluctuations may be exacerbated, particularly as no stabilising transactions can or will be undertaken in respect of the Company's Shares in connection with this Issue or thereafter. Since the Company's business is involved in technology, the price of the Company's Shares may rise and fall in tandem with announcements of technological or competitive developments, acquisitions or strategic alliances by the Company or its competitors. The price of the Company's Shares, as is typical of companies in the technology sector, is also prone to fluctuations in response to news regarding the gain or loss of significant customers or key personnel, as well as changes in securities analysts' estimates of its financial results or recommendations.

4.16. Continued Control by Existing Shareholders

Upon the completion of this Issue, the directors and substantial shareholders of the Company will, in the aggregate, beneficially own approximately 64.22% of the issued and paid-up share capital of the Company. Assuming the full exercise of all Options under the ESOS, the directors and substantial shareholders of the Company will collectively own approximately 60.91% of the enlarged issued and paid-up share capital of the Company. As a result, these shareholders, acting together, will possess voting control over the Company, giving them the ability, among others, to elect at least a majority of the Company's Board of Directors and to control the vote on significant corporate transactions. Nevertheless, the Company has appointed two (2) independent directors as a step towards good corporate governance to ensure that any future transactions involving related parties are entered into on arms-length terms.

4.17. Political and Economic Conditions

Like all other business entities, changes in political, economic and regulatory conditions in Malaysia and elsewhere could materially and adversely affect the financial and business prospects of the Company. These political, economic and regulatory uncertainties include but are not limited to changes in political leadership, expropriation, nationalisation, renegotiation or nullification of existing contracts, and changes in rates of interest, methods of taxation and currency rules.

4.18. Foreign Exchange Risk

The Company's current revenue is mainly generated from within Malaysia. However, the Company is in the process of expanding its reach regionally as well as internationally. As such, there is a potential that the Company will be exposed to foreign exchange risk in the future due to its expansion plans. In the event that the Company is exposed to such risk, the Company will undertake hedging to mitigate such risk.

4.19. Disclosure Regarding Forward-Looking Statements

This Prospectus includes forward-looking statements, which are statements other than statements of historical facts. Although the Company believes that, barring unforeseen circumstances, the expectations reflected in such forward-looking statements are reasonable at this time, there can be no assurance that such expectations will prove to have been correct.

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