2 PARTICULARS OF THE PRIVATE PLACEMENT

2.1 OPENING AND CLOSING OF PLACEMENT APPLICATION LIST

The Placement Application List for the Private Placement will open at 10.00 a.m. on 21 March 2003 and will remain open until 5.30 p.m. on the same day or for such period or periods as the Board and Kenanga at their absolute discretion may jointly decide. Late applications will not be accepted.

2.2 IMPORTANT DATES

The indicative timing of events leading up to the listing of and quotation for the Company's entire enlarged issued and paid-up share capital on the MESDAQ Market is set out below: -

Event	Tentative Date
Opening and Closing of Placement Application List for the Private Placement	21 March 2003
Despatch of Notices of Allotment of the Issue Shares to successful applicants	4 April 2003
Listing of the Company's entire enlarged issued and paid-up share capital on the MESDAQ Market	15 April 2003

These dates are tentative and subject to changes which may be necessary to facilitate implementation procedures. The Placement Application List will close at the date stated above or such later date as the Board and Kenanga at their absolute discretion may jointly decide.

2.3 SHARE CAPITAL

Authorised:-	
50,000,000 Global Soft shares of RM0.10 each	RM5,000,000
Issued and paid-up:-	
32,800,000 Global Soft shares of RM0.10 each	RM3,280,000
To be issued and credited pursuant to the Private Placement:-	
10,000,000 Global Soft shares of RM0.10 each	RM1,000,000
Enlarged issued and paid-up share capital	
42,800,000 Global Soft shares of RM0.10 each	RM4,280,000
Issue Price	RM0.495

There is only one (1) class of shares in Global Soft namely Global Soft Shares. The Issue Shares will upon allotment rank pari passu in all respects with one another and all other existing issued and fully paid-up Global Soft Shares including voting rights and the right to all dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of Global Soft Shares in the Company shall, in proportion to the amount paid-up on the Global Soft 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 in the event of liquidation of the Company, any surplus shall 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.

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 authorised representative or proxy or attorney of a shareholder shall have one vote, and on poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each Global Soft Shares held. A proxy may but need not be a member of the Company.

2.4 PARTICULARS OF THE PRIVATE PLACEMENT

The Private Placement is an invitation by Global Soft to pre-identified eligible employees of the Global Soft Group, individuals, companies, societies, co-operatives and institutions to subscribe for the Issue Shares at an Issue Price of RM0.495 per share by way of private placement only subject to the terms and conditions in this Prospectus.

Two (2) pools of shares will be created and the breakdown of the private placement is as follows: -

		No of Global Soft Shares
(i) Pool A*	- Retail Investors	500,000
(ii) Pool B**	- Institutional/High net worth investors	9,500,000
Total		10,000,000

Notes:-

* *Investors who apply for 10,000 shares or less.*

** *Investors who apply for more than 10,000 shares.*

The minimum number of Global Soft Shares to be subscribed for the purposes of the Private Placement is 10,000,000 Global Soft Shares being 100% of the shares available under the Private Placement.

All the Private Placement Shares have been fully underwritten by Kenanga.

2.5 PURPOSE OF THE PRIVATE PLACEMENT

The purposes of the Private Placement are as follows:-

(i) To obtain a listing of and quotation for the entire enlarged issued and paid-up share capital of Global Soft onto the MESDAQ Market;

(ii) To provide the Global Soft Group with access to the capital market to raise funds for future expansion and growth; and

(iii) To enhance the stature of the Global Soft Group in marketing its products and services and to maintain its existing and attract skilled IT professionals.

2.6 PRICING OF THE PRIVATE PLACEMENT SHARES

The Issue Price of RM0.495 per Issue Share was determined and agreed upon by the Company and Kenanga, after taking into account, inter-alia, the following:-

(i) The Group's financial and operating history and conditions as described in Sections 4 and 6 of this Prospectus;

(ii) The industry overview, future plans and strategies and outlook of the Group as described in Sections 5 and 7 of this Prospectus; and

(iii) The Company's proforma consolidated NTA and NAV per share as at 31 December 2002 (after adjustment of the Private Placement and utilisation of proceeds thereof) of RM0.15 and RM0.19 respectively

Investors should form their own views on the valuation of the Issue Shares before deciding to invest in the Issue Shares.

2.7 PROCEEDS OF THE RIGHTS ISSUE AND PRIVATE PLACEMENT AND PROPOSED UTILISATION

The gross proceeds from the Rights Issue and Private Placement are as follows:-

	Amount RM
Rights Issue	924,000
Private Placement	4,950,000
Total	5,874,000

On 11 November 2002, Global Soft declared an interim exempt dividend of RM856,000 for the financial year ended 31 December 2002 to the original/existing shareholders of Global Soft as at the declaration date. The Dividend Declaration resulted in an amount owing of RM856,000 by the Company to its shareholders.

Subsequently, the Company carried out a rights issue of 17,800,000 new Global Soft Shares at an issue price of RM0.10 each on the basis of approximately 1.19 new Global Soft Shares for every one (1) existing Global Soft Share held before the Rights Issue. The consideration for the subscription of the Rights Issue was satisfied by RM924,000 cash whilst the remaining RM856,000 was in the form of settlement against the amount owed by the Company to the shareholders of Global Soft arising from the abovementioned Dividend Declaration. As such, the net cash inflow from the Rights Issue was RM924,000.

The proceeds will accrue entirely to the Company and the Company shall bear all expenses relating to the listing of and quotation for the entire issued and paid-up share capital on the MESDAQ Market. The proceeds are proposed to be utilised as follows:-

	Note	RM'000	Timing of utilisation
Working capital	(i)	3,224	By end 2003
R & D expenses	(ii)	1,380	By end 2004
Estimated listing expenses	(iii)	1,100	By early 2003
Capital expenditure	(iv)	170	By end 2003
		5,874	

Notes:-

(i) *The Company proposes to allocate RM3.2 million to meet its working capital requirements which will improve the Group's liquidity and fund operating expenses.*

(ii) *As R&D has been a key factor to Global Soft's competitiveness and business viability, an allocation of RM1.4 million has been set aside to enhance its R&D capabilities. The R&D allocation is mainly for R&D staff salaries and R&D development tools such as licences for development software such as Microsoft Visual Basic, Microsoft SQL Server, Microsoft Access, Crystal Report, etc.*

(iii) *Please refer to Section 2.8.4 of this Prospectus for a breakdown of the estimated listing expenses.*

(iv) *The Company intends to acquire fixed assets such as office renovation, furniture and fittings and office equipment.*

2.7.1 FINANCIAL IMPACT FROM THE UTILISATION OF PROCEEDS

The financial impact and benefits from the proceeds include, inter-alia, the following:-

(a) Development and launching of more products to reduce the reliance on the existing products; and

(b) Expansion of the Group's presence to overseas markets such as Thailand, the People's Republic of China, Hong Kong, Taiwan and Vietnam.

(a) and (b) above are expected to enhance the earnings of the Group in the future. In addition, RM3.2 million of the proceeds from the Rights Issue and Private Placement for working capital purpose is expected to improve the liquidity and cashflow position of the Group.

2.8 UNDERWRITING, PLACEMENT AND LISTING EXPENSES

2.8.1 UNDERWRITING COMMISSION

Kenanga has agreed to underwrite 10,000,000 Global Soft Shares to be offered to pre-identified eligible employees, individuals, companies, societies, co-operatives and institutions pursuant to the Private Placement. Underwriting commission is payable by the Company at the rate of 1.5% of the Issue Price of RM0.495 per Issue Share.

2.8.2 PLACEMENT COMMISSION

Kenanga will arrange for the placement of up to 10,000,000 Global Soft Shares at a rate of 1.0% of the Issue Price of RM0.495 per Issue Share.

2.8.3 SALIENT PROVISIONS OF THE UNDERWRITING AND PLACEMENT AGREEMENT (IN RELATION TO THE UNDERWRITING ONLY)

(i) If a termination event occurs, Kenanga may by written notice forthwith terminate the Underwriting and Placement Agreement. The notice must identify and set out the termination event and state that the Underwriting and Placement Agreement is terminated. The termination events include, inter-alia, the following:-

(a) Breach. The Company fails to perform or observe any undertaking, obligation or agreement expressed or implied in the Underwriting and Placement Agreement and does not remedy the failure within five (5) market days (or a longer period determined by Kenanga) after receipt by the Company of a notice from Kenanga specifying the failure;

(b) Failure to comply. The Company fails to comply with any of the following:-

(i) its Memorandum and Articles of Association;

(ii) any statute, legislation or regulation relevant to it;

(iii) any requirement, order or request made by or on behalf of any Governmental Agency, including without limitation the conditions of approval granted by the KLSE or SC in connection with the issue and placement of the Private Placement Shares;

(c) Misrepresentation. Any warranty or representation given by the Company under the Underwriting and Placement Agreement is found to be false, misleading or incorrect;

(d) Force Majeure. There shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of Kenanga by reason of force majeure which would have or can reasonably be expected to have, a material adverse effect on the business or the operations of the Group or the success of the Private Placement or which is likely to have the effect of making any material part of the Underwriting and Placement Agreement incapable of performance in accordance with its terms. "Force Majeure" means causes 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 including:-

(d.1) any Government requisition or other occurrence of any nature whatsoever which in the reasonable opinion of Kenanga seriously affects or will seriously affect the business and/or financial position of the Company;

(d.2) any change or any development involving a prospective change in national or international monetary, financial, (including stockmarket conditions and interest rates) political or economic conditions or exchange control or currency exchange rates as would in the reasonable opinion of Kenanga prejudice materially the success of the Private Placement and their distribution or sale (whether in the primary or in respect of dealings on the secondary market);

(d.3) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, which in the reasonable opinion of Kenanga has or is likely to have a material adverse effect on the condition, financial or otherwise, or the earnings, business affairs or business prospects (whether or not arising in the ordinary course of business) of the Company;

(d.4) any acts of government, acts of war, or acts of God which has or is likely to have the effect of making any material part of this Agreement incapable of performance with its terms or which prevents the processing of application, crediting of accounts and/or payments pursuant to the Private Placement or pursuant to the underwriting hereof;

(d.5) any riot, uprising against constituted authority, civil commotion, disorder, rebellion, organised armed resistance to the government, insurrection, revolt, military or usurped power, civil war, industrial; or

(d.6) any epidemic, explosion, disease, hijacking, sabotage or crime; or

(e) Material change in the Company's financial position. There occurs, in the opinion of Kenanga, any material adverse or any development reasonably likely to involve a prospective material adverse change in the financial position of the Company from the Accounts Date, which is material in the context of the issue, subscription, underwriting or placement of the Issue Shares under this Agreement; or

(f) Moratorium, suspension or material restriction. The imposition of any moratorium, suspension or material restriction on trading in securities generally in the MESDAQ Market due to exceptional financial circumstances or otherwise.

Upon termination of the Underwriting and Placement Agreement, the obligations of Kenanga under the Underwriting and Placement Agreement shall cease and any rights of Kenanga accrued under the Underwriting and Placement Agreement up to the date of termination shall remain.

2 PARTICULARS OF THE PRIVATE PLACEMENT (Cont'd)

(ii) The obligations of Kenanga and the Company shall be conditional upon the following:-

(a) KLSE having agreed in principle on or prior to the Closing Date to the listing of and quotation for all the issued and paid up capital comprising 42,800,000 Global Soft Shares and Kenanga being reasonably satisfied that such listing and quotation will be granted three (3) market days (or such other days as KLSE may permit) after KLSE has received all the necessary supporting documents and the receipt of confirmation from MCD all securities accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants;

(b) the issue and subscription of the Issue Shares in accordance with the provisions hereof 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 governmental agency (including the KLSE);

(c) the Prospectus having been registered with the SC and lodged with the CCM within four (4) months of the date of the Underwriting and Placement Agreement;

(d) all the necessary approvals and consents required in relation to the Private Placement including but not limited to shareholders and governmental approvals having been obtained and are in full force and effect; and

(e) in the reasonable opinion of Kenanga, there not having been on or prior to the Closing Date any adverse and material change or development reasonably likely to involve a prospective adverse and material change in the financial or business condition of the Company which is material in the context of the Private Placement or offering of the Issue Shares thereunder or any occurrence of any event rendering untrue or incorrect or misleading or not complied with to an extent which is material as aforesaid, any of the warranties and representations in the Underwriting and Placement Agreement as though given or made on such date.

If any of the abovementioned conditions are not satisfied, any party to this Agreement shall, subject as mentioned below, be entitled, after prior consultation with the other party to this Agreement, to terminate the Underwriting and Placement Agreement by notice given to the Company, not later than the Closing Date and in that event the parties hereto shall be released and discharged from their respective obligations under the Underwriting and Placement Agreement, provided that the parties may mutually agree to waive compliance with any of the abovementioned conditions and any condition so waived shall be deemed to have been satisfied in relation to it.

(iii) The Closing Date means the date on which the placement application list for the subscription of the Issue Shares will be closed.

2 PARTICULARS OF THE PRIVATE PLACEMENT (Cont'd)

2.8.4 ESTIMATED LISTING EXPENSES

The listing expenses are estimated to be RM1.1 million, the details of which are as follows:-

	RM'000
Estimated professional fees	530
Sponsorship fee	30
Advertisement	60
Printing of Prospectus	60
Underwriting commission (1.5%)	75
Placement commission (1.0%)	50
KLSE's perusal and initial listing fee	30
Promotional expenses	100
Contingencies	165
Total	1,100

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3 RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF THE GROUP AS OUTLINED IN THIS PROSPECTUS, APPLICANTS FOR THE ISSUE SHARES SHOULD CAREFULLY CONSIDER THE FOLLOWING FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF THE GROUP IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE HEREIN, BEFORE APPLYING FOR THE ISSUE SHARES.

(i) No prior market for Global Soft Shares

Prior to the Private Placement, there was no public market for the Global Soft Shares. There can be no assurance that an active market can develop for the Global Soft Shares upon its listing on the MESDAQ Market or if developed, that such a market can be sustained. The price to the Issue Shares has been determined after taking into consideration a number of factors, including but not limited to, the Group's financial and operating history and conditions, the prospects of the industry in which the Group operates, the Group's R&D capability and technology, the management of the Group and prevailing economic and market conditions. There can be no assurance that the Issue Price will correspond to the price at which Global Soft Shares will trade on the MESDAQ Market upon or subsequent to its listing.

(ii) Forward looking statements

This prospectus includes forward-looking statements, which are statements other than statements of historical facts that are based on assumptions that are subject to uncertainties and contingencies. The word "anticipates", "believe", "intends", "plans", "expects", "forecast", "predicts" and similar expressions as they relate to the Group or its business are intended to identify such forward-looking statements. The Board believes that, barring any unforeseen circumstances the expectations reflected in such forward-looking statements are reasonable at this point of time. There can be no assurance that such expectations will prove to have been correct. Any deviation from the expectations may have adverse effect on the Group's financial and business performance.

(iii) Limited operating history

Global Soft was incorporated in Malaysia on 30 November 2000 and acquired the businesses, assets and liabilities of Jestell (save for a minimal amount) in February 2001 pursuant to the MSC Restructuring Exercise. As the Company has a limited operating history, its prospects must be assessed in the light of the risks and difficulties normally encountered by any new company with a limited operating history.

Notwithstanding the limited operating history of the Company, the software business of Global Soft was previously carried out by Jestell since October 1997. Prior to the MSC Restructuring Exercise in February 2001, Jestell has achieved the following financial results as stated in Section 1.4 of this Prospectus:-

	<------- Financial Year Ended -------->		
	1998[*1]	**1999**	**2000**
	RM'000	**RM'000**	**RM'000**
Turnover	144	1,360	1,709
Profit/(Loss) after taxation and MI	(51)	184	435

Note:-

*1 *Period from 3 September 1997 (date of incorporation) to 31 December 1998.*

Furthermore, the Group has an experienced senior management team, the profiles of which are included in Sections 8.2 and 8.4 of this Prospectus. Under the stewardship of the current management team, the Group achieved the following financial results as stated in Section 1.4 of this Prospectus:-

	Period from date of incorporation (30 November 2000) to 31 December 2001	Financial Year Ended 31 December 2002
	RM'000	RM'000
Turnover	2,512	3,414
Profit after taxation and MI	1,039	1,304

(iv) Political, economic and legislative considerations

Development in political and/or economic conditions and/or legislation in Malaysia and other countries in which the Group may undertake projects or market its products could materially affect the financial prospects of the Group. Political and economic uncertainties include but are not limited to the risks of war, riots, expropriation, nationalisation, renegotiations or nullification of existing contracts, fluctuations in foreign exchange rates, inflation, changes in interest rates and methods of taxation.

(v) Intellectual property rights and brandname

The Group's revenue is derived from its own proprietary software which takes time and resources to develop. Although the Group's range of software is protected under the copyright laws in Malaysia, the software may not be accorded similar copyright protection laws elsewhere. Despite copyright laws in Malaysia and other countries in which the Group may operate, such laws may not be adequate or effectively enforced against third parties who violate the Group's copyright by copying or pirating the software products. The Group may have to incur unexpected and additional expenses for enforcing its intellectual property rights should such piracy arise in future. This may have an adverse effect on the Group's financial performance in the future.

Going forward, an important element of the Group's business strategy is to develop and maintain recognition of the "Global Soft" brandname. As the Group is a new player in the ERP software market, it would require extensive marketing and promotion efforts to penetrate a target market and to create market acceptance. There can be no assurance that the abovementioned marketing and promotion efforts will successfully develop the "Global Soft" brandname, which in turn may affect the business of the Group.

Notwithstanding the above, application to register "GLOBAL & Device" and "Global Soft" trademarks were submitted to the Registrar of Trademarks, Malaysia on 17 January 2002 to prevent any unlawful usage of the brand name and to protect their copyrights. The Group has also procured its employees to sign an agreement, which will effectively limit the possibility of the direct copying of its products by employees who resign which acts as another mitigating factor. In order to protect against theft by unknown person, all the companies' executables files are shrunk to prevent theft of source code. With regards to the brandname "Global Soft", the Board believes that the Group would be able to develop the brandname "Global Soft" effectively with sufficient financial resources and stringent product quality and services. The Group also intends to develop its brandname mainly via the building up of client referrals and reference sites, advertisements in trade publications and participation in trade exhibitions.

(vi) Material defects liability

The software solutions which the Group develops and provides to its customers are important to the smooth operations of its customers' business. Any defects or error in these software could result in lost client revenues, adverse customer reaction towards the Group and its products, negative publicity, additional expenditures to remedy the problems and claims against the Group. The Group does not maintain any product liability insurance, nor has it taken out any third party liability insurance. Nevertheless, the software warranty has a limitation of liability clause which states that the Group shall not be liable for any special, incidental or consequential damages whatsoever (including but not limited to damages for loss of profits, for business interruption, loss of privacy, for failure to meet any duty) arising out or in any way related to the use of or inability to use the Group's range of software. The Group's total liabilities under the contracts whether arising in contract or in tort shall not exceed the price of the contracts to which such liability is related. However, such limitation of liability clause is subject to the Group's customers agreeing to it, and its effectiveness and enforceability is to be determined by the courts of competent jurisdiction and/or subject to consumer protection statutes, which may differ from country to country. Even if the Group's customers agree to the limitation of liability clause, there can be no assurance that such a clause would be sufficient to protect the Group.

Although the Group has not experienced any claims against it, any significant claim against the Group in future may have a material adverse effect on the Group's results and prospects.

(vii) Control by certain shareholders

The Company will be controlled by four main shareholders, namely Binary, Koh Kean Mum, Low Kok Thai and Liu Sai Sum, who will collectively control approximately 55.0% of the Company's issued and paid-up share capital after the Private Placement. Binary is an investment holding company which is controlled by Koh Kean Mum, Low Kok Thai and Liu Sai Sum. As a result, these shareholders will be able to effectively influence the outcome of certain matters requiring the vote of the Company's shareholders.

They would be required to abstain from voting if there is any related-party transaction, which may pose as a conflict to the interest of the Company. In addition, Global Soft has appointed two (2) independent directors as a step towards good corporate governance and protecting the interests of minority shareholders.

(viii) Dependence on key personnel

The Group's success depends on the Group's ability to hire, train and retain qualified and competent IT personnel. The Group's success also depends on the continued employment of the Group's executive directors, senior management team and key technical personnel. Whilst the Group has made efforts to nurture and maintain a good relationship with its senior management team and key technical personnel, there can be no assurance that the loss of any of the key employees can be avoided.

The Group mitigates this by continuing to hire personnel as and when necessary to accommodate any increase in the size of the Group's operations. The Board believes that by offering a competitive salary package, training and conducive working environment should mitigate this risk further. Recognising the importance of its human resource, efforts have been taken to groom younger members of the management team to ensure smooth transition in the management team.

(ix) Barriers to entry and competition

The IT industry has a large number of participants and is subject to rapid change and intense competition. It is generally characterised by low barriers of entry as new entrants from Malaysia and overseas could easily establish operations locally. The Group currently competes with IT firms which have longer operating histories, larger client bases, larger teams of professional staff, greater brand recognition and greater financial, technical, marketing and other resources.

Nevertheless, the Board believes that the Group has the following strengths:-

(a) it possesses tested and proven solutions which are competitively priced for the SME market;

(b) its solutions are specifically developed to cater for local business requirements;

(c) it has a capable and experienced management team;

(d) its MSC status accords it certain privileges such as employment of foreign skilled labour and pioneer status for tax incentive;

(e) it offers full customisation and modification services as the Group's software solution is proprietary; and

(f) it has an in-depth business knowledge due to its experience with customers from different industries, enabling it to offer an ERP solution to fit new customers' business requirements and industry with a shorter lead time.

Through the listing on the MESDAQ Market, the Group would be able to tap into the capital market for additional funds to compete against its larger competitors.

(x) Technology

The IT industry is dynamic, characterised by rapid changes in technology and frequent introduction of new and more advanced IT products, changes in customer demands and evolving industry standards. Hence, the Group would need to keep abreast with the latest technologies in order to compete successfully with its competitors. The Group is subject to the risks, uncertainties and problems frequently encountered by companies in the IT industry which include, amongst others, the following:-

(a) failure to keep abreast with changing technological standards and requirements;

(b) failure to anticipate and adapt to developing market trends and requirements;

(c) failure to develop commercially viable software packages and services; and

(d) inability to maintain, upgrade and develop its systems and infrastructure to cater to rapidly expanding operations.

Recognising the abovementioned challenges, the Group's R&D team constantly keeps abreast with new technologies and market trends. The sales and marketing team works closely with the R&D team to provide feedback on the market trends and customer requirements. The Group also focuses on its human resource development by investing in external and in-house training sessions to update and educate its employees.

(xi) Dependence on key products

Presently, the Global Soft ERP Solution software contributes more than 90% of the total revenue. It is expected that this product will continue to contribute substantially to the Group for the next five (5) years. Global Soft has continuously developed new software solutions to reduce the reliance on its ERP solution. Some of the recent new products include the Global Soft Prime Haulage Solution in 2001 which is a solution for the haulage and logistics industry, and the Global E-Ticketing System in 2002 which is a solution for the entertainment and leisure industry.

Over the next five (5) years, the Group plans to develop a broad based product line, which will include the Fleet Tracking Solution and Customer Relationship Management Solution. With its continuous R&D commitment, the Group believes that it would have a broader product offering.

(xii) Risks associated with the nature of contracts

Most of the Group's contracts are short-term in duration. As a result, the Group must continually source for new contracts to sustain its revenue. Contracts may also be terminated for a variety of reasons, including termination of product development, unsatisfactory results from use of the product or the client's decision to cease project implementation. Failure to obtain new contracts or the cancellation or delay of existing contracts could have a material adverse effect on the Group's business and results of operations. The Board believes that the incidence of termination of the Group's contracts is presently at an insignificant level. Nevertheless, it is believed that the Group's continuous R & D and marketing efforts may mitigate this risk.

(xiii) MSC Status

Global Soft was granted MSC status on 20 February 2001 by MDC which carries financial and non-financial incentives. Amongst the incentives that the Company enjoys is pioneer status which entitles it to a five (5) year exemption from Malaysian income tax (only on income derived from MSC related activities) commencing from February 2001. The pioneer status is renewable for a further period of five (5) years upon expiry.

There can be no assurance that the Company will continue to retain its MSC status, renew its pioneer status, or that the Company will continue to enjoy or not experience delays in enjoying the MSC incentives as stated above and in Section 11.2 of this Prospectus, all of which could materially and adversely affect the Group's business, operating results and financial condition. There can be also no assurance that the MSC incentives will not be changed or modified in any way in the future.