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**IX. APPROVAL AND CONDITIONS AND MORATORIUM**


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**1. APPROVALS AND CONDITIONS FROM AUTHORITIES**

The approvals for the Increase in Share Capital, Share Split, Dividend, Acquisitions, Distribution in Specie, Reorganisation, Rights Issue, Acquisition of RTC II, Public Issue and Bonus Issue II were obtained from the SC and FIC on 4 September 2003 and the KLSE on 1 October 2003. The conditions imposed by SC, FIC and KLSE and the status of compliance are set out as follows:

<b>Authority</b>	<b>Details of Conditions Imposed</b>	<b>Status of Compliance</b>
KLSE	<p>1. The approval of the KLSE is subject to the following conditions:</p> <p>(a) RIB to disclose in the Prospectus, the rationale for the Proposed Acquisitions of VMSTL, RT, RMSB and RN;</p> <p>(b) Receipt of approval from Controller of Foreign Exchange on the proposed acquisition of VMSTL; and  RIB to notify Malaysian Communications and Multimedia Commission ("MCMC") of the proposed acquisition of RTC prior to the issuance of Prospectus;</p> <p>(c) RIB Group to disclose the risk and impact of its research and development expenses on the Group's future profitability and the mitigating factors thereof;</p> <p>(d) RIB to inform the Exchange on the appointment of independent directors and to provide confirmation that they qualify as independent directors as defined in the Listing Requirements of the KLSE for the MESDAQ Market; and</p> <p>(e) RIB to include a negative statement in its Prospectus on the exclusion of profit forecast and projections from the prospectus and the reasons thereof, if applicable.</p>	<p>Complied. Appropriate disclosure has been made in Part VI of this Prospectus.</p> <p>Complied. Approval from the Controller of Foreign Exchange dated 21 May 2003 had been received.</p> <p>Letter to MCMC notifying of the proposed acquisition and completion of RTC's acquisition was sent on 29 October 2003 and 18 November 2003.</p> <p>Complied. Appropriate disclosure has been made in Part IV(11) of this Prospectus.</p> <p>Complied. Letter informing of the appointment and to provide confirmation that they qualify as independent directors was forwarded to the Exchange on 19 November 2003</p> <p>Complied. Appropriate disclosure has been made in Part XI(4) of this Prospectus.</p>
FIC	None.	Not applicable.

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**IX. APPROVAL AND CONDITIONS AND MORATORIUM (CONT'D)**


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Authority	Details of Conditions Imposed	Status of Compliance
SC	<p data-bbox="560 327 1054 383">1. The approval of the SC is subject to the following conditions:</p> <p data-bbox="628 412 1054 595">(a) RIB must provide appropriate disclosure on the status of the utilisation of proceeds raised from the Rights Issue and Public Issue in the quarterly and annual reports of RIB until the said proceeds have been fully utilised.</p> <p data-bbox="628 629 1054 685">(b) In relation to the trade debtors of the RIB Group, RIB is required to:</p> <p data-bbox="697 714 1054 976">(i) make full disclosure in the Prospectus in relation to the status of the trade debtors balance, an ageing analysis of the outstanding debts together with the Directors' commentary on the recoverability of those debts which have exceeded the credit period granted;</p> <p data-bbox="697 1010 1054 1431">(ii) make full provisions on trade debts exceeding the credit period where the trade debtor balances are under dispute or for which legal actions have commenced/ been taken or where the trade debts have remained outstanding for more than 6 months. The Directors of RIB are required to provide a written confirmation to the SC that the above condition has been complied with prior to the issuance of the Prospectus; and</p> <p data-bbox="697 1464 1054 1841">(iii) the Directors of RIB are also required to provide a written confirmation to the SC that the trade debts which have exceeded the credit period granted is recoverable and full provisions have been made in relation to trade debts that have remained outstanding for more than 6 months in the accounts and the financial forecast and projections of the RIB Group;</p>	<p data-bbox="1078 412 1410 445">To be complied</p> <p data-bbox="1078 714 1410 792">Complied. Appropriate disclosure has been made in Part XI(3) of this Prospectus</p> <p data-bbox="1078 1010 1410 1111">Complied. Letter of confirmation from the Directors of RIB was forwarded to the SC on 19 November 2003</p> <p data-bbox="1078 1464 1410 1570">Complied. Letter of confirmation from the Directors of RIB was forwarded to the SC on 19 November 2003</p>

**IX. APPROVAL AND CONDITIONS AND MORATORIUM (CONT'D)****2. MORATORIUM ON SALE OF SHARES**

Paragraph 2.10.2 of the Listing Requirements of the MESDAQ Market state that shares held by the promoter amounting to 45% of the enlarged issued and paid-up share capital of the Company at the date of admission of the Company to the Official List of the MESDAQ Market be placed under moratorium.

Details of the promoters of the Company who will be subjected to the moratorium are as follows:

Promoters	←-----After Issues-----→		←-----Under Moratorium-----→	
	No. of ordinary shares of RM0.10 each	Percentage of share capital %	No. of ordinary shares of RM0.10 each	Percentage of share capital %
Lee Eng Sia	43,074,221	17.08	39,403,191	15.63
Wei Chuan Beng	21,689,850	8.61	19,841,319	7.87
Zainal Amanshah bin Zainal Arshad	3,778,079	1.50	3,456,090	1.37
Peter Yeow Heng Ho	13,367,316	5.31	12,228,078	4.86
John Chee Yong Tung	26,000,085	10.32	23,784,211	9.44
Choo Yeh Fung	9,907,984	3.93	9,063,570	3.60
Jason Tai Chen Hiung	789,789	0.31	722,479	0.29
Tiew Ming Ching	1,579,594	0.63	1,444,972	0.57
Sim Hock Meng	3,778,079	1.50	3,456,090	1.37
			113,400,000	45.00

The quantum and proportion of ordinary shares of RM0.10 each in RIB which are to be held under moratorium, is fully accepted by the promoters above, representing 45% of the enlarged issued and paid-up share capital of the Company.

The promoters will not be allowed to sell, transfer or otherwise dispose of any part of its interest in the ordinary shares of RM0.10 each in RIB under the moratorium within 1 year from the date of admission of the Company to the Official List of the MESDAQ Market, and thereafter, it is permitted to sell, transfer or otherwise dispose of up to a maximum of one-third per annum of its respective shareholdings in the Company under moratorium on a straight-line basis.

This restriction is specifically endorsed on the notice of allotment and share certificates of RIB representing the respective shareholding of the promoters which are under moratorium to ensure that the Registrar of the Company shall not register any transfer which is not in compliance with the moratorium restrictions.

The remarks to be endorsed on these share certificates are as follows:

*"The shares comprised herein are not capable of being sold, transferred or assigned for a period as determined by the KLSE ("Moratorium Period"). Accordingly, the shares comprised herein will not constitute good delivery pursuant to the Rules of the KLSE during the moratorium period. No share certificate or certificates will be issued to replace this certificate unless the same shall be endorsed with this restriction."*

## X. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

### 1. CONFLICT OF INTEREST

None of the Directors of the Company or substantial shareholders of RIB and its subsidiaries has any interest, direct or indirect in any business carrying on a similar trade as the Company or its subsidiaries.

There is no conflict of interest between the RIB Group and its Adviser and Managing Underwriter, Reporting Accountants, Solicitors, Registrar as set out in Section I of this Prospectus.

### 2. RELATED PARTY TRANSACTIONS

2.1 Save as disclosed below, there are no related-party transactions or arrangements, existing or potential, entered or to be entered by RIB or its shareholders which involve the interest, direct or indirect, of the Directors of the Company, substantial shareholders and/or persons connected to them as defined under Section 122A of the Companies Act, 1965 save for the following transactions which were entered into in the ordinary course of business.

RTC, a wholly-owned subsidiary of RIB, engages Priority Plus Sdn Bhd to manufacture TECS and TeleCARE™ cards (as and when required). Lee Eng Sia, a Director and substantial shareholder of the Company, is a substantial shareholder of Priority Plus Sdn Bhd. The amount of the transactions from March 2003 to June 2003 was RM21,354, and for the financial year ending 29 February 2004, is approximately RM60,000.

2.2 Save as disclosed below, there are no transactions existing or potential entered into by RIB or its subsidiaries, which involve the interest, direct or indirect, of the key management of the Group within the 1 year preceding the date of this Prospectus:

(a) RTC, a wholly-owned subsidiary of RIB, sells traffic to RN, which is a 51%-owned subsidiary of RIB. The other substantial shareholder of RN is Law Say Chuan, who holds the remaining 49% equity interest in RN. Law Say Chuan is the Chief Executive Officer of RN. The transaction value for the 4 months financial period ended 30 June 2003 was approximately RM511,000 while the estimated transaction value for the financial year ending 29 February 2004 is approximately RM2.8 million, and

(b) RT, a wholly-owned subsidiary of RIB, will sell TECS cards to RSB, a 75%-owned subsidiary of RT. The other substantial shareholder of RSB is Yong Kok Leong who holds the remaining 25% equity interest of RSB. Yong Kok Leong is the Director as well as Chief Executive Officer of RSB. There was no transaction for the 4 months financial period ended 30 June 2003, however, the estimated transaction value for the financial year ending 29 February 2004 is approximately RM0.6 million.

The Directors of RIB are of the view that the transactions as set out in 2.1 and 2.2 (a) and (b) above were and will be entered into in the ordinary course of business of RIB and its subsidiaries and on an arms-length basis, which are not more favourable to the related parties than those generally available to the public. Further, the terms and conditions of the recurrent related party transactions above will be subject to the Audit Committee's review.

2.3 There are no outstanding loans made by RIB or its subsidiaries to/for the benefit of the Directors of the Company, substantial shareholders, key management or persons connected to them as defined under Section 122A of the Companies Act, 1965 within the 1 year preceding the date of this Prospectus.

## XI. FINANCIAL INFORMATION

### 1. HISTORICAL FINANCIAL INFORMATION

#### 1.1 Proforma Consolidated Income Statement

The table below sets out a summary of the proforma consolidated income statement of the RIB Group for the past 5 financial years ended 28 February 2003 and 4 months financial period ended 30 June 2003, prepared based on the audited financial statements of the RIB Group and on the assumption that the current structure of the RIB Group has been in existence throughout the period under review. The proforma consolidated income statement is presented for illustrative purposes only and has been extracted from and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Part XII of this Prospectus:

	←-----Audited-----→					4 months financial period ended 30 June 2003
	←-----Financial years ended 28/29 February-----→					
	1999 RM 000	2000 RM 000	2001 RM 000	2002 RM 000	2003 RM 000	
Turnover	2,468	8,228	9,279	14,586	32,132	19,679
Consolidated profit/(loss) before interest, depreciation, amortisation of expenditure carried forward, expenditure carried forward written off and taxation	495	422	641	(1,665)	3,427	3,527
Interest income	-	#	31	15	20	32
Interest expense	#	(8)	(12)	(13)	(239)	(12)
Depreciation	(10)	(76)	(160)	(1,238)	(725)	(405)
Amortisation of expenditure carried forward	(79)	(83)	(315)	(656)	(652)	(219)
Consolidated PBT	406	255	185	(3,557)	1,831	2,923
Taxation <sup>(1)</sup>	-	(9)	(7)	1,126 <sup>^</sup>	74 <sup>^</sup>	(137)
Consolidated PAT before MI	406	246	178	(2,431)	1,905	2,786
MI	-	-	#	-	-	(90)
Consolidated PAT and MI	406	246	178	(2,431)	1,905	2,696
Number of ordinary shares of RM0.10 each assumed in issue (000) <sup>(2)</sup>	136,920	136,920	136,920	136,920	136,920	136,920
Gross EPS/(loss per share) (sen) <sup>(3)</sup>	0.30	0.19	0.14	(2.60)	1.34	*6.21
Net EPS/(loss per share) (sen) <sup>(4)</sup>	0.30	0.18	0.13	(1.78)	1.39	*5.91

**Notes:**

# *Less than RM1,000.*

\* *Annualised for comparison purposes only.*

<sup>^</sup> *In compliance with Malaysian Accounting Standard Board Standard ("MASB") 25, Income Taxes, the taxation expenses for the financial year ended 28 February 2002 and 2003 has been restated.*

**XI. FINANCIAL INFORMATION (CONT'D)**

- (1) *The under/overprovision of taxation has been adjusted to the relevant financial years concerned.*
- (2) *Being the number of ordinary shares of RM0.10 each in RIB assumed in issue before the Public Issue and Bonus Issue II.*
- (3) *The gross EPS/ (loss per share) is computed based on the consolidated PBT but after MI divided by the number of ordinary shares of RM0.10 each in RIB assumed in issue.*
- (4) *The net EPS/ (loss per share) is computed based on the consolidated PAT and MI divided by the number of ordinary shares of RM0.10 each in RIB assumed in issue.*

*Revenue for the Group has increased from the financial years 1999 to 2003 due to the merit recognition of its products which has enhanced the marketability of the products, the inclusion of the provision of telecommunications services and the aggressive marketing strategy undertaken. Decrease in the PBT in the financial year ended 2000 was due to the deterioration in gross profit margin and higher operating expenses incurred, such as man power and interest costs. The further decrease in PBT in the financial year ended 2001 was mainly due to higher amortisation and depreciation cost incurred during the period. Loss before taxation in the financial year ended 2002 was a result of the development costs being charged to income statement instead of being capitalised.*

*The improvement in PBT in the financial year ended 2003 was mainly due to the increase in revenue as a result of the additional discounted call services being introduced and the expansion of its distribution channel.*

*There were no extraordinary items or exceptional items during the financial years/period under review.*

RIB and its subsidiaries' audited financial statements for the past 5 financial years/period have not been subjected to any audit qualification.

**1.2 Segmental Analysis**

The following is segmental analysis by types of sales of the Proforma Consolidated results of the RIB Group for the past 5 financial years ended 28 February 2003 and the 4 months financial period ended 30 June 2003. The Proforma Consolidated results are provided for illustrative purposes only and on the assumption that the current structure of the RIB Group has been in existence throughout the financial years under review:

**Segmental analysis by turnover**

	←-----Financial years ended 28 <sup>th</sup> /29 <sup>th</sup> February----->					4 months financial period ended
	1999 RM 000	2000 RM 000	2001 RM 000	2002 RM 000	2003 RM 000	30 June 2003 RM 000
<b>Turnover</b>						
(External sales)						
Sales of products	2,468	8,228	9,279	7,858	5,272	1,787
Sales of services	-	-	-	6,728	26,860	17,892
	2,468	8,228	9,279	14,586	32,132	19,679

**XI. FINANCIAL INFORMATION (CONT'D)****2. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, CAPITAL COMMITMENT AND MATERIAL LITIGATION****2.1 Working Capital**

The Directors of the Company are of the opinion that, after taking into account the forecast consolidated cashflows, banking facilities available and the total gross proceeds from the Public Issue, the Group will have adequate working capital for its foreseeable requirements for a period of 12 months from the date of this Prospectus.

**2.2 Borrowings**

Save as disclosed below, as at 21 November 2003, the RIB Group does not have any outstanding facilities, loan capital outstanding, loan capital created but unissued, mortgages or charges outstanding:

<b>Outstanding facilities</b>	<b>Facility amount RM 000</b>	<b>Payable within 12 months RM 000</b>	<b>Payable after 12 months RM 000</b>
Bank guarantees	2,121	-	-

The bank guarantees above are in respect of the purchase of telecommunications traffic from RIB's suppliers. Only commission (and no interest) is charged for the above facility.

**2.3 Contingent Liabilities**

As at 21 November 2003, the Directors of the Company are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the financial performance, position and operations of the Group.

**2.4 Capital Commitment**

As at 21 November 2003, the Directors the Company are not aware of any capital commitment contracted or known to be contracted by the Company or its subsidiaries, which, upon becoming enforceable, may have a material impact on the financial performance, position and operations of the Group.

**2.5 Material Litigation**

As at 21 November 2003, neither RIB nor its subsidiaries is engaged in any litigation and/or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of RIB or its subsidiaries and the Directors of the Company are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of RIB or its subsidiaries except as disclosed in Section 7.1 of Part XV of this Prospectus.

**XI. FINANCIAL INFORMATION (CONT'D)****3. TRADE RECEIVABLES**

Details of trade receivables balances as at 30 June 2003 are set out below:

	Current RM'000	Above 30 days but less than 180 days RM'000	180 days and above RM'000	Total balances RM'000
Trade debtors	3,380	3,606	1,844	8,830
Provision for doubtful debts	-	(217)	(1,844)	(2,061)
Net trade debtors	3,380	3,389	0	6,769
Lease debtors not fallen due*	-	-	-	122
Total trade receivables	3,380	3,389	0	6,891

*Note:*

- \* *these are receivables arising from leasing arrangements where the debtors will repay through monthly instalments already agreed upon. The debtors will pay on each month on the due dates.*

For the financial period ended 30 June 2003, the Group has provided for an amount of approximately RM2.01 million as doubtful debts. Full provision has been made for trade receivables which are doubtful, disputed or where legal action has been taken. The Directors are of the opinion that the trade receivables which exceeded the credit period and remain outstanding are recoverable in view of the various credit controls implemented by the Group to monitor collection.

**4. FORECASTS**

The Group's future financials are not disclosed in this Prospectus due to its uncertain nature and inherent risks such as, but not limited to, those disclosed in Part IV of this Prospectus.