

THE SECURITIES COMMISSION ("SC") AND THE KUALA LUMPUR STOCK EXCHANGE ("KLSE") HAVE APPROVED THE PUBLIC ISSUE AND THE APPROVAL OF THE SC AND THE KLSE SHALL NOT BE TAKEN TO INDICATE THAT THE SC AND THE KLSE RECOMMEND THE PUBLIC ISSUE AND/OR THE FLOTATION OF REDTONE INTERNATIONAL BERHAD (THE "COMPANY") ON THE MESDAQ MARKET OF THE KLSE. THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN THE COMPANY. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

THE KLSE SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS CORRECTNESS OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITIES WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST OF THE MESDAQ MARKET OF THE KLSE IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE COMPANY OR OF ITS SECURITIES.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. A COPY OF THIS PROSPECTUS, TOGETHER WITH THE FORM OF APPLICATION, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

#### CHARACTERISTICS OF THE MESDAQ MARKET OF THE KLSE –

INVESTORS SHOULD BE AWARE THAT MESDAQ IS A DISTINCT MARKET FROM THE MAIN AND SECOND BOARDS OF THE KLSE IN MANY RESPECTS. IN PARTICULAR, COMPANIES LISTED ON THE MESDAQ MARKET ARE SUBJECT TO DIFFERENT QUANTITATIVE AND QUALITATIVE REQUIREMENTS, WHICH HAVE BEEN PRIMARILY DESIGNED TO ACCOMMODATE HIGH-GROWTH AND/OR TECHNOLOGY COMPANIES. COMPANIES THAT ARE LISTED ON THE MESDAQ MARKET MAY NOT HAVE AN OPERATING HISTORY OR ANY PROFIT TRACK RECORD PRIOR TO LISTING. AS SUCH, WHILST POTENTIAL INVESTMENT RETURNS MAY BE RELATIVELY HIGH, COMPANIES LISTED ON THE MESDAQ MARKET MAY BE OF HIGHER INVESTMENT RISK. THE REGULATORY PHILOSOPHY UNDERLYING THE MESDAQ MARKET IS THAT THE MARKET SHOULD BE ALLOWED TO DETERMINE THE MERITS OF THE SECURITIES/INSTRUMENTS IN A PARTICULAR COMPANY. HENCE, AS WITH ALL INVESTMENTS, PROSPECTIVE INVESTORS SHOULD BE AWARE OF ALL POTENTIAL RISKS IN INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST AFTER DUE AND CAREFUL CONSIDERATION BY REFERRING TO, AMONGST OTHERS, THE PROSPECTUS, LATEST FINANCIAL STATEMENTS AND CORPORATE ANNOUNCEMENTS. IN THIS RESPECT, ADVICE FROM A SECURITIES PROFESSIONAL/ADVISER IS STRONGLY RECOMMENDED.

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF THE COMPANY AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF ALL THE INFORMATION CONTAINED HEREIN AND CONFIRM THAT, AFTER HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING.

COMMERCE INTERNATIONAL MERCHANT BANKERS BERHAD, THE ADVISER, UNDERWRITER, PLACEMENT AGENT AND SPONSOR ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PUBLIC ISSUE OF 31,080,000 NEW ORDINARY SHARES OF RM0.10 EACH IN THE COMPANY. THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM THE KLSE'S WEBSITE AT [WWW.KLSE.COM.MY](http://WWW.KLSE.COM.MY)

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**INDICATIVE TIMETABLE**

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

<b>Event</b>	<b>Date</b>
Opening of application	9 December 2003
Closing of application*	19 December 2003
Tentative balloting date	23 December 2003
Tentative date of dispatch of notices of allotment to successful applicants	5 January 2004
Tentative listing date	9 January 2004

**Note:**

- \* *The application for the Public Issue closes at the time and date as stated above or such other later date or dates as the Directors of the Company and the Underwriter may in their absolute discretion mutually decide. Should the closing date of the application be extended, the dates of the dispatch of notices of allotment, and the listing of and quotation for the entire enlarged issued and paid-up share capital of RIB on the MESDAQ Market will be extended accordingly. Any change to the closing date of the application will be advertised in a newspaper in Malaysia. Late applications will not be accepted.*

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**DEFINITIONS**


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Unless otherwise indicated, the following abbreviations shall apply throughout this Prospectus:

- “Acquisition of RMSB” : The acquisition of the entire issued and fully paid-up share capital of RMSB comprising 2 ordinary shares of RM1.00 each in RMSB from RI for a total purchase consideration of RM2 satisfied by the issuance of 20 new ordinary shares of RM0.10 each in RIB, at RM0.10 per ordinary share of RM0.10 each
- “Acquisition of RN” : The acquisition of 51.00% of the issued and fully paid-up share capital of RN comprising 51 ordinary shares of RM1.00 each in RN from RI for a total purchase consideration of RM2 satisfied by the issuance of 20 new ordinary shares of RM0.10 each in RIB, at RM0.10 per ordinary share of RM0.10 each
- “Acquisition of RT” : The acquisition of the entire issued and fully paid-up share capital of RT comprising 1,000,000 ordinary shares of RM1.00 each in RT from RI for a total purchase consideration of RM2 satisfied by the issuance of 20 new ordinary shares of RM0.10 each in RIB, at RM0.10 per ordinary share of RM0.10 each
- “Acquisition of RTC I” : The acquisition of 95.50% of the issued and fully paid-up share capital of RTC comprising 1,528,000 ordinary shares of RM1.00 each in RTC from RI for a total purchase consideration of RM1,333,669 satisfied by the issuance of 13,336,690 new ordinary shares of RM0.10 each in RIB, at RM0.10 per ordinary share of RM0.10 each
- “Acquisition of RTC II” : The acquisition of the remaining 2.25% of the issued and fully paid-up share capital of RTC comprising 36,000 ordinary shares of RM1.00 each in RTC from Wong Seng Huat, not already owned by RIB, for a total purchase consideration of RM35,000 satisfied by the issuance of 350,000 new ordinary shares of RM0.10 each in RIB, at RM0.10 per ordinary share of RM0.10 each after the Bonus Issue I
- “Acquisition of VMSTL” : The acquisition of 40.00% of the issued and fully paid-up share capital of VMSTL comprising 200,000 ordinary shares of HKD1.00 each in VMSTL from Sim Hock Meng, not already owned by RTC, for a total purchase consideration of RM553,500 based on an exchange rate of HKD2.06 per RM1.00 as at 31 October 2002 satisfied by cash
- “Acquisitions” : The Acquisition of VMSTL, Acquisition of RTC I, Acquisition of RT, Acquisition of RMSB and Acquisition of RN, collectively
- “ADA” : Authorised Depository Agent
- “AIMS” : Applied Information Management Services Sdn Bhd (200085-H)
- “APMITTA” : Asia Pacific MSC Information Technology and Telecommunications Awards
- “ATM” : Automated Teller Machine
- “ATSB” : Agilent Technologies (M) Sdn Bhd (*formerly known as Hewlett-Packard (M) Sdn Bhd*)(12767-W)
- “Bonus Issue I” : The bonus issue of 40,500,000 new ordinary shares of RM0.10 each in RIB issued to the existing shareholders of RIB on the basis of approximately 4.22 new ordinary shares of RM0.10 each in RIB for every 10 existing ordinary shares of RM0.10 each held after the Rights Issue

**DEFINITIONS (CONT'D)**

“Bonus Issue II”	:	The bonus issue of 84,000,000 new ordinary shares of RM0.10 each in RIB to be issued to the existing shareholders of RIB on the basis of 1 new ordinary share of RM0.10 each in RIB for every 2 existing ordinary shares of RM0.10 each held after the Public Issue
“CDS”	:	Central Depository System
“CDS Account”	:	An account established by the Malaysian Central Depository Sdn Bhd for a depositor for the recording of deposit of securities and for dealing in such securities by the depositor
“CIMB”	:	Commerce International Merchant Bankers Berhad (18417-M)
“DiGi”	:	Digi Telecommunications Sdn Bhd (201283-M)
“Distribution in Specie”	:	The distribution in specie of the surplus capital of 13,336,750 new ordinary shares of RM0.10 each in RIB, at RM0.10 per ordinary share of RM0.10 each to the existing shareholders of RI after the Acquisitions
“Dividend”	:	The declaration of interim tax-exempt dividend of RM400,000 to the existing shareholders of RTC
“Electronic Share Application”	:	Application for the Public Issue Share(s) through a Participating Financial Institution’s ATM
“EPS”	:	Earnings per share
“Government”	:	Government of Malaysia
“HKD”	:	Hong Kong Dollar
“ICT”	:	Information and Communication Technology
“IDC Report”	:	IDC Market Research (M) Sdn Bhd’s report dated July 2003, on Malaysian VOIP forecast and analysis, 2002 - 2007
“Increase in Share Capital”	:	The increase in the issued and fully paid-up share capital of RIB from RM2 to RM6,240,002 through the cash subscription of 6,240,000 new ordinary shares of RM1.00 each in RIB, at RM1.00 per ordinary share of RM1.00 each
“IT”	:	Information Technology
“Issues”	:	The Public Issue and Bonus Issue II, collectively
“KLSE”	:	Kuala Lumpur Stock Exchange (30632-P)
“LAT”	:	Loss after tax
“LBT”	:	Loss before tax
“Listing”	:	The admission and the listing of and quotation for the entire enlarged issued and paid-up share capital of RIB of RM25,200,000 comprising 252,000,000 ordinary shares of RM0.10 each on the Official List of the MESDAQ Market
“Maxis”	:	Maxis International Sdn Bhd (240071-T)

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**DEFINITIONS (CONT'D)**


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“MCD”	:	Malaysian Central Depository Sdn Bhd (165570-W), a subsidiary of KLSE
“MDC”	:	Multimedia Development Corporation Sdn Bhd (389346-D)
“MESDAQ Market”	:	The MESDAQ Market of the KLSE
“MGS”	:	Multimedia Super Corridor Research & Development Grant Scheme
“MI”	:	Minority interests
“MSC”	:	Multimedia Super Corridor
“NTA”	:	Net tangible assets
“PAT”	:	Profit after tax
“PBT”	:	Profit before tax
“PE Multiple(s)”	:	Price earnings multiple(s)
“Prescribed Security”	:	Ordinary shares of a company prescribed by the KLSE to be deposited into the CDS
“Public Issue”	:	The issue of 31,080,000 Public Issue Shares to the Malaysian public and identified investors
“Public Issue Share(s)”	:	The 31,080,000 new ordinary shares of RM0.10 each in RIB to be issued pursuant to the Public Issue, at an issue price of RM0.95 per ordinary share of RM0.10 each
“R&D”	:	Research and development
“Reorganisation”	:	In conjunction with the Distribution in Specie, the existing subscriber shareholders of RIB reorganised their shareholdings by transferring 62,400,000 new ordinary shares of RM0.10 each in RIB held by them, at RM0.10 per ordinary share of RM0.10 each directly to the other shareholders of RIB for the settlement of the advances made by them pursuant to the Increase in Share Capital
“RI”	:	REDtone International Pte Ltd (200006536M)
“RIB” or the “Company”	:	REDtone International Berhad (596364-U)
“RIB Group” or the “Group”	:	RIB and its subsidiaries
“Rights Issue”	:	The renounceable rights issue of 20,333,230 new ordinary shares of RM0.10 each in RIB issued to the existing shareholders of RIB at an issue price of RM0.30 per ordinary share of RM0.10 each in RIB on the basis of approximately 2.6847 new ordinary shares of RM0.10 each for every 10 existing ordinary shares of RM0.10 each held after the Distribution in Specie and Reorganisation
“RM”	:	Ringgit Malaysia
“RMSB”	:	REDtone Marketing Sdn Bhd (formerly known as VMS Hospitality Sdn Bhd) (526020-T)
“RN”	:	REDtone Network Sdn Bhd (524768-X)

**DEFINITIONS (CONT'D)**

“ROC”	:	Registrar of Companies
“RSB”	:	REDtone Sdn Bhd (618330-W)
“RT”	:	REDtone Technology Sdn Bhd (413031-V)
“RTC”	:	REDtone Telecommunications Sdn Bhd (378160-H)
“RTC Group”	:	RTC and its subsidiary
“SC”	:	Securities Commission
“SGD”	:	Singapore Dollar
“Share Split”	:	The sub-division of par value of the existing ordinary shares in RIB from RM1.00 each to RM0.10 each
“SME”	:	Small and medium enterprises
“Telekom Malaysia”	:	Telekom Malaysia Berhad (128740-P)
“TT dotcom”	:	TT dotcom Sdn Bhd (52371-A)
“UK”	:	United Kingdom
“USA”	:	United States of America
“USD”	:	United States Dollar
“VMSTL”	:	VMS Technology Limited (654441)

Words importing the singular, include the plural and vice versa. Words importing a gender includes any gender. References to persons include a corporation.

Any reference in this Prospectus to any statute and legislation shall, unless otherwise indicated, be a reference to the statute or legislation of Malaysia and includes any statutory modification, amendment or re-enactment thereof.

Any reference to a time of day in this Prospectus shall be a reference to Malaysian time, unless otherwise stated.

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**DEFINITIONS (CONT'D)**

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**TECHNICAL DEFINITIONS**

Unless otherwise indicated, the following technical definitions shall apply throughout this Prospectus:

ASP	:	Application Service Provider
Caller-ID	:	Caller identification
CT	:	Computer Telephony
CTI	:	Computer Telephony Integration
ICT	:	Information And Communication Technology
IDD	:	International Direct Dialing
IP	:	Internet Protocol
LCD	:	Liquid crystal display
PBX	:	Private Branch Exchange (private telephone switchboard)
PC	:	Personal computer
PCX	:	Private Communications Exchange
PSTN	:	Public Switching Telephony Network
R&D	:	Research & Development
RCS	:	REDtone Call Shop
RPP	:	REDtone Payphone
RPP0	:	RPP Operator
SMS	:	Short Message Service
STD	:	Subscriber Trunk Dialing
telco	:	Telecommunication
TDAX	:	Time Data Exchange
TECS	:	Total Enterprise Communication System
UMS	:	Unified Messaging System
VOIP	:	Voice Over Internet Protocol

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**I. CORPORATE DIRECTORY**


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**BOARD OF DIRECTORS**

<b>Name</b>	<b>Nationality</b>	<b>Occupation</b>	<b>Address</b>
Lee Eng Sia <i>(Non-Executive Chairman)</i>	Malaysian	Director	18, Halaman York 10450 Pulau Pinang
Wei Chuan Beng <i>(Managing Director)</i>	Malaysian	Director	2-3-5, Brem Park Jalan Selesa 2 58200 Kuala Lumpur
Zainal Amanshah bin Zainal Arshad <i>(Executive Director)</i>	Malaysian	Director	35, Jalan BU 1/1 Bandar Utama Damansara 47800 Petaling Jaya Selangor Darul Ehsan
Peter Yeow Heng Ho <i>(Executive Director)</i>	Malaysian	Director	No. 25, Jalan Kasawari 6 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan
Dr. Muhammad Ghazie bin Ismail <i>(Non-Executive Director)</i>	Malaysian	Director	No. 22, Lorong Rahim Kajai Satu Taman Tun Dr Ismail 60000 Kuala Lumpur
Syed Izmi bin Syed Kamarul Bahrin <i>(Alternate Non-Executive Director to Dr. Muhammad Ghazie bin Ismail)</i>	Malaysian	Investment Manager	2F, Jalan Gurney 54000 Kuala Lumpur
Michael Oh Aik Teong <i>(Non-Executive Director)</i>	Malaysian	Director	65, Jalan Terasek 8 Bangsar Baru 59100 Kuala Lumpur
Huen Foo Seng <i>(Alternate Non-Executive Director to Michael Oh Aik Teong)</i>	Malaysian	General Manager	2, Jalan 1/5 Taman Tun Razak 68000 Ampang Selangor Darul Ehsan
Mathew Thomas A/L Vargis Mathews <i>(Independent Director)</i>	Malaysian	Chartered Accountant	2, Jalan SS22/17 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan
Shaifubahrim bin Mohd Saleh <i>(Independent Director)</i>	Malaysian	Director	19, Jalan SS1/25 Kampung Tunku 47300 Petaling Jaya Selangor Darul Ehsan

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Mathew Thomas A/L Vargis Mathews	Chairman	Independent Director
Shaifubahrim bin Mohd Saleh	Member	Independent Director
Zainal Amanshah bin Zainal Arshad	Member	Executive Director

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**I. CORPORATE DIRECTORY (CONT'D)**

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- COMPANY SECRETARY** : Yeap Kok Leong  
(MAICSA No. 0862549)  
No 11, Jalan 2/149G  
Taman Sri Endah  
57000 Kuala Lumpur
- Telephone no.: 03-4043 9411  
Facsimile no.: 03-4043 1233
- REGISTERED OFFICE** : 20th Floor, East Wing  
Plaza Permata  
Jalan Kampar  
Off Jalan Tun Razak  
50400 Kuala Lumpur
- Telephone no.: 03-4043 9411  
Facsimile no.: 03-4043 1233
- HEAD OFFICE** : Suites 22-28, 5th Floor  
IOI Business Park  
47100 Puchong  
Selangor Darul Ehsan
- Telephone no.: 03-8073 2288  
Facsimile no. : 03-8073 7940  
Website: [www.redtone.com](http://www.redtone.com)  
E-mail: [info@redtone.com](mailto:info@redtone.com)
- REGISTRAR** : Tenaga Koperat Sdn Bhd  
20th Floor,  
Plaza Permata  
Jalan Kampar  
Off Jalan Tun Razak  
50400 Kuala Lumpur
- Telephone no.: 03-4041 6522  
Facsimile no.: 03-4042 6352
- PRINCIPAL BANKERS** : Public Bank Berhad  
10, Jalan Kenari 1  
Bandar Puchong Jaya  
Jalan Puchong  
47100 Puchong  
Selangor Darul Ehsan
- Telephone no.: 03-5882 1888  
Facsimile no.: 03-5882 1299
- PRINCIPAL BANKERS** : Malayan Banking Berhad  
7, Jalan Kenari 1  
Bandar Puchong Jaya  
Jalan Puchong  
47100 Puchong  
Selangor Darul Ehsan
- Telephone no.: 03-5882 0271  
Facsimile no.: 03-5882 0276

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**I. CORPORATE DIRECTORY (CONT'D)**

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<b>AUDITORS AND REPORTING ACCOUNTANTS</b>	:	Ernst & Young 22nd Floor, MWE Plaza No.8, Lebuhr Farquhar 10200 Pulau Pinang  Telephone no.: 04-263 0033 Facsimile no.: 04-263 0099
<b>SOLICITORS FOR THE LISTING</b>	:	Zaid Ibrahim & Co Level 19, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur  Telephone no.: 03-2087 9999 Facsimile no.: 03-2094 4888
<b>ADVISER, UNDERWRITER, PLACEMENT AGENT AND SPONSOR</b>	:	Commerce International Merchant Bankers Berhad 7th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur
<b>ISSUING HOUSE</b>	:	Malaysian Issuing House Sdn Bhd 27th Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur
<b>LISTING SOUGHT</b>	:	MESDAQ Market of the KLSE

## II. INFORMATION SUMMARY

**THIS SECTION OF THE PROSPECTUS REPRESENTS ONLY A SUMMARY OF THE SALIENT INFORMATION IN RELATION TO THE RIB GROUP AND OF THE PUBLIC ISSUE. INVESTORS SHOULD READ AND UNDERSTAND THE ENTIRE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST IN THE PUBLIC ISSUE SHARE(S).**

### 1. HISTORY AND BUSINESS

RIB was incorporated in Malaysia as a private limited company under the Companies Act, 1965 on 22 October 2002 under the name of REDtone International Sdn Bhd. It was subsequently converted into a public limited company and assumed its present name on 3 January 2003.

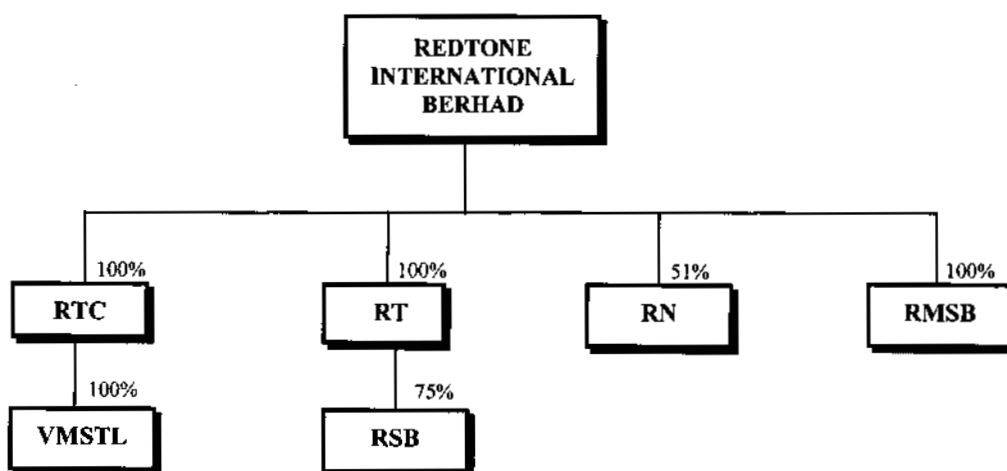
RIB is principally an investment holding company and its activities include the provision of management services. Its subsidiaries are principally involved in offering telecommunications services and solutions and office communication solutions. The present core business of the RIB Group is the provision of discounted calls services, namely, being an alternative telecommunications services provider to corporate and other organisations, SMEs, homes/shops/small offices, call shops, payphones, prepaid cards and wholesale to other application service provider (ASP) licensees.

Two wholly-owned subsidiaries of RIB, namely, RTC and RT have been accorded with the MSC status in 1997 and 2002, respectively. RTC was the first MSC status company to be awarded the development grant of RM3.2 million under the MGS.

The RIB Group is the leading alternative voice service provider in Malaysia in terms of market share in year 2002 (*source: IDC Report*). The audited proforma turnover of the RIB Group for the financial year ended 28 February 2003 and 4 months financial period ended 30 June 2003 was RM32.1 million and RM19.7 million, respectively. For further details please refer to Section 1 of Part VI of this Prospectus.

Innovation is the key thrust in the positioning of communication services and products by the RIB Group. Amongst others, RTC also developed TeleCARE™ Voice Mail System which has garnered several awards, including the Best of the Best Prime Minister's Trophy and the Best of Industrial Commercial Products at the 1999 APMITTA.

The corporate structure of the RIB Group is set out below:



Further details on RIB and its subsidiaries are set out in Part VI of this Prospectus.

## II. INFORMATION SUMMARY (CONT'D)

### 2. OWNERSHIP AND MANAGEMENT

#### 2.1 Promoters

The promoters of RIB and their respective shareholdings in RIB after the Issues are as follows:

Promoters	Nationality	After Issues			
		Direct		Indirect	
		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	Malaysian	43,074,221	17.08	-	-
Wei Chuan Beng	Malaysian	21,689,850	8.61	<sup>(1)</sup> 9,907,984	3.93
Zainal Amanshah bin Zainal Arshad	Malaysian	3,778,079	1.50	-	-
Peter Yeow Heng Ho	Malaysian	13,367,316	5.31	-	-
John Chee Yong Tung	Malaysian	26,000,085	10.32	-	-
Choo Yeh Fung	Malaysian	9,907,984	3.93	<sup>(2)</sup> 21,689,850	8.61
Tiew Ming Ching	Malaysian	1,579,594	0.63	-	-
Jason Tai Chen Hiung	Malaysian	789,789	0.31	-	-
Sim Hock Meng	Singaporean	3,778,079	1.50	-	-
Chemquest Sdn Bhd	Malaysia	31,156,592	12.36	-	-
PPB Group Berhad	Malaysia	-	-	<sup>(3)</sup> 31,156,592	12.36
Kuok Brothers Sdn Bhd	Malaysia	-	-	<sup>(3)</sup> 31,156,592	12.36

**Notes:**

- (1) Deemed interested by virtue of the direct shareholding of his wife, Choo Yeh Fung.
- (2) Deemed interested by virtue of the direct substantial shareholding of her husband, Wei Chuan Beng.
- (3) Deemed interested by virtue of their direct substantial shareholdings in Chemquest Sdn Bhd.

## II. INFORMATION SUMMARY (CONT'D)

### 2.2 Substantial Shareholders

The substantial shareholders of RIB and their respective shareholdings in RIB after the Issues are as follows:

Substantial shareholders	Nationality/ Place of incorporation	After Issues			
		Direct		Indirect	
		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	Malaysian	43,074,221	17.08	-	-
Wei Chuan Beng	Malaysian	21,689,850	8.61	<sup>(1)</sup> 9,907,984	3.93
Peter Yeow Heng Ho	Malaysian	13,367,316	5.31	-	-
John Chee Yong Tung	Malaysian	26,000,085	10.32	-	-
Chemquest Sdn Bhd	Malaysia	31,156,592	12.36	-	-
MSC Venture One Sdn Bhd	Malaysia	24,773,609	9.83	-	-
PPB Group Berhad	Malaysia	-	-	<sup>(2)</sup> 31,156,592	12.36
Kuok Brothers Sdn Bhd	Malaysia	-	-	<sup>(2)</sup> 31,156,592	12.36
MSC Venture Corporation Sdn Bhd	Malaysia	-	-	<sup>(3)</sup> 24,773,609	9.83
Khazanah Nasional Berhad	Malaysia	-	-	<sup>(3)</sup> 24,773,609	9.83
Multimedia Development Corporation Sdn Bhd	Malaysia	-	-	<sup>(4)</sup> 24,773,609	9.83
Ministry of Finance	Malaysia	-	-	<sup>(5)</sup> 24,773,609	9.83

**Notes:**

- (1) Deemed interested by virtue of the direct shareholding of his wife, Choo Yeh Fung.
- (2) Deemed interested by virtue of their direct substantial shareholdings in Chemquest Sdn Bhd.
- (3) Deemed interested by virtue of their direct substantial shareholdings in MSC Venture One Sdn Bhd.
- (4) Deemed interested by virtue of its direct substantial shareholding in its wholly-owned subsidiary, MSC Venture Corporation Sdn Bhd.
- (5) Deemed interested by virtue of its direct substantial shareholding in its wholly-owned subsidiary, Multimedia Development Corporation Sdn Bhd.

## II. INFORMATION SUMMARY (CONT'D)

### 2.3 Directors

The Directors of RIB and their respective shareholdings in RIB after the Issues are as follows:

Directors	Nationality/ Place of incorporation	After Issues			
		Direct		Indirect	
		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	Malaysian	43,074,221	17.08	-	-
Wei Chuan Beng	Malaysian	21,689,850	8.61	*9,907,984	3.93
Zainal Amanshah bin Zainal Arshad	Malaysian	3,778,079	1.50	-	-
Peter Yeow Heng Ho	Malaysian	13,367,316	5.31	-	-
Dr. Muhammad Ghazie bin Ismail	Malaysian	-	-	-	-
Syed Izmi bin Syed Kamarul Bahrin <i>(Alternate Non- Executive Director to Dr. Muhammad Ghazie bin Ismail)</i>	Malaysian	-	-	-	-
Michael Oh Aik Teong	Malaysian	-	-	-	-
Huen Foo Seng <i>(Alternate Non- Executive Director to Michael Oh Aik Teong)</i>	Malaysian	-	-	-	-
Mathew Thomas A/L Vargis Mathews	Malaysian	-	-	-	-
Shaifubahrin bin Mohd Saleh	Malaysian	-	-	-	-

**Note:**

\* Deemed interested by virtue of the direct shareholding of his wife, Choo Yeh Fung.



## II. INFORMATION SUMMARY (CONT'D)

### 2.4 Key Management

The key management of the RIB Group and their respective shareholdings in RIB after the Issues are as follows:

Key management	Nationality/ Place of incorporation	After Issues			
		Direct		Indirect	
		No. of ordinary shares of RM0.10 each	Percentage of share capital %	No. of ordinary shares of RM0.10 each	Percentage of share capital %
Wei Chuan Beng	Malaysian	21,689,850	8.61	*9,907,984	3.93
Zainal Amanshah bin Zainal Arshad	Malaysian	3,778,079	1.50	-	-
Peter Yeow Heng Ho	Malaysian	13,367,316	5.31	-	-
John Chee Yong Tung	Malaysian	26,000,085	10.32	-	-
Yong Kok Leong	Malaysian	2,369,383	0.94	-	-
Sim Hock Meng	Singaporean	3,778,079	1.50	-	-
Law Say Chuan	Malaysian	39,450	#	-	-
Tiew Ming Ching	Malaysian	1,579,594	0.63	-	-
Jason Tai Chen Hiung	Malaysian	789,789	0.31	-	-
Alvin Ong Tuck Meng	Malaysian	613,482	0.24	-	-
Ng Keng Chai	Malaysian	645,132	0.26	-	-
Hazlina Puspa binti Hassan	Malaysian	15,750	#	-	-

**Notes:**

# *Less than 0.01%*

\* *Deemed interested by virtue of the direct shareholding of his wife, Choo Yeh Fung.*

Further details on the promoters, substantial shareholders, Directors of RIB and key management of the RIB Group are set out in Part VII of this Prospectus.

### 3. SERVICES

The present core business of the RIB Group is the provision of discounted calls services, namely, being an alternative telecommunications services provider to corporate and other organisations, SMEs, homes/shops/small offices, call shops, payphones, prepaid cards and wholesale to other ASP licensees. These services are mainly provided by RTC.

Further details on the above services are set out in Section 5.1 of Part VI of this Prospectus.

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## II. INFORMATION SUMMARY (CONT'D)

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### 4. PRODUCTS

The products developed by the Group can be broadly categorised as follow:

- (i) REDtone TECS range of products; and
- (ii) TeleCARE™ suite of products.

Further details on the above products are set out in Section 5.2 of Part VI of this Prospectus.

### 5. SALES AND DISTRIBUTION CHANNELS

The Group employs a multi-channel sales and marketing strategy utilising the following primary channels:

- (i) direct sales; and
- (ii) appointing agents and distributors for local market.

The Group is presently negotiating with potential foreign agents and distributors to market the Group's services and products in their home country.

#### *Direct sales approach*

Direct sales are sales done by the sales and marketing team of RIB's subsidiaries.

#### *Agents and distributors*

Apart from the sales and marketing activities carried out by RIB and its subsidiaries, the Group appoints agents and distributors to market the products and services of the Group to consumers and corporations.

### 6. TECHNOLOGY, INTELLECTUAL PROPERTY AND LICENCES

The Group regards its intellectual property rights as critical to its continued success and has taken the necessary steps to protect its rights to its intellectual property.

The Group's intellectual property rights which are pending registration in Malaysia and/or the respective countries include the following:

- (i) Patents in relation to the invention of a paging system, a method of providing SMS call phone rental services, a system and method of providing SMS call using a customized mobile phone, a system and method of providing operator assisted SMS call, a call billing and management system for call shops, a telephone call routing system, system and method for a multi-level payment and incentive award programme; and
- (ii) Trademarks such as "REDTONE", "SMART OFFICE COMMUNICATOR", "SMS2CALL", "MOBILE DISCOUNT" and "TRAVELFON".

Further details on the Group's intellectual property are set out in Section 5.9 of Part VI of this Prospectus.

## II. INFORMATION SUMMARY (CONT'D)

### 7. R&D CAPABILITIES

The Group has a strong and committed team of research and development engineers to develop advanced innovations in the telecommunications industry.

Further details on the Group's R&D capabilities are set out in Section 5.4 of Part VI of this Prospectus.

### 8. FINANCIAL HIGHLIGHTS

#### 8.1 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 the 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 financial years 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 as set out in Part XII of this Prospectus:

	-----Audited----->					4 months financial period ended 30 June 2003 RM 000
	<-----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/(LBT)	406	255	185	(3,557)	1,831	2,923
Taxation <sup>(1)</sup>	-	(9)	(7)	1,126^	74^	(137)
Consolidated PAT/(LAT) before MI	406	246	178	(2,431)	1,905	2,786
MI	-	-	#	-	-	(90)
Consolidated PAT/(LAT) 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

## II. INFORMATION SUMMARY (CONT'D)

### Notes:

- # *Less than RM1,000.*
- \* *Annualised for comparison purposes only.*
- ^ *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.*
- (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 under review.*

RIB and its subsidiaries' audited financial statements for the past 5 financial years/period have not been subjected to any audit qualifications. Detailed information on the financial performance of the RIB Group is set out in Part XI of this Prospectus.

### 8.2 Proforma Consolidated Balance Sheets of the RIB Group as at 30 June 2003

The table below sets out a summary of the proforma consolidated balance sheets of the RIB Group as at 30 June 2003, for illustrative purposes only, to show the effects of the Increase in Share Capital, Share Split, Dividends, Acquisitions, Rights Issue, Bonus Issue I, Acquisition of RTC II, Public Issue, Bonus Issue II and the proposed utilisation of the proceeds from the Rights Issue and Public Issue in conjunction with the Listing on the assumption that the Listing was completed on 30 June 2003 and should be read in conjunction with the notes and assumptions to the proforma consolidated balance sheets of the RIB Group as set out in Part XIII of this Prospectus.

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**II. INFORMATION SUMMARY (CONT'D)**


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	Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V	
	Audited accounts as at 30 June 2003 RM 000	After increase in share capital and share split RM 000	After Proforma I and Acquisitions RM 000	After Proforma II, Rights Issue and Bonus Issue RM 000	After Proforma III and Acquisition of RTC II RM 000	After Proforma IV, Public Issue, Bonus II and Utilisation of Proceeds RM 000
<b>Non-current assets</b>						
Property, plant and equipment	-	-	4,365	4,365	4,365	4,365
Investment	350	350	-	-	-	-
Trade receivables	-	-	48	48	48	48
Deferred tax asset	-	-	1,117	1,117	1,117	1,117
Intangible assets	-	-	2,128	2,128	2,128	2,128
	350	350	7,658	7,658	7,658	7,658
<b>Current assets</b>						
Inventories	-	-	210	210	210	210
Trade receivables	-	-	6,843	6,843	6,843	6,843
Other receivables and prepayments	522	522	1,709	1,709	1,709	1,187
Marketable securities	-	-	5,500	5,500	5,500	5,500
Cash and bank balances	*	6,240	9,934	16,034	16,034	43,060
	522	6,762	24,196	30,296	30,296	56,800
<b>Current liabilities</b>						
Trade payables	-	-	7,271	7,271	7,271	7,271
Other payables and accrued expenses	881	881	10,503	10,503	10,503	9,981
Tax payable	-	-	34	34	34	34
Deferred income	-	-	2,090	2,090	2,090	2,090
	881	881	19,898	19,898	19,898	19,376
<b>Net current (liabilities)/ assets</b>	(359)	5,881	4,298	10,398	10,398	37,424
<b>Net (liabilities)/ assets</b>	(9)	6,231	11,956	18,056	18,056	45,082

## II. INFORMATION SUMMARY (CONT'D)

	Audited accounts as at 30 June 2003 RM 000	Proforma I After increase in share capital and share split RM 000	Proforma II After Proforma I and Acquisitions RM 000	Proforma III After Proforma II, Rights Issue and Bonus Issue RM 000	Proforma IV After Proforma III and Acquisition of RTC II RM 000	Proforma V After Proforma IV, Public Issue, Bonus II and Utilisation of Proceeds RM 000
<b>Represented/ Financed by:</b>						
Share capital	**	6,240	7,574	13,657	13,692	25,200
Share premium	-	-	-	17	17	15,535
Capital reserve	-	-	2,983	2,983	3,104	3,104
Accumulated loss	(9)	(9)	(9)	(9)	(9)	(9)
<b>Shareholders' (deficit)/equity</b>	(9)	6,231	10,548	16,648	16,804	43,830
MI	-	-	207	207	51	51
Deferred income	-	-	1,181	1,181	1,181	1,181
Deferred tax liability	-	-	20	20	20	20
	(9)	6,231	11,956	18,056	18,056	45,082
NTA per share (RM)	-	0.10	0.11	0.11	0.11	0.17

**Notes:**

\* Less than RM1,000.

\*\* This represents RM2 comprising 2 ordinary shares of RM1.00 each.

### 9. PRINCIPAL STATISTICS

#### (i) Share Capital

	RM
<i>Authorised</i>	
300,000,000 ordinary shares of RM0.10 each in RIB	<u>30,000,000</u>
<i>Issued and fully paid-up as at the date of this Prospectus</i>	
136,920,000 ordinary shares of RM0.10 each in RIB	13,692,000
<i>To be issued pursuant to the Public Issue</i>	
31,080,000 new ordinary shares of RM0.10 each in RIB	3,108,000
<i>To be issued pursuant to the Bonus Issue II</i>	
84,000,000 new ordinary shares of RM0.10 each in RIB	<u>8,400,000</u>
<i>Enlarged issued and fully paid-up share capital</i>	<u>25,200,000</u>

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**II. INFORMATION SUMMARY (CONT'D)**


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**(ii) Classes of Shares and Ranking**

There is only one class of shares in the Company, being ordinary shares of RM0.10 each. The Public Issue Share(s) will rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of this Prospectus.

The shares to be issued pursuant to the Bonus Issue II shall rank pari passu with the existing ordinary shares of RM0.10 each in RIB in all respects except that they will not be entitled to any dividends, rights, allotments and/or other distributions the entitlement date of which is prior to the allotment of the Bonus Issue II Shares.

**(iii) Issue Price per ordinary share of RM0.10 each in RIB** RM0.95  
*(Theoretical ex-bonus price after the Public Issue and Bonus Issue II will be RM0.63 per ordinary share)*

**(iv) Proforma Consolidated NTA as at 30 June 2003**

Proforma consolidated NTA (RM 000) 41,702  
*(after the Public Issue and Bonus Issue II and deducting estimated listing expenses amounting to RM2.5 million)*

Proforma consolidated NTA per ordinary share of RM0.10 each in RIB RM0.17  
*(based on the enlarged issued and paid-up share capital of 252,000,000 ordinary shares of RM0.10 each in RIB)*

Details of the proforma consolidated balance sheets of the RIB Group are set out in Part XIII of this Prospectus.

**10. PROCEEDS FROM THE RIGHTS ISSUE AND PUBLIC ISSUE AND THE UTILISATION THEREOF**

The total gross proceeds from the Rights Issue and Public Issue amounting to RM35.626 million will be fully utilised by the Group for its core business in the following manner, by end February 2007:

	<b>RM 000</b>
Replication of business model overseas	10,000
Marketing expansion of products locally and globally	10,000
R&D expenditure	10,000
Working capital	3,126
Estimated listing expenses	2,500
<b>Total</b>	<b>35,626</b>

The estimated expenses and fees, including brokerage, placement fees, professional fees and underwriting commission incidental to the Listing amounting to approximately RM2.5 million shall be borne by the Company.

Detailed information on the utilisation of proceeds is set out in Section 7 of Part III of this Prospectus.

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## II. INFORMATION SUMMARY (CONT'D)

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### 11. CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

#### 11.1 Capital Commitment

As at 21 November 2003, the Directors of 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 position of the Group.

#### 11.2 Contingent Liabilities

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

### 12. MATERIAL LITIGATION

As at 21 November 2003, neither the Company nor its subsidiaries is engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of the Company 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 the Company or its subsidiaries except as disclosed in Section 7.1 of Part XV of this Prospectus.

### 13. RISK FACTORS

An investment in shares listed/or to be listed on the KLSE involves a number of risks. Prospective investors, prior to making an investment in the Public Issue Share(s), should carefully consider the risk factors inherent in and affecting the business of the Group together with the other information contained in this Prospectus.

The key risk factors (which may not be exhaustive), as summarised from Part IV of this Prospectus, which applicants for the Public Issue Share(s), should carefully consider are as follows:

- (i) No prior market for RIB shares;
- (ii) Operational/Business risks;
- (iii) Competition;
- (iv) Brand awareness/loyalty;
- (v) Rapid technological changes;
- (vi) Dependence on Directors and key personnel;
- (vii) Dependence on telecommunications network operators;
- (viii) Adverse changes to the terms of interconnection agreements or failure to secure interconnection agreements;
- (ix) Protection of Group and third party proprietary technology/intellectual property rights;



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**II. INFORMATION SUMMARY (CONT'D)**

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- (x) Delays in R&D;
- (xi) Impact of R&D cost on future financials;
- (xii) Difficulty in installation and implementation that could result in slower product sales;
- (xiii) Litigation risks;
- (xiv) New geographical market/Foreign investment risks;
- (xv) Foreign exchange risks;
- (xvi) Significant influence by existing shareholders;
- (xvii) Changes in MSC status;
- (xviii) Regulatory risks;
- (xix) Global political and economic uncertainties;
- (xx) Uncertainty of the proposed 5-year business development plan;
- (xxi) Forward-looking statements; and
- (xxii) Delay in or failure of the Listing;

For the details on the key risk factors, please refer to Part IV of this Prospectus.

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