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**7 SUMMARY OF THE 5 YEAR BUSINESS DEVELOPMENT PLAN**


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**(i) Product Development**

The Company's R&D plans for the next five (5) years are focused on three (3) growth sectors, i.e. the manufacturing, trading and distribution and transportation sectors. The product development plans of ASIAEP for the next five (5) years can be summarised as follows:-

<b>Product Development</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
EPmart	4 <sup>th</sup> Quarter				
EPcate	4 <sup>th</sup> Quarter				
EPtrade			2 <sup>nd</sup> Quarter		
A Management System		4 <sup>th</sup> Quarter			
ITAH				3 <sup>rd</sup> Quarter	
EPmartM					3 <sup>rd</sup> Quarter
EPcateM					4 <sup>th</sup> Quarter

The Company expects to make substantial R&D inroads within the next 5 years towards realizing the above products and services, as well as exploring into new developments in other information, communication and telecommunication technologies in the coming years.

**2002**

In 2002, R&D was emphasized in respect of the development of EPcate, a system catered for business enterprises to publish, edit and change catalogue product ranges without the use of a service provider or designer.

This system is presently in the testing stage internally and is expected to be ready for online testing as another value added service to the Platform System by the 4<sup>th</sup> quarter of 2003.

**2003**

In 2003, R&D was emphasized in respect of the development of EPmart, a system to provide basic needs of SME in transforming their basic business processes to eBusiness processes.

This system is presently in the production stage and should be ready for internal testing by the 4<sup>th</sup> quarter of 2003.

**2004**

In 2004, R&D emphasis will be in respect of a new product, namely A Management System, a system to manage the human resource, personnel and all management functions of a company

This system is presently in the development stage and is targeted for internal testing by the 4<sup>th</sup> quarter of 2004.

**2005**

In 2005, R&D emphasis will be on a new product, namely EPtrade, a system with various modules covering customers' database, sales process, purchase order and delivery status of business transactions.

This system is presently in the development stage and is targeted for internal testing by the 2<sup>nd</sup> quarter of 2005.

**7 SUMMARY OF THE 5 YEAR BUSINESS DEVELOPMENT PLAN (Cont'd)**

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**2006**

In 2006, R&D emphasis will be on a new product, namely ITAH, a dedicated eBusiness Search System catered to specialised industries within a business community.

This system is presently in the development stage and is targeted for internal testing by the 3rd quarter of 2006.

**2007**

In 2007, R&D emphasis will be on enhancement of existing products, namely EPmart and EPcate, to cater for mobile devices.

These enhance features and updated versions of the products are targeted for development in 2007 and should be ready for internal testing by the 3rd quarter and 4<sup>th</sup> quarter of 2007.

**(ii) Human Resource**

To establish its competitiveness in the market, the Company expects to increase its R&D efforts by recruiting and training more knowledge workers in developing more quality products. Staff development via courses, seminars and on-the-job training would be conducted to improve technical staff capabilities and to enable them to keep abreast with new technologies.

**(iii) Marketing**

The Company intends to employ additional experienced staff in sales and marketing. Through the efforts of the sales and marketing personnel, the Company expects to increase its earnings base resulting in additional financial resources to develop products and shorten the product development cycle. Besides, the Company plans to appoint distribution agents nationwide to market the Company's products and services. The Company will also emphasize on its after sales client servicing, maintenance services and direct marketing calls to build client relationships. In long term, the Company intends to forge joint ventures with other industry partners overseas in order to penetrate a wider geographical area.

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## 8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL

### 8.1 INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS

The promoters and substantial shareholders of ASIAEP and their respective shareholdings in ASIAEP are as follows:-

	Before Public Issue				After Public Issue			
	No of shares held				No of shares held			
	Direct	%	Indirect	%	Direct	%	Indirect	%
TASB	63,000,020	45.00	-	-	63,000,020	31.50	-	-
Tan Boon Nunt	25,237,260	18.03	63,000,020	45.00*	25,237,260	12.62	63,000,020	31.50*
Lee Suet Hong	25,237,260	18.03	63,000,020	45.00*	25,237,260	12.62	63,000,020	31.50*
Koh Jee Kuan	5,608,290	4.01	-	-	5,608,290	2.80	-	-

Notes:-

\* Deemed interested by virtue of their shareholdings in TASB pursuant to Section 6A of the Companies Act, 1965.

#### Profile and track record of promoters and substantial shareholders

The profiles of directors are outlined in Section 8.2 below.

The details of TASB are as follows: -

- TASB was incorporated in Malaysia on 29 March 2000 under the Companies Act, 1965 as a private limited company;
- The authorised share capital of the company is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, of which 510,000 ordinary shares of RM1.00 each have been issued and fully paid-up;
- TASB is an investment holding company, specially incorporated to hold investments in ASIAEP and has no other investments;

The details on the directors and substantial shareholders of TASB are as follows:-

Name	Nationality	No of shares held			
		Direct	%	Indirect	%
Tan Boon Nunt	Malaysian	229,500	45.00	-	-
Lee Suet Hong	Malaysian	229,500	45.00	-	-
Koh Jee Kuan	Malaysian	51,000	10.00	-	-
		510,000	100.00	-	-

- Save for ASIAEP, TASB does not have any subsidiaries or associated companies; and
- TASB does not hold or has not held any substantial shareholdings (5% or more of the issued and paid-up share capital) in other public companies for the past two (2) years.

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**8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)**

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**8.2 DIRECTORS**

**(i) Profile**

The details of the Board of Directors of ASIAEP are as follows:-

**TAN SRI DATO' (DR) ABDUL AZIZ BIN ABDUL RAHMAN**, aged 69, was appointed to the board of ASIAEP as the Non Executive Chairman and an Independent Non Executive Director on 8<sup>th</sup> July 2003.

A lawyer by profession with multiple doctorates obtained from University Utara Malaysia, Tan Sri who has more than 35 years of experience in managing public and private corporations both locally and abroad is a well respected individual among the business and professional fraternity. Some of the organisations which Tan Sri has been involved in previously include, Malaysian Airlines System (Managing Director & CEO), Session Court (Magistrate & President), ABACUS (Chairman), International Council of the Chartered Institute Of Transport (President).

With his invaluable experience and exposure to high level management processes, Tan Sri would be able to groom and support the other Directors and Management staff of the company.

**DR TAN BOON NUNT**, aged 45, was appointed to the board of ASIAEP in 1992. He was subsequently appointed as the Managing Director and Chief Executive Officer in 2002. He is the co-founder of ASIAEP as well as TASB. He graduated from the Greenwich University of Australia with a Bachelor of Science Degree in 1999 and obtained his Master of Business Administration (MBA), majoring in eBusiness in 2000. He achieved his doctorate in Management from the Greenwich University of Australia in 2002.

He started his career as a media planner in the publication industry for more than ten years. Before joining ASIAEP, he was the Managing Director of Better Living Sdn Bhd, a trading house, for five years since 1992. Dr Tan was awarded the 2002 Ernst & Young Entrepreneur Of The Year Award for Information & Communications Technology late last year.

**LEE SUET HONG**, aged 46, was appointed to the board of ASIAEP in 1992. She was subsequently appointed as the Executive Director and Chief Operating Officer in 2002. She is also the co-founder of ASIAEP as well as TASB. She graduated with a Diploma in Business Studies and Management from The London College of Business Studies in 1979. She acquired her MBA, majoring in E-Marketing from the Greenwich University of Australia in 2002.

Madam Lee started her career as a Personal Assistant to the Managing Director of Atkinson Pte Ltd in London from 1978 to 1979. She held a senior management and administrative positions in several public listed companies before joining ASIAEP. She was attached to Better Living Sdn Bhd as a Marketing Director for five years.

**8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)**

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**KOH JEE KUAN**, aged 35, was appointed to the Board of ASIAEP in 1996. He was subsequently appointed as an Executive Director and Chief Technical Officer in 2002. He graduated from a local professional Institute with a Higher Diploma in Computer in 1990.

Koh Jee Kuan has ten years experience in information technology industry, specialising in system integration and implementation, UNIX programming, Local Area Network (LAN), Wide Area Network (WAN) networking, banking system, internet and intranet set-up and installation, computer hardware maintenance, software development and analysis, communication, graphic design, multimedia animation, project planning & implementation.

Before joining the Company, he was attached to a software and solutions provider company as a Senior Engineer for three years. He implemented and provided support for the computer system used in the company.

**SONG MUN WAI**, aged 32, was appointed to the Board of ASIAEP as the Director/Assistant General Manager in 2000. He graduated with a degree in Advertising from the Royal Melbourne Institute of Technology (RMIT) Australia in 1997.

Before joining the Company, he served as a Design Lecturer in a design and training house in Singapore.

**LOW TO FONG** aged 47, was appointed to the board of ASIAEP as an Independent Non- Executive Director on 8<sup>th</sup> July 2003. Mr Low is a Fellow member of the Association of Chartered Certified Accountants, United Kingdom. He is also a member of The Malaysian Institute Of Accountants (MIA). Since graduating as an ACCA member, he has acquired more than 12 years of post- qualifying experience in the fields of Accounting, Finance, Auditing and Banking. In the year 1992, he resigned as the Audit Manager of a financial institution to venture into the stock broking business and is presently attached with a local stock broking company as a licensed dealer's representative.

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## 8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

### (ii) Directors' Shareholdings in ASIAEP

The shareholdings of the Directors in ASIAEP as at 17 December 2003, prior to the Public Issue are as follows:-

	Before Public Issue				After Public Issue			
	No of shares held				No of shares held			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Tan Boon Nunt	25,237,260	18.03	63,000,020	45.00*	25,237,260	12.62	63,000,020	31.50*
Lee Suet Hong	25,237,260	18.03	63,000,020	45.00*	25,237,260	12.62	63,000,020	31.50*
Koh Jee Kuan	5,608,290	4.01	-	-	5,608,290	2.80	-	-
Song Mun Wai	-	-	-	-	490,000	0.25	-	-
Tan Sri Dato' (DR) Abdul Aziz Bin Abdul Rahman	-	-	-	-	100,000	0.05	-	-
Low To Fong	-	-	-	-	-	-	-	-

Note:-

\* Deemed interested by virtue of their shareholdings in TASB pursuant to Section 6A of the Companies Act, 1965.

### (iii) Directors' Directorships and Substantial Shareholdings in Other Public Companies for the Past Two (2) Years

None of the Directors hold or held any directorships or substantial shareholdings (5% or more of the issued and paid-up share capital) in other public companies for the past two (2) years, save for Tan Sri Dato' (DR) Abdul Aziz Bin Abdul Rahman as shown below:-

<u>Name of Company</u>	<u>Year of Appointment</u>
MBM Resources Berhad	1994
United Chemical Industries Berhad	1996
BTM Resources Berhad	2003
Sateras Resources (Malaysia) Berhad	1994 (Resigned 2002)

### (iv) None of the Directors is or was involved in the following events whether in or outside Malaysia:-

- A petition under any bankruptcy or insolvency laws filed against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- Conviction in a criminal proceedings or is a named subject of a pending criminal proceedings; and
- The subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

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**8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)**


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- (v) **Save as disclosed below, none of the Directors have entered into any service agreements with the Company**

The Company has entered into a Service Agreement with Dr Tan Boon Nunt on 17 July 2002, appointing him as the Managing Director of the Company. The appointment is for a duration of five (5) years, commencing 1 March 2002 and shall continue unless terminated by either party giving to the other not less than six (6) months prior notice.

- (vi) **Directors' Remuneration and Benefits**

The remuneration paid to the Directors of the Company for services rendered in all capacities to the Company for the financial year ended 28 February 2003 amounted to RM414,000 and the estimated remuneration payable to the Directors of the Company for the financial year ending 28 February 2004 is RM526,625.

The number of Directors of the Company in the various remuneration bands is set out below:

	<-----Financial years ended / ending----->					
	<-----28 February 2003----->			<-----28 February 2004----->		
	Executive Directors	Non- executive Directors	Total	Executive Directors	Non- executive Directors	Total
Below RM60,000	1	-	1	1	2	3
RM60,000 and RM120,000	1	-	1	1		1
RM120,000 and above	2	-	2	2		2

- (vii) **None of the executive directors are involved in other business and/or corporations.**

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**8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)**


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**8.3 AUDIT COMMITTEE**

The composition of the Audit Committee is as follows:-

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Low To Fong	Chairman	Independent Non-Executive Director
Tan Sri Dato' (Dr) Abdul Aziz Bin Abdul Rahman	Member of the audit committee	Independent Non-Executive Director
Lee Suet Hong	Member of the audit committee	Executive Director

The Audit Committee, comprising two (2) Independent Non-Executive Directors and an Executive Director, is responsible for the recommendations to the Board of Directors regarding the selection of the external auditors, reviewing the results and scope of the audit and other services provided by the Company's external auditors. In addition, the Audit Committee reviews and evaluates the Company's internal audit and control functions. The Audit Committee is also responsible for the assessment of financial risk and matters relating to related party transactions and conflict of interests. The Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties.

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## 8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

### 8.4 KEY MANAGEMENT AND TECHNICAL PERSONNEL

#### (i) Profile

The Board of Directors is assisted by a team of experienced management and technical personnel. The management team is headed by the Managing Director, Dr Tan Boon Nunt. Particulars of the key management and technical personnel are as follows:-

**ROBERT LIM LIAN HOE**, aged 39, was appointed as the Head of Finance and Corporate Affairs in 2002. He obtained his Higher Diploma in Business Administration in 1990 and subsequently obtained his post graduate Degree from University Malaya in 1998. Prior to joining ASIAEP, he was managing his own management consultancy firm after heading the projects and corporate finance division of a public listed company for two years. With more than 18 years experience in various management capacities in the banking, retail and consumer industries, Mr Lim has also held the position of a regional manager in a finance company of a local bank.

**HOE KIAN CHOON**, aged 27, was appointed as the Sales, Marketing & Customer Service Manager in 2000. He graduated with a Bachelor Degree in Business Administration from University Putra Malaysia in 1999. He started his career as consumer sales executive in a local trading company

**LOO TUCK LEE**, aged 24, was appointed as the Head of Programming in 2000. He graduated with a degree in Computing and Information Systems from Staffordshire University, United Kingdom in 2000. He started his career as the Head of programming in ASIAEP and is responsible for all product and system development of the Company.

The number of top and middle management posts including skilled technical personnel will be increased following the listing on the MESDAQ Market to further strengthen the Company's management expertise.

None of the Directors and key management and technical personnel are related to one another.

#### (ii) Key management and technical personnel's shareholding in the Company

As at 17 December 2003, being the last practicable date prior to the printing of this Prospectus, none of the key management and technical personnel have any direct or indirect interest in the Company save for the Public Issue Shares reserved for the eligible Directors, employees and business associates of ASIAEP pursuant to the Public Issue as disclosed below:

	<-----Direct Interest----->		<-----Indirect Interest----->	
	No of ASIAEP Shares	Percentage of issued and paid-up share capital %	No of ASIAEP Shares	Percentage of issued and paid-up share capital %
Robert Lim Lian Hoe	360,000	0.18	-	-
Hoe Kian Choon	207,750	0.10	-	-
Loo Tuck Lee	170,000	0.085	-	-

**8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)**

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- (iii) **None of the Company's key management and technical personnel is involved in other business and/or corporations**
- (iv) **None of the key management and technical personnel is or was involved in the following events:-**

  - a. A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation in which he was a director or key personnel;
  - b. Conviction in a criminal proceedings or is a named subject of a pending criminal proceedings; and
  - c. The subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.
- (v) **None of the key management or technical personnel has entered into any service agreements with the Company.**

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## 8 INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

### 8.5 CHANGES IN SUBSTANTIAL SHAREHOLDERS AND PROMOTERS AND THEIR RESPECTIVE SHAREHOLDINGS IN ASIAEP

The changes in the shareholdings of the substantial shareholders and promoters since the date of incorporation are as follows:-

	As at 28.02.1999				As at 28.02.2000			
	No. of shares of RM1.00 each				No. of shares of RM1.00 each			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Tan Boon Nunt	338,500	48.36	-	-	297,500	42.50	-	-
Lee Suet Hong	338,500	48.36	-	-	297,500	42.50	-	-
Koh Jee Kuan	23,000	3.29	-	-	105,000	15.00	-	-
TASB	-	-	-	-	-	-	-	-

	As at 28.02.2001				As at 28.02.2002			
	No. of shares of RM1.00 each				No. of shares of RM1.00 each			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Tan Boon Nunt	135,150	13.52	510,000	51.00*	135,250	13.53	510,000	51.00*
Lee Suet Hong	221,850	22.19	510,000	51.00*	221,850	22.19	510,000	51.00*
Koh Jee Kuan	63,000	6.30	510,000	51.00*	63,000	6.30	510,000	51.00*
TASB	510,000	51.00	-	-	510,000	51.00	-	-

	As at 30.06.02				As at 17.12.2003			
	No. of shares of RM0.10 each				No. of shares of RM0.10 each (last practicable date prior to the issuance prospectus)			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Tan Boon Nunt	365,150	24.34	510,000	34.00*	25,237,260	18.03	63,000,020	45.00*
Lee Suet Hong	451,850	30.12	510,000	34.00*	25,237,260	18.03	63,000,020	45.00*
Koh Jee Kuan	68,000	4.53	510,000	34.00*	5,608,290	4.01	-	-
TASB	510,000	34.00	-	-	63,000,020	45.00	-	-

Notes:

\* Deemed interested by virtue of their shareholding in TASB pursuant to Section 6A of the Companies Act, 1965.

### 8.6 RELATIONSHIPS AND ASSOCIATES

There are no family or business relationship among the substantial shareholders, Promoters, Directors, key management and technical personnel.

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**9 APPROVALS AND CONDITIONS**


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**9.1 CONDITIONS TO THE APPROVALS AND COMPLIANCE THEREOF**

The SC and KLSE approved the Public Issue on 1 July 2003 and 2 July 2003 respectively. The conditions imposed by the SC and KLSE and the status of compliance are set out as follows:-

**Conditions imposed by SC**

- (i) ASIAEP is required to disclose the status of the utilisation of proceeds from the Public Issue in the Company's quarterly and annual reports until the proceeds are fully utilised;

**Status of compliance**

The Board has undertaken to comply with this condition.

**Conditions imposed by KLSE**

- (i) With regard to the Intellectual Property ("IP") for the Platform System, ASIAEP to adequately disclose in its prospectus the following:-

**Status of compliance**

- |   |   |
|---|---|
| (a) Mitigating steps/actions taken or will be taken to minimise the risk of impairment loss (which could be immediate);   | Complied. The information is disclosed in Section 3(iv) of this Prospectus. |
| (b) Action to be taken to minimise the impact on the financial position of the Company when an impairment loss is recognised;   | Complied. The information is disclosed in Section 3(iv) of this Prospectus. |
| (c) The basis of valuation of the System acquired from Dr Tan Boon Nunt, together with a summary report by Monteiro & Heng, Chartered Accountants which include:-                                       | Complied. The information is disclosed in Section 12 of this Prospectus.    |
| <ul style="list-style-type: none"> <li>• The basis value derived from the various methods used i.e. the Price Earnings Ratio and Discounted Cash Flow ("DCF");</li> </ul>                               | Complied. The information is disclosed in Section 12 of this Prospectus.    |
| <ul style="list-style-type: none"> <li>• The discount rates and the cashflow accruing from the use of the said IP for the next 10 years which are the basis used under DCF method; and</li> </ul>       | Complied. The information is disclosed in Section 12 of this Prospectus.    |
| <ul style="list-style-type: none"> <li>• The assumptions used by the valuer in arriving at the valuation; and</li> </ul>  | Complied. The information is disclosed in Section 12 of this Prospectus.    |
| (d) Adviser's comments on the compliance with the approved accounting standards and generally accepted accounting principles in Malaysia pertaining to the acquisition of the IP and its capitalisation | Complied. The information is disclosed in Section 6.5 of this Prospectus.   |

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**9 APPROVALS AND CONDITIONS (Cont'd)**


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<b>Conditions imposed by KLSE</b>	<b>Status of compliance</b>
(ii) The Company is to seek the opinion from a second independent professional valuer on the value of the IP of the System. In the event that the second valuation is lower than the amount capitalised of RM16.5 million:-	Complied. The second independent valuation report was submitted to KLSE on 25 July 2003.
(a) ASIAEP to submit to the Exchange for consideration and approval, its revised financial statements to reflect the lower IP value; and	Not applicable
(b) The information to be disclosed under condition (i)(c) above is to be based on the second valuation report	Not applicable
(iii) Dr Tan Boon Nunt to provide an undertaking to mitigate the potential threat of business competition from Dr Tan Boon Nunt to ASIAEP in the event he leaves the Company. Such undertaking must be supported by ASIAEP solicitor's opinion on its validity and enforceability	Complied. The undertaking letter supported by the solicitors' opinion was submitted to the KLSE on 15 August 2003.
(iv) ASIAEP to adequately disclose in its prospectus the salient terms of the Service Agreement between Dr Tan Boon Nunt and the Company and that it was at arms length and based on commercial terms	Complied. The information is disclosed in Section 16.3(iii) of this Prospectus
(v) ASIAEP to disclose in the prospectus the steps taken/will be taken to reduce dependence on Dr Tan Boon Nunt	Complied. The information is disclosed in Section 3(viii) of this Prospectus
(vi) ASIAEP to disclose in the prospectus alternative utilisation plan(s) for the proceeds allocation for expansion to foreign countries under different scenarios as follows:-	
(i) Successful test marketing and suitable joint venture partners identified;	Complied. The information is disclosed in Section 2.7 of this Prospectus
(ii) Successful test marketing but no suitable joint venture partners identified; and	
(iii) Unsuccessful test marketing	
(vii) ASIAEP to either collect in full or provide for doubtful debts on all trade receivables balances which exceed the 6 months' credit period prior to the issuance of the prospectus	Complied. The information is disclosed in Section 4 of the Accountants' Report.
(viii) ASIAEP is reminded to comply strictly with Rule 6.6 if the Listing Requirements of the KLSE for the Mesdaq Market on related party transactions	The Board has undertaken to comply with this condition.

**9 APPROVALS AND CONDITIONS (Cont'd)**

<b>Conditions imposed by KLSE</b>	<b>Status of compliance</b>
(ix) ASIAEP to inform the Exchange on the appointment of independent directors and to provide that they qualify as independent directors as defined in the Listing Requirements	ASIAEP has on 31 July 2003 notified the KLSE of the appointment of the independent directors and has provided the KLSE the necessary confirmations that they qualify as independent directors pursuant to the Listing Requirement.
(x) ASIAEP to include a negative statement in its prospectus on the exclusion of profit forecast and projections from the prospectus and the reasons thereof	Complied. The statement is disclosed in Section 6.6 of this Prospectus.
(xi) The prospectus of ASIAEP shall make a detailed disclosure of the following:-	
(a) All material litigations against the Company and the Company's Directors;	Complied. The detailed disclosure of the material litigations are disclosed in Section 16.7 of this Prospectus
(b) The effect to the Company should the Plaintiff's claims are successful; and	The effect to the Company is disclosed in Section 16.7 of this Prospectus.
(c) Mitigating action to be taken by the substantial shareholders and promoters of ASIAEP i.e. Tan Boon Nunt and Lee Suet Hong to indemnify the Company against all losses and damages in relation to the KL High Court Suit No. D6-22-1516-2003 and KL High Court Suit No. D3-26-30-2001	The mitigating action is disclosed in Section 16.7 of this Prospectus. A letter of indemnity to the Company to indemnify the Company against all claims, losses, damages, costs, fees and expenses arising in the event the Petitioner is successful against the Company was provided by Tan Boon Nunt and Lee Suet Hong on 12 November 2003. A copy of the letter was submitted to the KLSE on 12 November 2003.
(xii) The Company and the Adviser are required to update the Exchange on the status of the pending legal suits of any new development/progress	The Exchange will be updated on the status of the pending legal suits of any new development/progress

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## 9 APPROVALS AND CONDITIONS (Cont'd)

### 9.2 MORATORIUM ON PROMOTERS' SHARES

The Public Issue under the terms of this Prospectus was approved by the SC and KLSE on 1 July 2003 and 2 July 2003 respectively. It is a condition of the KLSE's approval that the Promoters of ASIAEP will not be allowed to sell, transfer or assign 45% of their respective shareholdings in ASIAEP, as tabulated below, within one (1) year from the date of admission of ASIAEP to the official list of the MESDAQ Market. Thereafter, they are permitted to sell, transfer or assign their shares in ASIAEP subject to a maximum of one third per annum on a straight line basis of their respective shareholdings in the Company which is under moratorium.

This restriction is fully accepted by the following Promoters, who will hold in aggregate 119,082,830 ordinary shares of ASIAEP, representing 59.54% of the issued and paid-up share capital of the Company after the Public Issue.

The ordinary shares of the company held by the Promoters which are under moratorium are as follows:-

Promoters	No of shares held				No of shares under moratorium	
	Direct	%	Indirect	%	Direct	%
TASB	63,000,020	31.50	-	-	63,000,020	31.50
Tan Boon Nunt	25,237,260	12.62	63,000,020	31.50*	12,150,000	6.08
Lee Suet Hong	25,237,260	12.62	63,000,020	31.50*	12,150,000	6.08
Koh Jee Kuan	5,608,290	2.80	-	-	2,700,000	1.34
	<u>119,082,830</u>	<u>59.54</u>			<u>90,000,020</u>	<u>45.00</u>

Note:-

\* Deemed interested by virtue of their shareholding in TASB pursuant to Section 6A of the Companies Act, 1965.

The restriction is specifically endorsed on the share certificates of ASIAEP representing the shareholding of the aforesaid shareholders, which are under moratorium to ensure that the Company's Share Registrars will not register any transfer not in compliance with the aforesaid restriction.

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## 10 RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS

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- 10.1 Save as disclosed below, none of the Directors and substantial shareholders of the Company has any interest, direct or indirect, in the promotion of or in any assets which have, within the two (2) years preceding the date of this Prospectus been acquired or disposed of by or leased to the Company, or are proposed to be acquired, disposed of by or leased to the Company, or any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Company taken as a whole:-
- (i) The Deed of Assignment dated 16 August 2002 by Dr Tan Boon Nunt to ASIAEP for the acquisition of the System mentioned in Section 4.1.2 for a consideration of RM16,500,000 to be satisfied via the issuance of 6,395,349 new ordinary shares at an issue price of RM2.58 each in the Company.
  - (ii) Rental by ASIAEP of a shop lot located at 20, Jalan TK2/1C, Taman Kinrara, Seksyen 2, Jalan Puchong, 58200 Kuala Lumpur from Lee Suet Hong, a director and substantial shareholder of ASIAEP, pursuant to a tenancy agreement dated 10 December 1999. The rental amount is RM3,500 per month .  
  
Rental by ASIAEP of a shop lot located at 18, Jalan TK 2/1C, Taman Kinrara, Seksyen 2, Jalan Puchong, 58200 Kuala Lumpur from Goh Leong Seng, the brother in law of Lee Suet Hong, the director and substantial shareholder of ASIAEP, pursuant to a tenancy agreement dated 15 March 2000. The rental amount is RM1,800 per month.
- 10.2 None of the Directors or substantial shareholders of ASIAEP has any interest, direct or indirect, in any business carrying on similar trade as ASIAEP and which is not quoted on a stock exchange.
- 10.3 There were no transactions involving the Directors and substantial shareholders of the Company in the promotion of material assets, within two years preceding the date of this Prospectus.
- 10.4 Declaration of Advisers
- (i) Kenanga hereby confirms that there are no existing or potential conflicts of interest in its capacity as the Adviser for the Public Issue.
  - (ii) Messrs. Kadir, Andri Aidham & Partners has given their confirmation that there are no existing or potential conflicts of interest in its capacity as the Corporate and Due Diligence Solicitors for the Public Issue.
  - (iii) Messrs. KPMG has given their confirmation that there are no existing or potential conflicts of interest in its capacity as Reporting Accountant for the Public Issue.
  - (iv) Monteiro & Heng has given their confirmation that there are no existing or potential conflicts of interest in its capacity as Expert for the Public Issue

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## 11 OTHER INFORMATION CONCERNING THE COMPANY

### 11.1 SUMMARY OF LANDED PROPERTIES

A summary of landed properties of ASIAEP is as follows:-

	Registered owner / Title/Address	Description / existing use	Date of Acquisition / Price	Age of buildings/ Land Area	Tenure	Audited net book value as at 28 February 2003 RM
Landed property	ASIAEP Unit 553-3A, 3 <sup>rd</sup> Floor, Metro Ipoh Baru, Perak (Master Title Nos: HS(D)KA 27098, 27099, 27100, 27101, 27105 and PT No. 123928 in the Mukin of Hulu Kinta, District of Kinta, State of Perak)	3 <sup>RD</sup> Floor, Corner Shop Lot / commercial	24 Nov 2001 RM67,400	1 year / 748 sq ft	Leasehold for 99 years, expiring on 14 June 2092	1 <sup>67,400</sup>
Landed property	ASIAEP 35, Jalan 8/18, Petaling Jaya 46050 Selangor (H.S. (D) 124476, Lot No. PT 35, Road 8/18, Bandar Petaling Jaya, District of Petaling Jaya)	Single-storey semi-detached house/residential	12 April 2002 RM180,000	44 years / 2942 sq ft	Leasehold for 99 years, expiring on 12 July 2056	180,000

Notes:

<sup>1</sup> The land is charged to EON Bank Ipoh

Save as disclosed in note (1) above, there are no restrictions in interest for the above properties.

All the buildings have been issued with certificates of fitness. The strata title for the shop lot acquired on 24 November 2001 has yet to be issued.

The Company's major fixed assets are motor vehicles and computer hardware.

### 11.2 MSC-STATUS

ASIAEP obtained its MSC status on 4 March 1998. The Company had on 28 July 2003 obtained approval from the MDC for a further extension of five (5) years to its tax free status. Some of the salient terms and conditions of the MSC status are as follows:-

Conditions of MSC Status	Status of compliance
(a) Commence operations of and undertake the MSC-Qualifying Activities as proposed to and accepted by MDC. Any proposed changes to the qualifying activities must receive the consent of MDC.	The Company commenced operations of MSC-Qualifying Activities in 1998.

**11 OTHER INFORMATION CONCERNING THE COMPANY**

Conditions of MSC Status	Status of compliance
(b) Locate the Company's headquarters and principal place of business and/or the operation of the MSC-Qualifying Activities within MSC-designated cybercities.	The Company's R&D department, which carries out the MSC-Qualifying Activities, is located in Suite D, Merak Block, Cyberview Garden, Cyberjaya.
(c) Ensure that at all times at least 15% of the total number of employees (excluding support staff) of the Company shall be "knowledge workers" (as defined by MDC).	As at 17 December 2003, being the latest practicable date prior to the printing of this Prospectus, the Company has 16 knowledge workers which comprise more than 40% of the total employees.
(d) Continuously comply with the MSC's environmental guidelines as determined by MDC from time to time.	As at 17 December 2003, being the latest practicable date prior to the printing of this Prospectus the activities of the Company do not contravene the environmental guidelines of MDC.

The MSC status granted to the Company shall not be transferable or assignable in any way whatsoever without the written consent of MDC.

MSC status entitles ASIAEP to the incentives, rights and privileges provided for under the Bill of Guarantees subject to the Company's continued adherence to the necessary set of criteria. The clauses of the Bill of Guarantees, inter alia, are as follows:-

- (i) To provide a world-class physical and information infrastructure;
- (ii) To allow unrestricted employment of local and foreign knowledge workers;
- (iii) To ensure freedom of ownership by exempting companies with MSC Status from local ownership requirements;
- (iv) To give the freedom to source capital globally for MSC infrastructure, and the right to borrow funds globally; and
- (v) To provide competitive financial incentives, including Pioneer status (100 percent tax exemption) for 5 years and no duties on the importation of multimedia equipment.

ASIAEP intends to capitalise on this prestigious credential not only as a marketing tool but also to benefit from the various incentives as set out in the Bill of Guarantees above.

**11.3 LICENSES AND PERMITS**

As at 17 December 2003, being the latest practicable date prior to the printing of this Prospectus the Company does not hold any regulatory licenses or permits.

**12 SUMMARY VALUATION REPORT**  
(Prepared for the inclusion in this Prospectus)

**MONTEIRO & HENG**

(Firm No. AF 0117)

Chartered Accountants



*Our ref : Job/A7.Asiaep*

**17 DEC 2003**

The Board of Directors  
**ASIAEP Berhad.**  
18 & 20 Jalan TK2/1C  
Taman Kinrara  
47100 Puchong  
Selangor Darul Ehsan

Dear Sirs,

**ASIAEP BERHAD ("ASIAEP" or "the Company")**

**Independent Valuation of:-**

**- Intellectual Property Rights Over The Online Platform System**

In accordance with your instruction, we have conducted an independent valuation of the Intellectual Property Rights over the Online Platform System which was acquired from its owner, Dr. Tan Boon Nunt on 16 August 2002. The Intellectual Property Rights has an economic life span of 15 years and the beneficial owner is ASIAEP Berhad.

We have conducted the valuation on 28 November 2002 for the purpose of submission to the Kuala Lumpur Stock Exchange ("KLSE") for the proposed floatation of ASIAEP on the MESDAQ Market of the KLSE.

This letter has been prepared as a summary of the Valuation Report, for inclusion in the Prospectus of ASIAEP to be dated **26 DEC 2003** as required by KLSE in relation to the Public Issue of 60,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.30 per share.

The Online Platform System has been used successfully to develop the B2B eMarketplace, asiaEP.com consisting of 8 vertical portals, each to cater for different business industries. The portals are part of the Online Platform System, which were sold to ASIAEP. The successful implementation of the ASIAEP Online Platform System through asiaEP.com reflects the technical viability of the System and business processes.

The Online Platform System comprises of the asiaEP.com eMarketplace and its Intellectual Property Rights including the applications, copyrights, documentation, operating system and source codes.

22-1, Jalan Tun Sambanthan 3, 50470 Kuala Lumpur, Malaysia  
Tel : 03 2274 8988 – Fax : 03 2260 1708 – E-Mail : mhaudit@streamyx.com

MONTEIRO & HENG IS A MEMBER FIRM OF NEXIA INTERNATIONAL, A WORLDWIDE NETWORK OF INDEPENDENT ACCOUNTING FIRMS  
PARTNERS M.J. MONTEIRO CA (M), FCA, CPA – J.K. HENG B.E.C, M.COM, CA (M), FCA (Aust)

IN ASSOCIATION WITH FERRIER HODGSON MH

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12 SUMMARY VALUATION REPORT (Cont'd)

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The Valuation Report dated 28 November 2002 was prepared based on the "MESDAQ Listing Rules For Valuation Of Assets" for submission to the Kuala Lumpur Stock Exchange, the information obtained from the audited accounts and the profit and cash flow forecasts and projections of ASIAEP and also representations from the management of ASIAEP.

For this valuation exercise, the income approach has been adopted as this approach recognises the future earnings potential of the Online Platform System. Based on the income approach, the Intellectual Property Rights over the Online Platform System was valued using the Price Earnings Ratio method and Discounted Cash Flow method.

Under the Price Earnings Ratio method, the value of Intellectual Property Rights over the Online Platform System using the price earnings multiple of 18 is RM38.61 million.

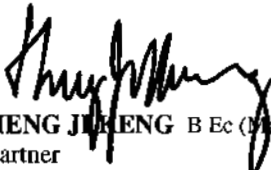
Under the Discounted Cash Flow method, the net present value of operating cash flows from the Online Platform System ranges from RM22.71 million to RM30.70 million adopting the discount rates of 15% and 20%, which are derived based on the cash flow forecasts and projections provided by management accruing from the use of the Online Platform System for the next 10 years and a terminal value for the succeeding 5 years.

This valuation has been prepared based on the following assumptions:-

- ❑ ASIAEP will continue its operations as a going concern and there are no factors, which would seriously affect its ability to maintain its market share.
- ❑ It has been assumed that operating conditions will not be materially affected by new government policies or by the introduction of new legislations and regulatory guidelines and that the current economic and financing conditions will prevail.

We are of the opinion that the fair value attributable to the Intellectual Property Rights over the Online Platform System ranges from RM22.71 million to RM38.61 million.

Yours faithfully,  
**MONTEIRO & HENG**

  
**HENG JUI HENG** B Ec (Mal), M Com (NSW), CA (M), FCA (Aust)  
Partner  
Licence No.578/05/04 (J/PH)