

This Prospectus has been seen and approved by the Directors and Promoters of ASIAEP Berhad (“ASIAEP” or “the Company”) and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.

K&N Kenanga Bhd (“Kenanga”), being the Adviser and Managing Underwriter 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 (as defined in this Prospectus).

Notwithstanding the foregoing, Kenanga do not accept responsibility for the contents of the valuation report of the intellectual property rights in respect of the ASIAEP Online Platform System which was undertaken by Monteiro & Heng, Chartered Accountants as included in Section 12 of this Prospectus, save for the fact that the information has been correctly reproduced in this Prospectus.

The Securities Commission (“SC”) and the Kuala Lumpur Stock Exchange (“KLSE”) has approved the Public Issue and that the approval shall not be taken to indicate that the SC and KLSE recommends the Public Issue.

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 document, 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 CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN 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 corporation and takes no responsibility for the contents of this Prospectus, makes no representation as to its correctness 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. Admission to the Official List 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 in many respects. In particular, companies listed on MESDAQ 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 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 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.

**The Prospectus can also be viewed or downloaded from the KLSE’s website at [www.klse.com.my](http://www.klse.com.my).**

## **IMPORTANT DATES**

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

<b>Event</b>	<b>Tentative Date</b>
Opening of Application for the Public Issue	26 December 2003
Closing of Application for the Public Issue	5 January 2004
Balloting Date	7 January 2004
Despatch of Notices of Allotment of the Public Issue Shares to successful applicants	15 January 2004
Listing of the Company's entire enlarged issued and paid-up share capital on the MESDAQ Market	16 January 2004

**THESE DATES ARE TENTATIVE AND ARE SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. THE APPLICATION LIST WILL CLOSE AT THE DATE STATED ABOVE OR SUCH LATER DATE AS THE BOARD OF DIRECTORS OF ASIAEP BERHAD AND K&N KENANGA BHD AT THEIR ABSOLUTE DISCRETION MAY DECIDE.**

**ANY CHANGES TO THE APPLICATION PERIOD WILL ALSO AFFECT THE ALLOTMENT AND LISTING DATES FOR THE PUBLIC ISSUE AND WILL BE NOTIFIED TO THE PUBLIC VIA AN ADVERTISEMENT IN A WIDELY CIRCULATED DAILY ENGLISH NEWSPAPER AND BAHASA MALAYSIA NEWSPAPER**

## DEFINITIONS

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In this Prospectus, unless the context otherwise requires, the following abbreviations shall apply throughout:-

ADA	:	Authorised Depository Agent
ADA Code	:	ADA (Broker) Code
Act	:	Companies Act, 1965
Applications	:	The EPxibit, EPnetcast, EPreal, EPchat, EPclose, EPintra and Eppay applications, together with their trademarks
asiaEP.com	:	The eMarketplace, website or portal and domain name belonging to ASIAEP
ASIAEP or the Company	:	ASIAEP Berhad
ASIAEP Online Platform System or the System	:	The asiaEP.com eMarketplace and its intellectual property rights including the Applications, copyrights, documentation, operating system and source codes
ASIAEP Share	:	Ordinary shares of RM0.10 each in ASIAEP
Board	:	Board of Directors of ASIAEP
CDS	:	Central Depository System
Deed of Assignment	:	An agreement entered into between ASIAEP and Tan Boon Nunt on 16 August 2002 in connection with the transfer of ASIAEP Online Platform System from Tan Boon Nunt to ASIAEP
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
EPS	:	Earnings per share
FI	:	Financial Institutions
FYE	:	Financial Year Ending
ICT	:	Information and Communications Technology
IDC	:	International Data Corporation, an IT and media research firm
IP	:	Intellectual Property
IPO	:	Initial Public Offering
Issue Price	:	RM0.30 per Issue Share
IT	:	Information Technology
ISO	:	International Standards Organisation
Kenanga	:	K & N Kenanga Bhd

**DEFINITIONS (Cont'd)**

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KLSE	:	Kuala Lumpur Stock Exchange
KLSE Member	:	Registered KLSE member being also an ADA
Listing Requirements	:	The Listing Requirements of the KLSE for the MESDAQ Market
MCD	:	Malaysian Central Depository Sdn. Bhd.
MDC	:	Multimedia Development Corporation Sdn. Bhd.
MESDAQ Market	:	The MESDAQ Market of the KLSE
MI	:	Minority interest
MNCs	:	Multinational corporations
Monteiro & Heng	:	Monteiro & Heng, Chartered Accountants
MSC	:	Multimedia Super Corridor
NAV	:	Net asset value
NDP	:	National Development Policy
NTA	:	Net tangible assets
Option Agreements	:	The call option agreements entered into between ASIAEP and Tiun See Khum @ Teoh Swee Khim, Bu Ah Kau @ Woo Chee Kam, Chong Me Lan @ Teoh Me Lan, Lim Kong Hwee, Lau Teng Chye, Yong Ah Chon, Ng Kim Wah, Chan Kam Tong, Yap Yoke Yaw, Ho Sah Lee and Chin Yoong Keong on 12 September 2002 to subscribe for a total of 6,900,000 ordinary shares of RM0.10 each in the Company
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE	:	Price Earnings
PIKOM	:	Association of the Computer and Multimedia Industry Malaysia
Placement Agents	:	K&N Kenanga Bhd, AmSecurities Sdn Bhd, Affin Merchant Bank Bhd and Affin UOB Securities Sdn Bhd
Promoter (s)	:	Tan Boon Nunt, Lee Suet Hong, Koh Jee Kuan and Topclass Access Sdn Bhd collectively
Proposals	:	Collectively, the Public Issue and Proposed Listing
Public Issue Shares	:	Issue of 60,000,000 new Ordinary shares of ASIAEP credited as fully paid-up at an issue price of RM0.30 per share, payable in full on application and subject to the terms and conditions of the Prospectus
Public Issue	:	Proposed issue of the Public Issue Shares

## **DEFINITIONS (Cont'd)**

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ROC	:	Registrar of Companies
RM and sen	:	Ringgit Malaysia and sen respectively
SC	:	Securities Commission
SMEs	:	Small and Medium-sized Enterprises, defined by SMIDEC as a business with not more than 150 full-time employees and an annual turnover not exceeding RM25 million
SIMs	:	Small and Medium-sized Industries
SMIDEC	:	Small and Medium Industries Development Corporation
TASB	:	Topclass Access Sdn Bhd, a substantial shareholder of ASIAEP
USA	:	United States of America
US\$	:	USA Dollars

### **Technical Definitions**

B2B	:	Business-to-Business. In the context of this Prospectus, it refers to the exchange, sale or purchase of products, services or information between business enterprises over the Internet
B2C	:	Business-to-Consumer. In the context of this Prospectus, it refers to the exchange, sale or purchase of products, services or information between business enterprises and consumers over the Internet
Back-end	:	A back-end application is one that application users do not interact directly with, but indirectly supports Front-end (see definition below) services
Brick and mortar	:	An expression used to describe business enterprises which have yet to adopt the Internet as a mode of conducting business
Click and mortar	:	An expression used to describe business enterprises which have utilised the Internet as a means of conducting business, in addition to existing means already employed
DBMS	:	Data Base Management System
eBusiness	:	The conduct of business on the Internet, not only for the purchase and sale of goods and services, but also for servicing customers and collaborating with business partners and carrying out other ancillary business activities
eBusiness consulting services	:	The services provided to the Company's clients to assist them in adopting eCommerce strategies and integrating eBusiness capabilities with their existing businesses through end-to-end Internet solutions and services

**DEFINITIONS (Cont'd)**

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eCommerce	:	Electronic commerce, i.e. commercial transactions based on the electronic transmission of data over communications networks. These commercial transactions may take place between business enterprises or between business enterprises' consumers using the Internet
eHub	:	An eMarketplace with additional related services
eMarketplace	:	An Internet site that allows parties to meet and perform transactions, share information and/or collaborate online without requiring the physical presence of the parties concerned
eTailing	:	A term to denote the ability of retailers to provide products and related services to consumers via the Internet
Front-end	:	An application program or service that users interact with directly such as a web page
Internet	:	An open global network of inter-connected public and private computer networks that utilises a common communications protocol
Intranet	:	A private network of computers connected through a telecommunications network and which uses Internet technologies for communication within a business organisation
IT	:	Information Technology which refers to all aspects of managing and processing information, especially within a large organization or company. As computers are central to information management, computer departments within companies and universities are often called IT departments. Some companies refer to these departments as IS (Information Services) or MIS (Management Information Services)
ITAH	:	Internet Trade Alliance Hub
Online	:	A term that denotes connection to the Internet. This refers to transmission channels of information that offer a user access through media other than the Internet
Platform	:	A computing environment which allows the development and execution of computer applications

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

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

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**CORPORATE DIRECTORY**


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***DIRECTORS***

<b>Name</b>	<b>Address</b>	<b>Occupation</b>	<b>Nationality</b>
Tan Sri Dato' (DR) Abdul Aziz Bin Abdul Rahman	11A, Lorong Batai Damansara Heights 50490 Kuala Lumpur	Chairman/ Independent Non-Executive Director	Malaysian
Dr Tan Boon Nunt	25, Jalan BK 5/9 Bandar Kinrara Section 5 47100 Puchong Selangor Darul Ehsan	Managing Director	Malaysian
Lee Suet Hong	102, Jalan Hujan Bubuk 6 Taman OUG 58200 Kuala Lumpur	Executive Director	Malaysian
Koh Jee Kuan	B-10-11, Impian Heights Off Jalan Pipit Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan	Executive Director	Malaysian
Song Mun Wai	A2-01-06, Good Year Court 3 Subang Perdana 6 47500 Subang Jaya Selangor Darul Ehsan	Executive Director	Malaysian
Low To Fong	34A-4, Jalan Air Kuning Air Panas Setapak 53200 Kuala Lumpur	Independent Non-Executive Director	Malaysian

***AUDIT COMMITTEE***

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

**CORPORATE DIRECTORY (Cont'd)**

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<b>COMPANY SECRETARIES</b>	:	Margaret Pelly (LS: 04402) 134, Jalan Bukit 43000 Kajang Selangor Darul Ehsan  Lin Moi Heyang (MAICSA: 7006243) 31 A2-5-2, Jalan Palong Taman Miharja Cheras 55200 Kuala Lumpur
<b>REGISTERED OFFICE</b>	:	18 & 20, Jalan TK 2/1C Taman Kinrara, Seksyen 2 47100 Puchong Selangor Darul Ehsan Tel : 03-8075 6213 e-mail : <a href="mailto:admin@asiaep.com">admin@asiaep.com</a>
<b>HEAD / MANAGEMENT OFFICE</b>	:	18 & 20, Jalan TK 2/1C Taman Kinrara, Seksyen 2 47100 Puchong Selangor Darul Ehsan Tel : 03-8075 6213 e-mail : <a href="mailto:admin@asiaep.com">admin@asiaep.com</a>
<b>AUDITORS &amp; REPORTING ACCOUNTANTS</b>	:	KPMG Chartered Accountants Wisma KPMG, Jalan Dungun, Damansara Heights 50490 Kuala Lumpur Tel : 2095 3388
<b>CORPORATE AND DUE DILIGENCE SOLICITORS</b>	:	Kadir, Andri Aidham & Partners 8 <sup>th</sup> Floor, Menara Safuan 80 Jalan Ampang 50450 Kuala Lumpur Tel : 2078 2888
<b>REGISTRAR</b>	:	Sectrars Services Sdn Bhd (98271-X) 28-1, Jalan Tun Sambanthan 3 Brickfields 50470 Kuala Lumpur Tel : 2274 6133
<b>ADVISER, SPONSOR, PLACEMENT AGENT AND MANAGING UNDERWRITER</b>	:	K & N Kenanga Bhd (15678-H) 8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel : 2164 6828
<b>PLACEMENT AGENTS</b>	:	K & N Kenanga Bhd (15678-H) 8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur



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**CORPORATE DIRECTORY (Cont'd)**

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<b>PLACEMENT AGENTS</b>		AmSecurities Sdn Bhd (92977-U) 15 <sup>th</sup> Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur
		Affin Merchant Bank Berhad (9999-V) 27 <sup>th</sup> Floor, Menara Boustead 69, Jalan Raja Chulan 50200 Kuala Lumpur
		Affin – UOB Securities Sdn Bhd (431338-P) Level 3, Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur
<b>ISSUING HOUSE</b>	:	Malaysian Issuing House Sdn Bhd (238345-X) 27 <sup>th</sup> Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel : 2693 2075
<b>EXPERTS (INDEPENDENT VALUATION ON INTELLECTUAL PROPERTY RIGHTS OVER ASIAEP ONLINE PLATFORM SYSTEM)</b>	:	Monteiro & Heng Chartered Accountants 22-1, Jalan Tun Sambanthan 3, 50470 Kuala Lumpur
<b>PRINCIPAL BANKERS</b>	:	Malayan Banking Berhad(3183-K) 518A, Jalan Ipoh 51200 Kuala Lumpur
		Affin Bank Berhad(25046-T) Tingkat Bawah, Wisma Pahlawan Jalan Sultan Sulaiman 50000 Kuala Lumpur
		Bumiputera Commerce Bank Berhad (13491-P) No. 12, 12A, 13 & 13A Jalan Kenari 5 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan
		Hong Leong Bank Berhad(97141-X) No. 2 Jalan Kinrara Taman Kinrara, Jalan Puchong 58200 Kuala Lumpur
		EON Bank Berhad(92351-V) No.3 Jalan Bandar Satu Pusat Bandar Puchong 47100 Puchong Selangor Darul Ehsan
<b>LISTING SOUGHT</b>	:	MESDAQ Market of the KLSE
<b>WEB SITE</b>	:	asiaEP.com

## PRELIMINARY

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This Prospectus is dated 26 December 2003.

**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 ROC who takes no responsibility for its contents.**

Approval has been obtained from the SC on 1 July 2003 for the Public Issue. Approval has also been obtained from the KLSE on 2 July 2003 for the admission to the Official List of the MESDAQ Market and for permission to deal in and quotation for the entire enlarged issued and paid-up share capital of ASIAEP including the Public Issue Shares which are the subject of this Prospectus. These ordinary shares will be admitted to the Official List of the MESDAQ Market and official quotation will commence after receipt of confirmation from MCD that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Persons submitting applications by way of Application Forms or by way of Electronic Share Applications must have a CDS Account. In the case of an applicant by way of Application Form, an applicant should state his CDS Account number in the space provided in the Application Form. In the case of an applicant by way of Electronic Share Application, only an applicant who is an individual and has a CDS Account can make an Electronic Share Application and the applicant shall furnish his CDS Account number to the Participating Financial Institution by way of keying his CDS Account number if the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, the KLSE has prescribed ASIAEP ordinary shares as prescribed securities. In consequence thereof, all the ordinary shares including the ordinary shares to be issued and offered through this Prospectus will be deposited directly with MCD and any dealings in these shares will be carried out in accordance with the aforesaid Acts and the Rules of MCD. No share certificates will be issued to successful applicants.

Pursuant to the KLSE Listing Requirements for the Mesdaq Market, the Company needs to have at least 25% but not more than 49% of the enlarged issued and paid-up share capital in the hands of public shareholders and a minimum number of 200 public shareholders. The Company is expected to achieve this at the point of listing. However, in the event that the above requirement is not met pursuant to this Public Issue, the Company may not be allowed to proceed with its listing plan. In the event thereof, monies paid in respect of all applications will be returned in full without interest if the said permission is not granted.

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

The distribution of this Prospectus and the sale of the Public Issue Shares will not be registered under any possible securities legislation of any jurisdiction except Malaysia and the Public Issue Shares will not be placed out in any country other than Malaysia. Persons into whose possession this Prospectus may come are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for purpose of an offer to sell or an invitation of an offer to buy any Public Issue Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

The written consents of the Corporate and Due Diligence Solicitors, Registrar, Adviser, Managing Underwriter, Sponsor and Placement Agent, Placement Agents, Company Secretaries, Principal Bankers, Issuing House, IDC, PIKOM, and Malaysia Debt Ventures Berhad to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

**PRELIMINARY (Cont'd)**

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The written consent of the Expert to the inclusion of this Prospectus of their name and Summary Valuation Report on the Intellectual Property Rights of the System in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their name, Accountants' Report and their letters relating to the Proforma Balance Sheets as at 30 June 2003 in the manner and form in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

**The Prospectus can also be viewed or downloaded from the KLSE's website at [www.klse.com.my](http://www.klse.com.my).**

**Investors who are in any doubt as to the action to be taken should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.**

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## **1 SUMMARY INFORMATION**

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**THE FOLLOWING IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE COMPANY. INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST.**

### **1.1 HISTORY AND NATURE OF BUSINESS**

ASIAEP was incorporated in Malaysia as Direct Marvel Sdn Bhd, a private limited company on 7 December 1992 under the Companies Act, 1965. It changed its name to Asia Electronic Publication Sdn Bhd on 3 October 1996, and later to ASIAEP.COM Sdn Bhd on 11 August 2000. It changed its name from ASIAEP.COM Sdn Bhd to ASIAEP Sdn Bhd on 3 July 2002. The Company subsequently converted into a public limited company on 16 September 2002 and assumed its present name. The current authorised and issued and paid-up share capital of the Company is RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each and RM14,000,000 comprising 140,000,000 ordinary shares of RM0.10 each respectively.

The Company is principally involved in the provision of eCommerce solutions and eMarketplace platform for both local and international enterprises. ASIAEP does not have any subsidiaries or associated companies.

The substantial shareholders of the Company are TASB, Dr Tan Boon Nunt, Lee Suet Hong and Koh Jee Kuan, who will control approximately 59.54% of the Company's issued and paid up share capital after the Public Issue. Dr Tan Boon Nunt, Lee Suet Hong and Koh Jee Kuan are the directors overseeing the R&D department and operations of the Company.

ASIAEP commenced its operations on 1 March 1998 and obtained MSC status on 4 March 1998, giving them access to tax free incentives for 5 years and the opportunity to leverage on the MSC infrastructure. ASIAEP had on 28 July 2003 obtained approval from the MDC for a further extension of five (5) years to its tax-free status for the Company. As such, ASIAEP will continue to enjoy tax-free benefits on its income derived from MSC-related activities up to March 2008.

ASIAEP's approach to the local SMEs is a 'click and mortar' philosophy, whereby the Company provides additional avenues through its portal to the SMEs to expand their respective market bases, through Internet presence and visibility on key search engines.

ASIAEP aims to expand its business worldwide. Currently, it is concentrating on business opportunities in Singapore, Indonesia, India, Philippines and Thailand. In addition, the Company intends to invest in other foreign markets through joint ventures or establishing subsidiaries.

Financially, the Company recorded sales and profits after tax of RM7.0 million and RM2.4 million respectively for the financial year ended February 2003, and RM1.87 million and RM0.24 million respectively for the 4 month period ended 30 June 2003.

### **1.2 TECHNOLOGY AND INTELLECTUAL PROPERTY**

#### **Technology**

ASIAEP is a provider of B2B eMarketplace for SMEs in the manufacturing sector enabling these SME's a way to reach out to a global market through innovative Internet solutions.

Through its eMarketplace, ASIAEP provides an Internet site that allows parties to meet and perform transactions, share information and/or collaborate online without requiring the physical presence of the parties concerned. The eMarketplace attempts to establish a level playing field for buyers and sellers by enabling equal access by all parties to the marketplace.

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**1 SUMMARY INFORMATION (Cont'd)**

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It has open criteria for entry, any buyer or seller that meets the criteria can participate. Moreover, the eMarketplace itself does not take physical possession of the goods or services being traded, it only facilitates their exchange by matching buyers and sellers. The eMarketplace thus resembles the town markets that still exist in many countries, at which buyers and sellers gather to exchange goods and services, whose criteria of participation are relatively liberal, and in which no participant has the ability to dominate the structure of the market.

The following table sets out all of ASIAEP's current applications:

**ASIAEP.COM Application Line Up**

<u>Name of Application</u>	<u>Description</u>
EPxibit	: Creation of virtual exhibition for company websites which enables trade matching efficiency.
EPnetcast	: Enables updating of its customer website to key search engines. This is to allow a higher rate of exposure when buyers are sourcing for goods over the Internet.
EPreal	: Allowing customers to post updated news and information on their websites in real time giving them instant control of their websites.
EPchat	: An online meeting place, which provides its users a secure private chat room using browser-based technology.
EPclose	: This application allows buyers to have unique access privileges with suppliers for specific product information, pricing and online quotations.
EPintra	: This application emulates a virtual private network application where clients can use the Internet as a private network for Intranet applications allowing for costs savings.
EPpay	: An electronic online payment system to facilitate eCommerce transactions over the Internet.

For more details on the technology, please refer to Section 4.4.2 of this Prospectus.

**Intellectual Property**

The System was acquired from Dr Tan Boon Nunt, the architect and designer of the System on 16 August 2002 pursuant to the Deed of Assignment at the consideration of RM16.5 million, which was satisfied by the issue of 6,395,349 new ordinary shares of RM1.00 each in ASIAEP at the issue price of RM2.58 per share to Dr Tan Boon Nunt.

ASIAEP is allowed to resell the System in any form or price and ASIAEP can make any changes or enhancement to the source programs. The System is estimated to have an economic life of 15 years, commencing from financial year ended 28 February 2003 to 2017.

For more details on the System, please refer to Section 4.4.3 of this Prospectus.



**1 SUMMARY INFORMATION (Cont'd)**

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**1.3 RISK FACTORS**

Applicants for the Public Issue Shares should carefully consider the following risk factors (which are not exhaustive), in addition to the other information contained in this Prospectus before applying for the Public Issue Shares. For a detailed commentary on the risk factors, please refer to Section 3 of this Prospectus:-

- (i) No prior market for the Company's shares;
- (ii) Forward looking statements;
- (iii) Limited operating history;
- (iv) Impairment Loss
- (v) Political, economic and legislative considerations;
- (vi) Dependence on Government Support;
- (vii) Control of certain substantial shareholders;
- (viii) Dependence on key personnel;
- (ix) Human resource constraints;
- (x) Barriers to entry and competition;
- (xi) Technology;
- (xii) Expansion to foreign markets and future acquisitions and its related risk thereon;
- (xiii) Dependence on continued and increased adoption of the Internet as a means for commerce;
- (xiv) Market uncertainties;
- (xv) Management of future growth;
- (xvi) MSC status;
- (xvii) Protection of intellectual property rights;
- (xviii) Dependence on asiaEP.com.

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**1 SUMMARY INFORMATION (Cont'd)****1.4 FINANCIAL HIGHLIGHTS**

The following table has been extracted from the Accountants' Report in Section 14 of this Prospectus and should be read in conjunction with the notes thereto. A summary of the audited results of ASIAEP for the past five (5) financial years and for the four (4) month period ended 30 June 2003 are as follows:-

	← Financial year ended 28 February →					4 month period ended 30 June
	1999	2000	2001	2002	2003	2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	1,974	2,245	4,247	5,248	7,002	1,872
Cost of services	(1,130)	(1,203)	(1,665)	(1,932)	(931)	(273)
Gross Profit	844	1,042	2,582	3,316	6,071	1,599
Other income	-	-	-	10	3	2
	844	1,042	2,582	3,326	6,074	1,601
Depreciation	(59)	(80)	(234)	(295)	(811)	(330)
Directors' remuneration	(296)	(281)	(320)	(327)	(414)	(138)
Other operating expenses	(568)	(562)	(1,054)	(1,193)	(2,330)	(859)
Profit/(Loss) from Operation	(79)	119	974	1,511	2,519	274
Finance expense	(2)	(8)	(15)	(28)	(86)	(35)
Profit/(Loss) Before Taxation	(81)	111	959	1,483	2,433	239
Less : Taxation	-	-	-	-	-	-
Profit / (Loss) After Taxation	(81)	111	959	1,483	2,433	239
Number of ordinary shares in issue ('000)	700	700	1,000	1,000	140,000	140,000
Weighted average number of ordinary shares in issue ('000)	467	700	950	1,000	77,667	140,000
Net earnings/(loss) per share based on weighted average number of shares in issue (RM)	(0.17)	0.16	1.0	1.48	0.03	0.005*
Gross Dividend Rate	-	-	-	-	-	-

\* Annualised

Notes:

- (i) The par value of the ordinary shares for the financial years ended 28 February 1999 to 2002 is RM1.00 each. On 5 September 2002, the Company sub-divided the ordinary shares from its par value of RM1.00 each to RM0.10 each.
- (ii) The lower annualised EPS for the 4 month period ended 30 June 2003 compared to the previous year is due to historically, sales in the first quarter is generally lower compared to the subsequent quarters.
- (iii) There were no extraordinary items in respect of all the financial years under review.

The financial statements of the Company for the years under review were not subject to any audit qualification. For further details on the financial information, please refer to Sections 6 and 14 of this Prospectus.

**1 SUMMARY INFORMATION (Cont'd)****Proforma Balance Sheets**

The Proforma Balance Sheets of the Company as set out below are provided for illustrative purposes only to show the effects of the Public Issue on the assumption that the Public Issue was completed on 30 June 2003.

	<b>Audited as at 30 June 2003</b>	<b>Proforma after stage 1</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment	4,117	4,117
Intellectual property	15,939	15,939
Research & development	915	915
Current assets	3,390	20,090
Less: Current liabilities	681	681
Net current assets	<u>2,709</u>	<u>19,409</u>
	<u>23,680</u>	<u>40,380</u>
Financed by:		
Share capital	14,000	20,000
Share premium	4,182	14,882
Retained profit	5,144	5,144
	<u>23,326</u>	<u>40,026</u>
Long term liabilities	354	354
	<u>23,680</u>	<u>40,380</u>
NTA per ordinary share of RM0.10 each (RM)	<u>0.05</u>	<u>0.12</u>
NAV per ordinary share of RM0.10 each (RM)	<u>0.17</u>	<u>0.20</u>

**Stage 1**

- *Public Issue of 60,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.30 per ordinary share*
- *The gross proceeds from the public issue amounting to RM18 million will be received by December 2003.*
- *The estimated listing expenses of RM1,300,000 will be set off against the share premium account.*

Further notes to the Proforma Balance Sheets of ASIAEP are set out in Section 15 of this Prospectus.

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**1 SUMMARY INFORMATION (Cont'd)**


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**1.5 PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE**

<b>(i) Share capital</b>	
Authorised:- 250,000,000 ASIAEP shares of RM0.10 each	<u>RM25,000,000</u>
Issued and paid-up:- 140,000,000 ASIAEP shares of RM0.10 each credited as fully paid up	RM14,000,000
To be issued pursuant to the Public Issue:- 60,000,000 ASIAEP shares of RM0.10 each	RM6,000,000
Enlarged issued and paid-up share capital	<u>RM20,000,000</u>
<b>(ii) Issue Price per ordinary shares of ASIAEP</b>	RM0.30
<b>(iii) Market capitalisation of ASIAEP based on the Issue Price</b>	RM60,000,000
<b>(iv) Proforma NTA</b>	
Proforma NTA as at 30 June 2003 after the Public Issue and deducting estimated listing expenses	RM23,172,000
Proforma NTA per ASIAEP Share (based on the enlarged issued and paid-up share capital after the Public Issue)	11.59 sen
<b>(v) Proforma NAV</b>	
Proforma NAV as at 30 June 2003 after the Public Issue and deducting estimated listing expenses	RM40,026,000
Proforma NAV per ASIAEP Share (based on the enlarged issued and paid-up share capital after the Public Issue)	20.01 sen

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## **1 SUMMARY INFORMATION (Cont'd)**

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### **(vi) Classes of shares and ranking**

There is only one class of shares in ASIAEP namely ASIAEP ordinary shares. The Public Issue Shares will rank pari passu in all respects with the other existing issued and paid-up ordinary shares in ASIAEP including voting rights and all dividends that may be declared subsequent to the date of allotment of the Public Issue Shares.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of ordinary shares in the Company shall, in proportion to the amount paid-up on the ordinary shares of ASIAEP held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions and in the event of liquidation of the Company, any surplus shall be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with the Company's Articles of Association.

Each shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and, on a show of hands, every person present who is a shareholder shall have one vote, and on poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary shares of ASIAEP held.

### **1.6 GENERAL DESCRIPTION OF THE 5 YEAR BUSINESS DEVELOPMENT PLAN**

The Company's immediate objective would be to focus on R&D in order to establish its competitiveness in the eMarketplace in Malaysia. The Company intends to enhance its existing suite of applications under the ASIAEP Online Platform System with different performance in order to differentiate its products and services from its competitors.

In line with its MSC status, the Company's plan for expansion also involves further investment in R&D to develop new products as well as upgrade its existing services.

In addition, the Company will focus on building a bigger market share for its products by appointing distribution agents nationwide to market the products. In the long term, the Company intends to forge joint ventures with other overseas industry partners to penetrate a wider geographical area.

Please refer to Section 7 of this Prospectus - Summary of the Business Development Plan for the details on the products targeted to be completed above.

### **1.7 OUTLOOK AND PROSPECTS**

The Malaysian economy expanded at a more rapid pace of 5.1% in the third quarter of 2003 from 4.5% in the second quarter. The growth has been broad based, both in terms of expenditure and production components. Strong economic fundamentals and the comprehensive public sector response to uncertainties in the global economy in the early part of the year has enabled the economy to benefit from the more favourable external environment in the third quarter. The strong private sector response to the pro-active Government measures and a low interest rate environment has contributed to the strengthening of the growth momentum.

Prospects of the global economy for the remaining part of 2003 and into 2004 are turning significantly positive. The US economy rebounded strongly in the third quarter, with rising job creation and investments and a consequent decline in the unemployment rate. This development is expected to have a positive impact in sustaining US private consumption. Stronger evidence of increases in investment is indicative of a more sustainable recovery in global growth. Encouraging trends have also emerged in Japan and Europe.

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**1 SUMMARY INFORMATION (Cont'd)**


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The more positive external environment will reinforce stronger domestic demand. Greater consumer and business confidence is expected to reinforce the momentum of growth in private consumption and investment while the public sector gradually consolidates.

*(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2003 – Bank Negara Malaysia, 19 November 2003)*

As the Company is principally involved in the provision of a comprehensive range of Internet and advertising related services, the prospects of the Company are dependent on the growth of the IT industry. The outlook of the Company is expected to be bright in view of the growth of the eCommerce and Internet industries. Based on its competitive edge, which includes a strong R&D team, aggressive marketing strategies and lower staff development cost, the successful implementation of the business plan will enable the Company to capture a bigger share of the market, both locally and internationally. The proposed listing of the Company is also expected to further boost the profile of the Company and this is expected to translate into better earnings.

For more details on the prospects and outlook of the IT industry, please refer to Section 5 of this Prospectus.

**1.8 PROCEEDS FROM THE PUBLIC ISSUE AND PROPOSED UTILISATION**

The gross proceeds from the Public Issue amounting to RM18,000,000 will accrue entirely to the Company and will be utilised as follows:-

	RM	Expected time frame for utilisation
Capital investment	4,200,000	24 months
Working capital	5,200,000	18 months
Investment in foreign countries:		
- Singapore, India and Thailand	3,000,000	24 months
- Indonesia and Philippines	2,000,000	24 months
R&D expenses	1,500,000	24 months
Estimated listing expenses	1,300,000	6 months
Repayment of borrowings	800,000	6 months
	18,000,000	

Full details of the proposed utilisation are set out in Section 2.7 of this Prospectus.

**1 SUMMARY INFORMATION (Cont'd)****1.9 DIRECT AND INDIRECT SHAREHOLDINGS OF PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL**

The shareholdings of the Promoters, substantial shareholders, directors, and key management and technical personnel are as follows:-

**1.9.1 PROMOTERS / SUBSTANTIAL SHAREHOLDERS**

Name	Nationality/ Place of incorporation	Principal activity/ Designation	No. of shares held after Public Issue			
			Direct	%	Indirect	%
Tan Boon Nunt	Malaysian	Managing Director	25,237,260	12.62	63,000,020	31.50*
Lee Suet Hong	Malaysian	Executive Director	25,237,260	12.62	63,000,020	31.50*
Koh Jee Kuan	Malaysian	Executive Director	5,608,290	2.80	-	-
TASB	Malaysia	Investment holding	63,000,020	31.50	-	-

Notes:-

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

**1.9.2 DIRECTORS**

Name	Designation	No. of shares held after Public Issue			
		Direct	%	Indirect	%
Tan Boon Nunt	Managing Director	25,237,260	12.62	63,000,020	31.50*
Lee Suet Hong	Executive Director	25,237,260	12.62	63,000,020	31.50*
Koh Jee Kuan	Executive Director	5,608,290	2.80	-	-
Song Mun Wai	Executive Director	490,000	0.25	-	-
Tan Sri Dato' (DR) Abdul Aziz Bin Abdul Rahman	Chairman, Independent Non-Executive Director	100,000	0.05	-	-
Low To Fong	Independent Non-Executive Director	-	-	-	-

Notes:-

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

**I SUMMARY INFORMATION (Cont'd)****1.9.3 KEY MANAGEMENT AND TECHNICAL PERSONNEL**

<b>Name</b>	<b>Designation</b>
Robert Lim Lian Hoe	Head of Finance and Corporate Affairs
Hoe Kian Choon	Sales, Marketing & Customer Service Manager
Loo Tuck Lee	Head of Programming

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 after 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	-	-

Detailed information on the Promoters, substantial shareholders, directors and key management and technical personnel are set out in Section 8 of this Prospectus.

**1.10 MATERIAL LITIGATION, MATERIAL COMMITMENTS, WORKING CAPITAL, BORROWINGS AND MATERIAL CONTINGENT LIABILITIES**

As at 17 December 2003, being the last practicable date prior to the printing of this Prospectus, the Company:-

- (i) has no outstanding material contingent liabilities, loan capital outstanding or created but not issued, or mortgages saved as disclosed in Section 6.4(i) ;
- (ii) has not contracted material commitments not provided for in the accounts in respect of the purchase of land, building, plant machinery, shoplots and construction of factory buildings; and
- (iii) is not engaged in any material litigation either as plaintiff or defendant saved as disclosed in Section 16.7 and the directors of the Company have no knowledge of any proceedings pending or threatened against the Company or any facts likely to give rise to any proceedings which might materially affect the position and business of the Company.

**1.11 FUTURE FINANCIAL INFORMATION**

Due to the uncertain nature and inherent risks of the Company's business, no future financials are included in this Prospectus. Please refer to Section 3 for further details.