

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF CBS TECHNOLOGY BERHAD ("CBS") AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM, 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.

PUBLIC MERCHANT BANK BERHAD (14328-V) ("PMBB"), BEING THE ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT, 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.

THE SECURITIES COMMISSION ("SC") AND MALAYSIA SECURITIES EXCHANGE BERHAD ("MSEB") HAVE APPROVED THE PUBLIC ISSUE IN RELATION TO THE INITIAL PUBLIC OFFERING. MSEB HAS APPROVED THE ADMISSION TO THE OFFICIAL LIST OF THE MESDAQ MARKET OF MSEB AND FOR PERMISSION TO DEAL IN AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED AND PAID-UP SHARE CAPITAL OF CBS INCLUDING THE PUBLIC ISSUE SHARES WHICH ARE THE SUBJECT OF THIS PROSPECTUS. THE APPROVALS OF MSEB AND THE SC SHALL NOT BE TAKEN TO INDICATE THAT MSEB OR THE SC RECOMMENDS THE PUBLIC ISSUE, WHICH ARE THE SUBJECT OF THIS PROSPECTUS.

MSEB AND THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF CBS AND ASSUME NO RESPONSIBILITY FOR THE CONTENT OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO THE ACCURACY OR COMPLETION AND EXPRESSLY DISCLAIMS LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR 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 ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

MSEB SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF CBS 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 INVITATION, CORPORATION OR OF ITS SECURITIES.

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

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM MSEB'S WEBSITE AT [www.klse.com.my](http://www.klse.com.my)

THE ISSUE PRICE OF THE PUBLIC ISSUE SHARES WAS ENTIRELY DETERMINED AND AGREED UPON BY CBS, THE ADVISER AND UNDERWRITER BASED ON VARIOUS RELEVANT FACTORS. INVESTORS SHOULD FORM THEIR OWN VIEWS ON THE VALUATION OF THE PUBLIC ISSUE SHARES AND THE REASONABLENESS OF THE BASES USED.

CHARACTERISTICS OF THE MESDAQ MARKET OF MALAYSIA SECURITIES EXCHANGE BERHAD: -

INVESTORS SHOULD BE AWARE THAT MESDAQ IS A DISTINCT MARKET FROM THE MAIN AND SECOND BOARD 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 MESDAQ MAY NOT HAVE AN OPERATING HISTORY OR ANY PROFIT TRACK RECORD PRIOR TO LISTING. AS SUCH, WHILST POTENTIAL INVESTMENTS RETURNS MAY BE RELATIVELY HIGH, COMPANIES LISTED ON 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.

SECURITIES LISTED ON MESDAQ MARKET OF MSEB ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUES FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 45 OF THE SECURITIES COMMISSION ACT, 1993, E. G. DIRECTORS AND ADVISORS ARE RESPONSIBLE.

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**INDICATIVE TIMETABLE**

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

<b>EVENT</b>	<b>DATE</b>
<b>DATE OF PROSPECTUS</b>	<b>29 March 2004</b>
<b>OPENING OF THE APPLICANT LIST FOR THE PUBLIC ISSUE SHARES</b>	<b>29 March 2004</b>
<b>CLOSING OF THE APPLICANT LIST FOR THE PUBLIC ISSUE SHARES</b>	<b>5 April 2004</b>
<b>TENTATIVE BALLOTING</b>	<b>9 April 2004</b>
<b>TENTATIVE DESPATCH OF NOTICE OF ALLOTMENT TO SUCCESSFUL APPLICANT</b>	<b>15 April 2004</b>
<b>TENTATIVE LISTING</b>	<b>20 April 2004</b>

These dates are tentative and are subject to changes which may be necessary to facilitate the implementation procedures. Application for the Public Issue Shares will be accepted from 10.00 am on 29 March 2004 to 5.00 pm on 5 April 2004 or for such other period or periods as the Directors of CBS together with the Underwriter in their absolute discretion may mutually decide.

In the event of any changes to the closing date of the application, such date would be published in a widely circulated daily English and Bahasa Malaysia newspaper within Malaysia. Should the closing date of the application be extended, the dates for the allotment and listing of CBS's entire issued and paid-up share capital on the MESDAQ Market of MSEC would be extended accordingly.

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**DEFINITIONS**


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

Act	:	Companies Act, 1965
Acquisitions	:	Acquisition of Cyber and Acquisition of Netgen, collectively
Acquisition of Cyber	:	The acquisition by CBS of the entire issued and paid-up share capital of Cyber comprising 3,223,226 ordinary shares of RM1.00 each for a purchase consideration of RM3,223,226 to be satisfied by the issuance of 3,223,226 ordinary shares in CBS at an issue price of RM1.00 per ordinary share
Acquisition of Netgen	:	The acquisition by CBS of the entire issued and paid-up share capital of Netgen comprising 35,000 ordinary shares of RM1.00 each for a purchase consideration of RM2,500,000 to be satisfied by the issuance of 2,500,000 ordinary shares in CBS at an issue price of RM1.00 per ordinary share
ADA	:	Authorised Depository Agent
ADA Code	:	ADA (Broker) Code
Application Form(s)	:	A printed form for the purpose of applying for the Public Issue Shares
Bye-Laws	:	The Bye-Laws of the ESOS
CDS	:	Central Depository System
CBS or Company	:	CBS Technology Berhad (537337-M)
CBS Group or Group	:	CBS and its wholly-owned subsidiary companies, collectively
CBS Share(s) or Share(s)	:	Ordinary share(s) of RM0.10 each in CBS
Cyber	:	Cyber Business Solutions Sdn Bhd (395882-T)
Common Direction	:	Common Direction Sdn Bhd (619998-D), a substantial shareholder of CBS after completion of the Acquisitions and Public Issue
Electronic Share Application	:	The application for the Issue Shares through a Participating Financial Institution's ATM
EPS	:	Earnings per share
ESOS	:	Employee Share Option Scheme
ESOS Options or Options	:	The right to subscribe for new CBS Shares of the Company upon acceptance of an offer under the ESOS
IPO	:	Initial public offering of CBS Shares pursuant to the Public Issue
Listing Exercise	:	Listing of and quotation for the entire issued and paid-up share capital of CBS on the MESDAQ Market of MASEB
MCD or Central Depository	:	Malaysian Central Depository Sdn Bhd, a subsidiary of MASEB

**DEFINITIONS (Cont'd)**

MDC	:	Multimedia Development Corporation Sdn Bhd
MESDAQ	:	Malaysian Exchange of Securities Dealing & Automated Quotation Bhd
MIDFCCS	:	MIDF Consultancy and Corporate Services Sdn Bhd
MMLR	:	Listing Requirements of MSEB for the MESDAQ Market
MSC	:	Multimedia Super Corridor
MESDAQ Market	:	The MESDAQ Market of MSEB
MSEB or Exchange	:	Malaysia Securities Exchange Berhad
NTA	:	Net tangible assets
Netgen	:	Netgen Sdn Bhd (507122-D)
Options Committee	:	The committee appointed by the Board of Directors of CBS to administer the ESOS
PAT	:	Profit after tax
Promoter(s)	:	Sun Chee Kong, Tan Chong Chew @ Tan Ying Ying, Lee Siew Ken, Wong Kang Sai, Lai Soon Onn and Lim Chye Guan, collectively
Participating Financial Institution(s)	:	Participating financial institutions for Electronic Share Application as listed in Section 18.5(ii) of this Prospectus
Public Issue	:	Issue of 30,000,000 new ordinary shares of RM0.10 each in CBS at an issue price of RM0.32 per share to public investors by way of public issue and private placement, subject to the terms and conditions of this prospectus
Public Issue Share(s)	:	The 30,000,000 new ordinary shares of RM0.10 each in CBS, which are the subject of the Public Issue
PMBB	:	Public Merchant Bank Berhad (14328-V)
R&D	:	Research and development
RM and sen	:	Ringgit Malaysia and sen respectively
SC	:	Securities Commission
Share Split	:	The splitting of the par value of the ordinary shares of CBS whereby every one (1) ordinary share of RM1.00 each in CBS will be exchanged for ten (10) ordinary shares of RM0.10 each in CBS, upon completion of the Acquisitions
US	:	United States of America

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**DEFINITIONS (Cont'd)**

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**Technical Definitions**

AES	:	Advance Encryption System
API	:	Application Program Interface
ASG	:	Allen System Group
DES	:	Data Encryption Standard
FTP	:	File Transfer Protocol
ICT	:	Information Communications Technology
IT	:	Information Technology
MOBIUS	:	Mobius Document Management System
RFID	:	Radio Frequency Identification
SHA	:	Secure Hash Algorithm
SOL	:	Secure Operations & Logistics
SSL	:	Secure Sockets Layer
TCM	:	Total Content Management

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. Reference to persons shall include corporation.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

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## 1. CORPORATE DIRECTORY

### BOARD OF DIRECTORS

Name	Address	Occupation	Nationality
Tuan Haji Osman bin Haji Ismail (Chairman and Independent Non-Executive Director)	No. 57, Jalan G3, Taman Melawati, 53100 Kuala Lumpur	Company Director	Malaysian
Sun Chee Kong (Managing Director)	No. 114, Jalan Cengal, Serendah Golf Resort, 48200 Serendah, Ulu Selangor, Selangor Darul Ehsan	Managing Director	Malaysian
Tan Chong Chew @ Tan Ying Ying (Executive Director)	No. 114, Jalan Cengal, Serendah Golf Resort, 48200 Serendah, Ulu Selangor, Selangor Darul Ehsan	Company Director	Malaysian
Wong Kang Sai (Executive Director)	A8-2, Sri Damansara Court, Persiaran Kenanga, 52200 Kuala Lumpur	Company Director	Malaysian
Dr. Goy Hong Boon (Independent Non-Executive Director)	26-2-2, Jalan 5/101C, Cheras Business Center, 56100 Kuala Lumpur	Company Director	Malaysian
Choo Kok Liong (Independent Non-Executive Director)	No. 2, Jalan Burung Takur, Taman Bukit Maluri, 52100 Kuala Lumpur	Chartered Accountant	Malaysian
Lee Siew Ken (Alternate to Wong Kang Sai)	No. 67, Jalan SS2/41, 47301 Petaling Jaya, Selangor Darul Ehsan	Chief Operating Officer	Malaysian
Lai Soon Onn (Alternate to Tan Chong Chew @ Tan Ying Ying)	P15-01, Mutiara Oriental Condominium, Jalan BM 1/8, Taman Bukit Mayang Mas, 47301 Petaling Jaya, Selangor Darul Ehsan	Director of Technical Service	Malaysian

### AUDIT COMMITTEE

Name	Designation	Directorship
Tuan Haji Osman bin Haji Ismail	Chairman	Chairman and Independent Non-Executive Director
Sun Chee Kong	Member	Managing Director
Dr. Goy Hong Boon	Member	Independent Non-Executive Director
Choo Kok Liong	Member	Independent Non-Executive Director

### COMPANY SECRETARIES

: Tan Fong Shian @ Lim Fong Shian (MAICSA 7023187)

16 Jalan Arif, Taman Connaught, Cheras,  
56000 Kuala Lumpur  
Tel: 03-2166 2000

Mah Li Chen (MAICSA 7022751)  
No. 33 Jalan BRP 4/6 Bukit Rahman Putra  
Seksyen U20  
40160 Shah Alam  
Selangor Darul Ehsan  
Tel: 03-2166 2000

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**1. CORPORATE DIRECTORY (Cont'd)**

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- REGISTERED OFFICE** : C15-1, Level 15 Tower C,  
Megan Avenue II,  
12 Jalan Yap Kwan Seng,  
50450 Kuala Lumpur  
Tel: 03-2166 2000  
Fax: 03-2166 3000
- HEAD OFFICE** : CBS Technology Berhad  
No. 15, Jalan Ara SD 7/3A,  
Bandar Sri Damansara,  
52200 Kuala Lumpur.  
Tel: 03-6277 7018  
Fax: 03-6277 6018  
Website: www.cbs.com.my
- AUDITORS AND REPORTING ACCOUNTANTS** : Shamsir Jasani Grant Thornton  
Level 11-1, Faber Imperial Court,  
Jalan Sultan Ismail,  
50250 Kuala Lumpur  
Tel: 03-2692 4022
- SOLICITORS FOR THE IPO** : Teh & Lee  
Unit 23-3, 3<sup>rd</sup> Floor,  
The Boulevard, Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel: 03-2283 2800
- SHARE REGISTRAR** : Epsilon Registration Services Sdn Bhd  
No. 312, 3<sup>rd</sup> Floor, Block C, Kelana Square,  
17, Jalan SS7/26,  
47301 Petaling Jaya  
Tel: 03-7803 1126
- ADVISER, SPONSOR, UNDERWRITER, AND PLACEMENT AGENT** : Public Merchant Bank Berhad  
25<sup>th</sup> Floor, Menara Public Bank  
146 Jalan Ampang  
50450 Kuala Lumpur  
Tel: 03-2166 9382
- EXPERT** : Ernst & Young  
4<sup>th</sup> Floor, Kompleks Antarabangsa  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel: 03-2144 2333
- ISSUING HOUSE** : MIDF Consultancy and Corporate Services Sdn Bhd  
Tingkat 12, Bangunan MIDF  
195A, Jalan Tun Razak  
50400 Kuala Lumpur  
Tel: 03-2161 3355

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**1. CORPORATE DIRECTORY (Cont'd)**

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**PRINCIPAL BANKER** : Malayan Banking Berhad (3813-K)  
7 & 8, Jalan Tanjung SD 13/1,  
Bandar Sri Damansara,  
52200 Kuala Lumpur.  
Tel: 03-6273 5501

**LISTING SOUGHT** : MESDAQ Market of MSEP

**WEBSITE** : [www.cbs.com.my](http://www.cbs.com.my)

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## 2. INFORMATION SUMMARY

**THE FOLLOWING PROSPECTUS SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE CBS GROUP AND THE PUBLIC ISSUE. INVESTORS SHOULD READ AND UNDERSTAND THE ENTIRE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST IN THE PUBLIC ISSUE SHARES. THE FOLLOWING INFORMATION IS DERIVED FROM, AND SHOULD BE READ IN CONJUNCTION WITH THE MORE DETAILED INFORMATION AND FINANCIAL STATEMENTS APPEARING ELSEWHERE IN THIS PROSPECTUS.**

### 2.1 History and Business

CBS was incorporated as a private limited company in Malaysia under the Act on 19 January 2001. The Company was converted to a public company on 10 September 2003, for the purposes of the Listing Exercise on the MESDAQ Market.

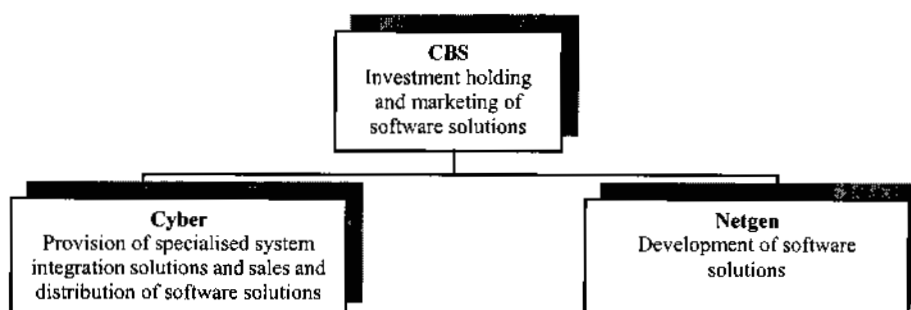
CBS's principal activities will involve investment holding as well as marketing of software solutions. The principal activities of the Group are provision of specialised system integration solutions, software development, sales and distribution of software and other related professional services to various industries in Malaysia and the principal activities of its subsidiaries are as follows:

Subsidiaries of CBS	Country of Incorporation	Principal activities
Cyber	Malaysia	Provision of specialised system integration solutions and sales and distribution of software solutions
Netgen	Malaysia	Development of software solutions

Cyber was incorporated on 27 July 1996 as a private limited company under the Act. Cyber is mainly involved in providing specialised system integration and sales and distribution of solutions software such as Paymate™ Secure Suite, Solmate™ and netPayroll of the CBS Group together with various foreign-based Enterprise Productivity Software and TCM products such as, Mobius, Mackinney System, ASG and Barnard Software Inc.

Netgen was incorporated on 6 March 2000 as a private limited company under the Act. The company commenced operations by providing services in the area of turnkey software development projects. However, the changing marketplace and customer demands resulted in the company shifting its focus to provide e-security solutions with core focus to develop and provide secure electronics document management security solutions. The Company's existing products include Paymate™ Secure Suite, Solmate™ and netPayroll.

The CBS Group structure can be depicted as follows: -



Further information on the above companies is disclosed in Section 6 of this Prospectus

## 2. INFORMATION SUMMARY (Cont'd)

### 2.2 Ownership and Management

Based the Register of Members of CBS as at 15 March 2004, being the latest practical date prior to the printing of this Prospectus, the direct and indirect interest of the Directors, key management, substantial shareholders and Promoters in the issued and paid-up share capital of the Company before and after the Public Issue are as follows:-

Name	Nationality/ Place of incorporation	←-----Before Public Issue-----→		←-----After Public Issue-----→		←-----After full exercise of ESOS-----→	
		Direct No. of shares	Indirect No. of shares	Direct No. of shares	Indirect No. of shares	Direct No. of shares	Indirect No. of shares
Tuan Haji Osman bin Haji Ismail <sup>*1</sup>	Malaysian	-	-	640,000	0.66	640,000	0.60
Sun Chee Kong <sup>**7*8*9</sup>	Malaysian	31,366,130	46.65	31,686,130	32.59	33,086,130	30.93
Tan Chong Chew @ Tan Ying Ying <sup>*3*7*8*9</sup>	Malaysian	8,978,630	13.35	8,978,630 <sup>*10</sup>	9.23	10,378,630 <sup>*10</sup>	9.70
Wong Kang Sai <sup>*3*7*9</sup>	Malaysian	3,200,000	4.76	3,520,000	3.62	4,020,000	3.76
Dr. Goy Hong Boon <sup>*4</sup>	Malaysian	-	-	-	-	-	-
Choo Kok Liang <sup>*4</sup>	Malaysian	3,200,000	4.76	3,520,000	3.62	4,020,000	3.76
Lee Siew Ken <sup>*5*7*9</sup>	Malaysian	2,500,000	3.72	2,820,000	2.90	3,320,000	3.10
Lai Soon Onn <sup>*6*7*9</sup>	Malaysian	300,000	0.45	620,000	0.64	1,120,000	1.05
Lim Chye Guan <sup>*7*9</sup>	Malaysian	4,218,750	6.27	4,218,750	4.34	4,218,750	3.94
See Leng Chee <sup>*12</sup>	Malaysia	12,000,000	17.85	12,000,000	12.34	12,000,000	11.22
Common Direction Sdn Bhd <sup>*8</sup>		-	-	-	-	-	-

Notes: -

\*1 Chairman and Independent Non-Executive Director of CBS

\*2 Managing Director of CBS

\*3 Executive Director of CBS

\*4 Independent Non-Executive Director of CBS

\*5 Alternate Director to Wong Kang Sai

\*6 Alternate Director to Tan Chong Chew @ Tan Ying Ying

\*7 Key management of CBS

\*8 Substantial shareholder of CBS

\*9 Promoter of CBS

\*10 Deemed to have interest by virtue of Tan Chong Chew @ Tan Ying Ying's (spouse) shareholdings in CBS in accordance to with Section 122A of the Act

\*11 Deemed to have interest by virtue of Sun Chee Kong's (spouse) shareholdings in CBS in accordance to with Section 122A of the Act

\*12 Substantial shareholder of CBS before Public Issue

## 2. INFORMATION SUMMARY (Cont'd)

The information of the Directors, key management, substantial shareholders and Promoters of CBS is further disclosed under Section 9 of this Prospectus.

### 2.3 Product and Services

#### 2.3.1 Products developed and/or marketed by the Group

The following are some of the products and services developed and/or marketed by the Group:-

Products/Services offered	Brief description
Paymate™ Secure Suite	A software solution enabling the security management of sensitive document and data through compression, data finger printing and encryption procedures.  The Paymate™ Secure Suite comprises three components namely Paymate™ Core Technology, Paymate™ Secure e-Distribution and Paymate™ Secure e-Vault.
Paymate™ Core Technology	This module combines the modular process of compression with data finger printing and encryption.
Paymate™ Secure e-Distribution	A file security system that enables files to be transmitted via the Internet through a compressed highly protected executable program.
Paymate™ e-Vault	Have same features and functions as that of Paymate™ Secure e-Distribution except that users can send a file instead of receiving the files from a server.
netPayroll	Enable financial institutions to receive secured payroll instructions via the internet from their corporate customers.
Solmate™	A suite of products that leverages the usage of RFID technology. The software enables identification, tracking and tracing, possession, authentication and storage of inventory.
Mobius	Distributor for Mobius System Inc., a US based document management software company which offers TCM solutions.
ASG	Distributor for Allen Group Software Inc., a US based software solutions company which offers Enterprise Productivity Solutions.

#### 2.3.2 Intellectual Property

Pending the issuance of the Certificate of Registration of Trademark, the Group had on 4 July 2003 submitted applications to the Intellectual Property Corporation of Malaysia for the registration of trademarks in relation to Paymate™ and Solmate™. As at to-date the application for registration of Trademark is still pending the approval of the Intellectual Property Corporation of Malaysia.

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**2. INFORMATION SUMMARY (Cont'd)**

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**2.3.3 Key Achievement Awards**

The Group has obtained numerous achievement awards and recognition for its products and services from various organisations. Details of the achievement and awards are disclosed in Section 6.11 of this Prospectus.

**2.3.4 Research and Development**

As at 15 March 2004, the Group has 7 staff dedicated to innovation and the development of new solutions. The Company plans to increase its human knowledge capital from 7 staff currently to 15 number of knowledge workers, thereby increasing by 114% to ensure that the Company maintains its competitive advantage in the long term.

During the last three (3) financial years ended 31 December 2003, the Group has invested approximately RM521,415 into research and technological innovation and expects to invest more than RM4 million over the next 5 years to keep the Company at the forefront of e-security solutions regionally. Such investment is also necessary to ensure that its partners, corporate customers and end-users of the technology continue as trusted business partners.

Please refer to Section 6.10 of this Prospectus for more details.

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## 2. INFORMATION SUMMARY (Cont'd)

### 2.4 Financial Highlights

The following is a summary of the audited proforma of the CBS Group's financial performance for the three (3) financial years/period ended 31 December 2001 to 2003 prepared based on the assumption that the current structure of the CBS Group has been in existence throughout the period under review.

	<---Year/Period ended 31 December--->		
	2001*	2002	2003
	RM	RM	RM
Revenue	4,742,740	4,381,420	8,313,476
Gross profit	1,064,785	1,810,485	4,552,660
Profit before depreciation and taxation	385,407	1,077,667	3,836,845
Depreciation	(69,437)	(66,181)	(110,375)
Profit before taxation but after depreciation	315,970	1,011,486	3,726,470
Taxation	(101,915)	(303,000)	(868,243)
Profit after taxation	214,055	708,486	2,858,227
Weighted average number of shares assumed to be issued	67,232,260	67,232,260	67,232,260
Gross EPS (sen)**	0.47	1.50	5.54
Net EPS (sen)***	0.32	1.05	4.25
Dividend rate (%)	-	-	-

Notes:

\* For the financial period 19 January 2001 to 31 December 2001.

\*\* The gross EPS has been calculated based on the profit before taxation and on the assumption that the issued and paid-up share capital of CBS of 67,232,260 CBS Shares in issue after the Acquisitions and Share Split but before the Public Issue.

\*\*\* The net EPS has been calculated based on the profit after taxation and on the assumption that the issued and paid-up share capital of CBS of 67,232,260 CBS Shares in issue after the Acquisitions and Share Split but before the Public Issue.

There were no extraordinary or exceptional items during the period under review. The audited accounts of the CBS Group were not qualified in the financial years/period under review.

Please refer to Section 7 of this Prospectus for more details.

## 2. INFORMATION SUMMARY (Cont'd)

### 2.5 Proforma Consolidated Balance Sheets as at 31 December 2003

The Proforma Consolidated Balance Sheets as set out below are extracted from the Proforma Consolidated Balance Sheets as at 31 December 2003, as disclosed in Section 14. The Proforma Consolidated Balance Sheets are provided for illustrative purposes only to show the effects on the audited consolidated balance sheets of CBS as at 31 December 2003 after taking into account the Acquisitions, the Share Split, the Public Issue, the ESOS and the estimated listing expenses.

	As at 31 December 2003 RM	Proforma I RM	Proforma II RM	Proforma III RM	Proforma IV RM
SHARE CAPITAL	1,000,000	6,723,226	6,723,226	9,723,226	10,695,548
SHARE PREMIUM	-	-	-	5,000,000	7,139,109
RESERVE	(30,085)	(30,085)	(30,085)	(30,085)	(30,085)
SHAREHOLDERS' FUND	969,915	6,693,141	6,693,141	14,693,141	17,804,572
NON-CURRENT LIABILITY					
Deferred taxation	-	10,000	10,000	10,000	10,000
	969,915	6,703,141	6,703,141	14,703,141	17,814,572
REPRESENTED BY:					
NON-CURRENT ASSETS					
Property, plant and equipment	-	1,304,560	1,304,560	1,304,560	1,304,560
Goodwill	-	1,737,949	1,737,949	1,737,949	1,737,949
Fixed deposits	-	107,416	107,416	107,416	107,416
	-	3,149,925	3,149,925	3,149,925	3,149,925
CURRENT ASSETS					
Work-in-progress	-	2,164,370	2,164,370	2,164,370	2,164,370
Receivables	947,104	1,666,816	1,666,816	1,666,816	1,666,816
Cash and bank balances	46,470	647,481	647,481	8,647,481	11,758,912
	993,574	4,478,667	4,478,667	12,478,667	15,590,098
CURRENT LIABILITIES					
Payables	23,659	692,649	692,649	692,649	692,649
Tax payable	-	232,802	232,802	232,802	232,802
	23,659	925,451	925,451	925,451	925,451
NET CURRENT ASSETS	969,915	3,553,216	3,553,216	11,553,216	14,664,647
	969,915	6,703,141	6,703,141	14,703,141	17,814,572
Number of shares in issue	1,000,000	6,723,226	67,232,260	97,232,260	106,955,486
NTA per ordinary share of RM1.00 each (RM)	0.97	0.74	-	-	-
NTA per ordinary share of RM0.10 each (sen)	-	-	7.37	13.32	15.02

*Notes:*

- (i) *Proforma I* : After Acquisitions
- (ii) *Proforma II* : After Proforma I and Share Split.
- (iii) *Proforma III* : After Proforma II and Public Issue
- (iv) *Proforma IV* : After Proforma III and full exercise of ESOS Option

Further details on the Proforma Consolidated Balance Sheets of CBS as at 31 December 2003 are set out in Section 14 of this Prospectus.

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## 2. INFORMATION SUMMARY (Cont'd)

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### 2.6 Risk Factors

An investment in the shares listed/to be listed on the MESDAQ Market involves a number of risks, some of which, including market, industry, liquidity, credit, operational, legal and regulatory risks could be substantial and are inherent in the business of the CBS Group.

The following is a summary of the risk factors (which may not be exhaustive), which applicants for the Public Issue should carefully consider in addition to other information contained elsewhere in this Prospectus before applying for the Public Issue. The investment considerations that should be considered include, but are not limited to the following:

- (i) No Prior Market for CBS Shares;
- (ii) Delay in or Abortion of the Listing;
- (iii) Control by Substantial Shareholders;
- (iv) Reliance on Major Relationships;
- (v) Dependence on Key Personnel;
- (vi) Operational Risks;
- (vii) Competition;
- (viii) Future Growth;
- (ix) Rapid Technological Changes/Product Change;
- (x) Continuing Demand for the Group's Products and Services;
- (xi) Protection of Group and Third Party Proprietary Technology / Intellectual Property Rights;
- (xii) Political, Economic and Regulatory Considerations;
- (xiii) Foreign Exchange Risk;
- (xiv) Project Risks;
- (xv) Future Capital Injections;
- (xvi) Acquisitions and Joint Ventures;
- (xvii) Conditions of the MSC Status; and
- (xviii) Forward Looking Statements.

Please refer to Section 4 "Risk Factors", of this Prospectus for further information concerning the abovementioned risk factors.

**2. INFORMATION SUMMARY (Cont'd)****2.7 Principal Statistics Relating to the Public Issue**

	RM
<i>Authorised</i>	
250,000,000 ordinary shares of RM0.10 each	<u>25,000,000</u>
<i>Issued and fully paid-up as at the date of this Prospectus</i>	
67,232,260 ordinary shares of RM0.10 each	6,723,226
<i>To be issued pursuant to the Public Issue</i>	
30,000,000 ordinary shares of RM0.10 each	3,000,000
<i>Enlarged share capital upon listing</i>	
97,232,260 ordinary shares of RM0.10 each	<u>9,723,226</u>
<i>To be issued pursuant to full exercise of ESOS Options*</i>	
9,723,226 ordinary shares of RM0.10 each	972,322
<i>Enlarged share capital upon full exercise of ESOS Options</i>	
106,955,486 ordinary shares of RM0.10 each	<u>10,695,548</u>
<b>Public Issue price per CBS Share</b>	<b>0.32</b>

Note:

\* The ESOS will only be implemented i.e. the Options under the ESOS will only be offered to the eligible directors and employees of the Group, on the date of the Company's listing on the MESDAQ Market.

There is only one class of shares in CBS, namely ordinary shares of RM0.10 each, all of which rank pari passu with one another. The Public Issue Shares will rank pari passu in all respects with the other existing issued and paid-up ordinary shares of RM0.10 each in CBS including voting rights, dividends and distributions that may be declared subsequent to the date of this Prospectus.

**2.8 Proposed Utilisation of Proceeds Raised from the Public Issue**

The total gross proceeds of approximately RM9,600,000 to be raised from the Public Issue will accrue to CBS and shall be utilised as follows: -

	RM'000	Expected timeframe for utilisation
Overseas expansion	2,000	24 months
Research & development	2,500	36 months
Working capital	3,500	36 months
Listing expenses	1,600	6 months
<b>Total</b>	<u><u>9,600</u></u>	

Details of the utilisation of proceeds of the Public Issue are set out in Section 3.8 of this Prospectus.

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**2. INFORMATION SUMMARY (Cont'd)**

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**2.9 Material Litigation, Capital Commitments and Contingent Liabilities**

As at 15 March 2004, being the latest practicable date prior to the printing of this Prospectus: -

**(i) Material Litigation**

The CBS Group is not engaged in any litigation or arbitration, either as plaintiff or defendant which has a material effect on the financial position of the Group and the Board of Directors have no knowledge 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 Group.

**(ii) Material Capital Commitments**

There are no material commitments for capital expenditure incurred or known to be incurred by the CBS Group, which may have material impact on the financial position of the Group.

**(iii) Contingent Liabilities**

There are no material contingent liabilities incurred by the Group other than those incurred in the ordinary course of business.

Details of the material litigation, material capital commitments and contingent liabilities are set out in Section 7.3 of this Prospectus.

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