

9. INFORMATION ON SUBSTANTIAL SHAREHOLDER, PROMOTER, DIRECTORS AND KEY MANAGEMENT

9.1 Ownership and Management

9.1.1 Shareholding in CBS

Based on 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		Indirect		Direct		Indirect		Direct		Indirect	
		No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Tuan Haji Osman bin Haji Ismail *1	Malaysian	-	-	-	-	640,000	0.60	-	-	640,000	0.60	-	-
Sun Chee Kong *2,7,8,9	Malaysian	31,366,130	46.65	8,978,630 *10	13.35	31,686,130	32.59	8,978,630 *10	9.23	33,086,130	30.93	10,378,630 *10	9.70
Tan Chong Chew @ Tan Ying Ying *3,7,8,9	Malaysian	8,978,630	13.35	31,366,130 *11	46.65	8,978,630	9.23	31,686,130 *11	32.59	10,378,630	9.70	33,086,130 *11	30.93
Wong Kang Sai *3,7,9	Malaysian	3,200,000	4.76	-	-	3,520,000	3.62	-	-	4,020,000	3.76	-	-
Dr. Goy Hong Boon *4	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Choo Kok Liong *4	Malaysian	3,200,000	4.76	-	-	3,520,000	3.62	-	-	4,020,000	3.76	-	-
Lee Siew Ken *5,7,9	Malaysian	2,500,000	3.72	-	-	2,820,000	2.90	-	-	3,320,000	3.10	-	-
Lai Soon Onn *6,7,9	Malaysian	300,000	0.45	-	-	620,000	0.64	-	-	1,120,000	1.05	-	-
Lim Chye Guan *7,9	Malaysian	4,218,750	6.27	-	-	4,218,750	4.34	-	-	4,218,750	3.94	-	-
See Leng Chee *12	Malaysian	12,000,000	17.85	-	-	12,000,000	12.34	-	-	12,000,000	11.22	-	-
Common Direction Sdn Bhd *8	Malaysia	-	-	-	-	-	-	-	-	-	-	-	-

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

9. INFORMATION ON SUBSTANTIAL SHAREHOLDER, PROMOTER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

9.1.2 Background on Substantial Shareholders and Promoters

The substantial shareholders of CBS are Common Direction, Sun Chee Kong and Tan Chong Chew@Tan Ying Ying. Sun Chee Kong and Tan Chong Chew@Tan Ying Ying are also promoters at CBS. In addition, the other promoters of CBS are Wong Kang Sai, Lee Siew Ken, Lai Soon Onn and Lim Chye Guan. Details of the Promoters who are also Directors and key management of CBS are set out in Section 9.4 of this Prospectus.

Common Direction is an investment holding company incorporated on 28 June 2003 as a private limited company under the Act. As at 15 March 2004, the authorised share capital of Common Direction is RM100,000 divided into 100,000 ordinary shares of RM1.00 each and the issued and paid up share capital is RM2. The directors of Common Direction are Goh Mea Seng and Phan Yoon Khung.

9.1.3 Directorship in other Public Corporation

None of the substantial shareholders and/or Promoters of CBS has held directorships in any other public companies for the past two (2) years.

9.1.4 Substantial Shareholdings in other Public Companies

None of the substantial shareholders and/or Promoters of CBS has held substantial shareholdings, whether directly or indirectly, in any other public companies for the past two (2) years.

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9. INFORMATION ON SUBSTANTIAL SHAREHOLDER, PROMOTER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

9.2 Changes in Substantial Shareholders

The changes in the substantial shareholders and their shareholdings since incorporation up to 15 March 2004, being the latest practical date prior to the printing of this Prospectus are as follows: -

Name	As at 19.01.2001		As at 31.12.2002		As at 31.12.2003		As at 15.03.2004							
	Indirect		Indirect		Indirect		Indirect							
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%						
Sun Chee Kong	1	50.00	-	-	700,000	70.00	300,000 ^{*1}	30.00	31,366,130	46.65	8,978,630 ^{*1}	13.35		
Phan Yoon Khung	1	50.00	-	-	300,000	30.00	-	-	-	-	-	-		
Tan Chong Chew @ Tan Ying Ying	-	-	1 ^{*2}	50.00	-	-	700,000 ^{*2}	70.00	300,000	30.00	8,978,630	13.35	31,366,130 ^{*2}	46.65
See Leng Chee	-	-	-	-	-	-	-	-	-	-	4,218,750	6.27	-	-
Common Direction Sdn Bhd	-	-	-	-	-	-	-	-	-	-	12,000,000	17.85	-	-

Notes:-

*1 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.

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

9. INFORMATION ON SUBSTANTIAL SHAREHOLDER, PROMOTER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

9.3 Moratorium on Promoter's Shares

It is a condition of the MMLR that shares held by the promoter amounting to 45% of the nominal issued and paid-up share capital of the Company at the date of admission of the Company to the Official List of the MESDAQ Market be put under moratorium.

The quantum of the shares which is to be held under moratorium is as follows:

Name of Promoters	CBS Shares held	After Public Issue			After Full Exercise of ESOS Options			
		% of enlarged share capital	Number of CBS Shares held under moratorium	% of enlarged share capital	CBS Shares held	% of enlarged share capital	Number of CBS Shares held under moratorium	% of enlarged share capital
Sun Chee Kong	31,686,130	32.59	31,331,339	32.22	33,086,130	30.93	31,331,339	29.29
Tan Chong Chew @ Tan Ying Ying	8,978,630	9.23	8,978,630	9.23	10,378,630	9.70	8,978,630	8.40
Lee Siew Ken	3,520,000	3.62	2,720,000	2.80	4,020,000	3.76	2,720,000	2.54
Wong Kang Sai	3,520,000	3.62	2,720,000	2.80	4,020,000	3.76	2,720,000	2.54
Lai Soon Omn	2,820,000	2.90	2,125,000	2.19	3,320,000	3.10	2,125,000	1.99
Lim Chye Guan	620,000	0.64	255,000	0.26	1,120,000	1.05	255,000	0.24
TOTAL	51,144,760	52.60	48,129,969	49.50	55,944,760	52.30	48,129,969	45.00

The promoters who hold a total of 51,144,760 CBS shares representing 52.60% of the enlarged issued and paid-up share capital of CBS after the Public Issue, have been imposed with a moratorium on the sale of his shares for one (1) year from the date of admission of CBS on the MESDAQ Market.

Thereafter, the promoters will be allowed to sell, transfer or assign only up to a maximum of one third (on a straight line basis) of his shareholdings under moratorium, such permission to sell being cumulative so that the restriction on sale shall cease to apply upon the expiry of the fourth year after the date of listing of CBS on the MESDAQ Market.

The registrar and MCD have been informed in writing in relation to the moratorium of the aforesaid shareholders to ensure that it does not register any transfer not in compliance with the moratorium restrictions.

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9. INFORMATION ON SUBSTANTIAL SHAREHOLDER, PROMOTER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

9.4 Directors and Key Management

Tuan Haji Osman bin Haji Ismail KMN, PJK, PPN, Malaysian, aged 57, is the Chairman and Independent Non Executive Director of the Company. He holds a Bachelor of Arts and a Graduate Diploma in Marketing from Chartered Institute of Marketing (U.K). He has also attended a programme for Executive Development at Universiti Teknologi Mara and Personnel Management (MIM). He was with the Ministry of Information in his early years. He was also a Senior Executive with Permodalan Nasional Berhad and a General Manager of a subsidiary in Kumpulan Guthrie Berhad. Currently, he is the Chairman of Flexline Furniture Industries Sdn. Bhd., Managing Director of Grand Malaysia Trading Corporation Sdn. Bhd. and Managing Director of Maser Travels-Tours (M) Sdn. Bhd.

Mr. Sun Chee Kong, Malaysian, aged 41, is the Managing Director and Chief Executive Officer of CBS. He is a graduate from University of Louisiana, US with a Degree in Computer Science. Mr. Sun is the founder who has spearheaded the Group's core business with foresight of the ever-expanding Malaysian IT industry. He has more than 15 years of working experience in IT business. He began his career in IBM Malaysia Sdn Bhd in 1987 and has acquired vast skills and knowledge in the Information Technology business during his course of employment with IBM Malaysia Sdn Bhd. Mr. Sun has creative ideas for business technologies and innovative solutions on IT technologies. Currently, he is responsible for the overall management and strategic planning function of the Group.

Ms. Tan Chong Chew @ Tan Ying Ying, Malaysian, aged 39, is the Executive Director and Marketing Director of CBS. She is a graduate with a Degree in Business and Administration specialising in Business Management from University of Louisiana in US. She began her career as a consultant in Deloitte & Touché Kassim Chan Consultancy Sdn Bhd ("Deloitte Consulting") in 1987. She later joined ABACUS Travel Sdn Bhd as the pioneer key management team in heading the marketing department. In 1992, she moved to International Air Travel Association as the supervisor of the newly established data center in Malaysia. She joined Cinema Corporation Sdn Bhd ("CIC") as Marketing Manager in 1994 and was subsequently promoted to the position of Managing Director for CIC in 1997. Currently, she is responsible for all marketing strategies, planning and promotion activities for the Group's products.

Mr. Wong Kang Sai, a Malaysian, aged 32, is the Executive Director and the Chief Technology Officer of CBS. He gained his Degree in Computer Science from Macquarie University of Sydney, Australia in 1993 and a Graduate Diploma in Telecommunications from University of Sydney, Australia in 1994.

He began his career as a System Engineer at ShinEtsu Group of Companies in Malaysia. Subsequently, he moved to NEC Sales (M) Sdn Bhd and Deloitte Consulting. Mr. Wong has extensive technical skills and knowledge in manufacturing environment. With these years of experiences, he understands the business of the manufacturing world and the manufacturing process flow. He has managed and implemented many large-scale projects for multi-national companies locally and abroad. He is responsible for the development of the company's core products as well as carrying out research and development to improve the products.

9. INFORMATION ON SUBSTANTIAL SHAREHOLDER, PROMOTER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Dr. Goy Hong Boon, Malaysian, aged 32, is an Independent Director of CBS. He graduated with a BBA degree in Management Information Systems from American Intercontinental University of London in 1992 and a Master of Business Administration (Finance) from Oklahoma City University in 1993. Later, he went on to pursue a research program in the field of strategic management, and upon completion in March 2003, he was awarded the Doctorate in Business Administration from University of Northwest, US.

He has 10 years of working experience in the field of corporate finance, advisory and asset management. He began his career with an international investment bank as manager. He then moved to a leading local securities firm as vice president of business development and corporate finance division. Later, he joined an asset management company as Head of Business Development. He was retained as Consultant / Advisor on reverse takeovers and initial public offering exercise for various public listed companies. Currently, he also sits on the Board of various private companies. He is a member and is licensed as Chartered Financial Management Analysts (CFMA) by the American Academy of Financial Management in US. He is also a member and practise as certified management consultant from Institute of Management Consultants, Malaysia.

Mr Choo Kok Liong, a Malaysian, aged 39, is an Independent Director of CBS. He graduated from Deakin University of Australia and holds a Bachelor of Business degree majoring in Accounting and Economics.

He is a Certified Public Accountant from CPA Australia and had undergone his training in one of the four international accounting firms. He is also a Chartered Accountant of Malaysian Institute of Accountants.

Currently, he operates his own practice which offers management and consultancy services. Prior to that, he was an accountant with the Hyatt Regency Saujana Hotel.

Mr. Lee Siew Ken, Malaysian, aged 38, is the alternate Director to Mr. Wong Kang Sai and Chief Operating Officer of CBS. He gained his Degree in Computer Engineering from University of Wollongong, Australia. He started his career with IBM Australia Ltd in 1990, providing support to international customers in the Asia Pacific region. Since then, he has garnered over 13 years of experience with various companies such as IBM Malaysia Sdn Bhd, Softbank Corp, CNL International Technologies Sdn Bhd, as well as local software development and systems integration companies.

Mr. Lee was exposed to many projects with financial institutions and the government. These projects range from IT consultancy, integration of legacy systems with Internet technologies to Secure Payment Systems. Mr. Lee had formal IBM management training and became the e-Business Technical Manager in 1998. Mr. Lee is a recipient of three IBM Professional Achievement Award.

Mr. Lee is currently responsible for day-to-day operations, which include the planning and business development of the company's business.

9. **INFORMATION ON SUBSTANTIAL SHAREHOLDER, PROMOTER, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

Mr. Lai Soon Onn, Malaysian aged 35, is the alternate Director of Ms Tan Chong Chew @ Tan Ying Ying and the Director of Technical Services of CBS. He holds a Master of Business Administration degree from Preston University, US.

He has more than 15 years experience in the IT industry especially in the Finance, Insurance and Government Sectors. He specialises in the areas of IT Data Center, Systems and Business Management. Mr. Lai has held various technical and corporate management positions in RHB Bank Bhd ("RHB") in Malaysia since 1990. During this period, he was involved in the technical and operations management of the RHB Data Center. The last appointment he held in RHB was Head of Automation and Research and Development for the Information Technology Division. Currently, he is responsible for the System Integration, Technology and Technical solutions for the company.

Mr. Lim Chye Guan, Malaysian, aged 38, is the Chief Financial Officer of CBS. He began his career as Audit Assistant in KPMG and later in Hew & Tan. He has over 8 years of audit and business advisory experience during his stay with the accounting firms. He left the audit firm and joined as Finance Manager in an investment holding company, in Ng Tiong Seng Corporation Sdn Bhd, a company with diverse investments in manufacturing of shoes, undergarments and supermarket retailing. During his three (3) year stint in the company, he was involved in the listing of a subsidiary company, Audrey International (M) Berhad. In year 2000, he joined UCP Resources Berhad, a public listed company listed on Second Board of MSEB. Later, he joined an MSC status company, Wige Asia (M) Sdn Bhd that specialised in IT for sports software. Currently, he is handling the Company's financial matters. This includes financial projections, budgeting, preparation of financial reports and handling administrative matters.

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9. INFORMATION ON SUBSTANTIAL SHAREHOLDER, PROMOTER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

9.4.1 Directorship in Other Public Corporation

None of the Directors and key management of CBS has held directorships in any other public companies for the past two (2) years.

9.4.2 Substantial Shareholdings in other Public Companies

None of the Directors and key management of CBS has held substantial shareholdings, whether directly or indirectly, in any other public companies for the past two (2) years.

9.4.3 Directors' Remuneration and Benefits

The remuneration and benefits paid to Directors of CBS for their services in all capacities to the Group for the financial years ended 31 December 2002 and 31 December 2003 are RM141,000 and RM266,040 respectively.

The range of aggregate remuneration and benefits paid and payable to the Directors of CBS for services rendered in all capacities to the Group are set out below: -

Range of remuneration and benefits paid and payable per annum	Number of Directors	
	Financial year ended 31.12.2002	Financial year ended 31.12.2003
RM50,000 and below	-	-
RM50,000 to RM100,000	3	2
Above RM100,000	-	1

9.4.4 Declaration by the Directors and Key Management

None of the Directors or key management is or was involved in the following events, whether in or outside Malaysia:

- (i) 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;
- (ii) Conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (iii) 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 activity.

9. INFORMATION ON SUBSTANTIAL SHAREHOLDER, PROMOTER, DIRECTORS AND KEY MANAGEMENT (Cont'd)

9.5 Audit committee

The details of the audit committee of CBS, which comprises Board members, are as follows:

Name	Designation	Directorships
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

The main functions of the Audit Committee includes the review of audit plans and audit reports with the Auditors, review of Auditors' evaluation of internal accounting controls and management information systems, review of the scope of internal audit procedures, review of balance sheets and income statement and nomination of Auditors.

9.6 Employee Structure

As at 15 March 2004, the CBS Group has 11 employees, none of which are members of any union or labour organisation. There has not been any event of work stoppage since incorporation. The management has always enjoyed a cordial relationship with its employees. The employees are given on the job training to enhance and broaden their knowledge of the industry.

The following is a table summarising the Group's employment structure as at 15 March 2004:

Category of employees	Total
Management and professional	4
Technical and supervisory	4
Sales staff	1
Clerical	2
Total	11

9.7 Family and Relationships

Save for Sun Chee Kong and Tan Chong Chew @ Tan Ying Ying who are husband and wife, there are no family and business relationship amongst the substantial shareholder, promoter, directors and key management of the CBS Group.

9.8 Service Agreements

There are no existing and intended service agreements between the Company (or any other company in the Group) and its directors and key management.

10. RELATED PARTY TRANSACTION / CONFLICT OF INTEREST

10.1 Related-Party Transactions / Conflict of Interest

Save as disclosed below, there have been no related party transactions or arrangements between the CBS Group and its shareholders and/or Directors of the Group within the two (2) preceding the date of this Prospectus save for the following transactions.

- (i) Sale and Purchase Agreement dated 30 June 2003 between Cyber, the Purchaser and Sun Chee Kong and Tan Chong Chew @ Tan Ying Ying, the Vendors for the acquisition of all that piece of land held under H.S.(D) 88291, PT 25176, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor together with a 3 storey shop cum office unit known as No. 15, Jalan Ara SD 7/3A, Bandar Sri Damansara, 52200 Kuala Lumpur for a total cash consideration of RM800,000.

Both Sun Chee Kong and Tan Chong Chew @ Tan Ying Ying are Directors and substantial shareholders of Cyber as well as CBS.

- (ii) Sale and Purchase Agreement dated 30 June 2003 between Cyber, the Purchaser and Sun Chee Kong and Tan Chong Chew @ Tan Ying Ying, the Vendors for the acquisition of all that piece of land held under H.S.(D) 102344, PT 541, Pekan Bukit Kepayang, Mukim Rasah, Daerah Seremban, Negeri Sembilan together with a 3 storey shop cum office unit known as No. 443, Jalan Haruan 4/3, Pusat Komersial Oakland, Seremban for a total cash consideration of RM270,000.

Both Sun Chee Kong and Tan Chong Chew @ Tan Ying Ying are Directors and substantial shareholders of Cyber as well as CBS.

- (iii) Conditional Share Sale Agreement dated 8 September 2003 between CBS, the Purchaser and Sun Chee Kong, Tan Chong Chew @ Tan Ying Ying, Common Direction Sdn Bhd, Keith Bernard Capel, Lee Siew Ken, Wong Kang Sai, Lai Soon Onn, Ng Chee Keong, See Leng Chee and Lim Chye Guan, the Vendors for the acquisition of 3,223,226 ordinary shares of RM1.00 each representing 100% of the issued and paid-up capital of Cyber for a total purchase consideration of RM3,223,226 only to be satisfied wholly by the issuance of 3,223,226 ordinary shares in CBS at an issue price of RM1.00 per ordinary share; and

Both Sun Chee Kong and Tan Chong Chew @ Tan Ying Ying are Directors and substantial shareholders of Cyber as well as CBS.

- (iv) Conditional Share Sale Agreement dated 8 September 2003 between CBS, the Purchaser and Sun Chee Kong and See Leng Chee, the Vendors for the acquisition of 35,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up capital of Netgen for a total purchase consideration of RM2,500,000 only to be satisfied wholly by the issuance of 2,500,000 ordinary shares in CBS at an issue price of RM1.00 per ordinary share.

Sun Chee Kong is a Director and substantial shareholder of Netgen as well as CBS.

10. RELATED PARTY TRANSACTION / CONFLICT OF INTEREST (Cont'd)

10.2 Interest in Similar Business

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

10.3 Declaration by Advisers

PMBB confirms that there are no existing or potential conflicts of interest in its capacity as Adviser for the listing of CBS on the MESDAQ Market.

Messrs. Teh & Lee has given its confirmation that there is no conflict of interest in its capacity as the legal due diligence adviser for the Public Issue.

Messrs. Shamsir Jasani Grant Thornton has given its confirmation that there is no conflict of interest in its capacity as the Reporting Accountants for the Public Issue.

Messrs. Ernst & Young has given its confirmation that there is no conflict of interest in its capacity as Expert.

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11. OTHER INFORMATION CONCERNING THE CBS GROUP

11.1 Approvals, Major Licences and Permit Obtained

(i) Approval of MSC Status

Netgen has been accorded with the MSC Status on 10 September 2003 and has a grace period of six (6) months to comply with the salient terms and conditions of the MSC status, as stated below:

General conditions	Status of compliance
<p>I. Complete business registration of the proposed entity as a locally incorporated company under the Companies Act 1965 within one (1) month from the date of this letter, commence operations of the proposed entity within six (6) months from the date of this letter, and undertake such activities specified in the company's business plan as approved by MDC below ("MSC-Qualifying Activities") within six (6) months from the date of this approval letter or by such date(s) as may be specified in the company's business plan as approved, which date(s) may be extended or modified with the written consent of MDC, and thereafter continue with such business and activities unless otherwise approved by MDC. The MSC-Qualifying Activities are as follows:-</p> <p>(a) Development of document security system (known as PaymateTM Secure Suite), which comprises of following:</p> <ul style="list-style-type: none"> • Paymate Core Engine; • Paymate Secure e-Distribution; • Paymate Secure e-Vault <p>(b) Development of radio frequency identification system, known as SolmateTM; and</p> <p>(c) Provision of support services for the software mentioned above.</p> <p>Any changes proposed to the above MSC-Qualifying Activities as detailed in the Business Plan must receive the prior written approval of MDC;</p>	<p>Complied.</p> <p>Netgen commenced operations of MSC-Qualifying Activities in 2000.</p> <p>The development of Netgen's products (namely PaymateTM Secure Suite and SolmateTM) have been completed and are subject to continuing research and development processes for further enhancements and modifications.</p>

11. OTHER INFORMATION CONCERNING THE CBS GROUP (Cont'd)

General conditions	Status of compliance
2. Locate and implementation and operation of the MSC-Qualifying Activities in the Cyberjaya, within six (6) months from the date of this letter, and will seek MDC's prior written approval in the event of any changes in the location or address of the company;	Will be complied with. MDC had, vide its letter dated 25 February 2004, stated that Netgen is to fully comply with the relocation requirement no later than 1 July 2004. Netgen is currently in the midst of identifying a suitable location in Cyberjaya.
3. Ensure that at all times at least 15% of the total number of employees (excluding support staff) of the MSC-Status Company shall be "knowledge workers" (as defined by MDC);	Complied. As at 15 March 2004, Netgen has 4 employees, whom are knowledge workers, representing 100% of the total number of employees of Netgen.
4. Continuously comply with the MSC's environmental guidelines as determined by MDC from time to time;	Netgen will ensure continuous compliance.
5. Submit to MDC a copy of the Company's Annual Report and Audited Statements in parallel with submission to the Companies Commission of Malaysia;	Netgen will ensure continuous compliance.
6. Inform and obtain the prior approval of MDC for any proposed change in the name of the MSC-Status Company;	Netgen will ensure compliance in the event of changes.
7. Inform MDC of any change in the equity structure or shareholding structure of the MSC-Status Company, or such other changes that may affect the direction of operation of the MSC-Status Company. MDC must be informed of any changes before steps are taken to effect such change; and	Netgen will ensure compliance in the event of changes.
8. Must comply with all such statutory, regulatory and/or licensing requirements as may be applicable.	Complied.

(ii) Major Licences and Permit Obtained

Save as disclosed below, the Group does not hold any regulatory licences or permits.

- (i) Certificate of Registration as Contractor dated 14 August 2002 issued by the Ministry of Finance appointing Cyber for the provision of software products and services as well as other computer related services commencing from 27 May 2002 to 26 June 2005; and

11. OTHER INFORMATION CONCERNING THE CBS GROUP (Cont'd)

- (ii) Certificate of Registration as Contractor dated 26 September 2003 issued by Pos Malaysia Berhad appointing Cyber for the provision of software products and services as well as other computer related services commencing from 17 September 2003 to 16 September 2005.

11.2 Approval & Condition

The listing of CBS on the MESDAQ Market is subject to the approval from the following authorities: -

- (a) MITI, which approval was obtained on 31 October 2003;
 (b) SC and FIC, which approval was obtained on 30 December 2003; and
 (c) MSEB, which approval was obtained on 31 December 2003.

The approvals from the aforesaid authorities were subjected to, inter-alia, the following conditions:

Authority	Details of conditions imposed	Status on compliance
SC and FIC	1. CBS is required to disclose the status of the utilisation of proceeds in its quarterly and annual reports until the proceeds are fully utilised;	Will be complied with.
	2. CBS is required to increase its Bumiputera equity participation to at least 29.29% within five (5) years from the listing date or within one (1) year on CBS meeting the requirements for listing on the Second Board of MSEB, whichever is earlier; and	Will be complied with.
	3. CBS is also required to furnish a preliminary proposal to the SC for CBS to fully comply with the requirement of Bumiputera equity participation within six (6) months before the deadline for compliance with the Bumiputera equity participation as stated above.	Will be complied with.
MSEB	1. CBS to disclosure in its Prospectus of the valuation of Netgen, the opinion of Messrs. Ernst & Young in relation to the valuation of Netgen and a summary of the valuation report together with the related assumptions.	Complied. Please refer to the Section 12 of this Prospectus.
	2. CBS is to seek shareholders' approval of the proposed ESOS and to furnish the final copy of the Bye-Laws and a confirmation letter from its Adviser pursuant to Rule 6.12 of Guidance Note 6 of the Listing Requirements of MSEB for the MESDAQ Market ("Listing Requirements");	Complied.

11. OTHER INFORMATION CONCERNING THE CBS GROUP (Cont'd)

Authority	Details of conditions imposed	Status on compliance
MSEB	<p>3. CBS is required to notify the Exchange on the appointment of independent directors and provide the necessary confirmations that they qualify as independent directors pursuant to the Listing Requirements;</p> <p>4. CBS is to include a negative statement in its Prospectus on the exclusion of profit forecast and projections from the Prospectus and the reason thereof.</p>	<p>Will be complied with.</p> <p>Complied. Please refer to Section 7.5 of this Prospectus.</p>
MITI	<p>1. CBS is required to increase its Bumiputera equity participation to at least 30% within five (5) years from the listing date or within one (1) year on CBS meeting the requirements for listing on the Second Board of MSEB, whichever is earlier;</p> <p>2. To obtain SC's approval for the Listing Exercise and compliance with the Policies and Guidelines on Issue/Offer of Securities issued by the SC; and</p> <p>3. To obtain MESDAQ's approval.</p>	<p>Will be complied with.</p> <p>Complied. Approval obtained on 30 December 2003.</p> <p>Complied. Approval obtained on 31 December 2003.</p>

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11. OTHER INFORMATION CONCERNING THE CBS GROUP (Cont'd)**11.3 Information on Landed Properties**

A summary of the details of the CBS Group's landed properties is as follows: -

Registered Owner	Location/ Title	Description of property/ existing use	Tenure	Approximate land area/ floor area (m ²)	Approximate age of property	Cost of investment RM	Certificate of fitness	Audited net book value as at 31 December 2003 RM
Cyber	No. 15, Jalan Ara SD 7/3A, Bandar Sri Damansara, 52200 Kuala Lumpur (Title No. H.S. (D) 88291, P.T. 25176, Mukim of Sungai Buloh, District of Petaling, Selangor)	3-storey shop/office	Freehold	163.50/ 490.53	9 years	800,000	16 April 1997	794,500
Cyber	No. 443, Jalan Haruan 4/3, Oakland Commercial Centre, 70300 Seremban (Title No. H.S. (D) 102344, P.T. No. 541, Pekan Bukit Kepayang, District of Seremban, Negeri Sembilan)	3-storey shop-cum-office	Freehold	92.9/ 278.7	7 years	270,000	1 August 2000	267,000

None of the above properties are in breach of building regulations.

12. SUMMARY EXPERT REPORT



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(Prepared for inclusion in the Prospectus)

18 March 2004

The Board of Directors
CBS Technology Berhad
No. 15, Jalan Ara SD 7/3A
Bandar Sri Damansara
52200 Kuala Lumpur

Dear Sirs

SUMMARY EXPERT REPORT IN RELATION TO THE ACQUISITION OF THE ENTIRE EQUITY INTEREST OF NETGEN SDN. BHD. BY CBS TECHNOLOGY BERHAD (“ACQUISITION”)

In accordance with the terms of our appointment by the Board of Directors of CBS Tech, we have presented our opinion on the fairness of the purchase consideration for the entire equity interest of Netgen Sdn. Bhd. (“Netgen” or “the Company”) in our expert report dated 29 August 2003.

This letter is prepared for the purpose of inclusion in the Prospectus of CBS Technology Berhad (“CBS Tech”). This letter is not intended as, and does not constitute, a recommendation by us to any potential investor of CBS Tech as to whether such potential investor should subscribe for shares in CBS Tech. This letter is also not intended to be relied on to address all business concerns and risk pertaining to Netgen or CBS Tech.

In arriving at our opinion, we have relied on and assumed that all information provided to us up to 18 March 2004 is true, accurate, not misleading and complete in all respects as at the date thereof and that all information which is or may be relevant to our engagement has been provided to us. While we have considered all information provided to us, we have not carried out the work which constitute an audit in accordance with approved standards on auditing in Malaysia. We do not express any opinion on the achievability of the financial projections.

This letter is a summary of the aforementioned expert report and includes salient extracts as follows:-

1. Subject of Valuation

Netgen is a Multimedia Super Corridor status company which provides e-security solutions with core focus on the development and provision of secure electronics document management security solutions. The Company’s existing products include PayMate™ Secure Suite (“PayMate™”) and net Payroll, as well as Solmate™ which is currently under development. We understand that the Company is committed to further its research and development activities (“R&D”) for product improvement and subsequently, market expansion.

12. SUMMARY EXPERT REPORT (Cont'd)



1. Subject of Valuation (Contd.)

The subject of the valuation is the entire issued and paid up share capital of Netgen comprising 35,000 ordinary shares of RM1 each.

2. Key Assumptions in Valuation

The key assumptions, which may have a material impact on the valuation of Netgen, are set out below:-

2.1 Hardware and Software Sales

Netgen is anticipating its revenue to grow annually by 25% in 2004 and 15% thereafter to 2008 based on the following:-

- (a) Sales to existing customers of Cyber Business Solutions Sdn. Bhd. ("Cyber"), a subsidiary company of CBS Tech, especially those in the banking sector;
- (b) New customers from strategic alliances with local and multinational information technology ("IT") organisations;
- (c) Sales from overseas business partnerships through Cyber and CBS Tech;
- (d) Annual maintenance fees from the Company's existing and future customers; and
- (e) Sales of complementary hardware accessories such as USB thumb drives and Radio Frequency Identification electronic chips which can be used together with its software solutions.

2.2 Research and Development

The Company's R&D activities has been contributed by the Directors of Netgen, Mr. Wong Kang Sai and Mr. Lee Siew Ken, as well as Cyber's staff. It is assumed that Netgen will undertake continuous R&D efforts to upgrade its existing products and develop new products through employment of the abovementioned Directors and new technical staff.

2.3 Other Key Assumptions

- (a) There will be no significant changes to the present staff cost apart from those already planned.
- (b) There will be no adverse changes in Malaysia's political, economic and social conditions which will adversely affect the performance of Netgen.
- (c) There will be no significant changes to the existing operating and accounting policies adopted by Netgen.
- (d) There will be no new or significant changes to the existing regulations that would materially affect the operations of Netgen.

12. SUMMARY EXPERT REPORT (Cont'd)



3. Basis of Valuation

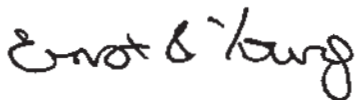
We are of the opinion that the Discounted Cash Flow ("DCF") method and a discount rate of 18% to 22% per annum is appropriate for the valuation of Netgen after taking into consideration the following:-

- The DCF takes into account the time value of money, inherent risk and the required rate of return for the shareholders based upon their perception of the risk involved;
- The weighted unlevered beta (β) of comparable companies in the IT industry;
- The average indicative yield to maturity on a ten-year Malaysian Government Securities;
- The expected market return on equity and the risk associated with the Company's limited track record; and
- The potential growth for information security solutions.

4. Opinion of Value

On the basis of the foregoing, we are of the opinion that the purchase consideration for the Acquisition of RM2.5 million is fair.

Yours faithfully



Ernst & Young
Valuations
Transaction Advisory Services