

Solutions

P R O S P E C T U S



www.viztel.com

汇通科技
VIZTEL SOLUTIONS BERHAD
(489232-W)
(Incorporated in Malaysia under the Companies Act, 1965)

I. PUBLIC ISSUE OF 15,000,000 NEW ORDINARY SHARES OF RM0.10 EACH AT AN ISSUE PRICE OF RM0.35 PER SHARE PAYABLE IN FULL UPON APPLICATION COMPRISING:

- 1,500,000 NEW ORDINARY SHARES OF RM0.10 EACH AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 11,500,000 NEW ORDINARY SHARES OF RM0.10 EACH AVAILABLE FOR PRIVATE PLACEMENT TO SELECTED INVESTORS; AND
- 2,000,000 NEW ORDINARY SHARES OF RM0.10 EACH AVAILABLE FOR APPLICATION BY ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES OF VIZTEL SOLUTIONS BERHAD ("VIZTEL") AND ITS SUBSIDIARY COMPANIES

II. OFFER OF EMPLOYEE SHARE OPTION SCHEME OPTIONS IN VIZTEL TO THE NON-EXECUTIVE DIRECTORS OF VIZTEL

IN CONJUNCTION WITH THE LISTING OF VIZTEL ON THE MESDAQ MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Adviser, Sponsor, Underwriter and Placement Agent



ALLIANCE MERCHANT BANK

Alliance Merchant Bank Berhad (21605-D)

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" IN SECTION 4 HEREIN

This Prospectus Is Dated 30 June 2004



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VIZTEL SOLUTIONS BERHAD
(489232-W)

(Incorporated in Malaysia under the Companies Act, 1965)

Level 62, Tower 2, P.O. Box 49
Petronas Twin Towers, Kuala Lumpur City Centre
50088 Kuala Lumpur, Malaysia
Tel: 60-3-2711 7712 Fax: 60-3-2711 7713



This Prospectus has been seen and approved by the Directors and Promoters of the corporation and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, after having made all reasonable enquiries, that 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.

Alliance Merchant Bank Berhad, 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 offering.

The Securities Commission and Bursa Malaysia Securities Berhad have approved the public issue and the approval shall not be taken to indicate that the Securities Commission and Bursa Malaysia Securities Berhad recommends the public issue.

The Securities Commission shall not be liable for any non-disclosure on the part of the corporation 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 ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

Bursa Malaysia Securities Berhad 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 of Bursa Malaysia Securities Berhad 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 Securities Commission. 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 Bursa Malaysia Securities Berhad – 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 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 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/investments 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, the latest financial statements and corporate announcements. In this respect, advice from a securities professional/adviser is strongly recommended.

This Prospectus can also be viewed or downloaded from Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com

Indicative Timetable

Opening of Application for the Public Issue	10.00 a.m. on 30 June 2004
Closing of Application for the Public Issue	5.00 p.m. on 12 July 2004
Target date for balloting of Applications	14 July 2004
Target date of despatch of notices of allotment of shares	21 July 2004
Tentative listing date	22 July 2004

The Directors of Viztel Solutions Berhad and the Underwriter may mutually decide to extend the closing date of the application to a further date or dates. Should the closing date of the Application for the Public Issue be extended, the dates for the balloting, allotment and listing of Viztel Solutions Berhad's entire enlarged issued and paid-up share capital on the MESDAQ Market would be extended accordingly. Where the closing date of Application for the Public Issue is extended from the original closing date, the notice of such extensions(s) will be published in a widely circulated daily English newspaper within Malaysia.

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DEFINITIONS

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

Act	:	Companies Act, 1965
Aculab	:	Aculab Ltd. United Kingdom
ADA	:	Authorised Depository Agent
ADA Code	:	ADA (Broker) Code
AirAsia	:	AirAsia Sdn Bhd (284669-W)
Alliance	:	Alliance Merchant Bank Berhad (21605-D)
ASUS	:	ASUSTeK Computer Inc.
Bursa Malaysia	:	Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) (635998-W)
Board	:	Board of Directors
Bonus Issue	:	Bonus issue of 2,337,568 new ordinary shares of RM1.00 each in Viztel credited as fully paid-up on the basis of approximately 1.41 new ordinary shares of RM1.00 each in Viztel for every one (1) existing ordinary share of RM1.00 each in Viztel held via the full capitalisation of RM2,337,568 from the share premium account of the Company as at 31 December 2003
BVI	:	British Virgin Islands
Capitalisation of Interest	:	Capitalisation of interest amounting to RM349,190 accruing to the RCPS-B held by MVCC up to 15 April 2004 into 46,250 new ordinary shares of RM1.00 each in Viztel issued at an issue price of approximately RM7.55 per share to MVCC
CDS	:	Central Depository System
CDS Account	:	An account established by Malaysian Central Depository Sdn Bhd for a depositor for the recording of deposit of securities and for dealing in such securities by the depositor
Conversion of RCPS-A and RCPS-B	:	Conversion of the RCPS-A and RCPS-B at a conversion rate of one (1) new ordinary share of RM1.00 each in Viztel for every one (1) RCPS held
Dialogic	:	Dialogic Corporation, USA
EPS	:	Earnings per Share
ESOS	:	Employees' share option scheme established by Viztel for the grant of options to eligible employees and Directors of the Group to subscribe for Shares in Viztel, in conjunction with the IPO

DEFINITIONS (cont'd)

FYE	:	Financial Year End
GDP	:	Gross Domestic Product
HKD	:	Hong Kong Dollar
IDC	:	International Data Corporation
Infotalk	:	Infotalk Corporation Ltd, Hong Kong (Co. No. 556768)
IPO	:	Initial Public Offering
Issuance of Shares to Employees	:	Issuance of 87,500 new ordinary shares of RM1.00 each in Viztel to key employees of the Viztel Group at an issue price of RM1.60 per share
Issuance and Conversion of RCPS-C	:	Issuance of 132,450 RCPS-C at an issue price of RM7.55 per RCPS-C and the conversion of the RCPS-C at a rate of one (1) new ordinary share of RM1.00 each in Viztel for every one (1) RCPS-C held
Issue or Public Issue	:	Public issue of 15,000,000 new Shares representing 27.3% of the enlarged issued and paid-up share capital of Viztel at the Issue Price subject to the terms and conditions of this Prospectus
Issue Price	:	RM0.35 for each Issue Share
Issue Shares	:	The 15,000,000 new Shares in the capital of the Company to be issued pursuant to the Public Issue and subject to the terms and conditions of this Prospectus
IT	:	Information Technology
LAT	:	Loss After Taxation
LBT	:	Loss Before Taxation
Listing	:	Listing of and quotation for the entire enlarged issued and paid-up capital of Viztel comprising 68,750,000 Shares on the MESDAQ Market
Logilabs	:	LogiLabs Sdn Bhd (508581-P)
Market Day	:	A day on which Bursa Malaysia is open for trading in securities
BMD	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
MDC	:	Multimedia Development Corporation Sdn Bhd (389346-D)
MESDAQ Market	:	The MESDAQ Market of Bursa Malaysia
MI	:	Minority Interests
Moliba	:	Moliba Technologies Limited (695463)

DEFINITIONS (cont'd)

MSC	:	Multimedia Super Corridor
MVCC	:	Mayban Venture Capital Company Sdn Bhd (392784-M), a venture capital fund managed by Mayban Ventures Sdn Bhd (232820-U)
NAV	:	Net Asset Value
NDP	:	National Development Policy
Nirvana	:	Nirvana Capital Ltd. (CR-95705), a venture capital fund managed by Techpacific Capital
NTA	:	Net Tangible Assets
PAT	:	Profit After Tax
PBT	:	Profit Before Tax
PC	:	Personal Computer
PE Multiple	:	Price Earnings Multiple
PRC	:	People's Republic of China
Picktips	:	Picktips.com Limited (374988)
PFSB	:	Positive Force Sdn Bhd (293671-A)
Promoters	:	MVCC, PFSB, SJAM, Techpacific, Abdul Farish bin Abd Rashid, Lau Kin Wai, Pang Hao Chen and Chong Kam Hoe, collectively
R & D	:	Research and Development
RCPS	:	Redeemable Convertible Preference Shares
RCPS-A	:	The 175,000 RCPS which were issued to Nirvana on 18 July 2000 at an issue price of approximately RM17.14 per RCPS-A. On 16 June 2004 Nirvana disposed of the 175,000 RCPS-A to SJAM.
RCPS-B	:	RCPS-B(1) and RCPS-B(2), collectively
RCPS-B (1)	:	The 194,517 RCPS which were issued to MVCC on 19 June 2002 (112,742 RCPS-B) and 5 November 2002 (81,775 RCPS-B) at an issue price of approximately RM7.55 per RCPS-B
RCPS-B (2)	:	The 159,054 RCPS which were issued to MVCC on 19 June 2003 at an issue price of RM7.55 per RCPS

DEFINITIONS (cont'd)

RCPS-C	:	The 132,450 RCPS which were issued on 18 June 2004 at an issue price of RM7.55 per RCPS-C to the following:	
			No. of RCPS-C
		Ng Chong Jin	31,126
		Ngu Foong Keng	26,490
		Salbiah Shuib	26,490
		Tan Peng Bon	16,556
		Lim Kah Wui	13,245
		Khoo Keow Pin	11,920
		Lim Su Hooi	6,623
			<u>132,450</u>
ROC	:	Registrar of Companies	
RM and Sen	:	Ringgit Malaysia and Sen, respectively	
Rmb	:	Renminbi	
SGD	:	Singapore Dollar	
Share(s)	:	Ordinary share(s) of RM0.10 each in the capital of Viztel	
Speechworks	:	SpeechWorks International, Inc. USA	
SJAM	:	SJ Asset Management Sdn Bhd (223993-P)	
Telcos	:	Telecommunications Companies	
Techpacific	:	Techpacific.com (BVI) Investments Limited (338639)	
Thai Baht	:	Thailand Baht	
Underwriting Agreement	:	Underwriting agreement dated 11 June 2004 between Viztel and the Underwriter	
USA	:	United States of America	
USD	:	United States Dollar	
Viztel or the Company	:	Viztel Solutions Berhad (489232-W)	
Viztel Group or the Group	:	Viztel and its subsidiary companies, collectively	
VS HK	:	Viztel Solutions (Hong Kong) Limited (726868)	
VS S'pore	:	Viztel Solutions (Singapore) Pte Ltd (200004341-H)	
YFI	:	Yunnan Flying Informations & Network Co. Ltd. (5300002011175)	

GLOSSARY OF TECHNICAL TERMS

3G	:	Third Generation (Wireless) Refers to near-future global developments in personal and business wireless technology, especially mobile communications. This phase is expected to reach maturity between the years 2003 and 2005.
DTMF	:	Dual Tone Multi Frequency The signal to the telephone company generated when a user presses an ordinary telephone's touch keys.
GPRS	:	General Packet Radio Service A packet-based wireless communication service that promises data rates from 56 up to 114 Kilobits per second ("Kbps") and continuous connection to the Internet for mobile telephone and computer users. The higher data rates will allow users to take part in video conferences and interact with multimedia websites and similar applications using mobile handheld devices as well as notebook computers. GPRS is based on Global System for Mobile ("GSM") communication.
GUI	:	Graphical User Interface
ICT	:	Information Communication Technology
IP	:	Internet Protocol
ISP	:	Internet Service Provider
ITSP	:	Internet Telephony Service Provider
IT	:	Information Technology
IVMS	:	Interactive Voice Messaging System
M-Cube	:	Messaging Solution
MMS	:	Multimedia Messaging System A messaging protocol that will be replacing SMS and has more advanced capabilities such as audio and visual features.
PDA	:	Personal Digital Assistant A personal handheld computer that is used for storing contact details, calendar, task lists and running other software.
PSTN	:	Public Switched Telephone Network
SMS	:	Short Messaging System A service for sending messages of up to 160 characters (224 characters if using a 5-bit mode) to mobile telephones that use GSM communication.
SOAP	:	Simple Object Access Protocol An industry standard for the encapsulation and interaction of remote software objects, based on XML interface.
SONIA	:	Speech Operated Natural Interactive Assistant
SWAP	:	Speech and Wireless Application Platform
T-Cube	:	Prepaid and Post-paid Telephony Gateway

GLOSSARY OF TECHNICAL TERMS (cont'd)

TTS	:	Text-to-Speech
VoIP	:	Voice over Internet Protocol A set of facilities for managing the delivery of voice information using the IP. This means sending voice information in digital form in discrete packets rather than in the traditional circuit-committed protocols of the PSTN. A major advantage of VoIP and Internet telephony is that it avoids the tolls charged by ordinary telephone service.
XML	:	Extended Markup Language

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Occupation	Nationality
Abdul Farish bin Abd Rashid <i>(Non-Independent Non-Executive Chairman)</i>	Kg. Bingkul Peti Surat Bil 126 89807 Beaufort Sabah	Company Director	Malaysian
Lau Kin Wai <i>(Managing Director)</i>	315-F, Riana Green Jalan Tropicana Utara 47410 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Pang Hao Chen <i>(Executive Director)</i>	58, Jalan BU 10/8 Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
David Kim <i>(Independent Non-Executive Director)</i>	Suite 4014 Convention Plaza Apartments South West Tower Convention Plaza 1, Harbour Road Wanchai Hong Kong	Company Director	American
David Mizan Hashim <i>(Independent Non-Executive Director)</i>	No. 66, Lorong Riong Off Jalan Bangsar 59100 Kuala Lumpur	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
David Kim	Chairman	Independent Non-Executive Director
David Mizan Hashim	Member	Independent Non-Executive Director
Pang Hao Chen	Member	Executive Director

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

- COMPANY SECRETARY** : Choong Yoke Leng (LS0016)
102, Jalan Dagang 1/3
Taman Dagang
68000 Ampang
Selangor Darul Ehsan
- Low Yet Chin (MAICSA 7041444)
4-3-9, Blk 4, Meadow Park II
Jalan 1/130, Off Jalan Klang Lama
58200 Kuala Lumpur
- REGISTERED OFFICE / HEAD OFFICE** : Level 62, Tower 2, P. O. Box 49
Petronas Twin Towers
Kuala Lumpur City Centre
50088 Kuala Lumpur
Tel.: 03-2711 7712
Fax: 03-2711 7713
Website: www.viztel.com
Email: info@viztel.com
- REGISTRAR** : Malaysian Share Registration Services Sdn Bhd
7th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur
Tel: 03-2026 8099
- PRINCIPAL BANKERS** : Public Bank Berhad
Bukit Damansara Branch
36-40, Medan Setia 2
Plaza Damansara, Bukit Damansara
50490 Kuala Lumpur
Tel: 03-2095 4278
- RHB Bank Berhad
PJ Premium Banking Centre
13-15, Jalan 52/2
46200 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7956 9611
- Malayan Banking Berhad
G-M Floor, Bangunan CGC
Kelana Business Centre
97, Jalan SS7/2
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7805 1169
- AUDITOR AND REPORTING ACCOUNTANT** : Ernst and Young (AF 0039)
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel. : 03-2087 7000

1. CORPORATE DIRECTORY (cont'd)

- SOLICITORS FOR THE LISTING EXERCISE** : Cheang & Ariff
39 Court
39, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel.: 03-2161 0803
- ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : Alliance Merchant Bank Berhad
Level 29, Menara Multi-Purpose
Capital Square
8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03-2692 7788
- ISSUING HOUSE** : MIDF Consultancy and Corporate Services Sdn Bhd
12th Floor, Bangunan MIDF
195A, Jalan Tun Razak
50400 Kuala Lumpur
Tel.: 03-2160 2739
- LISTING SOUGHT** : MESDAQ Market of Bursa Malaysia

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2. INFORMATION SUMMARY

THIS INFORMATION SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE VIZTEL GROUP. PRIOR TO DECIDING WHETHER TO INVEST, PROSPECTIVE INVESTORS SHOULD CAREFULLY READ AND UNDERSTAND THE WHOLE PROSPECTUS, INCLUDING THE MATTERS SET FORTH UNDER THE HEADING "RISK FACTORS" IN SECTION 4 OF THIS PROSPECTUS.

THE INFORMATION SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE MORE DETAILED INFORMATION, INCLUDING THE ACCOUNTANT'S REPORT AND NOTES THERETO, INCLUDED ELSEWHERE IN THIS PROSPECTUS.

2.1 History, Principal Activities and Group Structure

Viztel was incorporated in Malaysia on 22 July 1999 under the Act as a private limited company under the name of Genuine Vantage Sdn Bhd and commenced operations on 2 September 1999. It assumed its current name on 14 October 1999 and subsequently converted to a public company on 28 June 2003.

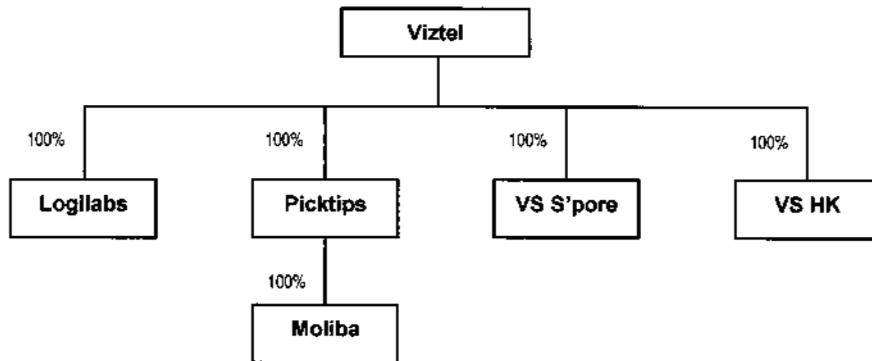
The Company is principally involved in the development and marketing of computer software and voice technology and the provision of consultancy services related to computer software and voice technology. The Company's principal activities are in line with the Government's initiatives that led to the formation of the MSC, of promoting local R&D and the export of software products. Viztel was granted MSC status on 24 April 2000 by the MDC, the governing body of the MSC. With its MSC status, the Company enjoys a wide range of financial and non-financial incentives, including corporate tax exemption, funding exemption and flexible movement of skilled IT professionals from its overseas offices.

The principal activities of the Company's subsidiary companies are as follows:

Subsidiaries of Viztel	Date / Country of incorporation	Effective equity interest	Issued and Paid-up Capital	Principal activities
VS HK	09.08.2000 Hong Kong	100%	HKD1,800,000	Development and provision of wireless and voice technology enabling solutions and applications
VS S'pore	19.05.2000 Singapore	100%	SGD190,002	Service provider for telecommunications technologies
Logilabs	22.03.2000 Malaysia	100%	RM1,000	Authorised value-added distributor for ASUS and provision of value-added telecommunication services
Picktips	14.03.2000 British Virgin Islands	100%	USD1,388.91	Unlisted investment holding
Subsidiary of Picktips				
Moliba	22.11.1999 Hong Kong	100%	HKD50,758.85	Development of wireless and voice technology on PDA's solutions and application

2. INFORMATION SUMMARY (cont'd)

The Group's corporate structure is represented below:



Please refer to Section 6.4 for more information on the Viztel Group.

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2. INFORMATION SUMMARY (cont'd)

2.2 Promoters, Substantial Shareholders, Directors, Key Management and Technical Personnel

The direct and indirect interests of the Promoters, substantial shareholders, Directors, key management and technical personnel in the issued and paid-up share capital of the Company before and after the Public Issue are as follows:

Name	Designations	Before Public Issue				After Public Issue ^a				After Public Issue and full exercise of ESOS Options			
		Direct		Indirect		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoters													
MVCC	-	10,646,620	26.62	-	-	10,646,620	19.36	-	-	10,646,620	15.49	-	-
PFSB	-	5,894,980	14.74	-	-	5,894,980	10.72	-	-	5,894,980	8.57	-	-
Abdul Farish bin Abd Rashid	Non-Independent Non-Executive Chairman	-	-	5,894,980*	14.74	-	-	5,894,980*	10.72	1,343,750	1.95	5,894,980*	8.57
Lau Kin Wai	Managing Director	2,759,640	6.90	-	-	2,759,640	5.02	-	-	4,103,390	5.97	-	-
Pang Hao Chen	Executive Director	2,759,620	6.90	-	-	2,759,620	5.02	-	-	4,103,370	5.97	-	-
Chong Kam Hoe	Vice President, Business Development	2,759,640	6.90	-	-	2,759,640	5.02	-	-	4,103,390	5.97	-	-
SJAM	-	5,894,980	14.74	-	-	5,894,980	10.72	-	-	5,894,980	8.57	-	-
Techpacific	-	1,529,350	3.82	-	-	1,529,350	2.78	-	-	1,529,350	2.22	-	-
Substantial shareholders													
MVCC	-	10,646,620	26.62	-	-	10,646,620	19.36	-	-	10,646,620	15.49	-	-
PFSB	-	5,894,980	14.74	-	-	5,894,980	10.72	-	-	5,894,980	8.57	-	-
SJAM	-	5,894,980	14.74	-	-	5,894,980	10.72	-	-	5,894,980	8.57	-	-
Lau Kin Wai	Managing Director	2,759,640	6.90	-	-	2,759,640	5.02	-	-	4,103,390	5.97	-	-

2. INFORMATION SUMMARY (cont'd)

Name	Designations	Before Public Issue				After Public Issue ⁶				After Public Issue and full exercise of ESOS Options			
		Direct		Indirect		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Pang Hao Chen	Executive Director	2,759,620	6.90	-	-	2,759,620	5.02	-	-	4,103,370	5.97	-	-
Chong Kam Hoe	Vice President, Business Development	2,759,640	6.90	-	-	2,759,640	5.02	-	-	4,103,390	5.97	-	-
Jasmani Haji Abbas	-	-	-	10,646,620 [^]	26.62	-	-	10,646,620 [^]	19.36	-	-	10,646,620 [^]	15.49
Tan Sri Mohamed Basir bin Ahmad	-	-	-	10,646,620 [^]	26.62	-	-	10,646,620 [^]	19.36	-	-	10,646,620 [^]	15.49
Malayan Banking Berhad	-	-	-	10,646,620 [^]	26.62	-	-	10,646,620 [^]	19.36	-	-	10,646,620 [^]	15.49
Datin Siti Rubiah binti Datuk Samad	-	-	-	5,894,980 [*]	14.74	-	-	5,894,980 [*]	10.72	-	-	5,894,980 [*]	8.57
Abdul Farish bin Abd Rashid	Non-Independent Non-Executive Chairman	-	-	5,894,980 [*]	14.74	-	-	5,894,980 [*]	10.72	1,343,750	1.95	5,894,980 [*]	8.57
SJAM Holdings Sdn Bhd	-	-	-	5,894,980 [#]	14.74	-	-	5,894,980 [#]	10.72	-	-	5,894,980 [#]	8.57
Dato' Nik Mohd Sidek bin Nik Abu Bakar	-	-	-	5,894,980 [@]	14.74	-	-	5,894,980 [@]	10.72	-	-	5,894,980 [@]	8.57
Tan Whai Oon	-	-	-	5,894,980 [@]	14.74	-	-	5,894,980 [@]	10.72	-	-	5,894,980 [@]	8.57

2. INFORMATION SUMMARY (cont'd)

Name	Designations	Before Public Issue				After Public Issue*				After Public Issue and full exercise of ESOS Options			
		Direct		Indirect		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors													
Abdul Farish bin Abd Rashid	Non-Independent Non-Executive Chairman	-	-	5,894,980*	14.74	-	-	5,894,980*	10.72	1,343,750	1.95	5,894,980*	8.57
Lau Kin Wai	Managing Director	2,759,640	6.90	-	-	2,759,640	5.02	-	-	4,103,390	5.97	-	-
Pang Hao Chen	Executive Director	2,759,620	6.90	-	-	2,759,620	5.02	-	-	4,103,370	5.97	-	-
David Kim	Independent Non-Executive Director	-	-	-	-	300,000	0.55	-	-	1,300,000	0.89	-	-
David Mizan Hashim	Independent Non-Executive Director	-	-	-	-	-	-	-	-	500,000	0.09	-	-
Key Management / Technical Personnel													
Lau Kin Wai	Managing Director	2,759,640	6.90	-	-	2,759,640	5.02	-	-	4,103,390	5.97	-	-
Pang Hao Chen	Executive Director,	2,759,620	6.90	-	-	2,759,620	5.02	-	-	4,103,370	5.97	-	-
Chong Kam Hoe	Vice President, Business Development	2,759,640	6.90	-	-	2,759,640	5.02	-	-	4,103,390	5.97	-	-
Jordan Lim Meng Kee	Senior Technical Consultant	23,500	0.59	-	-	35,500	0.06	-	-	175,500	0.26	-	-

Note:

^ Deemed interested by virtue of his/its substantial shareholding in MVCC

* Deemed interested by virtue of his/her substantial shareholding in PFSB

Deemed interested by virtue of its substantial shareholding in SJAM

@ Deemed interested by virtue of their substantial shareholding in SJAM Asset Holdings Sdn Bhd

& Assuming that the pink forms allocated are fully taken up

2. INFORMATION SUMMARY *(cont'd)*

Further information on the Promoters, substantial shareholders, Directors and key management and technical personnel are disclosed in Section 8 of this Prospectus.

2.3 Technology, Intellectual Property and Licences

Viztel's unique and proprietary technology lies in its library of software modules built on SWAP, its proprietary architecture. Viztel integrates the mutually interactive modules from its library to design complete software systems that the Company then sells or licenses to its customers. Viztel signs a Software Licensing Agreement with its customers to ensure the protection of its intellectual property rights.

Further details on the methods Viztel employs for intellectual property protection is disclosed under Section 6.19.

2.4 Historical Financial Record

The table below sets out a summary of the consolidated results of the Group for the four (4) financial period/years ended 31 December 2003.

	←----- FYE 31 December -----→			
	2000*	2001 (restated)	2002	2003
	RM	RM	RM	RM
Revenue	192,295	2,174,902	2,233,550	4,612,951
EBITDA	(980,662)	(46,989)	510,653	1,793,702
Interest expense	(1,626)	(211,347)	(249,111)	(395,055)
Deferred development costs charged out	-	(100,553)	-	-
Depreciation	(29,025)	(46,480)	(55,833)	(215,441)
(LBT)/PBT	(1,011,313)	(405,369)	205,709	1,183,206
Taxation	-	(35,701)	-	(17,750)
(LAT)/PAT	(1,011,313)	(441,070)	205,709	1,165,456
No. of ordinary shares of RM1.00 each in issue	700,000	825,000	825,000	867,661
Gross (loss) per share/EPS (sen)	(144.5)	(49.1)	24.9	136.4
Net (loss) per share/EPS (sen)	(144.5)	(53.5)	24.9	134.3

Notes:

- * Financial period from 22 July 1999 to 31 December 2000
- 1. The analysis of the financial results of the Group is set out in the Accountant's Report in Section 12 of this Prospectus
- 2. There were no extraordinary items or exceptional items for the period/years under review
- 3. Gross (loss per share)/EPS is calculated based on the consolidated (LBT)/PBT divided by the number of ordinary shares in issue during the respective period/years
- 4. Net (loss per share)/EPS is calculated based on the consolidated (LAT)/PAT divided by the number of ordinary shares in issue during the respective period/years

The audited financial statements of the Company and its subsidiary companies for the past four (4) financial period/years have not been subjected to any auditor's qualification.

2. INFORMATION SUMMARY (cont'd)

Please refer to Section 5.1 of this Prospectus for detailed information on the historical financial information of the Viztel Group.

2.5 Proforma Consolidated Balance Sheets

The following is a summary of the proforma consolidated balance sheet of the Viztel Group as at 31 December 2003, prepared for illustrative purposes only, assuming the following had been affected on that date:

Proforma I	Conversion of RCPS-A and RCPS-B, Issuance of Shares to Employees, Issuance and Conversion of RCPS-C, Capitalisation of Interest
Proforma II	After Proforma I and the Bonus Issue
Proforma III	After Proforma II and the Share Split
Proforma IV	After Proforma III, the Public Issue and utilisation of proceeds
Proforma V	After Proforma IV and full exercise of ESOS Options

	<i>Audited as at 31/12/03 RM</i>	<i>Proforma I RM</i>	<i>Proforma II RM</i>	<i>Proforma III RM</i>	<i>Proforma IV RM</i>	<i>Proforma V RM</i>
NON-CURRENT ASSETS						
Plant and equipment	1,041,518	1,041,518	1,041,518	1,041,518	1,444,518	1,444,518
Deferred development costs	5,301,627	5,301,627	5,301,627	5,301,627	6,064,202	6,064,202
Negative goodwill on consolidation	(89,427)	(89,427)	(89,427)	(89,427)	(89,427)	(89,427)
	<u>6,253,718</u>	<u>6,253,718</u>	<u>6,253,718</u>	<u>6,253,718</u>	<u>7,419,293</u>	<u>7,419,293</u>
CURRENT ASSETS						
Trade receivables	3,082,690	3,082,690	3,082,690	3,082,690	3,082,690	3,082,690
Other receivables	370,535	370,535	370,535	370,535	370,535	370,535
Cash and bank balances	715,752	658,750	658,750	658,750	3,443,175	8,255,675
	<u>4,168,977</u>	<u>4,111,975</u>	<u>4,111,975</u>	<u>4,111,975</u>	<u>6,896,400</u>	<u>11,708,900</u>
CURRENT LIABILITIES						
Trade payables	(311,950)	(311,950)	(311,950)	(311,950)	(311,950)	(311,950)
Other payables	(1,547,951)	(1,268,533)	(1,268,533)	(1,268,533)	(1,268,533)	(1,268,533)
Tax payable	(17,750)	(17,750)	(17,750)	(17,750)	(17,750)	(17,750)
Borrowings	(4,862,323)	-	-	-	-	-
	<u>(6,739,974)</u>	<u>(1,598,233)</u>	<u>(1,598,233)</u>	<u>(1,598,233)</u>	<u>(1,598,233)</u>	<u>(1,598,233)</u>
NET CURRENT (LIABILITIES)/ASSETS	<u>(2,570,997)</u>	<u>2,513,742</u>	<u>2,513,742</u>	<u>2,513,742</u>	<u>6,463,742</u>	<u>11,276,242</u>
	<u>3,682,721</u>	<u>8,767,460</u>	<u>8,767,460</u>	<u>8,767,460</u>	<u>2,717,460</u>	<u>17,529,960</u>

2. INFORMATION SUMMARY (cont'd)

	<i>Audited as at 31/12/03</i>	<i>Proforma I</i>	<i>Proforma II</i>	<i>Proforma III</i>	<i>Proforma IV</i>	<i>Proforma V</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
FINANCED BY:						
SHARE CAPITAL AND RESERVES						
Share capital	867,661	1,662,432	4,000,000	4,000,000	5,500,000	6,875,000
Share premium	283,430	6,647,308	4,309,740	4,309,740	6,759,740	10,197,240
Exchange translation reserves	(32,311)	(32,311)	(32,311)	(32,311)	(32,311)	(32,311)
(Accumulated losses)/ retained profits	(141,218)	454,333	454,333	454,333	454,333	454,333
Shareholders' funds	977,562	8,731,762	8,731,762	8,731,762	12,681,762	17,494,262
Minority interests	-	-	-	-	-	-
	977,562	8,731,762	8,731,762	8,731,762	12,681,762	17,494,262
NON-CURRENT LIABILITIES						
Borrowings	2,669,461	-	-	-	-	-
Deferred taxation	35,698	35,698	35,698	35,698	35,698	35,698
	2,705,159	35,698	35,698	35,698	35,698	35,698
	3,682,721	8,767,460	8,767,460	8,767,460	12,717,460	17,529,960
Net Tangible (Liabilities)/Assets per share	(4.88)	2.12	0.88	0.09	0.12	0.17

Note:

Listing expenses of RM1,300,000 is deducted from the share premium account pursuant to the Public Issue

Please refer to Section 13 of this Prospectus for the detailed information on the proforma consolidated balance sheets of the Viztel Group.

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2. INFORMATION SUMMARY (cont'd)

2.6 Risk Factors

Prospective investors, prior to making an investment in the Company, should carefully consider the risk factors inherent in and affecting the business of the Group and this offering.

The key risk factors that may affect the Group's future profitability are not limited to financial risks, market risks and industry risks, but include the following:

- (i) Operating risks
- (ii) Competition
- (iii) Brand Awareness
- (iv) Rapid technological/product change in the software/ICT services market
- (v) Product risks
- (vi) Dependence on directors and key personnel
- (vii) Reliance on contracts and customer base
- (viii) Reliance on other industries
- (ix) Intellectual property rights
- (x) R&D related risks
- (xi) Future capital injections
- (xii) No prior market for Viztel Shares and possible volatility of share price
- (xiii) New geographical market
- (xiv) Control by substantial shareholders
- (xv) Foreign currency exchange risks
- (xvi) Litigation risks
- (xvii) Regulatory risks
- (xviii) Change in MSC status
- (xix) Uncertainty of proposed 5-year Business Development Plan
- (xx) Acquisitions and joint ventures
- (xxi) Forward-looking statements

For a more detailed commentary on key risk factors, please refer to Section 4 of this Prospectus.

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2. INFORMATION SUMMARY (cont'd)

2.7 Principal Statistics Relating to the Public Issue

The following statistics relating to the Public Issue are derived from the full text of this Prospectus and should be read in conjunction with that text.

Share Capital

Authorised share capital:	RM
100,000,000 ordinary shares of RM0.10 each	10,000,000

Issued and fully paid-up share capital:	
40,000,000 ordinary shares of RM0.10 each	4,000,000

To be issued pursuant to the Public Issue:	
15,000,000 new ordinary shares of RM0.10 each	1,500,000

Enlarged share capital	
55,000,000 ordinary shares of RM0.10 each	<u>5,500,000</u>

Issue Price per ordinary share of RM0.10 each	0.35
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Market capitalisation based on issue price of RM0.35 per ordinary share of RM0.10 each	19,250,000
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The Public Issue shall be by way of private placement to institutional and individual investors and public offering to members of the Malaysian public, eligible Directors, employees and business associates of the Group, details of which are disclosed in Section 3.4 of this Prospectus.

There is only one (1) class of shares in the Company, namely ordinary shares of RM0.10 each. The Issue Shares shall rank pari passu in all respects with the existing issued Shares of the Company, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of this Prospectus.

Proforma NTA based on the Proforma Consolidated Balance Sheets as at 31 December 2003:

Proforma NTA upon listing (RM'000)	6,707
Proforma NTA per share upon listing (RM)	0.12

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2. INFORMATION SUMMARY *(cont'd)*

2.8 Proceeds of the Issue and Proposed Utilisation

Based on an issue price of RM0.35 per Share, the Company expects gross proceeds of approximately RM5,250,000 from the Public Issue to accrue to the Company. This amount is expected to be utilised in the manner summarised in the table below. Further details on the proposed utilisation of proceeds are disclosed in Section 3.6 of this Prospectus.

Purpose	RM	Estimated timeframe for utilisation
Proposed overseas investments	540,190	By June 2006
R&D expenditure	762,575	By June 2006
Investments in telecommunications equipment	403,000	By September 2004
Working capital	2,244,235	By June 2006
Estimated listing expenses	1,300,000	By September 2004
	<u>5,250,000</u>	

2.9 Material Litigation, Working Capital, Borrowings, Material Capital Commitments and Contingent Liabilities

(i) Material Litigation

Save as disclosed below, as at 22 June 2004 (being the latest practicable date prior to the registration of this Prospectus), neither Viztel nor its subsidiaries are engaged in any material litigation or arbitration, including those pending and threatened and those settled, concluded or avenue for appeal exhausted in the preceding one (1) year, either as plaintiff or defendant, which has a material effect on the financial position of the Group. The Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

Viztel had on 16 July 2003 filed a suit against Allied Interactive Sdn Bhd for a sum of RM200,000 for services rendered for the MOTdotNET Project. The matter is now fixed for a hearing on 23 August 2004. The solicitors for the suit are of the opinion that Viztel stands a fair chance to succeed in the claim. Please refer to Section 15.4 of this Prospectus for further information on the material litigation.

(ii) Working Capital

The Directors of the Company are of the opinion that after taking into account the cashflow position of the Group including the proceeds from the Public Issue and the banking facilities available, the Viztel Group has adequate working capital for a period of twelve (12) months from the date of this Prospectus.

(iii) Borrowings

As at 22 June 2004 (being the latest practicable date prior to the registration of this Prospectus), the Group does not have any loan capital outstanding or credited but unissued, mortgages or charges outstanding, convertible debt outstanding, guarantees or other borrowings. There has been no default in respect of the payment of either interest and/or principal sums in relation to any borrowings since the last audited financial statements of the Group.

2. INFORMATION SUMMARY (cont'd)

(iv) Material Capital Commitment

As at 22 June 2004 (being the latest practicable date prior to the registration of this Prospectus), the Group does not have any material capital commitments that may have a substantial effect on the financial position or business of the Group.

(v) Contingent Liabilities

As at as at 22 June 2004 (being the latest practicable date prior to the registration of this Prospectus), the Group does not have any contingent liabilities which, upon becoming enforceable, may materially impact the profit or net asset value of the Group.

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