

5. FINANCIAL INFORMATION

5.1 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.

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5. FINANCIAL INFORMATION (cont'd)

5.2 Segmental Analysis of Financial Information

(a) Analysis by Revenue

	< -----Financial Period/Years ended 31 December----- >			
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Divisions				
Speech Solution	192	1,413	663	368
Carrier Solution	-	-	837	3,643
Network Consulting	-	762	734	602
	192	2,175	2,234	4,613

(b) Analysis by PBT

	< -----Financial Period/Years ended 31 December----- >			
	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Divisions				
Speech Solution	(1,011)	(263)	119	135
Carrier Solution	-	-	118	1,375
Network Consulting	-	(142)	(31)	23
	(1,011)	(405)	206	1,183

Commentary

2000

For FYE 2000, the Group recorded nominal revenue of RM0.19 million as Viztel was heavily involved in R&D efforts. Investment in R&D amounted to RM1.30 million for the year. Revenue for FYE 2000 was due to a contract secured by the Group to provide a telephony system to MyVKey Incorporated in the USA. The R&D investment by the Group and the lack of ready products for the market resulted in the Group recording a LBT of RM1.01 million.

2001

Revenue increased by 1,032% to RM2.17 million for FYE 2001 as a result of the successful commercialisation of new products such as SONIA Enterprise to the market. During the year, the Group secured more projects to supply high technology software development systems to the corporate market in Malaysia as well as in Hong Kong. In addition, the Group had also started its Network Consulting Division that involves the provision of value-added software and hardware solutions to the corporate market. On the back of increased revenue, the Group's LBT decreased from RM1.01 million from the previous year to RM0.41 million. The Group invested RM3.01 million in R&D initiatives for FYE 2001.

5. FINANCIAL INFORMATION (cont'd)

2002

Revenue for FYE 2002 increased by 2.7% to RM2.23 million due to the launch of two new products during the year, T-Cube, a telephony gateway and M-Cube, messaging solutions. The Group managed to secure a contract of RM1.00 million with China Telecom to provide IVMS through its China partner, YFI. On the back of increased sales whilst maintaining relatively consistent fixed operating costs, the Group recorded PAT of RM0.21 million. The Group invested approximately RM0.78 million in R&D initiatives for the year.

2003

Revenue for FYE 2003 continued to show healthy growth, increasing by a further 106.5% over the revenue in FYE 2002 to RM4.61 million. This increase was mainly due to the maturity of the Group's product range, in particular T-Cube and also management's aggressive marketing campaign. The Group managed to secure a contract with Cyberhub Worldcom Pte. Ltd., and by doing so is establishing its product presence in Singapore. As a result, the Group recorded a PAT of RM1.16 million for FYE 2003. The increase of 474.3% over the PAT in FYE 2002 is due to a lower increase in operating costs as compared to the increase in revenue. An amount of RM0.24 million of the PAT was invested in R&D initiatives for the year.

5.3 Trade Debtors' Aging Analysis and Commentary on Recoverability of Trade Debts Exceeding Normal Credit Period

The ageing analysis of Viztel Group's trade debtors as at 31 December 2003 is as follows:

	Total RM	0-90 days RM	> 90 days RM
Outstanding trade debts as at 31 December 2003	3,082,689	2,192,803	889,886
Less: Settlements between 1 January 2004 to 31 May 2004	(561,106)	(409,519)	(151,587)
Less: Provisions for doubtful debts to be made in FYE 2004	-	-	(160,000)
	2,361,583	1,783,284	578,299

(i) Credit control measures to mitigate the risk of bad and doubtful debts

Generally, the credit terms allowed to Viztel Group's customers is 90 days. However, the credit terms may vary on a case to case basis, based on each customer's credit rating as assessed by the management of Viztel. The credit risk of each customer is controlled by the application of credit approvals, limits and monitoring procedures. Prior to the signing of contracts with customers, an internal credit review is conducted to evaluate for any significant credit risk posed by the customer. In addition, the Company ensures that it maintains close relationships with its customers in order to mitigate the risk of bad and doubtful debts.

(ii) Recoverability of trade debts exceeding 90 days

As at 31 December 2003, the Company's outstanding trade debts exceeding 90 days amounted to RM889,886, whereby RM151,587 has been collected as at 31 May 2004. From the remaining RM738,299 of trade debts, the Directors of Viztel have decided to provide for doubtful debts of approximately RM160,000.

5. FINANCIAL INFORMATION (cont'd)

The Directors of Viztel evaluate the Company's trade debtors on a case to case basis. The Directors of Viztel believe that the outstanding amount of RM2,361,583 is recoverable based on the following:

- Viztel's customers rely on the Viztel Group to supply and maintain their specialised telephony system. Furthermore, it is a term in the Company's contracts with its customers that Viztel has the right to reposses the T-Cube gateway from its customers' premises;
- Viztel's customers have on-going projects which are income generating and profit making; and
- The management of Viztel has allowed selected trade debtors to make payments based on instalments. This is expected to reduce the outstanding trade debts.

5.4 Factors Affecting Financial Performance, Position and Operations of the Group

Save as disclosed in Section 4.0 and Section 5.5 of this Prospectus, the financial performance, position and operations of the Group are not materially affected by any of the following:

- (i) Known trends, demands, commitments, events or uncertainties that will result in or are reasonably likely to have a material favourable or unfavourable impact on financial performance, position and operations of the Group;
- (ii) Material commitments for capital expenditure;
- (iii) Unusual or infrequent events or transactions or any significant economic changes that materially affected the financial performance, position and operations of the Group;
- (iv) Substantial increase in revenue; and
- (v) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical statements not indicative of future financial performance and position.

5.5 Material Litigation, Working Capital, Borrowings, Material Capital Commitments and Contingent Liabilities**(i) Material Litigation**

Save as disclosed in Section 15.4 of this Prospectus, 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 or threatened and those settled, concluded or avenue for appeal exhausted in the proceeding 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.

(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.

5. FINANCIAL INFORMATION (cont'd)

(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.

(iv) Material Capital Commitments

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 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.

5.6

Future Financial Information

The Viztel Group's future financials are not disclosed in this Prospectus due to its uncertain nature and inherent risks, such as, but not limited to those disclosed in Section 4 of this Prospectus.

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6. INFORMATION ON THE VIZTEL GROUP

6.1 History and Background

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 in 2 September 1999. It assumed its current name on 14 October 1999 and was subsequently converted to a public company on 28 June 2003.

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

6.2 Share Capital and Changes in Share Capital

As at the date of this Prospectus, Viztel has an authorised share capital of RM10,000,000 comprising 100,000,000 Shares and an issued and paid-up capital of RM4,000,000 comprising 40,000,000 Shares. Upon completion of the Public Issue, the enlarged issued and paid-up capital of Viztel will be RM5,500,000 comprising 55,000,000 Shares. The Company will establish an ESOS of up to 25% of the enlarged share capital of Viztel in conjunction with the IPO.

The details of the changes in the Company's issued and paid-up share capital since its date of incorporation are set out in Section 6.4 of this Prospectus.

6.3 Listing Proposal

Prior to the listing exercise of Viztel, the Company implemented the following:

(i) *Rights Issue*

On 13 October 2003, Viztel undertook a renounceable rights issue of 42,661 ordinary shares of RM1.00 each in Viztel on the basis of one (1) new ordinary share of RM1.00 each in Viztel for every nineteen (19) ordinary shares of RM1.00 each in Viztel held at an issue price of RM7.55 per ordinary share of RM1.00 each in Viztel.

6. INFORMATION ON THE VIZTEL GROUP (cont'd)

The new ordinary shares of RM1.00 each in Viztel issued pursuant to the Rights Issue rank pari passu with the then existing shares of the Company in all respects.

(ii) Conversion of RCPS-A and RCPS-B

As at 31 December 2003, Viztel had 175,000 RCPS-A which were issued to Nirvana at an issue price of approximately RM17.14 per RCPS-A and 194,517 RCPS-B(1) and 159,054 RCPS-B(2) which were issued to MVCC at an issue price of approximately RM7.55 per RCPS-B. On 16 June 2004, Nirvana disposed of its 175,000 RCPS-A to SJAM.

Viztel had on 19 June 2004 converted all the outstanding RCPS-A and RCPS-B into ordinary shares of RM1.00 each in Viztel at a conversion rate of one (1) new ordinary share of RM1.00 each in Viztel for every one (1) RCPS held.

The new ordinary shares of RM1.00 each in Viztel issued pursuant to the Conversion of RCPS-A and RCPS-B rank pari passu with the then existing shares of the Company in all respects.

(iii) Issuance of Shares to Employees

On 18 June 2004, Viztel issued 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.

The new ordinary shares of RM1.00 each in Viztel issued pursuant to the Issuance of Shares to Employees rank pari passu with the then existing shares of the Company in all respects.

(iv) Issuance and Conversion of RCPS-C

On 18 June 2004, Viztel issued 132,450 RCPS-C to several investors at an issue price of RM7.55 per RCPS-C. On 19 June 2004, all 132,450 RCPS-C were converted to new ordinary shares of RM1.00 each in Viztel at a conversion rate of one (1) new ordinary share of RM1.00 each in Viztel for every one (1) RCPS-C held.

The new ordinary shares of RM1.00 each in Viztel issued pursuant to the Issuance and Conversion of RCPS-C rank pari passu with the then existing shares of the Company in all respects.

(v) Capitalisation of Interest

On 18 June 2004, Viztel capitalised an amount of RM349,190 being interest 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.

The Issuance and Conversion of RCPS-C and Capitalisation of Interest were approved by Bursa Malaysia and SC vide their letters dated 2 June 2004 and 1 June 2004 respectively

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6. INFORMATION ON THE VIZTEL GROUP *(cont'd)*

In conjunction with and as an integral part of the Listing, the Company implemented the following exercises:

(i) Bonus Issue

Viztel implemented a 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.

The Bonus Shares rank *pari passu* with the then existing shares of the Company in all respects.

The Bonus Issue was completed on 20 June 2004. Following the completion of the Bonus Issue, the issued and paid-up share capital of Viztel increased from RM1,662,433 comprising 1,662,433 ordinary shares of RM1.00 each in Viztel to RM4,000,000 comprising 4,000,000 ordinary shares of RM1.00 each in Viztel.

(ii) Share Split

Upon completion of the Bonus Issue, Viztel undertook a share split whereby every existing ordinary share of RM1.00 par value each in Viztel was subdivided into ten (10) new ordinary shares of RM0.10 par value each in Viztel. The share split was effected on 21 June 2004. Following the completion of the share split, Viztel's issued and paid-up share capital is RM4,000,000 comprising 40,000,000 Shares.

(iii) Public Issue

The IPO by Viztel will involve a public issue of 15,000,000 new Shares at an issue price of RM0.35 per Share. Upon completion of the Public Issue, the issued and paid-up share capital of Viztel will be increased from RM4,000,000 comprising 40,000,000 Shares to RM5,500,000 comprising 55,000,000 Shares.

The Public Issue represents 27.3% of the enlarged issued and paid-up share capital of 55,000,000 Shares, and is to be allocated in the following manner:

- (a) 2,000,000 new Shares representing 3.6% of the enlarged share capital of 55,000,000 Shares have been reserved for eligible Directors, employees and business associates of the Group;
- (b) 1,500,000 new Shares representing 2.7% of the enlarged share capital of 55,000,000 Shares are available for application by the Malaysian public, companies, societies, co-operatives and institutions; and
- (c) 11,500,000 new Shares representing 20.9% of the enlarged share capital of 55,000,000 Shares will be placed with institutions and/or individual investors by the Placement Agent.

(iv) ESOS

Viztel intends to establish an ESOS immediately prior to the Listing in order to retain and motivate the Directors and eligible employees who have contributed to the success of Viztel and its subsidiary companies. The ESOS is also to reward the Independent Non-Executive Directors who do not receive any remuneration or benefits for their responsibilities save for meeting allowances and reimbursement of travelling expenses.

6. INFORMATION ON THE VIZTEL GROUP *(cont'd)*

The salient features of the ESOS are set out in Section 14 of this Prospectus.

The abovementioned exercises were approved by the SC vide its letter dated 1 June 2004 and Bursa Malaysia vide its letters dated 2 June 2004 and 17 June 2004.

6.4 Information on the Viztel Group

Information on Viztel and its subsidiary companies is set out below.

Information on Viztel

(i) History and Business

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. On 14 October 1999, it assumed its present name and was subsequently converted to a public company on 28 June 2003.

The Company is principally engaged in the development and marketing of computer software and voice technology and the provision of consultancy services related to computer software and voice technology.

(ii) Share Capital

The details of the authorised and issued and paid-up capital of Viztel are as follows:

	No. of ordinary shares	Par Value (RM)	Amount (RM)
Authorised	100,000,000	0.10	10,000,000
Issued and Paid-up	40,000,000	0.10	4,000,000

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6. INFORMATION ON THE VIZTEL GROUP (cont'd)

The details of the changes in the issued and paid-up share capital of Viztel since its date of incorporation are as follows:

Date of Allotment	No. of ordinary shares	Par Value (RM)	Consideration	Total (RM)
22.07.1999	2	1.00	Subscribers' Shares	2
25.10.1999	89,998	1.00	Cash	90,000
26.11.1999	61,250	1.00	Cash	151,250
03.05.2000	135,720	1.00	Cash	286,970
03.05.2000	192,500	1.00	Cash	479,470
16.05.2000	15,530	1.00	Cash	495,000
22.05.2000	55,000	1.00	Cash	550,000
16.06.2000	150,000	1.00	Capitalisation of share premium	700,000
17.04.2001	125,000	1.00	Share swap	825,000
13.10.2003	42,661	1.00	Rights issue at RM7.55 per share (1:19)	867,661
18.06.2004	87,500	1.00	Issuance of shares	1,483,732
18.06.2004	46,250	1.00	Capitalisation of interest	1,662,432
19.06.2004	528,571	1.00	Conversion of RCPS-A and RCPS-B	1,396,232
19.06.2004	132,450	1.00	Conversion of RCPS-C	1,616,183
20.06.2004	2,337,568	1.00	Bonus Issue (1.41:1)	4,000,000
21.06.2004	40,000,000	0.10	Share split (1:10)	4,000,000

(iii) Employees

As at 22 June 2004, Viztel has 13 employees.

(iv) Outstanding options or convertible securities

As at 22 June 2004, Viztel does not have any outstanding options or convertible securities.

(v) Subsidiary Companies

Details of the subsidiary companies of Viztel as at 22 June 2004 are disclosed below:

Information on VS HK**(i) History and Business**

The company was incorporated in Hong Kong on 9 August 2000 under the Companies Ordinance as a private limited company and commenced operations on 15 September 2000. The principal activity of the company is the development and provision of wireless and voice technology enabling solutions and applications.

6. INFORMATION ON THE VIZTEL GROUP *(cont'd)*

(ii) *Share Capital*

The details of the authorised and issued and paid-up capital of VS HK as at 22 June 2004 are as follows:

	No. of ordinary shares	Par Value (HKD)	Amount (HKD)
Authorised	2,000,000	1.00	2,000,000
Issued and Paid-Up	1,800,000	1.00	1,800,000

The details of the changes in the issued and paid-up share capital of VS HK since its date of incorporation are as follows:

Date of Allotment	No. of ordinary shares	Par Value (HKD)	Consideration	Total (HKD)
28.08.2000	2	1.00	Subscribers' shares	2
18.10.2000	200,000	1.00	Cash	200,002
27.11.2000	416,000	1.00	Cash	616,002
30.11.2002	1,183,998	1.00	Capitalisation of amount due to Viztel	1,800,000

(iii) *Subsidiary and Associated Companies*

As at 22 June 2004, VS HK does not have any subsidiary or associated companies.

(iv) *Employees*

As at 22 June 2004, VS HK has no employees.

(v) *Outstanding options or convertible securities*

As at 22 June 2004, VS HK does not have any outstanding options or convertible securities.

Information on VS S'pore

(i) *History and Business*

The company was incorporated in Singapore on 19 May 2000 under the Companies Act as a limited liability company under the name of Viztel Communications Pte Ltd. The Company commenced operations on 30 May 2000 and assumed its present name on 10 May 2001. The principal activity of the company is that of a service provider for telecommunications technologies.

(ii) *Share Capital*

The details of the authorised and issued and paid-up capital of VS S'pore as at 22 June 2004 are as follows:

	No. of ordinary shares	Par Value (SGD)	Amount (SGD)
Authorised	200,000	1.00	200,000
Issued and Paid-up	190,002	1.00	190,002

6. INFORMATION ON THE VIZTEL GROUP *(cont'd)*

The details of the changes in the issued and paid-up share capital of VS S'pore since its date of incorporation are as follows:

Date of Allotment	No. of ordinary shares	Par Value (SGD)	Consideration	Total (SGD)
19.05.2000	2	1.00	Subscribers' shares	2
24.05.2001	10,000	1.00	Cash	10,002
31.10.2002	180,000	1.00	Capitalisation of amount due to Viztel	190,002

(iii) *Subsidiary and Associated Companies*

As at 22 June 2004, VS S'pore does not have any subsidiary or associated companies.

(iv) *Employees*

As at 22 June 2004, VS S'pore has no employees.

(v) *Outstanding options or convertible securities*

As at 22 June 2004, VS S'pore does not have any outstanding options or convertible securities.

Information on Logilabs

(i) *History and Business*

The company was incorporated in Malaysia on 22 March 2000 under the Act as a private limited company under the name of Viztel Dotcom Sdn Bhd. The company commenced operations on 15 October 2002 and changed its name to Crossjunction Mobility Services Sdn Bhd on 21 May 2001 before assuming its present name on 14 May 2002. The principal activity of Logilabs is that of an authorised value-added distributor for ASUS in Malaysia and the provision of value-added telecommunication services.

(ii) *Share Capital*

The details of the authorised and issued and paid-up capital of Logilabs as at 22 June 2004 are as follows:

	No. of ordinary shares	Par Value (RM)	Amount (RM)
Authorised	500,000	1.00	500,000
Issued and Paid-up	1,000	1.00	1,000

6. INFORMATION ON THE VIZTEL GROUP *(cont'd)*

The details of the changes in the issued and paid-up share capital of Logilabs since its date of incorporation are as follows:

Date of Allotment	No. of ordinary shares	Par Value (RM)	Consideration	Total (RM)
22.03.2000	2	1.00	Subscribers' shares	2
28.06.2000	998	1.00	Cash	1,000

(iv) *Subsidiary and Associated Companies*

As at 22 June 2004, Logilabs does not have any subsidiary or associated companies.

(v) *Employees*

As at 22 June 2004, Logilabs has seven (7) employees.

(vi) *Outstanding options or convertible securities*

As at 22 June 2004, Logilabs does not have any outstanding options or convertible securities.

Information on Picketips

(i) *History and Business*

The company was incorporated in the British Virgin Islands on 14 March 2000 as a private company. On 3 April 2001, Viztel acquired the entire issued and paid-up share capital of Picketips, comprising 138,889 ordinary shares of USD0.01 each for a purchase consideration of USD1,428,571, wholly satisfied by way of issuance of 125,000 ordinary shares of RM1.00 each in Viztel Solutions Sdn Bhd. The principal activity of Picketips is investment holding.

(ii) *Share Capital*

The details of the authorised and issued and paid-up capital of Picketips as at 22 June 2004 are as follows:

	No. of ordinary shares	Par Value (USD)	Amount (USD)
Authorised	1,000,000	0.01	10,000.00
Issued and Paid-up	138,891	0.01	1,388.91

The details of the changes in the issued and paid-up share capital of Picketips since its date of incorporation are as follows:

Date of Allotment	No. of ordinary shares	Par Value (USD)	Consideration	Total (USD)
14.03.2000	2	0.01	Subscribers' Shares	0.02
14.03.2000	100,000	0.01	Cash	1,000.02
10.04.2000	38,889	0.01	Cash	1,388.91

6. INFORMATION ON THE VIZTEL GROUP *(cont'd)*

(iii) Subsidiary and Associated Companies

As at 22 June 2004, Picktips has a 100%-owned subsidiary, Moliba.

(iv) Employees

As at 22 June 2004, Picktips has no employees.

(v) Outstanding options or convertible securities

As at 22 June 2004, Picktips does not have any outstanding options or convertible securities.

Information on Moliba

(i) History and Business

The company was incorporated in Hong Kong on 22 November 1999 under the Companies Ordinance as a private company under the name of Jork Technologies Limited. The company changed its name to Picktips.com (Hong Kong) Limited on 17 March 2000 and subsequently assumed its present name on 25 May 2001. The principal activity of Moliba is the development of wireless and voice technology on PDA's solutions and application.

(ii) Share Capital

The authorised and issued and paid-up capital of Moliba as at 22 June 2004 are as follows:

	No. of ordinary shares	Par Value (HKD)	Amount (HKD)
Authorised	100,000,000	0.01	1,000,000
Issued and Paid-up	5,075,885	0.01	50,758.85

The details of the changes in the issued and paid-up share capital of Moliba since its date of incorporation are as follows:

Date of Allotment	No. of ordinary shares	Par Value (HKD)	Consideration	Total (HKD)
10.11.1999	2,000,000	0.01	Cash	20,000
10.11.1999	3,000,000	0.01	Cash	50,000
20.03.2000 – 21.03.2000	50,505	0.01	Cash	50,505.05
20.03.2000 – 21.03.2000	25,380	0.01	Cash	50,758.85

(iii) Subsidiary and Associated Companies

As at 22 June 2004, Moliba does not have any subsidiary or associated companies.

6. INFORMATION ON THE VIZTEL GROUP *(cont'd)*

(iv) *Employees*

As at 22 June 2004, Moliba has no employees.

(v) *Outstanding options or convertible securities*

As at 22 June 2004, Moliba does not have any outstanding options or convertible securities.

6.5 Business

Viztel is principally involved in the development and marketing of telecommunication software and voice technology and the provision of consultancy services related to telecommunication 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.

Viztel is a home-grown Malaysian company which will be one of the first computer telephony companies to be listed on Bursa Malaysia, and to the best knowledge and belief of the Directors of Viztel, will be the third company to be listed on any stock exchange in South-East Asia. Hence, the Directors of the Company believes that Viztel is one of the major telephony specialists in the South East Asian Region.

Viztel develops and provides proprietary, multi-lingual and modularised software application suites that enable access of information using computer telephony and mobile messaging technologies. Viztel's products enable users of fixed-line or mobile telephones or PDAs to access to information and conduct transactions while on the move from any location and at any time. Viztel's products also act as an interface between consumers and service providers such as banks, insurers, stockbrokers, Telcos, Internet service providers, cinemas and concert halls. The principal activities of Viztel's five (5) subsidiary companies predominantly focus on the provision of converged communication software and systems.

In February 2004, Viztel was awarded the Application Service Providers ("ASP") licence from the Communications and Multimedia Commission of Malaysia which allows the Group to offer a wide range of telecommunication and networking services. With the ASP licence, Viztel plans to offer Build, Operate and Maintain ("BOM") value added telecommunication services to its Telco customers. The Company's value propositions to its Telco customers are:

- (i) Lower cost of entry for Telcos to offer other new value-added services to their customers.
- (ii) Allow Telcos to concentrate on their core business by outsourcing the development of technology to Viztel.
- (iii) Improve Telcos' competitiveness by shortening the time-to-market for their value added services.

Viztel's core technology is based on SWAP, a technology platform that was developed in-house over a period of three years. Based on computer telephony technology, SWAP allows pervasive communication on various devices such as mobile telephones, fixed-line telephones and handheld PDAs. Most of Viztel's products are derived from this core technology platform.

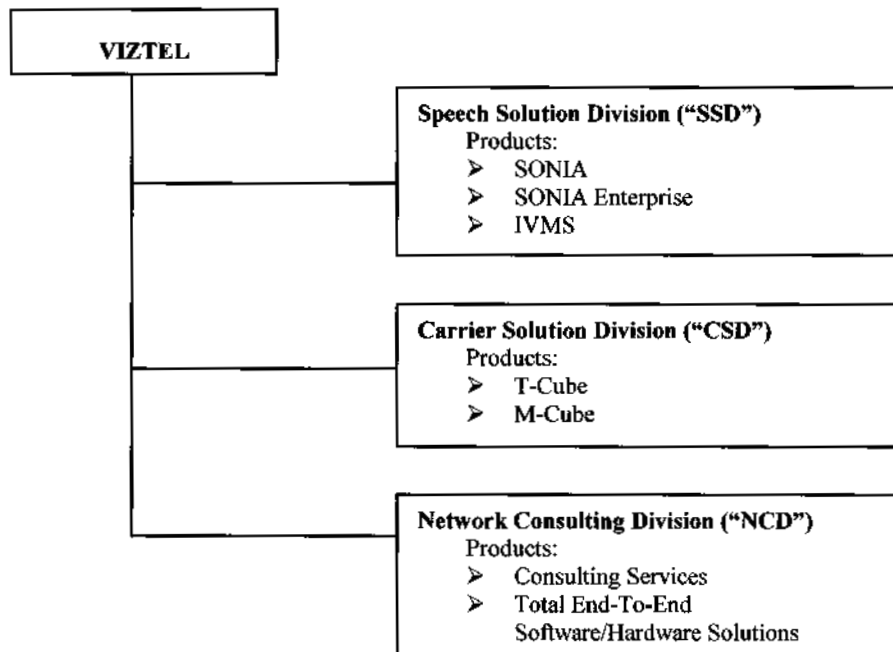
The Viztel Group as a whole possesses a range of proprietary software products and unique skills that cater to the niche market for voice communication and mobile messaging technologies and is actively involved in R&D as well as marketing activities that span diverse geographical markets. The Group has a representative office in Kunming in south-western China, via strategic partnerships with China-based ICT players, giving it a foothold in China.

6. INFORMATION ON THE VIZTEL GROUP *(cont'd)*

To facilitate its overseas operations, the Group set up a number of overseas entities, viz. VS HK, VS S'pore. Viztel subsequently acquired Moliba and Picktips in order to expand its technology capabilities as Moliba and Picktips own unique PDA technology. Viztel's subsidiary companies, VS S'pore, VS HK and Picktips, and its representative office in China are principally involved in providing market information to the R&D activities based in Malaysia to facilitate localisation and deployment of Viztel's products in those geographical markets. These activities enable Viztel to offer its products in localised languages and dialects and to meet user requirements in diverse markets.

Logilabs is an authorised value-added distributor for Taiwan-based ASUS in Malaysia. The differentiating factor between other IT product distributors in Malaysia and Logilabs is that Logilabs markets end-to-end solutions, that is, the company supplies both hardware and software to meet its clients' needs. In the case of Logilabs' clients in the insurance industry, Logilabs specialises in bundling insurance software with ASUS notebooks to serve as a complete system for insurance agents. In 2003, Logilabs ventured into offering value-added telecommunication services to its Telco customers. As a subsidiary of Viztel, Logilabs will be looking to offer its telecommunication services to various corporate customers.

Viztel's business activities are categorically divided into 3 divisions:



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6. INFORMATION ON THE VIZTEL GROUP (cont'd)

Division	Function and Experience
SSD	<ul style="list-style-type: none"> • Researches and develops open-platform telephony software systems, in particular, speech recognition and text-to-speech-based telephony software systems. • Deploys speech recognition-based systems in various Asian countries, in various languages. • Possesses a range of in-house developed software libraries and products that enable Viztel's customers to deploy cost-effective telephony software systems within a short time frame.
CSD	<ul style="list-style-type: none"> • Focuses on R&D of telephony gateways for Telcos and ITSPs. • Develops messaging technology-based products that utilise SMS and the upcoming MMS features over the mobile telephony network. • CSD's telephony gateway products allow Telcos and ITSPs to provide postpaid or prepaid long distance calling card services.
NCD	<ul style="list-style-type: none"> • Provides end-to-end software and hardware solutions that gear a specific industry towards mobile computing. • Currently focused on the insurance industry and has been appointed as a value-added distributor for established manufacturers such as Taiwan-based ASUS for mobile computing products. • Established partnerships with various insurance software developers.

The three divisions are functionally synergistic: SSD provides business automation solutions via communications technology, CSD caters to the infrastructure requirements of various service providers and NCD provides total mobile computing solutions for vertical industries.

The breakdown of revenue contribution from the three divisions in the year ended 31 December 2003 is tabulated below:

Division	% Revenue Contribution
SSD	8
CSD	79
NCD	13

6.6 Key Achievements and Awards

Since its incorporation in 1999, Viztel has received various awards and recognition from the Government, relevant industry boards and regional media. Set forth below is a list of significant milestones achieved by the Company:

- (i) In November 2000, the Association of the Computer and Multimedia Industry of Malaysia ("PIKOM") recognised Viztel's efforts in developing the local ICT industry by awarding Viztel the Most Promising New Company Award.
- (ii) In year 2000, by securing funding from Nirvana, Viztel became among the first Malaysian ICT companies to secure foreign investment from venture capitalist firms.
- (iii) In March 2001, Viztel won the coveted *Best of Value Added Communications Technologies Award* at the Asia Pacific MSC IT&T Awards ("APMITTA") 2000. The annual award is given by the MDC in recognition of outstanding products in the MSC.

6. INFORMATION ON THE VIZTEL GROUP (cont'd)

- (iv) Pursuant to its successful launch of Asia's first bilingual voice portal in Hong Kong in July 2001, Viztel was featured in major Asian newspapers and websites, such as CNET Asia, CNN news, South China Morning Post and the Star.
- (v) On 16 May 2002, Viztel acquired the financial and management support of MVCC, the venture capital arm of Malayan Banking Berhad, the biggest financial institution listed on the Main Board of Bursa Malaysia.
- (vi) In 2003, Viztel further established itself as a key technology partner for Air Asia. Viztel helped Air Asia to be a leader in the ICT market by successfully implementing a speech recognition-based automated flight schedule and online fare enquiry system.

6.7 Products

The products currently offered by Viztel are as follows:

IVMS - Integration of SMS and Voicemail

SMS services have been commercially successful for mobile operators worldwide. IVMS is a speech technology-based product developed by Viztel to cater to a new type of messaging service that works via fixed-line and mobile telephony networks.

Flexibility and convenience of use have been the main driving factors behind the fast-growing success of SMS. By leveraging off SWAP, Viztel has integrated the features of voice mail with the SMS concept to increase the utility of SMS to end-users.

Key user functions include the following:

- (i) Text-to-speech: The user is able to send SMS to any telephone. IVMS will then convert SMS text into speech.
- (ii) Voice mail becomes proactive: Voice mail will be able to be delivered to recipients in a more proactive manner instead of relying on the user to pick messages up.

Key benefits to Telco operators include the following:

- (i) IVMS represents a high value-added technology that complements the already fast-growing SMS technology due to its ability to deliver text messages to various types of telephony networks.
- (ii) IVMS does not require the end-user to change telephones or mobile devices in order to use the related application.
- (iii) Anyone who knows how to send an SMS will intuitively know how to use IVMS. The short learning curve for this technology is crucial to its fast adoption rate.

SONIA

Speed and accuracy in the retrieval of information requires an effective information retrieval system. Getting information over the telephone from many organisations has always been a long and tedious process.

The traditional touch-tone-based telephone system is not a perfect solution to information retrieval problems due to the complexity of the information retrieval process that a caller typically undergoes to obtain the desired information.

6. INFORMATION ON THE VIZTEL GROUP *(cont'd)*

SONIA is an information retrieval telephony system developed by Viztel to allow fast and easy information retrieval using speech recognition technology. SONIA is designed to recognise either full sentences (in natural language) or keywords in the retrieval of desired information for the caller. The information can then be replayed to the caller using pre-recorded prompts or synthesized prompts using text to speech technology. SONIA has a recognition dictionary of 50,000 words, thus making it suitable for almost any type of information.

In addition, SONIA can be integrated with any solution built on SWAP. For example, a facsimile system can be integrated to work with SONIA to provide facsimile services to callers as required.

SONIA Enterprise

SONIA Enterprise is packaged as an off-the-shelf product that requires minimum customisation. This product serves as an intelligent automated operator that enables enterprises to effectively handle incoming telephone calls. It also enhances the corporate image of these enterprises by reducing the number of unanswered calls and call waiting time.

SONIA Enterprise is built upon the latest speech recognition technology by Viztel in collaboration with speech recognition engine providers.

The speech recognition technology employed by SONIA Enterprise recognises specific voice-prompted key words and is equipped with the ability to route calls to the correct party. Callers can also retrieve information such as company profile via the system.

Below is a sample call flow for Sonia Enterprise:

SONIA Enterprise - Auto-attendant

SONIA ENT : Hello. Welcome to XYZ Corporation. Please say the name of the person you want to reach or the name of a department. You can also say 'company profile', 'fax number', or 'address'.

CALLER : Fax number

SONIA ENT : 65-741 6536

CALLER : I want to speak to James Lee.

SONIA ENT : O.K. Please hold. I am transferring you to James Lee.

T-Cube

The telephone network is a complex mesh of cable infrastructure and equipment of various makes and sizes. The infrastructure and equipment operate on various types of international telecommunication standards or protocols.

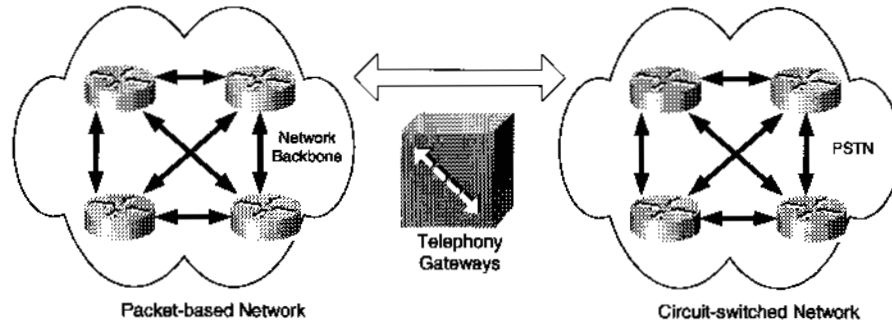
T-Cube is a versatile and highly reliable software based telephony gateway that supports a wide range of telephony standards and protocols. A telephony gateway allows Telcos and ITSPs to offer inter-connectivity services between different telephony networks.

6. INFORMATION ON THE VIZTEL GROUP *(cont'd)*

T-Cube is uniquely designed not only to allow inter-connectivity for telephony networks of different protocols, but also to allow Telcos and ITSPs to provide long distance calling card services.

T-Cube has integrated features that enable easy and cost-efficient deployment. It has a comprehensive credit control system and billing software thus rendering this product ideal for the deployment of prepaid or postpaid discount rate IDD services.

T-Cube can also function as a “translator” between traditional circuit-based telephony network (“PSTN”) and the new packet-based telephony network (“VoIP”).



M-Cube

M-Cube is Viztel’s messaging solution that combines the breadth of access of the Internet with the convenience afforded by mobile devices, thus enabling companies and enterprises to distribute and access information through wireless platforms. This solution meets the communication essentials of speed and reliability whilst satisfying business and corporate demands for mobility and accessibility.

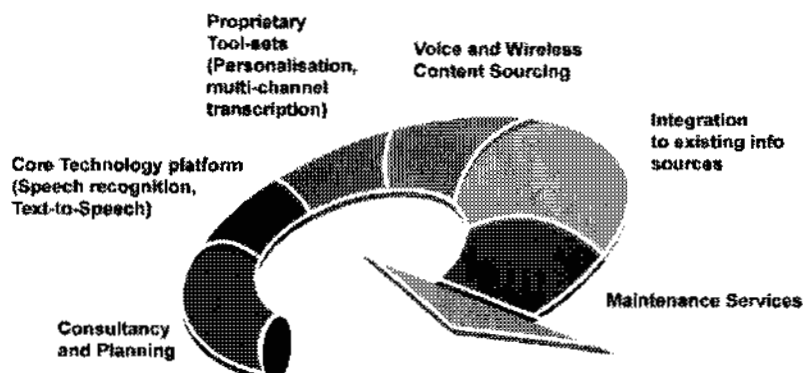
M-Cube supports the following messaging technologies:

- SMS;
- MMS;
- Fixed-line SMS; and
- Voice Multi-casting.

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6. INFORMATION ON THE VIZTEL GROUP (cont'd)

6.8 Services



Viztel: End-to-end Total Solution and Outsourcing Provider for Speech and Wireless Application

Developing and implementing a telecommunication system is a complex undertaking because the process involves the use of specific skill-sets and ICT knowledge. Viztel offers end-to-end consulting and professional services, based on SWAP technology, to help businesses conceptualise their ideas, develop solutions and implement applications.

By tapping into Viztel's knowledge and experience, businesses can conserve their internal resources thereby allowing them to stay focused on their core competencies, ensure the success of their projects and reduce the time to profitability required for these projects.

Amongst the services that Viztel currently offers are:

Consulting Services	Scope of Services
1. Technology Strategy Consulting	Determining the most optimal way to achieve the customer's business objectives by utilising technical resources that provide the best fit in terms of time, cost and quality.
2. Application Development	Customising technology solutions according to the customer's requirement.
3. Engineering Services	Assessing customer's needs before seamlessly incorporating Viztel products into the customer's existing infrastructure or applications.
4. Implementation Services	Implementing Viztel products or technologies for the customers.
5. Technical Support and Maintenance	Providing round the clock technical support and maintenance services for Viztel products and technologies at the customer's site.
6. Total Outsourcing Services	For example, for telephony speech-recognition projects, Viztel offers an outsourcing service that allows the customer to delegate the project's entire life-cycle to Viztel.

6.9 Sales and Distribution Channels

Viztel has a network of sales personnel to market its services and products. The Company also works closely with its distributors and business partners to market its products and services across different geographical markets.

6. INFORMATION ON THE VIZTEL GROUP (cont'd)

As Viztel is predominantly a solutions provider, all sales and marketing efforts are done through participation in tenders, direct and personalised marketing to vertical markets, and recurring business with existing clientele and strategic partnerships with principals.

The list of the Group's business partners and distributors are as follows:

No.	List of Business Partners	Nature of Partnership
1.	Aculab	Distributor of Aculab telephony cards in Malaysia
2.	Intel Semiconductor Limited	Joint effort in delivering internet access and online business solution services
3.	Infotalk	Reseller and solutions partner
4.	Nokia Networks Limited	Viztel will be updated with Nokia's latest product development plans and development
5.	SpeechWorks International Corporation	Solutions partner
6.	Hewlett-Packard Singapore (Sales) Company	Solutions partner

No.	Distributor	Service Territory
1.	YFI	China
2.	Niagara Technologies Sdn Bhd	Malaysia
3.	Bina Fitrah Consultancy Sdn Bhd	Peninsular Malaysia
4.	Kuwaiti Computer Company	Middle East
5.	VoIUM Communications Pte Limited	Singapore

6.10 R&D Capabilities

The Company believes that continuing R&D is crucial to the Company's ability to compete effectively. Detailed research to determine market needs and product potential is done prior to actual product development. This helps the Company gauge the potential revenue that could be generated from the market. The company also formulates product enhancement and expansion plans based on such avenues as customer feedback, market developments and competitors' product innovations.

Presently, the R&D initiatives of the Company are focused on the following key products:

(i) SpeechTrack

Since 2001, the Company has been working on a major R&D project named SpeechTrack. SpeechTrack is an intelligent voice portal platform that will be able to gather information over the internet network intelligently and aggregate the information to users via the telephony network.

The SpeechTrack technology platform has the capability to "crawl" over the Internet network intelligently and re-package the presentation of information over the telephone to end-users. For example, SpeechTrack would allow customers calling into an airline to also make hotel reservations as SpeechTrack could communicate with different servers over the internet to enable the aggregation of information and transaction in a seamless manner. SpeechTrack is expected to be a major product of the Company with its versatile and innovative features.

6. INFORMATION ON THE VIZTEL GROUP (cont'd)

The SpeechTrack Project covers a few major areas of development:

(a) 3G Application

With the Malaysian government having awarded 3G licences to local telecommunication service providers, Viztel has formed an in-house committee to devise plans to enable the Company's products to take full advantage of the incipient 3G technology. SpeechTrack is a technology platform suited for the 3G environment, allowing ubiquitous access to information on the 3G network via voice and data. SpeechTrack will be an open platform that users can easily control using 3G-based speech recognition applications. This platform is envisioned to reduce present-day network management problems that result from the multiplicity of platforms that are used for various applications.

(b) Language Localisation

SpeechTrack integrates speech recognition technology with telephony access. Viztel increases the recognition capabilities by localisation-tuning thus making it more user-friendly in the process. Viztel is actively building its data collection of local languages for the speech-tuning effort on SpeechTrack to enable it to be a platform that supports multiple languages. The Company currently has a library of languages to meet the needs of users in such diverse locations as Malaysia, Singapore, Kuwait and a number of different provinces in China. This multilingual capability gives the Company a competitive edge in delivering high quality speech recognition products or related projects. It is estimated that, with Viztel's library of languages, the tuning work involved in a project is reduced by 50% or more. Furthermore, the library of languages is reusable.

(c) Distribution

The components of SpeechTrack can physically be located on the same server or distributed over a network of servers, allowing for scaling out – i.e. the deployment of additional servers to load-balance over increasing call traffic when necessary. This approach also offers high-availability of the system by ensuring that there is single-point of failure in the system when all the components are deployed over the distributed network of servers.

(ii) T-Cube – Linux Version

T-Cube is one of the Company's existing products designed to enable telephony networks to function as a voice gateway or protocol converter. The existing version of T-Cube runs on Microsoft Windows™ Server technology. The Company's R&D effort in developing a Linux-based version will eventually produce an open platform alternative to the present version of T-Cube that is operationally more efficient and cost-effective, as Linux is a licence-free platform.

(iii) C-Cube

C-Cube is a product that will offer conferencing facilities combined with advanced collaboration technology and efficient user control. In the course of market research, Viztel has discovered that existing conferencing facilities are not flexible or sufficiently user-friendly due to complex controls involved in the usage. Furthermore, these existing facilities are expensive due to their high set-up cost. In response to market needs, C-Cube will be designed to feature GUI-based interface controls, easy and low set-up costs, multi-channel access points and advanced collaboration technology that takes advantage of the increasing public communications bandwidth.

6. INFORMATION ON THE VIZTEL GROUP (cont'd)

Collaboration technology is a form of technology that allows multiple users to access the same information and view changes made on that information in real time.

(iv) Telecom Application Generator

Viztel anticipates that telecommunication applications will be in great demand in all industries. The demand, in turn, will create a need for professional with specialised skills to create high quality products. However, the lack of such professionals is expected to lead to a commensurate increase in product cost and long delivery times. To overcome these challenges, the Company has embarked on R&D to create a high-level application generator that enables even a programmer with very little technical knowledge of telecommunication networks to create telecommunication applications. Although the product simplifies the process of developing applications, it does not limit the functionality of the applications created. Viztel has plans to license the application generator to business enterprises in various industries.

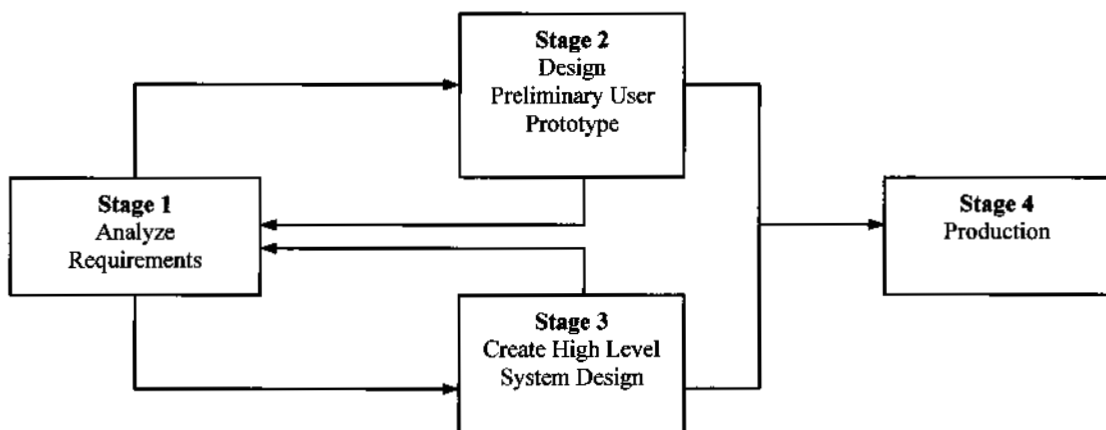
Viztel's R&D facilities are located at its office in the Petronas Twin Tower, Kuala Lumpur City Centre ("KL Office"). The KL Office is equipped with multiple E1 connectivity to various Telcos for the telecom engineers to work on various R&D projects that involve connectivity tests to Telco networks. There are also various Telco equipment set up for the purpose of R&D at the KL Office. As Viztel is a solution and software-driven company, its R&D capacity is expandable on a demand basis, i.e. depending on the Company's needs, Viztel can increase the number of engineers assigned to work on a particular R&D project.

Viztel's R&D team consists of two (2) full-time staff as at 22 June 2004. Since inception, the Group has invested substantial resources in R&D. The Viztel Group anticipates to channel, on average, approximately 5%-7% per cent of its gross annual revenue into R&D for FYE2004 onwards. The R&D expenses incurred by Viztel for the past four (4) financial periods/years are as follows:

FYE	RM'million
2000	1.30
2001	3.01
2002	0.78
2003	0.24

6.11 Quality Assurance Process

Quality assurance is an important aspect in any software development. Set forth below is the diagram flow for Viztel's internal quality control process:



6. INFORMATION ON THE VIZTEL GROUP *(cont'd)*

Stage 1: Requirements Control

A process that has been taken for granted by many enterprises but which has a long-term impact on the quality of the end-product. Very often, the definition of good quality for a software development house does not match that of the clients' for many reasons. An intensive requirement analysis has always been a crucial step in Viztel's quality control process to ensure that Viztel can deliver what is deemed a good quality product by the clients.

Stage 2: Design Preliminary User Prototype

Viztel has adopted a rapid prototype approach that enables the Company to launch a test prototype for an end-product in the shortest possible time. In this process, different system scripts and scenarios of the system will be designed. The product will then undergo a series of crash tests to develop a crash-proof system. Test results are logged and used as a feedback to refine the requirement analysis.

Stage 3: Create High Level System Design

The purpose of this stage is to identify the functional components in a system, paying particular attention to the seamless integration of different systems. The design will be tested against different scenarios and results serve as a feedback for the requirement analysis process.

Stage 4: Project Plan

The project plan identifies deliverables, dates and task responsibilities. The plan indicates major and minor milestones to track progress. Proper planning is critical to project success. Planning should be done with the consideration of the skills level of the team members as well as the availability of resources.

6.12 Employees

The Group has a flat organizational structure that promotes active project involvement by all levels of the organization.

As at 22 June 2004 (being the latest practicable date prior to the registration of this Prospectus), the Group had twenty (20) full-time employees in the following categories:

Category	No. of Employees	%	Average Length of Service (Years)
R&D	2	10.0	3.1
Business Development	5	25.0	3.5
Engineering	6	30.0	3.0
Managerial	4	20.0	4.8
Administrative	3	15.0	4.5
Total	20	100.0	

None of the Groups' employees are represented by a union and the management enjoys a cordial relationship with their employees.

6. INFORMATION ON THE VIZTEL GROUP *(cont'd)*

Viztel believes that its focus on continuous training and career development will help motivate and retain employees. Employees of Viztel actively participate in on-going training programmes (as disclosed in Section 6.13) to complement on-the-job training and keep abreast with the latest technological developments. The Group also provides opportunities for internal promotion as one of the key components of employee development and retention. In addition, the Group intends to offer an ESOS in conjunction with the IPO.

6.13 Training and Development Programmes

Due to the technical nature of the Viztel Group's business, the Group's employees regularly undergo training and development programmes to improve their on-the-job skills and update their technical knowledge in order to further enhance the operations of the Group. Training and development programmes which vary between days to months, depending on the technicality and levels of specialisation are provided to all level of employees and are set out below:

Training and Development Programme	Details of Training / Programme
Introduction to Computer Telephony	Basic training on telephony software development concept
Telephony Protocol	Training on various telephony standards used by the industry and configuration requirements for the telephony standards
Call Control Training	Training on concept and practice of handling telephony traffic from system level
IP Telephony Training	Training on various protocols of VoIP
Telecom Billing Training	Training on billing software and concepts
Telephony Hardware Training	Training on configuration and installation of various telephony hardware and equipment
Telephony Network Topology Training	Training on configuring and designing various telephony network topology

6.14 Interruption to Operations

There has been no major interruption to the Company's business or operations in the past twelve (12) months to 22 June 2004.

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6. INFORMATION ON THE VIZTEL GROUP *(cont'd)*

6.15 Major Customers

As an indication of the strength of the Group's products and services as well as the effectiveness of its marketing efforts, Viztel has secured business accounts from various industries. The Company's principal geographical markets are Malaysia, China and Thailand.

Set forth below is a list of Viztel's top 10 customers for FYE 31 December 2003:

No.	Client	Nature of Project	Level of Sales	Date of completion of contract
1.	Fastline Marketing Sdn Bhd	T-Cube	15.2%	2003
2.	Various Corporate Customers for ASUS	End-To-End hardware and software bundling solutions	12.5%	2003
3.	RX Technology Sdn Bhd	T-Cube	10.8%	2003
4.	V Com Telecommunications	T-Cube	7.2%	2003
5.	Various SmartDial Customers	T-Cube (Revenue Sharing)	8.5%	2003
6.	Ivanex Sdn Bhd	T-Cube	5.1%	2003
7.	Ivanex Sdn Bhd	T-Cube	5.1%	2003
8.	PCS Telecommunications (M) Sdn Bhd	T-Cube	4.3%	2003
9.	China Telekom	Interactive Voice Messaging System	4.3%	2003
10.	Keep Communications Sdn Bhd	T-Cube (Revenue Sharing)	3.9%	2003

Viztel is not dependent on any particular client for business and therefore, has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of debtors.

The computer telephony industry is a relatively new sector of the ICT industry, hence statistical figures are not readily available. However, in the opinion of the Directors of Viztel, the Company has approximately 12% market share in Malaysia for its T-Cube range based on the fact that Viztel has nine (9) ITSP as customers out of an estimated seventy eight (78) ITSP which are licensed by MCMC and operating in Malaysia. In respect of its high-end speech-recognition telephony system (SONIA Enterprise and SONIA), Viztel has secured contracts with Air Asia, Thai Air Asia Co. Ltd and Kuwaiti Computer Company.

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6. INFORMATION ON THE VIZTEL GROUP *(cont'd)*

6.16 Major Suppliers

The top ten suppliers of the Group and their level of purchases for the financial year ended 31 December 2003 are as follows:

No.	Suppliers	Length of relationship (no. of years)	Equipment supplied	Level of purchases RM
1.	Aculab Pty Ltd	1 ½	Digital Telephony Cards	406,000
2.	Pika Technologies Inc.	1	Digital Cards	253,574
3.	Orion Telekom Network Inc	½	GSM Interface Cards	51,438
4.	Intel Corporation, USA	3	Telephony hardware	50,000
5.	Advantech Control (M) Sdn Bhd	3	Telephony hardware	150,000
6.	Attrix Tech Sdn Bhd	1	VOIP Gateway	10,958
7.	Comsolutions Sdn Bhd	1	Auto Dialer	21,871
8.	Dinkum Technology Pte Ltd	1	GSM Interface Cards	5,601
9.	Dell Asia Pacific Sdn Bhd	1	Industrial Servers	8,200
10.	I Best Trading	½	IP Phone	56,400

The Company adopts a long-term relationship practice with its suppliers mainly for the licensing of speech engines as well as the procurement of telephony hardware. Viztel is not dependent on any particular speech engine supplier as the Company's speech applications can run on any speech engine.

6.17 Secured Contracts

As at 22 June 2004, the secured contracts of the Group (both pending implementation and being implemented) and the values of these contracts are as follows:

<u>Name</u>	<u>Date of contracts</u>	<u>Contract Value</u>
YFI	January 2001	*
Niagara Technologies Sdn Bhd	28 November 2001	^
VoIUM Communications Pte Ltd	4 July 2002	^
Keep Communication Sdn Bhd	16 January 2003	*
Elanet Sdn Bhd	23 May 2003	RM299,000
InfraRed Processor (M) Sdn Bhd	26 September 2003	RM210,000
CyberHub Worldcom Pte Ltd	11 November 2003	*
TT dotcom Sdn Bhd	17 February 2004	*
AirAsia Aviation Co Ltd	10 March 2004	Up to a maximum of Thai Baht 2,250,000
Hundred Times Sdn Bhd	25 March 2004	^

Note

* Revenue-sharing arrangement

^ Viztel derives a fee based on the number of products sold by its distributors

6. INFORMATION ON THE VIZTEL GROUP *(cont'd)*

6.18 Competition and Competitive Strengths

Viztel focuses on providing speech and wireless communication solutions in Asia and has successfully integrated various communication channels into a single platform – SWAP platform. Whilst there are some foreign players which have integrated various communication channels into a single platform, e.g. Openwave Systems Inc, they do not operate in the same geographical market as Viztel.

To the best knowledge and belief of the Directors, most of Viztel's competitors do not have a product range as complete as Viztel. Viztel's competitors individually provide products and services that make up only a portion of Viztel's offerings. Companies that provide products that are similar to Viztel's products are as follows:

Name of Company	Product
Computer Protocol Sdn Bhd	T-Cube
Unified Communication Pte Ltd	T-Cube
Jurudata Services Sdn Bhd	SONIA Enterprise
CTApps Technology Sdn Bhd	T-Cube

Major voice technology providers in the USA only focus on the North American market and they have very little presence in Asia. In addition, these companies do not have skillsets in Asian languages. Pricing for USA-based players are at a premium compared to Viztel's offerings. Many of these companies either focus solely on speech recognition technology or hardware technology, as opposed to Viztel, which is involved in the development of integrated computer telephony solutions for vertical industries.

Viztel's local competitors comprised mainly system integrators in the telecom industry. Viztel's differentiation from these players would be its product-based approach. Viztel's ability to develop ready and mature products for the telecom industry actually allows it to deploy software and systems at a faster pace compared to its competitors.

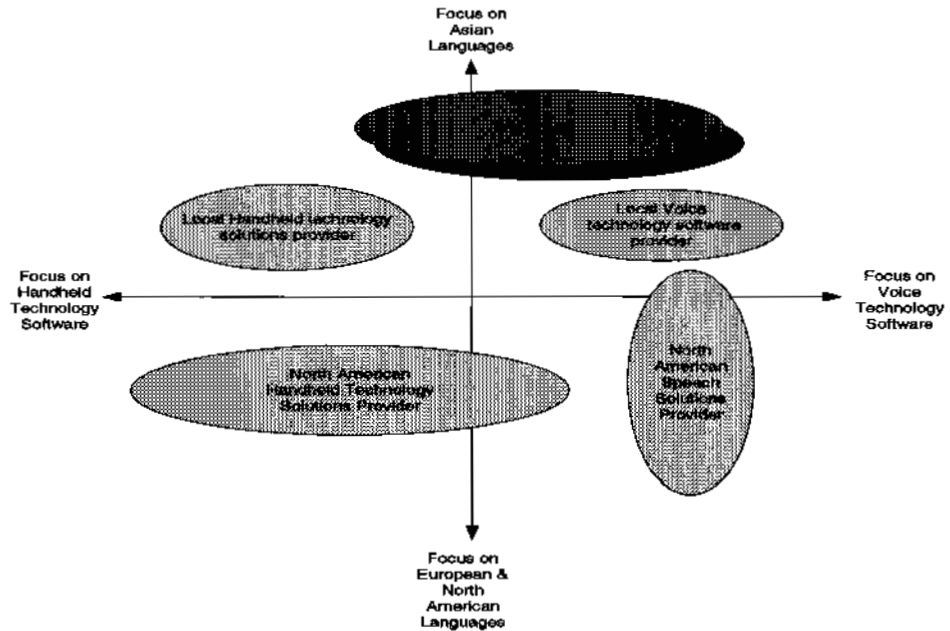
Viztel has various competitive advantages against its competitors. These advantages are:

(a) **Unique Positioning In The Converged Communication Software Sector**

Viztel has a unique position in the niche area of converged voice technology and messaging technology software and systems. Viztel is able to license its products as a complete solution or offer them through outsourcing services to service providers. This enables the Company to cross-leverage off various facilities and infrastructure of this sector.

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6. INFORMATION ON THE VIZTEL GROUP (cont'd)



Viztel's Unique Position in the Global Converged Communication Software Landscape

(b) Software Modularisation Approach

Originating from the research laboratory environment, speech technology contains complicated algorithms that involve various repetitive and tedious programming efforts. Speech application engineers typically need to develop speech systems from scratch for each project and tailor the speech engine according to the unique requirements of each project. The process typically takes approximately 8-12 months for a sizeable project thus rendering speech technology not sufficiently cost-effective for commercial deployment.

Taking a modularisation approach, Viztel develops individual components that consist of various elements of a convergent communication system. Whilst these components are independent of one another, they are based on common protocols such as XML or SOAP and as such, are highly interoperable. This approach allows significant reduction in implementation time for the speech system as developers no longer need to build a system from scratch for each project.

Some of the benefits of employing this modularisation approach to speech system include:

(i) Reusability of Software Codes

By breaking software codes into modules, Viztel is making its software code base reusable and more flexible, unlike a more traditional speech application software code base.

(ii) Reduced Application Load Time

Viztel employs a "just-in-time loading" design approach on its SWAP platform that reduces the load time in a speech application, thus increasing service efficiency and simplicity of use.

6. INFORMATION ON THE VIZTEL GROUP (cont'd)

(iii) Faster Deployment Timeframe

With the modularisation approach, Viztel has built up a library of useful tools within a brief timeframe. Rapidly building applications based on these tools would then be quite straightforward. Speed of development can also be enhanced because software engineers would be able to debug and deploy on a module-by-module basis. The entire application does not have to be retested every time a change is made.

(c) Staying Ahead with Technology

To be able to continuously innovate on its technology, Viztel is committed to expanding its technical team. Viztel's current R&D team possesses extensive expertise and track record. Viztel is committed to increasing its investment in R&D to enhance its competitive edge. Towards this end, Viztel intends to use part of the proceeds from the IPO for future R&D. Viztel is currently negotiating with several leading research centres of local and foreign universities to jointly develop technologies in the area of converged communication.

(d) Unique Offering of Products in Niche Market

Viztel is one of few providers of software and systems for wireless communication that have speech access capabilities and are able to integrate speech technology across an open platform. The highly specialised skill set required for speech technology form a significant barrier to entry for new entrants to this industry. Viztel has a team of co-founders who pioneered innovative computer telephony technology through their respective work experience and educational backgrounds.

(e) Regional Experience and Localisation Expertise

The Group's technical team has experience in implementing commercial speech applications for multiple languages in different markets. The Viztel Group's experience in deploying localised speech application for markets such as Hong Kong and Kuwait allows it to build upon its experience in localising speech application for any language in a new geographic market. This skill set and experience has translated into an edge for Viztel over its competitors.

Amongst the languages and environments in which Viztel has experience implementing solutions are tabulated as follows:

	Market	Languages or Dialects
1.	Malaysia	Bahasa Malaysia, English, Mandarin, Cantonese
2.	China	Beijing Mandarin, Yunnan Mandarin, English, Cantonese
3.	Hong Kong	Cantonese, English
4.	Kuwait	Arabic, English
5.	United Kingdom	English
6.	United States	English
7.	Indonesia	English, Bahasa Indonesia
8.	Singapore	English, Bahasa Melayu
9.	Thailand	English, Thai

6. INFORMATION ON THE VIZTEL GROUP (cont'd)

(f) Adoption of Open Platform Architecture

Viztel's practice of building its software on standards and open platforms will ensure that its technologies would be compatible and be able to integrate easily with the IT infrastructure of its clients. This feature would also allow Viztel's solution partners to integrate Viztel's products with other products for bundled sales.

(g) Dynamic Grammar Compilation Capability of SWAP

One of the key benefits of using speech applications in software development is the short time required to create powerful and integrated services that leverage off existing data and systems. However, any speech recognition platform cannot operate by itself as it would require compilation of grammars such as languages tuning as well as data collection to be preloaded into the platform. A typical system, with large grammars, can take up to a minute or more time to complete compilation.

SWAP employs dynamic grammar compilation making it possible to create applications that are always current.

(h) Partnership with Market Leaders in Other Areas of the Value-Chain

Speech-processing telephony hardware and speech engines are two sections in the value chain of the converged communication technology industry. Viztel's products complement these two areas. Viztel has strategic alliances with some of the market leaders, as listed below, which provide speech engines and speech-processing telephony hardware areas.

- Infotalk, Hong Kong;
- Intel Semiconductor Limited, USA;
- Speechworks International Corporation, USA; and
- Aculab, United Kingdom.

6.19 Technology and Intellectual Property

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 licences to its customers. Viztel enters into Software Licensing Agreements with its customers to license the software systems to its customers. The Software Licensing Agreements ensure that the intellectual property rights of the software systems remain with Viztel.

Viztel employs the following methods of intellectual property protection:

(i) Hardware-Key

Viztel employs a hardware-based software protection system that prevents the unauthorised use of software applications. This is achieved with the help of a hardware-key (commonly known as "dongle" in the IT industry) that has to be connected to the system in order for Viztel's software to run properly. This hardware-key stores encrypted identity numbers that cannot be easily replicated.

6. INFORMATION ON THE VIZTEL GROUP (cont'd)

(ii) Intellectual Property Assignment Agreement

The Group intends to enter into intellectual property assignment agreements with its employees. Hence, any existing and/or future intellectual property rights arising in the course of servicing its clients and from the Group's R&D efforts, including but not limited to patents, copyright, technical information, software and research reports, will be owned by Viztel.

(iii) Non-Compete Clause

Viztel has included a non-compete clause in the service agreements between the Group and its directors/senior management, wherein such persons are prevented from engaging in businesses that compete against those of the Group within three (3) years from termination of employment with the Group.

(iv) Patent

Viztel intends to patent some of its technologies and procedures in the near future as soon as the Company determines that patents could give its products a substantial commercial advantage that justifies the attendant costs and patent-filing effort. However, Viztel is not dependent on any patents.

(v) Trademark

Branding exercises is a key objective of Viztel marketing effort in the next five (5) years. In order to establish market recognition and awareness of the Company's innovative product offerings, Viztel expects to undertake trademark exercises.

6.20 Operating Licences and Permits

The Group's business activities do not presently require any permit or licence from any authorities. However, as disclosed in Section 6.5, the Group currently holds an ASP licence which allows the Group to offer a wide range of telecommunication and networking services.

6.21 Production Capacities and Output

Viztel is a software and solutions company. Its operating capacity could be expanded based on demand by assigning more engineers to a particular project. However, the number of engineers to be assigned would be limited by the number of employees of the company. Viztel's approach of developing ready products for the vertical industry makes it less dependant on the number of engineers the Company requires to deploy a system.

6.22 Interest in Similar Business

None of the directors or substantial shareholders of the Group or its subsidiary companies has any interest, direct or indirect, in any business carrying on a similar trade as the Group or its subsidiary companies.

6.23 Related Party Transactions and Potential Conflict of Interests

There are no existing or potential related party transactions between the Viztel Group and its Directors, substantial shareholders and/or persons connected with such a Director or substantial shareholder as defined under Section 122A of the Act.

6. INFORMATION ON THE VIZTEL GROUP (cont'd)

None of the Directors of substantial shareholders has any interest direct or indirect in the promotion of or in any material assets acquired or proposed to be acquired or material assets disposed or proposed to be disposed of or leased or proposed to be leased by the Company or any of its subsidiary companies within the two (2) years preceding the date of this Prospectus.

6.24 Declaration by Experts

Alliance confirms that there is no existing or potential conflict of interest in its capacity as the Adviser in relation to the Public Issue.

Messrs Ernst & Young confirms that there is no conflict of interest in its capacity as the Reporting Accountants in relation to the Public Issue.

Messrs Cheang & Ariff confirms that there is no conflict of interest in its capacity as the due diligence solicitors in relation to the Public Issue.

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