

PROSPECTUS



M-MODE BERHAD

(formerly known as Middle Elegance (M) Sdn Bhd)
(Company No.: 635759-U)
(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE OF 20,433,000 NEW ORDINARY SHARES OF RM0.10 EACH AT AN ISSUE PRICE OF RM0.45 PER ORDINARY SHARE COMPRISING:-

- 2,000,000 NEW ORDINARY SHARES OF RM0.10 EACH FOR APPLICATION BY THE ELIGIBLE DIRECTORS AND EMPLOYEES OF M-MODE BERHAD AND ITS SUBSIDIARIES;
- 16,000,000 NEW ORDINARY SHARES OF RM0.10 EACH BY WAY OF PRIVATE PLACEMENT TO THE IDENTIFIED INVESTORS; AND
- 2,433,000 NEW ORDINARY SHARES OF RM0.10 EACH FOR APPLICATION BY THE PUBLIC

IN CONJUNCTION WITH ITS LISTING ON THE MESDAQ MARKET OF BURSA MALAYSIA SECURITIES BERHAD (FORMERLY KNOWN AS MALAYSIA SECURITIES EXCHANGE BERHAD)

Adviser, Sponsor, Underwriter and Placement Agent



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

THIS PROSPECTUS IS DATED 9 NOVEMBER 2004

PROSPECTUS

M-Mode Berhad



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SEMPOI™

NUR ISLAM™



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

Affin 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 Issue (as herein defined).

Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) ("Bursa Securities") and the Securities Commission ("SC") have approved the Public Issue and the approvals shall not be taken to indicate that Bursa Securities and the SC recommend the Public Issue.

Bursa Securities and the SC shall not be liable for any non-disclosure on the part of M-Mode and its subsidiaries ("M-Mode Group") and take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim 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 the MESDAQ Market of Bursa Securities is not to be taken as an indication of the merits of the Public Issue, M-Mode Group or of its securities. **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.**

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus, together with the form of application, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Characteristics of the MESDAQ Market of Bursa Securities:-

Investors should be aware that the MESDAQ Market of Bursa Securities is a distinct market from the Main and Second Boards of Bursa Securities in many respects. In particular, companies listed on the MESDAQ Market of Bursa Securities are subject to different quantitative and qualitative requirements, which have been primarily designed to accommodate high-growth and/or technology companies. Companies that are listed on the MESDAQ Market of Bursa Securities may not have an operating history or any profit track record prior to listing. As such, whilst potential investment returns may be relatively high, companies listed on the MESDAQ Market of Bursa Securities may be of higher investment risk. The regulatory philosophy underlying the MESDAQ Market of Bursa Securities is that the market should be allowed to determine the merits of the securities/instruments in a particular company. Hence, as with all investments, prospective investors should be aware of all potential risks in investing in such companies and should make the decision to invest after due and careful consideration by referring to, amongst others, this Prospectus, latest financial statements and corporate announcements. In this respect, advice from a securities professional/adviser is strongly recommended.

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any of the persons set out in Section 45 of the Securities Commission Act 1993, e.g. directors and advisers, are responsible.

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

TENTATIVE TIMETABLE

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

EVENT	TENTATIVE TIMETABLE
Opening of application	9 November 2004
Closing of application	22 November 2004
Tentative balloting date	24 November 2004
Tentative date of despatch of notices of allotment to successful applicants	1 December 2004
Tentative listing date	2 December 2004

Note:-

This timetable is tentative and is subject to changes which may be necessary to facilitate implementation procedures. The application for the Public Issue will open and close at the time and date as stated above or such later date as the Directors of M-Mode together with the Underwriter may in their absolute discretion mutually decide.

In the event that the Directors of M-Mode and the Underwriter decide to extend the closing date of the application, the dates for the balloting, despatch of notices of allotment and listing of and quotation for the entire issued and paid-up share capital of M-Mode on the MESDAQ Market of Bursa Securities would be extended accordingly. As such, this tentative timetable is subject to changes and appropriate press release will be made to local news agencies and advertisements will be published in widely circulated daily newspapers within Malaysia, comprising one (1) Bahasa Malaysia and one (1) English newspapers.

Late applications will not be accepted.

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DEFINITIONS

Except where the context requires otherwise, words and expressions below shall apply throughout this Prospectus:-

“Acquisition of eCentury”	:	Acquisition by M-Mode of 250,000 ordinary shares of RM1.00 each in eCentury representing the entire equity interest in eCentury from Lim Thean Keong and Ching Wai Teng for a purchase consideration of RM6,000,000 satisfied by the issuance of 6,000,000 new ordinary shares of RM1.00 each in M-Mode
“Acquisition of MMSB”	:	Acquisition by M-Mode of 50,000 ordinary shares of RM1.00 each in MMSB representing the entire equity interest in MMSB from Lim Thean Keong and Tung Wai Fun for a purchase consideration of RM50,000 satisfied by the issuance of 50,000 new ordinary shares of RM1.00 each in M-Mode
“Act”		Companies Act, 1965
“ADA”	:	Authorised Depository Agent
“ADA Code”	:	ADA (Broker) Code
“Affin Merchant” or “Sponsor” or “Underwriter” or “Placement Agent”	:	Affin Merchant Bank Berhad (9999-V)
“Application Form”	:	Application for the Public Issue Shares by way of a printed application form
“Application”	:	Application for the Public Issue Shares by way of Application Form or by way of Electronic Share Application
“ASEAN”	:	Association of Southeast Asian Nations comprising Indonesia, Malaysia, Philippines, Singapore, Thailand, Brunei, Vietnam, Laos, Myanmar and Cambodia
“ASP”	:	Application Service Provider
“ATM”	:	Automated Teller Machine
“BDO”	:	BDO Binder (AF 0206)
“Board” or “Board of Directors”	:	Directors of the Company as at the date of this Prospectus
“Bursa Depository” or “Central Depository”	:	Bursa Malaysia Depository Sdn Bhd (formerly known as Malaysian Central Depository Sdn Bhd) (165570-W)
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) (635998-W)
“Cash Subscription”	:	Cash subscription of 79,998 ordinary shares of RM1.00 each in M-Mode at an issue price of RM1.00 each by Lim Thean Keong
“Celcom”	:	Celcom (Malaysia) Berhad (167469-A)
“CDS”	:	Central Depository System
“DiGi”	:	DiGi Telecommunications Sdn Bhd (201283-M)
“EBIDTA”	:	Earnings before interest, depreciation, taxation and amortisation

DEFINITIONS (Cont'd)

“eCentury”	:	eCentury Sdn Bhd (531458-T)
“Electronic Share Application”	:	Application for the Public Issue Shares through a Participating Financial Institution’s ATM
“EPS”	:	Earnings per share
“GDP”	:	Gross Domestic Product
“IDE”	:	Information, database and entertainment
“Infocredit D&B”	:	Infocredit D&B (Malaysia) Sdn Bhd (527570-M)
“Infocredit D&B Report”	:	Independent Market Consultant Report prepared by Infocredit D&B dated 8 April 2004
“Issue Price” or “Public Issue Price”	:	Issue price of RM0.45 per Public Issue Share
“IT”	:	Information technology
“LAT”	:	Loss after taxation
“LBT”	:	Loss before taxation
“LPS”	:	Loss per share
“Latest Practicable Date”	:	31 October 2004, being the latest practicable date prior to the registration of this Prospectus with the SC
“Listing”	:	The admission and the listing of and quotation for the entire enlarged issued and paid-up share capital of M-Mode of RM8,173,300 comprising 81,733,000 ordinary shares of RM0.10 each on the Official List of the MESDAQ Market
“Listing Requirements”	:	Listing Requirements of Bursa Securities for the MESDAQ Market
“Maxis”	:	Malaysian Mobile Services Sdn Bhd (73315-V)
“MCMC”	:	Malaysian Communications and Multimedia Commission
“MDC”	:	Multimedia Development Corporation Sdn Bhd (389346-D)
“MESDAQ Market”	:	MESDAQ Market of Bursa Securities
“MMSB”	:	Mobile Multimedia Sdn Bhd (609403-W)
“M-Mode” or “Company”	:	M-Mode Berhad (formerly known as Middle Elegance (M) Sdn Bhd) (635759-U)
“M-Mode Group” or “Group”	:	M-Mode and its subsidiaries
“M-Mode Shares” or “Shares”	:	Ordinary shares of RM0.10 each in M-Mode
“MNO”	:	Mobile network operator
“MIH”	:	Malaysian Issuing House Sdn Bhd (258345-X)
“MITI”	:	Ministry of International Trade and Industry
“MSC”	:	Multimedia Super Corridor
“NTA”	:	Net tangible assets

DEFINITIONS (Cont'd)

“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“Pink Form Allocation”	:	2,000,000 Public Issue Shares reserved for subscription by the eligible Directors and employees of the Group
“Private Placement”	:	Private placement of 16,000,000 new M-Mode Shares to identified investors pursuant to the Public Issue at the Issue Price payable in full on application
“Promoters”	:	Promoters of the Group, namely Lim Thean Keong and Tung Wai Fun
“Public Issue Shares”	:	20,433,000 new M-Mode Shares to be issued pursuant to the Public Issue
“Public Issue”	:	Public issue of 20,433,000 new M-Mode Shares at the Issue Price to the eligible Directors and employees of the M-Mode Group and to the identified investors by way of private placement and public issue, subject to the terms and conditions of this Prospectus
“Rhino Solutions”	:	Rhino Solutions Sdn Bhd (580315-A)
“R&D”	:	Research and development
“Share Split”	:	Subdivision of the par value of M-Mode ordinary shares of RM1.00 each to RM0.10 each
“ROC”	:	Registrar of Companies
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“Rules”	:	Rules of Bursa Depository
“SC”	:	Securities Commission
“Variable Trend”	:	Variable Trend Sdn Bhd (616333-T)
“%”	:	Per centum of percentage

Technical Definitions

“3G”	:	Third generation digital wireless communications system which uses packet switching technology
“EDGE”	:	Enhanced Data for Global Evolution
“EMS”	:	Enhanced Messaging Service
“GPRS”	:	General Packet Radio Service
“GSM”	:	Global System for Mobile Communication
“MMS”	:	Multimedia Messaging Service
“SMS”	:	Short Messaging Service
“WAP”	:	Wireless Application Protocol
“WAP/GPRS”	:	WAP over GPRS

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Occupation	Nationality
Lim Thean Keong (Chairman/Managing Director)	B-23-5, Prima Setapak Condominium Jalan Prima Setapak Setapak 53000 Kuala Lumpur	Company Director	Malaysian
Tung Wai Fun (Executive Director)	109-08-01, Bistari Condominium Jalan 1/64D, Off Jalan Putra 50350 Kuala Lumpur	Company Director	Malaysian
Lim Bee Tat (Executive Director)	Avenue Court, A-3A-4, Blok A 7, Jalan Taman Seri Sentosa 58000 Kuala Lumpur	Company Director	Malaysian
Fam Lee Ee (Independent Non-Executive Director)	No. 70, Jalan SS21/1 Damansara Utama 47400 Kuala Lumpur	Advocate and Solicitor	Malaysian
Mohd Zaini bin Noordin (Independent Non-Executive Director)	M5, Mahogany Villa Taman Kelab Ukay Bukit Antarabangsa 68000 Ampang Selangor	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Fam Lee Ee	Chairman	Independent Non-Executive Director
Mohd Zaini bin Noordin	Committee Member	Independent Non-Executive Director
Lim Bee Tat	Committee Member	Executive Director

AUDITORS AND REPORTING ACCOUNTANTS

: Chanthiran & Co. (AF 1385)
Chartered Accountants
Suite EFGH
11th Floor, Bangunan Angkasa Raya
Jalan Ampang
50450 Kuala Lumpur
Telephone No. : 03 – 2711 0581

COMPANY SECRETARY

: Lee Pau Meng (MAICSA 7000595)
21, Jalan Keruing
Bukit Bandaraya
59100 Kuala Lumpur
Telephone No. : 03 – 2161 9032

REGISTERED OFFICE

: B-3-13, Block B, 3rd Floor, Unit 13
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Telephone No. : 03 – 2161 9032
Fax No. : 03 – 2175 2578
Website : www.m-mode.com.my

1. CORPORATE DIRECTORY (Cont'd)

PRINCIPAL BANKER	: RHB Bank Berhad Lot G 34, Ground Level Petronas Twin Towers Kuala Lumpur City Centre 50088 Kuala Lumpur Telephone No. : 03 – 2164 4423
SOLICITORS FOR THE LEGAL DUE DILIGENCE	: Messrs Rajah, Lau & Associates B-13-13, Block B, 13 th Floor, Unit 13 Megan Avenue II 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur Telephone No. : 03 – 2710 5585
SHARE REGISTRAR	: PFA Registration Services Sdn Bhd (19234-W) Level 13, Uptown 1 No. 1, Jalan SS21/58 Damansara Uptown 47400 Petaling Jaya Selangor Darul Ehsan Telephone No. : 03 – 7725 4888
INDEPENDENT MARKET RESEARCHER	: Infocredit D&B (Malaysia) Sdn Bhd (527570-M) Level 9-3A, Menara Millenium Jalan Damanela Pusat Bandar Damansara 50490 Kuala Lumpur Telephone No. : 03 – 2718 1000
INDEPENDENT VALUER	: BDO Binder (AF 0206) Chartered Accountants 12th Floor, Menara Uni.Asia 1008 Jalan Sultan Ismail 50250 Kuala Lumpur Telephone No. : 03 – 2616 2888
ISSUING HOUSE	: Malaysian Issuing House Sdn Bhd (258345-X) 27 th Floor, Menara Multi-Purpose Capital Square No.8, Jalan Munshi Abdullah 50100 Kuala Lumpur Telephone No. : 03 – 2693 2075
ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT	: Affin Merchant Bank Berhad (9999-V) 27 th Floor, Menara Boustead 69, Jalan Raja Chulan 50200 Kuala Lumpur Telephone No. : 03 – 2142 3700 Fax No. : 03 – 2141 7701
LISTING SOUGHT	: MESDAQ Market of Bursa Securities

2. INFORMATION SUMMARY

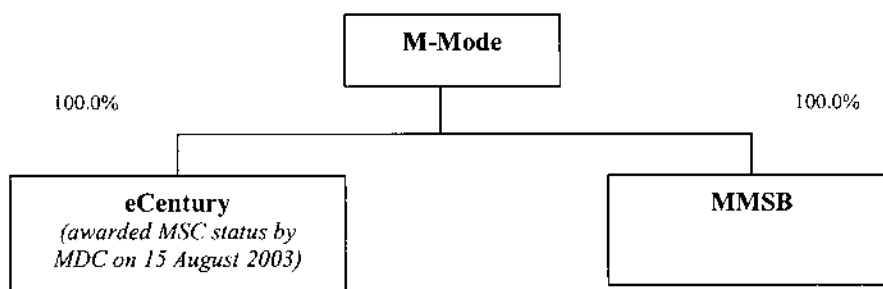
THE FOLLOWING IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE M-MODE GROUP. INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST IN THE PUBLIC ISSUE SHARES.

The following summary is qualified in its entirety by the more detailed information, including the Accountants' Report and Notes thereto, as set out in the respective sections of this Prospectus. This Prospectus contains certain statements of a forward-looking nature relating to future events or the future financial performance of the Group. Investors are cautioned that such statements are only predictions and that actual results or events when materialised may differ materially from those disclosed in this Prospectus. Therefore, in evaluating such statements, prospective investors should carefully consider the various factors identified in this Prospectus, including the matters set forth in Section 4 under the heading "Risk Factors" of this Prospectus.

2.1 History and Business

M-Mode was incorporated in Malaysia as a private limited company under the Act on 2 December 2003 under the name of Middle Elegance (M) Sdn Bhd and the name was changed to M-Mode Sdn Bhd on 18 March 2004. M-Mode was converted into a public limited company and adopted its present name on 7 April 2004. M-Mode is principally an investment holding company and has two (2) wholly-owned subsidiaries, namely eCentury and MMSB.

The Group's current corporate structure is set out below:-



A summary of the details of M-Mode's subsidiaries is as follows:-

Subsidiary	Date/place of incorporation	Issued and paid-up share capital RM	Effective equity interest	Principal activities
eCentury	8 Nov 2000/ Malaysia	250,000	100%	Providing mobile media content and data application services.
MMSB	19 Mar 2003/ Malaysia	50,000	100%	Providing mobile media content and data application services.

2. INFORMATION SUMMARY (Cont'd)

The M-Mode Group is a mobile media content provider specialising in the development and provision of a variety of mobile media content ranging from entertainment to information and news delivered via SMS, MMS or WAP/GPRS. The Group offers mobile media content that is entertaining, informative, timely and relevant. The Group's strength lies in its ability to identify the content which may be required by mobile users and to be able to respond to their needs in a timely manner. The applications software related to the operation of the Group's mobile media content services is designed and developed in-house by the Group's IT R&D team. Most of the mobile media content is developed in-house by the Group's Content R&D team.

The M-Mode Group's three (3) main revenue streams are as follows:-

- (i) Music tones;
- (ii) Graphics; and
- (iii) IDE services.

Music tones and graphics can be delivered to the end users' mobile device through SMS, MMS or WAP/GPRS. Music tones and graphics provided by the Group are mostly developed by eCentury. MMSB does not develop its own content but sources it from eCentury. The IDE services, which can be subscription or non-subscription based, are divided into six (6) broad categories as follows:-

- (i) Tips and topics;
- (ii) Alerts;
- (iii) Horoscope and fate;
- (iv) Contest and games;
- (v) Education; and
- (vi) Islamic content.

The Group began its operations via eCentury on 1 March 2002. Prior to the introduction of the IDE services in September 2003, music tones and graphics were the main contributors to the revenue of the M-Mode Group. The IDE services are now a significant revenue contributor to the M-Mode Group due to the popularity of its subscription based mobile media content.

The M-Mode Group has consolidated its position in Malaysia as one of the leading Chinese language and Bahasa Malaysia mobile media content providers offering music tones, graphics and the IDE services. The M-Mode Group has grown from a provider of mobile entertainment providing mobile media content such as music tones and operator logos to a multi-entertainment and multi-content provider for the mobile telecommunications industry.

The M-Mode Group markets its content under an umbrella brand name called "M-Mode" which contains four (4) main brand names, namely "QQ" and "Nino" for the Chinese language content and "Sempoi" and "Nur Islam" mainly for the Bahasa Malaysia content.

The Group may from time to time identify new market segments and create new brand names to meet the wants and needs of the identified segments.

2. INFORMATION SUMMARY (Cont'd)

Besides marketing its content under its own brand names, the M-Mode Group has smart partnership arrangements with Maxis and Celcom to provide them with content for distribution via their own channels.

The Group's mission now is to continuously exceed the MNOs' and customers' expectations by focusing on the continuous development of entertainment and text-based content. Recognising the importance of value-added mobile media content, the M-Mode Group has diversified its business focus from the initial core business of music tones and graphics content to the IDE services. The diversification to the IDE services such as lifestyle tips and love topics is in line with the strategy of the Group to achieve its mission of becoming a leading mobile media content provider in Malaysia.

Further information on the M-Mode Group is disclosed in Section 5 of this Prospectus.

2.2 Ownership and Management

(i) Promoters

Based on the Register of Members of M-Mode as at the Latest Practicable Date, the direct and indirect interests of the Promoters in the issued and paid-up share capital of M-Mode before and after the Public Issue are as follows:-

Name	Nationality	Before the Public Issue				After the Public Issue			
		Direct		Indirect		Direct		Indirect	
		No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Lim Thean Keong	Malaysian	45,410	74.08	-	-	45,908*	56.17	-	-
Tung Wai Fun	Malaysian	3,000	4.89	-	-	3,200*	3.92	-	-

* Assuming full subscription of the Pink Form Allocation made available to them.

(ii) Substantial Shareholders

Based on the Register of Substantial Shareholders of M-Mode as at the Latest Practicable Date, the direct and indirect interests of the substantial shareholders of M-Mode in the issued and paid-up share capital of M-Mode before and after the Public Issue are as follows:-

Name	Nationality / Place of Incorporation	Before the Public Issue				After the Public Issue			
		Direct		Indirect		Direct		Indirect	
		No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Lim Thean Keong	Malaysian	45,410	74.08	-	-	45,908*	56.17	-	-
Rhino Solutions	Malaysia	6,470	10.55	-	-	6,470	7.92	-	-
Variable Trend	Malaysia	3,900	6.36	-	-	3,900	4.77	-	-

* Assuming full subscription of the Pink Form Allocation made available to him.

2. INFORMATION SUMMARY (Cont'd)

(iii) Directors

Based on the Register of Directors of M-Mode as at the Latest Practicable Date, the direct and indirect interests of the Directors of M-Mode in the issued and paid-up share capital of M-Mode before and after the Public Issue are as follows:-

Name	Nationality	Before the Public Issue				After the Public Issue			
		Direct		Indirect		Direct		Indirect	
		No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Lim Thean Keong	Malaysian	45,410	74.08	-	-	45,908*	56.17	-	-
Tung Wai Fun	Malaysian	3,000	4.89	-	-	3,200*	3.92	-	-
Lim Bee Tat	Malaysian	600	0.98	-	-	750*	0.92	-	-
Fam Lee Ee	Malaysian	-	-	-	-	-	-	-	-
Mohd Zaimi bin Noordin	Malaysian	-	-	-	-	-	-	-	-

* Assuming full subscription of the Pink Form Allocation made available to them.

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2. INFORMATION SUMMARY (Cont'd)

(iv) Key Management and Key Technical Personnel

Based on the Register of Members of M-Mode as at the Latest Practicable Date, the direct and indirect interests of the key management and key technical personnel of the Group in the issued and paid-up share capital of M-Mode before and after the Public Issue are as follows:-

Name	Nationality	Designation	Before the Public Issue				After the Public Issue			
			Direct		Indirect		Direct		Indirect	
			No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Lim Thean Keong	Malaysian	Chairman/Managing Director	45,410	74.08	-	-	45,908*	56.17	-	-
Tung Wai Fun	Malaysian	Executive Director	3,000	4.89	-	-	3,200*	3.92	-	-
Lim Bec Tat	Malaysian	Executive Director	600	0.98	-	-	750*	0.92	-	-
Ching Wai Teng	Malaysian	Chief Editor	1,800	2.94	-	-	1,956*	2.39	-	-
Lee Pau Meng	Malaysian	Company Secretary/ Human Resource Manager	120	0.20	-	-	207*	0.25	-	-
Thong Kooi Pin	Malaysian	Finance Manager	-	-	-	-	118*	0.14	-	-
Mohd Aminuddin Mohd Yaakub	Malaysian	General Manager	-	-	-	-	79*	0.10	-	-

* Assuming full subscription of the Pink Form Allocation made available to them.

2. INFORMATION SUMMARY (Cont'd)

2.3 R&D Capabilities

As at the Latest Practicable Date, the M-Mode Group's R&D team comprises twenty eight (28) full-time professionals conducting in-house R&D. The Group is committed to provide continuous R&D efforts to keep abreast of market developments and trends and to enable it to tap into new markets and to ensure the long-term sustainability of its business. The Group's R&D team is divided into Content R&D and IT R&D. The responsibilities of the R&D team are as follows:-

- (i) Content R&D - To conduct R&D for the production of mobile media content that is necessary, entertaining, useful, convenient and/or real time in the daily life of the mobile phones users; and
- (ii) IT R&D - To conduct R&D on IT infrastructure, applications and gateway that are compatible to the MNOs' infrastructure and to keep abreast with the technology of the MNOs for the delivery of mobile media content.

Further details of the Group's R&D capabilities are set out in Section 5.14 of this Prospectus.

2.4 Competitive Strengths

The M-Mode Group has developed the following competitive strengths which the Directors believe will provide the Group with a competitive advantage over its competitors:-

- (i) experienced senior management team;
- (ii) strong application software development capabilities;
- (iii) established within the Chinese language market for mobile media content;
- (iv) strong abilities in identifying, sourcing and developing relevant mobile media content;
- (v) diverse vertical provision of services;
- (vi) competitive vernacular advantage;
- (vii) burgeoning Bahasa Malaysia text based content;
- (viii) myriad opportunities within age group market segmentation;
- (ix) regional market expansion;
- (x) customer retention strategy; and
- (xi) differentiation through exclusive content.

Further details of the Group's competitive strengths are set out in Section 5.11 of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)

2.5 Risk Factors

Prior to making an investment in the Public Issue Shares, prospective investors should carefully consider the following risk factors inherent in and affecting the business of the Group in addition to the other information contained elsewhere in this Prospectus. Factors that could cause or contribute to such differences include, but are not limited to those discussed in Section 4, "Risk Factors" of this Prospectus but also include those highlighted throughout this Prospectus.

The key risk factors (which may not be exhaustive) that may affect the Group's future profitability are as follows:-

- (i) Business risks
 - Competitive risk
 - Dependence on directors and key personnel
 - Rapid technological changes
 - Dependence on MNO's telecommunications infrastructure
 - Dependence on products and services
 - Security and system disruption
 - Insurance risks
 - Changes in the political, economic and regulatory environment
 - Uncertainty of the Five (5)-Year Business Development Plan
 - Technology used or to be used
 - Dependence on the MNOs' contractual agreements
 - Validity of ASP Class Licence
 - Brand awareness
 - Seasonality effects
- (ii) Investment Risks
 - No prior market for the M-Mode Shares
 - Ownership and control by the substantial shareholder
 - Termination of the Underwriting Agreement

2. INFORMATION SUMMARY (Cont'd)

(iii) Other Risks

- Disclosure regarding forward-looking statements
- Delay in or abortion of the Listing
- Change or loss of MSC Status
- Intellectual property rights

Further information on the above risk factors is set out in Section 4 of this Prospectus.

2.6 Technology Used and Intellectual Property Rights**Technology Used**

M-Mode Group designs and develops its own applications software to support the content creation and delivery. The Group continues to invest in R&D for the advancement of its mobile media content and enhancement in its applications software to ensure full compatibility with the MNOs' technology.

The Group's current process architecture is managed and monitored by the applications software engines and connected to all MNOs' gateways. In line with the expected growth in the demand of data services in Malaysia, the existing platform architecture of the Group is designed to be scalable and it requires minimal customisation when applying applications and engine enhancements.

Intellectual Property Rights

The Group has applied for the registration of the following trade marks with the Registrar of Trade Marks in relation to its brand names:-

- (i) "M-Mode";
- (ii) "QQ";
- (iii) "Sempo";
- (iv) "Nino"; and
- (v) "Nur Islam".

For more details, please refer to Sections 5.7 and 5.8 of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)

2.7 Proforma Consolidated Income Statement

The table below sets out a summary of the proforma consolidated income statement of the M-Mode Group for the past three (3) financial years ended 31 December 2001, 31 December 2002 and 31 December 2003, and the period from 1 January 2004 to 30 June 2004, prepared based on the assumption that the current structure of the M-Mode Group has been in existence throughout the financial years/period under review. The proforma consolidated income statement is presented for illustrative purposes only and has been extracted from and should be read in conjunction with the accompanying notes and assumptions included in the Accountant's Report set out in Section 13 of this Prospectus.

	Financial year ended 31 December			1 January to
	2001 RM'000	2002 RM'000	2003 RM'000	30 June 2004 RM'000
Revenue	-	628	5,010	5,640
Cost of Sales	-	(78)	(2,400)	(2,501)
Gross profit		550	2,610	3,139
EBIDTA	(3)	(7)	997	1,090
Interest expenses	-	(5)	(12)	(7)
Depreciation	-	(63)	(136)	(69)
Amortisation	-	-	(13)	(132)
Consolidated (LBT) / PBT	(3)	(75)	836	882
Taxation	-	-	(20)	1
Consolidated (LAT) / PAT	(3)	(75)	816	883
Number of M-Mode Shares assumed in issue ('000) ⁽¹⁾	61,300	61,300	61,300	61,300
Gross (LPS) / EPS (sen) ⁽²⁾	(0.005)	(0.12)	1.36	1.44
Net (LPS) / EPS (sen) ⁽³⁾	(0.005)	(0.12)	1.33	1.44

Notes:-

- (1) Being the number of M-Mode Shares in issue before the Public Issue.
- (2) The gross (LPS) / EPS is computed based on the proforma consolidated (LBT) / PBT divided by the number of M-Mode Shares assumed in issue.
- (3) The net (LPS) / EPS is computed based on the proforma consolidated (LAT) / PAT divided by the number of M-Mode Shares assumed in issue.

There were no extraordinary or exceptional items for the financial years/period under review.

2. INFORMATION SUMMARY (Cont'd)

2.8 Proforma Consolidated Balance Sheets

The table below sets out the summary of the proforma consolidated balance sheets of the M-Mode Group as at 30 June 2004, for illustrative purposes only, to show the effects of the Share Split and the Public Issue on the assumption that the events had been effected on that date and should be read with the notes and assumptions to the proforma consolidated balance sheets of the M-Mode Group as set out in Section 14 of this Prospectus.

		(I)	(II)	(III)
	Audited as at 30 June 2004 RM'000	After Share Split RM'000	After (I) and Public Issue RM'000	After (II) and utilisation of proceeds from the Public Issue RM'000
Non-current assets				
Property, plant and equipment	834	834	834	2,072
Deferred expenditure	327	327	327	327
Development cost	288	288	288	721
Goodwill on consolidation	4,886	4,886	4,886	4,886
Current assets				
Trade and other receivables	2,208	2,208	2,208	2,208
Cash and bank balances	255	255	7,949	6,278
	2,463	2,463	10,157	8,486
Current liabilities				
Trade and other payables	1,386	1,386	1,386	1,386
Amount due to directors	2	2	2	2
Amount due to a related company	219	219	219	219
Hire purchase payables	62	62	62	62
Provision for taxation	-	-	-	-
	1,669	1,669	1,669	1,669
Net current assets	794	794	8,488	6,817
	7,129	7,129	14,823	14,823

2. INFORMATION SUMMARY (Cont'd)

	Audited as at 30 June 2004 RM'000	(I) After Share Split RM'000	(II) After (I) and Public Issue RM'000	(III) After (II) and utilisation of proceeds from the Public Issue RM'000
Financed by:-				
Share capital	6,130	6,130	8,173	8,173
Share premium	-	-	5,651	5,651
Reserves	883	883	883	883
Shareholders' funds	7,013	7,013	14,707	14,707
Non-current liability				
Hire purchase payables	116	116	116	116
	7,129	7,129	14,823	14,823
NTA	1,839	1,839	9,533	9,100
Number of shares in issue ('000)	6,130*	61,300	81,733	81,733
NTA per share (sen)	30.00	3.00	11.66	11.13

* Represents shares of RM1.00 each.

2.9 Audit Qualifications in the Audited Financial Statements for the Past Three (3) Financial Years Ended 31 December 2003 and the Period Ended 30 June 2004

There was no qualification reported in the audited financial statements of M-Mode or its subsidiaries for the financial years/period under review.

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2. INFORMATION SUMMARY (Cont'd)

2.10 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:-

(i) Share capital	RM
<i>Authorised</i>	
100,000,000 M-Mode Shares	<u>10,000,000</u>
<i>Issued and fully paid-up as at the date of this Prospectus</i>	
61,300,000 M-Mode Shares	6,130,000
<i>To be issued pursuant to the Public Issue</i>	
20,433,000 M-Mode Shares	2,043,300
<i>Enlarged issued and fully paid-up share capital</i>	<u>8,173,300</u>

(ii) Classes of Shares and Ranking

There is only one class of shares in the Company, being ordinary shares of RM0.10 each. The Public Issue Shares will rank pari passu in all respects with the existing issued and paid-up ordinary shares of M-Mode at the time of issue, including voting rights and rights to all dividends and other distributions that may be declared, paid or made subsequent to the date of allotment thereof.

(iii) Public Issue Price for each Public Issue Share RM0.45

(iv) Market Capitalisation

The market capitalisation of M-Mode upon Listing, based on the Public Issue Price RM36,779,850

(v) Proforma Consolidated NTA of the M-Mode Group as at 30 June 2004

Proforma consolidated NTA RM9,533,635
(after the Public Issue and the deduction of the estimated listing expenses thereof)

Proforma consolidated NTA per M-Mode Share RM0.12
(based on the enlarged issued and paid-up share capital after the Public Issue)

Details of the proforma consolidated balance sheets of the M-Mode Group are set out in Section 14 of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)

2.11 Proposed Utilisation of Proceeds

The total gross proceeds from the Public Issue of RM9,194,850 shall accrue entirely to the Group and are expected to be utilised by the Group as follows:-

Details of Utilisation	Amount of proceeds RM'000	Time frame for utilisation		
		For the financial year ending 31 December		
		2004 RM'000	2005 RM'000	2006 RM'000
R&D	2,300	650	1,600	50
Working capital	2,500	560	1,940	-
Overseas market penetration	2,895	250	2,645	-
Estimated listing expenses	1,500	1,500	-	-
Total	9,195	2,960	6,185	50

Detailed information on the utilisation of proceeds is set out in Section 3.7 of this Prospectus.

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

(i) Working Capital

The Directors of M-Mode are of the opinion that after taking into account the cash flow position, banking facilities available and proceeds to be raised from the Public Issue, the M-Mode Group will have adequate working capital for a period of twelve (12) months from the date of this Prospectus.

(ii) Borrowings

Save as disclosed below, as at the Latest Practicable Date, the M-Mode Group does not have any loan capital outstanding or created, convertible debt securities, mortgages or charges outstanding:-

Type of borrowing	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Hire purchase	65	92	157

There has been no default on payment of either interest and/or principal sum, in respect of the abovementioned borrowing throughout the past one (1) financial year and the subsequent financial period thereof immediately preceding the date of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)

(iii) Material Litigation

As at the Latest Practicable Date, neither the Company nor its subsidiaries is engaged in any material litigation, either as plaintiff or defendant, which has a material and adverse effect on the financial position or business of the M-Mode Group and the Directors of M-Mode have no knowledge of any proceedings pending or threatened against the M-Mode Group or of any fact likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the M-Mode Group.

(iv) Material Capital Commitments

As at the Latest Practicable Date, the Directors of M-Mode are not aware of any material capital commitments contracted or known to be contracted by the M-Mode Group which, upon becoming enforceable, may have a material impact on the financial position of the M-Mode Group.

(v) Contingent Liabilities

As at the Latest Practicable Date, the Directors of M-Mode are of the opinion that the M-Mode Group has no contingent liabilities which, upon materialisation would have a material impact on the financial position of the M-Mode Group.

2.13 Exclusion of Profit Forecast and Projections

The M-Mode Group's turnover and operating results are difficult to forecast and could be adversely affected by many factors, some of which are highlighted in Section 4 of this Prospectus. As such, the M-Mode Group's profit forecast and projections are not disclosed in this Prospectus.

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