

7. FINANCIAL INFORMATION

7.1 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 audited financial statements of the M-Mode Group and 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 30 June 2004 RM'000
	2001 RM'000	2002 RM'000	2003 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 in the financial years/period under review.

7. FINANCIAL INFORMATION (Cont'd)

7.2 Segmental Analysis of Financial Information

The analysis of revenue and PBT by companies within the Group for the past three (3) financial (3) financial years ended 31 December 2001, 31 December 2002 and 31 December 2003 and the period from 1 January to 30 June 2004 are set out below:-

(i) Analysis of Turnover by Subsidiaries

	Financial year ended 31 December			1 January to 30 June 2004 RM'000
	2001 RM'000	2002 RM'000	2003 RM'000	
eCentury	-	628	4,577	4,941
MMSB	-	-	792	872
Consolidation adjustment	-	-	(359)	(173)
Total	-	628	5,010	5,640

(ii) Analysis of PBT by Subsidiaries

	Financial year ended 31 December			1 January to 30 June 2004 RM'000
	2001 RM'000	2002 RM'000	2003 RM'000	
eCentury	(3)	(75)	894	1,296
MMSB	-	-	(58)	(278)
Consolidation adjustment	-	-	-	(136)
Total	(3)	(75)	836	882

7.3 Analysis and Commentary on Financial Information

(i) Revenue Analysis

The historical performance of the M-Mode Group is reflected by the performance of its subsidiaries.

eCentury, which commenced its operation in March 2002, recorded a revenue of RM0.63 million in the same financial year. During the financial year ended 31 December 2002, the mobile media services offered by eCentury were limited to music tones, graphics and picture messaging and supplied its Chinese language mobile media content to Celcom and Maxis under the smart partnership arrangements. In addition, it launched its own brand name "QQ" for the Chinese language content.

MMSB commenced its operation in May 2003 and recorded a revenue of RM0.8 million in the financial year ended 31 December 2003 from the sales of Bahasa Malaysia mobile media services under its own brand name called "Sempoi".

During the financial year ended 31 December 2003, eCentury achieved a revenue of RM4.6 million due to its effective marketing strategy coupled with its commitment to continuous improvement and enhancement of its products and services. In September 2003, the Group introduced the subscription based services which saw the huge increased in revenue.

7. FINANCIAL INFORMATION (Cont'd)

The M-Mode Group recorded a revenue of RM5.6 million in the first half of 2004. This represents a 125% increase on an annualised basis as compared to year 2003. The growth was mainly due to the increase in the number of subscribers for the Group's subscription base services in the first half of 2004. The brand names of "Nino" and "Nur Islam" were launched in February 2004.

(ii) Profit Analysis

For the financial year ended 31 December 2001, the loss incurred by eCentury was due to the preliminary expenses written off and professional fee incurred in the setting up of the company.

The loss incurred during the financial year ended 31 December 2002 of RM0.075 million was due to its extensive expenses such as advertisement fee, R&D and other related costs in order to boost up revenue as it was the first year of operation for eCentury.

The huge increase in the PBT recorded by eCentury during the financial year ended 31 December 2003 on the back of a higher revenue was mainly attributed to the increase in varieties of mobile media services offered by eCentury and increase in the number of subscribers.

MMSB incurred a loss in the financial year ended 31 December 2003 due to extensive marketing expenses incurred in order to boost up revenue.

In the first half of year 2004, the M-Mode Group achieved a higher profit which in line with the increase in revenue as compared to year 2003 and recorded consolidated profit after tax of RM0.89 million, representing a 111% increase on an annualised basis as compared to year 2003.

7.4 Directors' Declaration on Financial Performance

Save as disclosed in this Prospectus, the Directors of M-Mode are of the view that the financial performance, position and operations of the Group are not affected by any of the following:-

- (i) known trends, demands, commitments, event or uncertainties that have had or that the Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of the Group;
- (ii) material capital expenditure commitments;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Group; and
- (iv) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

7. FINANCIAL INFORMATION (Cont'd)

7.5 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.

(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 Mode Group.

7.6 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.

8. SUMMARY OF FIVE-YEAR BUSINESS DEVELOPMENT PLAN

8.1 Vision Statement

The M-Mode Group's Vision Statement is as follows:-

“The M-Mode Group strives to enrich and enliven people's daily lives through their mobile device with the provision of entertaining and useful content.”

8.2 Business Strategies

The Group's key business strategies to achieve its business objectives and to maintain its competitive strengths are as follows:-

- (i) Product enrichment and development;
- (ii) Overseas market expansion;
- (iii) Enhancing technology infrastructure;
- (iv) Marketing and brand building; and
- (v) Content aggregation.

Details on the business strategies of M-Mode are set out below:-

(i) Product Enrichment and Development

The M-Mode Group is presently one of the leading mobile content providers in Malaysia for mobile content in Chinese language and Bahasa Malaysia under the broad categories of music tones, graphics and IDE services available for mobile users and is continuously effecting product development and enrichment procedures to sustain its competitive edge in the market.

Product enhancement and development are necessary on a continual basis, not only to offer an increased diversity of sub-categories but also to keep up with the latest trends. In its continuous efforts to enrich its content and services, the Group emphasises on segmentations by offering content and services catering to various target markets. This entails a deep understanding of mobile users' usage behaviour in the context of everyday life, the similarities and differences between the user groups and a detailed understanding of preferences in the marketplace.

The Group's core competency is in its ability to identify entertaining, informative and relevant mobile media content. With the vast experience that the Board and senior management have in the publishing industry, the Group is able to identify the latest trends in the market as well as researching other media types for recurring popular content that can be transformed into mobile media content.

New product developments would include categories such as wireless village, online applications as well as classified advertisements. In its quest to become a comprehensive mobile media content provider, the Group will engage its own journalists or reporters to develop new content. This is aimed at improving the “time-to-market” element of mobile media content provision and to create exclusive content.

8. SUMMARY OF FIVE-YEAR BUSINESS DEVELOPMENT PLAN (Cont'd)

(ii) Overseas Market Expansion

The Group has set its sights on the overseas markets and has identified several countries for potential expansion as part of its overall business strategies. Duplicating the local business model (vernacular marketing), the Group will begin to explore overseas expansion and may recruit local expertise in content development to develop an understanding of local market preferences.

(iii) Enhancing Technology Infrastructure

The Group's future technological edge will continue to hinge on its applications software development capabilities. Future applications software development will continue to be based on the principles of flexibility, cost, scalability and rapid adaptation to the latest trends. The Group is committed to enhance both its applications software and hardware in order to keep up with the latest technology trends adopted by MNOs.

(iv) Marketing and Brand Building

The Group has clearly established its position in the Chinese language and Bahasa Malaysia mobile content industry, and is committed to moving the market forward, and has a clear growth strategy by focusing on aggressive subscriber recruitment and long-term customer retention and loyalty schemes.

The Group marketing and branding strategy is focused on creating awareness, acceptance and usage across different target market segments. It shall continuously strive to establish on-going relationships with the existing customers and the MNOs working in smart partnership program. Print media will be the main channel of advertising.

In streamlining its branding strategy, the Group has an umbrella brand name called "M-Mode" which contains four (4) main brand names. The branding strategy is tied up to market segmentation based on language as well as content segmentation. For example, "QQ" and "Nino" are the channels for Chinese language content while "Sempo" and "Nur Islam" represent the Bahasa Malaysia and Islamic related content respectively. By separating the content and organising it on a vernacular and theme basis, the Group hopes to create a focused brand, instantly recognisable for the services it offers.

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.

The Group is focusing on growing its subscriber base aggressively over the next five (5) years. As part of its aggressive focus, the Group will begin to collect database information and permissions through its web portal for future data mining and marketing purposes and aims to develop stronger relationships with its subscribers to tailor relevant entertainment and information to their preferences and create customer loyalty to differentiate the Group in this increasingly competitive market.

8. SUMMARY OF FIVE-YEAR BUSINESS DEVELOPMENT PLAN (Cont'd)

(v) Content Aggregation

As the dynamic mobile content marketplace unfolds, the Group believes that the best way to maximise revenue growth potential is to adopt a collaborative mindset, providing a common content/service delivery platform for 3rd party content aggregation. This collaborative approach will create more revenue-generating opportunities for every member in the media industry. This is an approach to acquire new customers, increase customer loyalty, generate revenue from new products and services, and do it all in a cost effective manner. The Group is expected to undertake proactive approach to work in collaboration with content owners such as music companies, publishers, broadcasters, cartoonists, authors or other content developers, in its efforts to accelerate mass market uptake of mobile media content. These content owners possess large database of content and digital content, that can be aggregated and disseminated to mobile users. The Group shall provide them a platform that helps them create, test, scale and distribute compelling content to the market place. This shall accelerate content enrichment and expansions to create richer user experience.

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9. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL

9.1 Promoters

(i) Promoters' Shareholdings in M-Mode

The Promoters of the Group and their shareholdings in the Company, based on the Register of Members as at the Latest Practicable Date, before and after the Public Issue, are as follow:-

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) Profiles

The profiles of the Promoters are disclosed in Section 9.3(i) of this Prospectus.

(iii) Promoters' Directorships and/or Substantial Shareholdings in Other Public Corporations for the Past Two (2) Years

The Promoters do not have any directorship and/or other substantial shareholdings in other public corporation for the past two (2) years preceding the Latest Practicable Date.

(iv) Changes in the Promoters' Shareholdings in the Company Since Incorporation

The changes in the shareholdings of the Promoters since the date of incorporation of M-Mode are as follows:-

Name	As at 2 December 2003 ⁽¹⁾		As at 30 December 2003		As at 30 March 2004 ⁽²⁾		As at the Latest Practicable Date	
	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Nooraishah binti Hazis	⁽³⁾	50.00	-	-	-	-	-	-
Noor Asimah binti Hazis	⁽³⁾	50.00	-	-	-	-	-	-
Nurulhuda binti Noordin	-	-	⁽³⁾	50.00	-	-	-	-
Rasid bin Mat	-	-	⁽³⁾	50.00	-	-	-	-
Lim Thean Keong	-	-	-	-	45,410	74.08	45,410	74.08
Tung Wai Fun	-	-	-	-	3,000	4.89	3,000	4.89

9. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Notes:-

- (1) Being the date of incorporation of M-Mode.
- (2) After the Acquisition of eCentury, Acquisition of MMSB, transfer of two (2) subscribers' shares of RM1.00 each to Lim Thean Keong and Cash Subscription.
- (3) One (1) share of RM1.00.

9.2 Substantial Shareholders

(i) Substantial Shareholders' Shareholdings in M-Mode

The substantial shareholders' shareholdings in M-Mode based on the Register of Substantial Shareholders as at the Latest Practicable Date, 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.

(ii) Substantial Shareholders' Directorships and/or Substantial Shareholdings in Other Public Corporations for the Past Two (2) Years

None of the substantial shareholders has any other directorship and/or substantial shareholding in other public corporation for the past two (2) years preceding the Latest Practicable Date.

(iii) Changes in the Substantial Shareholders' Shareholdings in the Company Since Incorporation

The changes in the substantial shareholders' shareholdings in M-Mode since the date of incorporation of M-Mode are as follows:-

Name	Nationality/Place of Incorporation	As at 2 December 2003 ⁽¹⁾		As at 30 March 2004 ⁽²⁾		As at the Latest Practicable Date	
		No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Lim Thean Keong	Malaysian	-	-	45,410	74.08	45,410	74.08
Variable Trend	Malaysia	-	-	3,900	6.36	3,900	6.36
Rhino Solutions	Malaysia	-	-	6,470	10.55	6,470	10.55

9. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Notes:-

- (1) Being the date of incorporation of M-Mode.
- (2) After the Acquisition of eCentury, Acquisition of MMSB, transfer of two (2) subscribers' shares of RM1.00 each to Lim Thean Keong and Cash Subscription.

(iv) Background of the Substantial Shareholders

Save for the profile of Lim Thean Keong, which is set out in Section 9.3(i) of this Prospectus, a brief background of the other substantial shareholders are as follows:-

- (a) **Variable Trend** was incorporated in Malaysia on 26 May 2003 under the Act as a private limited company. The authorised share capital of the company is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up capital of the company as at the Latest Practicable Date is RM2.00.

Variable Trend is an investment holding company and does not have any subsidiary or associated company.

The details of the directors and substantial shareholders of Variable Trend are as follows:-

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Poon Yin Hoong	1	50.0	-	-
Hew Yoon Hsia	1	50.0	-	-

- (b) **Rhino Solutions** was incorporated in Malaysia on 15 May 2002 under the Act as a private limited company. The authorised share capital of the company is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up capital of the company as at the Latest Practicable Date is RM3.00.

Rhino Solutions is an investment holding company and does not has any subsidiary or associated company.

The details of the directors and substantial shareholders of Rhino Solutions are as follows:-

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Chung Mei Cheng	2	66.7	-	-
Lim Lae Yong	1	33.3	-	-

9. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

9.3 Directors**(i) Profiles**

Lim Thean Keong, age 41, is the Chairman/Managing Director of M-Mode and the founder/director of eCentury and MMSB. He was appointed to the Board on 31 March 2004. As the founder of the M-Mode Group since its inception, he is responsible for charting the strategic directions and growth of the M-Mode Group. Mr Lim earned his Bachelor of Arts (Honours) degree from University of Malaya, Malaysia in 1987 and received several awards in inter-university and nationwide creative writing competitions, including two (2) 1st prizes in poem and essay writing competitions. He has around twenty (20) years of experience in the publishing industry. He started his career as a part-time journalist for China Press and New Life Post from 1984 to 1988 before managing his own school text book publishing house called Agents' Digest (M) Sdn Bhd from 1988 to 1993. He established his own publishing house called Cede Communications Sdn Bhd in 1993 which publishes Chinese magazines such as Apple Magazine, The One Weekly, Traveller's Digest and Fun Magazine. He was a director of the Chinese Assembly Hall from 1995 to 1999 and is currently the secretary of Persatuan Siswazah Jabatan Pengajian Tionghua, University of Malaya.

Tung Wai Fun, age 34, is the Executive Director of M-Mode and also a director of eCentury and MMSB. She was appointed to the Board on 31 March 2004. She graduated from Universiti Kebangsaan Malaysia, Malaysia in 1993 with a Bachelor of Business Administration (Honours), major in Marketing and minor in Management. She began her career with AC Nielsen Sdn Bhd (formerly known as Survey Research Malaysia), Botly Securities Sdn Bhd and Bolton Properties Bhd, holding various posts from 1993 to 1996 before moving on to Miller Freeman Sdn Bhd for three (3) years as an Account Manager. She spent a year with Trans Info Communications Sdn Bhd as an Account Manager cum Director before settling down with Electronic Commerce Technology Sdn Bhd, the program manager for Real Rewards, as an Advertising and Promotions Manager in July 2000. She then served a short stint with Hong Leong Bank Card Centre in April 2002 as a Marketing Manager before joining eCentury in September 2002 as its General Manager. She is responsible for a broad spectrum of tasks ranging from marketing, customer service, accounting to administration. She provides financial and commercial input and is involved in business development activities with the MNOs. She contributes to the Group's objectives and responsible for its sales and profit performance.

Lim Bee Tat, age 30, is the Executive Director of M-Mode and also a director of eCentury. He was appointed to the Board on 31 March 2004. He graduated from the University of Lincolnshire and Humberside, United Kingdom with 1st Class Honours in Computing and Information Systems in 1998. He began his career with Kolej Damansara Utama ("KDU") in September 1998 as an Analyst Programmer, helping to develop KDU's College Management System. He joined PI-CSE Systems and Engineering Malaysia Sdn Bhd ("PI-CSE") a year later as a Software Engineer to develop a total integrated solution for the oil and gas industry called Laboratory Information Management Systems. He moved back to KDU in 2001 after a two (2) year stint with PI-CSE as a Systems Analyst to help develop total system solutions for the education industry, leading projects to develop, implement and support Enterprise Resource Planning and other business applications. He joined eCentury in September 2003 as its IT Project Manager, researching, developing, planning, analysing and implementing mobile telecommunications technology such as gateway setups, SMS and WAP applications. As an Executive Director and IT Project Manager of the Group, he is responsible for the Group's IT division, with responsibilities ranging from new product development to planning, testing, implementation and monitoring of current and new IT projects.

9. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Fam Lee Ee, age 43, is the Independent Non-Executive Director and the Chairman of the Audit Committee of M-Mode. He was appointed to the Board on 13 September 2004. He graduated from University of Malaya, Malaysia with a Bachelor of Arts (Hons) in 1986. He obtained his LLB (Hons) from the University of Liverpool, England in 1989. He is currently a practising partner in Messrs. YF Chun, Fam & Yeo. He is an independent non-executive director of Tiong Nam Transport Trading Bhd and AirAsia Berhad.

Mohd Zaini bin Noordin, age 42, is the Independent Non-Executive Director of M-Mode. He was appointed to the Board on 13 September 2004. He completed courses in Insurance and Actuarial Science from Indiana University in United States of America. He is the co-founder and currently a non-independent non-executive director of MOLAccess Portal Bhd ("MOLAccess"). He has more than nineteen (19) years of experience in the IT industry and the marketing professions. He has entrepreneurial experience with his own companies and corporate experience in both local and foreign multinational companies including NEC Sales Sdn Bhd, Uniphone Sdn Bhd and Mesiniaga Bhd. Prior to joining MOLAccess in June 2000, he was the General Manager of Special Projects at YPJ Holdings Sdn Bhd (a Johor State Investment company) and directly managed Perbadanan Usahawan Johor Sdn Bhd, Johor Incubation Centre and cyberwarung – a cybercafe franchise – from November 1997 to March 2000.

(ii) Directors' Shareholdings in M-Mode

The Directors of M-Mode and their respective shareholdings in the Company, based on the Register of Directors' shareholdings of M-Mode as at the Latest Practicable Date, 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 Zaini bin Noordin	Malaysian	-	-	-	-	-	-	-	-

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

9. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

(iii) Directors' Directorships and/or Substantial Shareholdings in Other Public Corporations

Save as disclosed below, none of the Directors has any directorship and/or substantial shareholding in any public corporation for the past two (2) years preceding the Latest Practicable Date:-

Name	Name of Company	Directorship		Substantial Shareholding			
				Direct		Indirect	
		Appointed	Resigned	No. of Shares '000	%	No. of Shares '000	%
Fam Lee Ee	Tiong Nam Transport Trading Bhd	26 March 2002	-	-	-	-	-
	AirAsia Berhad	8 October 2004	-	*	*	-	-
Mohd Zaini bin Noordin	MOLAccess Portal Bhd	6 June 2000	-	4,107	8.53	-	-

* *Negligible.*

(iv) Aggregate Remuneration and Benefits of Directors

For the financial year ended 31 December 2003, the aggregate amount of remuneration and benefits paid to the Directors of eCentury for services rendered was RM72,337. No remuneration or benefits was paid to the Directors of MMSB in the financial year ended 31 December 2003. For the financial year ending 31 December 2004, the aggregate amount of remuneration and benefits to be paid to the Directors of M-Mode for services rendered to the Group is estimated to be approximately RM175,000.

The banding of remuneration and benefits of the Directors of the M-Mode Group for the financial year ended 31 December 2003 and the financial year ending 2004 are as follows:-

Remuneration Band	Number of Directors	
	Financial year ended/ending 31 December	
	2003	2004
RM50,000 and below	2	3
Above RM50,000	-	2

9. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (*Cont'd*)

9.4 Audit Committee

The composition of the Audit Committee is as follows:-

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

The Audit Committee is responsible for recommending to the Board the selection of external auditors, reviewing the scope of audit work and findings conducted by the Group's external auditors including any other services provided, reviewing and evaluating the Group's internal audit and controls, assessing financial risks and matters relating to related party transactions and conflict of interest and undertake such other responsibilities as may be agreed by the Audit Committee and the Board.

9.5 Key Management and Technical Personnel

(i) Profile

Profiles of the key management and technical personnel of the M-Mode Group, other than Lim Thean Keong, Tung Wai Fun and Lim Bee Tat which are set out in Section 9.3(i) of this Prospectus, are as follows:-

Ching Wai Teng, age 40, is the Chief Editor of the M-Mode Group and also a director of eCentury. She graduated from the University of Malaya, Malaysia with a Bachelor of Arts (B.A. Hons.) in Chinese Studies in 1988 and Master of Arts (M.A.) in Chinese Studies in 1992. She was a lecturer at Institut Tadbiran Awam Negara for almost eight (8) years from 1991 to 1999 before joining the M-Mode Group. She was a part-time lecturer for Chinese Studies Department of Art Faculty, University of Malaya, Malaysia in 1995 to 1996. She was appointed as the examiner for Malaysia Court Interpreter and was the external examiner for Pusat Bahasa, University of Malaya, Malaysia. She has been a member of the Overseas Chinese Writers' Association and is currently a committee member of Persatuan Siswazah Jabatan Pengajian Tionghua, University of Malaya, Malaysia and was a columnist for several presses and was the judge for nationwide creative writing competition. She obtained many awards in essay writing competitions and is the writer of books such as "Student Life in University of Malaya" published in 1986 and "Wonderful Childhood" published in 1998 in Malaysia and abroad. With her great passion and extensive experiences in writing, she is responsible for the vision to develop revenue generating mobile media content for the Group. Besides shepherding existing products and services, she oversees continual conception and development of innovative mobile media content to meet the requirements of the marketplace, both from the technical and management viewpoint. She determines needs and solicit input, planning, commissioning and coordinating the activities of content staff as well as maintaining high content standards to capture high usability of the M-Mode Group's products and services.

9. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Lee Pau Meng, age 41, is the Company Secretary and Human Resource Manager of the M-Mode Group. She earned her Diploma in Business Management from Kolej Tunku Abdul Rahman in 1988 and her professional accreditation as a Company Secretary from the Institute of Chartered Secretaries and Administrators in 1989. She worked for Ultimate Management Services Sdn Bhd, the secretarial firm for the Gula Perak group of companies, for three (3) years before joining APT Management Services Sdn Bhd in 1993 as a Company Secretary reporting to the General Manager. She moved on to Perdama-CMCC Holdings Sdn Bhd in 1994 as a Company Secretary reporting to the executive directors for eight and a half (8½) years before joining the Group as its Company Secretary and Human Resource Manager in 2003. Her responsibilities include recruitment and company secretary duties.

Thong Kooi Pin, age 32, is the Finance Manager of the M-Mode Group and also a director of eCentury. He started his career as an Internal Auditor in Malaysian Borneo Finance (MBf) in 1994. He left MBf in 1995 and joined OUB Finance Sdn Bhd as an Account Officer. Subsequently, he joined MCL Corporation Berhad (now known as Jerasia Bhd), a Second Board listed company on Bursa Securities, as an Account Executive in 1996 and rose to the position of Assistant Financial Accountant before joining Palette Multimedia Bhd, a company listed on the MESDAQ Market, in April 1999. He joined the Group in January 2004 as its Finance Manager. He is a Chartered Accountant and a member of the Malaysian Institute of Accountants. His responsibilities include the financial and accounting aspects of the M-Mode Group.

Mohd Aminuddin Mohd Yaakub, age 42, is the General Manager of eCentury since July 2004. He graduated from MARA Institute of Technology and has an electronic engineering background with sixteen (16) years of experience in information and communications technology industry. Prior to joining eCentury, his previous working experience includes Business Development Manager of Extol Corporation (M) Sdn Bhd, General Manager of Friends Multimedia Sdn Bhd and Head of Department for Celcom's Content Development and Management Department. During his career with Celcom, he was responsible for Voice Information System value-added service and also for the development and management of Celcom's SMS applications and content. He is currently responsible for the overall operations and result of eCentury and reports directly to the Board of Directors of eCentury.

(ii) Key Management and Technical Personnel's Shareholdings in M-Mode

The key management and technical personnel of the M-Mode Group and their respective shareholdings in the Company, based on the Register of Member of the Company, 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	%
Ching Wai Teng	Malaysian	1,800	2.94	-	-	1,956*	2.39	-	-
Lee Pau Meng	Malaysian	120	0.20	-	-	207*	0.25	-	-
Thong Kooi Pin	Malaysian	-	-	-	-	118*	0.14	-	-
Mohd Aminuddin Mohd Yaakub	Malaysian	-	-	-	-	79*	0.10	-	-

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

9. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

(iii) Key Management and Technical Personnel's Directorships and/or Substantial Shareholdings in other Public Corporations

None of the key management and technical personnel of the Group has any directorship and/or substantial shareholding in any public corporation for the past two (2) years preceding the Latest Practicable Date.

9.6 Involvement of Executive Directors, Key Management and Technical Personnel in Other Businesses and Corporations

Save as below, none of the Executive Directors, key management or technical personnel of the Group is involved in other businesses and corporations.

Presently, Lim Thean Keong is a director of Cede Communications Sdn Bhd, Cede Holdings Sdn Bhd and Agents' Digest (M) Sdn Bhd, and Thong Kooi Pin is a director of YellowSpots Sdn Bhd. However, they spend all of their normal working hours in the M-Mode Group. All of the above companies are not involved in the operations of the M-Mode Group.

9.7 Declaration by the Directors, Key Management and Technical Personnel

None of the Directors, key management and technical personnel of the Group is or has been involved in any of the following events:-

- (i) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a Director or key personnel;
- (ii) charged and/or convicted in a criminal proceeding or is named subject of appending criminal proceeding; and
- (iii) a subject of any order, judgment or ruling of a court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

9.8 Service Agreements

There are no service agreements that have been entered into between the Group and its Directors, key management or key technical personnel as at the Latest Practicable Date.

9.9 Family Relationships and Associations

There are no family relationships amongst the Promoters, Directors, substantial shareholders, key management and key technical personnel of M-Mode other than Ching Wai Teng, who is the wife of Lim Thean Keong, and Lim Bee Tat, who is the brother-in-law of Ching Wai Teng.

10. APPROVALS, CONDITIONS AND MORATORIUM**10.1 Conditions of Approvals**

The SC and Bursa Securities approved the Listing on 1 September 2004 and 3 September 2004, respectively. The conditions imposed by the SC and Bursa Securities and the status of compliance are as follows:-

(i) Approval from the SC

Conditions imposed by the SC (vide letter dated 1 September 2004)	Status of Compliance
<p>(1) With regard to the utilisation of the proceeds from the Listing exercise:-</p> <p>(a) M-Mode to disclose the time frame for the utilisation of the Public Issue proceeds in the Prospectus.</p> <p>Any extension of time for the completion of the utilisation of proceeds from that determined earlier is to be approved by a clear resolution by the Board of M-Mode and fully disclosed to Bursa Securities.</p> <p>(b) M-Mode to disclose the status of the utilisation of the Public Issue proceeds in its quarterly and annual reports until the proceeds are fully utilised.</p> <p>(2) M-Mode should meet the 30% Bumiputera requirement within one (1) year after it has achieved the profit track requirement for companies applying for listing on the Second Board of Bursa Securities or five (5) years after being listed on the MESDAQ Market, whichever is the earlier, in which the shares to be allocated to Bumiputera investors should be approved by the MITI.</p> <p>(3) Affin Merchant / M-Mode should submit a preliminary proposal to SC on how M-Mode intends to meet the Bumiputera equity condition six (6) months before the expiry date of compliance.</p> <p>(4) Affin Merchant / M-Mode should inform the SC the completion date of the Listing exercise.</p>	<p>Complied. Please refer to Section 3.7.</p> <p>To be complied, if applicable.</p> <p>To be complied.</p> <p>To be complied.</p> <p>To be complied.</p> <p>To be complied.</p>

10. APPROVALS, CONDITIONS AND MORATORIUM (Cont'd)

The effect on the equity structure of M-Mode arising from the Public Issue is as follows:-

	Before the Public Issue (%)	After the Public Issue* (%)
Bumiputera	-	-
Non-Bumiputera	100.00	100.00
Foreign	-	-
Total	100.00	100.00

* Assuming all of the Public Issue Shares are subscribed by non-Bumiputera.

(ii) Approval from Bursa Securities (MESDAQ Market)

Conditions imposed by Bursa Securities (vide letter dated 3 September 2004)	Status of Compliance
<p>(1) M-Mode to disclose in the Prospectus the following:-</p> <ul style="list-style-type: none"> • basis of valuation of eCentury and MMSB and reason why the earnings multiple method of valuation is deemed the most appropriate over other methods of valuation. • the opinion of Messrs BDO Capital Consultants Sdn Bhd in relation to the valuation of eCentury and an extract of the valuation report. • source of content from the Group's IDE services, in particular, action taken by M-Mode to ensure the accuracy of its Nur Islam content. 	<p>Complied as follows:-</p> <ul style="list-style-type: none"> • Please refer to Sections 5.4 and 16 of this Prospectus. • Please refer to Section 16 of this Prospectus. • Please refer to Section 5.6 of this Prospectus.
<p>(2) M-Mode to inform Bursa Securities on the appointment of the independent directors and to provide confirmation that they qualify as independent directors under the Listing Requirements.</p>	<p>Complied. Letter of confirmation was furnished to Bursa Securities on 18 October 2004.</p>
<p>(3) M-Mode to inform Bursa Securities on the appointment of Audit Committee members and to provide a confirmation that they qualify under the Listing Requirements.</p>	<p>Complied. Letter of confirmation was furnished to Bursa Securities on 18 October 2004.</p>
<p>(4) M-Mode to include a negative statement in its prospectus on the exclusion of a profit forecast and projections from the Prospectus and the reasons thereof.</p>	<p>Complied. Please refer to Section 7.5 of this Prospectus.</p>

10. APPROVALS, CONDITIONS AND MORATORIUM (Cont'd)**10.2 Moratorium on Shares of Promoters**

Paragraph 2.10.2 of the Listing Requirements states that shares held by the Promoter amounting to 45% of the enlarged issued and paid-up share capital of the Company at the date of admission of the Company to the Official List of the MESDAQ Market be placed under moratorium.

Details of the Promoter of the Company who will be subjected to the moratorium are as follows:-

Name	After the Public Issue				Under Moratorium	
	Direct		Indirect		Direct	
	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Lim Thean Keong	45,908*	56.17	-	-	36,780	45.0

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

The quantum of M-Mode Shares which are to be held under moratorium, is fully accepted by the Promoter, representing 45% of the enlarged issued and paid-up share capital of the Company.

The Promoter will not be allowed to sell, transfer or assign any part of its interest in M-Mode Shares under the moratorium within one (1) year from the date of admission of the Company to the official list of the MESDAQ Market, and thereafter, is permitted to sell, transfer or assign up to a maximum of one-third per annum of his shareholding in the Company under moratorium on a straight-line basis.

This restriction is specifically endorsed on the notice of allotment and share certificates of M-Mode representing the shareholding of the Promoter which is under moratorium to ensure that the Share Registrar of the Company shall not register any transfer which is not in compliance with the moratorium restrictions.

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11. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST

11.1 Related Party Transactions

There are no related party transactions or arrangements, existing or potential, entered or to be entered into by M-Mode or any of its subsidiaries which involve the interest, direct or indirect, of the Directors, substantial shareholders and/or any persons connected with the Directors or substantial shareholders of the Company as defined under Section 122A of the Act.

11.2 Transactions that are Unusual in Their Nature and Conditions

There are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which the Group was a party preceding one (1) year from the latest financial year and the subsequent financial period thereof.

11.3 Interest in Similar Business

None of the Promoters, substantial shareholders and Directors of M-Mode has any interest, direct or indirect, in other businesses and corporations carrying on a similar trade as the M-Mode Group.

11.4 Outstanding Loan Made by the Company or Any of Its Subsidiaries to or for the Benefit of Related Parties

As at the Latest Practicable Date, there is no outstanding loan (including guarantees of any kind) made by the Company or any of its subsidiaries to or for the benefit of the related parties.

11.5 Promotions of Any Material Assets Acquired or to be Acquired

Save as disclosed below, none of the Directors and substantial shareholders has any interest, direct or indirect, in the promotion of or in any material assets acquired or proposed to be acquired or disposed or proposed to be disposed of or leased or proposed to be leased to the Company or any of its subsidiaries within two (2) years preceding the date of this Prospectus:-

- (i) Pursuant to a Sale and Purchase of Shares Agreement dated 31 December 2003, M-Mode acquired all of the issued and paid-up share capital of eCentury comprising 250,000 ordinary shares of RM1.00 each from Lim Thean Keong and Ching Wai Teng for a total purchase consideration of RM6,000,000 which was satisfied by the issuance of 6,000,000 ordinary shares of RM1.00 each in M-Mode. The Acquisition of eCentury was completed on 22 March 2004; and
- (ii) Pursuant to a Sale and Purchase of Shares Agreement dated 31 December 2003, M-Mode acquired all of the issued and paid-up share capital of MMSB comprising 50,000 ordinary shares of RM1.00 each from Lim Thean Keong and Tung Wai Fun for a total purchase consideration of RM50,000 which was satisfied by the issuance of 50,000 ordinary shares of RM1.00 each in M-Mode. The Acquisition of MMSB was completed on 22 March 2004.

11. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST (Cont'd)

11.6 Declaration by the Advisers

Affin Merchant confirms that there is no conflict of interest in respect of its capacity as Adviser, Sponsor, Underwriter and Placement Agent to the M-Mode Group for the Listing.

Rajah, Lau & Associates confirms that there is no conflict of interest in respect of its capacity as Solicitors for the legal due diligence to the M-Mode Group for the Listing.

Chanthiran & Co. confirms that there is no conflict of interest in respect of its capacity as Auditors and Reporting Accountants to the M-Mode Group for the Listing.

Infocredit D&B confirms that there is no conflict of interest in respect of its capacity as Independent Market Researcher to the M-Mode Group for the Listing.

BDO confirms that there is no conflict of interest in respect of its capacity as the independent valuer in relation to the valuation of eCentury for the purpose of the Listing.

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