

7. FINANCIAL INFORMATION

7.1 Proforma Consolidated Income Statements

The following is a summary of the audited consolidated proforma of the FTSHB Group's financial performance for the past five (5) financial years ended 31 December 1999 to 2003 and five (5) months period ended 31 May 2004 prepared based on the assumption that the current structure of the Group has been in existence throughout the periods under review.

	< ----- Financial Year ended 31 December ----- >					5 months Financial Period ended 31 May 2004
	1999	2000	2001	2002	2003	
	RM	RM	#Restated RM	RM	RM	RM
Revenue	82,344	194,537	599,250	1,273,750	2,302,855	1,148,885
Administrative and general expenses	(147,935)	(193,134)	(153,937)	(344,138)	(477,598)	(265,137)
Selling expenses	(12,177)	(19,317)	(15,245)	(35,652)	(14,297)	(56,864)
(Loss) / Profit Before interest, depreciation, taxation and amortisation	(77,768)	(17,914)	430,068	893,960	1,810,960	826,884
Depreciation	(3,273)	(3,358)	(3,358)	(4,911)	(3,516)	(1,734)
Amortisation of development cost	-	-	(49,920)	(126,840)	(200,760)	(91,067)
Interest income	-	-	-	-	5,515	7,052
(Loss) / Profit before taxation	(81,041)	(21,272)	376,790	762,209	1,612,199	741,135
Taxation	-	-	-	(88,000)	(183,964)	(1,975)
(Loss) / Profit after taxation	(81,041)	(21,272)	376,790	674,209	1,428,235	739,160
No. of ordinary shares of RM0.10 each assumed in issue after acquisition of FTSB	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000	60,000,000
Gross EPS/(LPS) (sen)*	(0.14)	(0.04)	0.63	1.27	2.69	1.24 *
Net EPS/(LPS) (sen) +	(0.14)	(0.04)	0.63	1.12	2.38	1.23 *
No. of ordinary shares of RM0.10 based on proposed enlarged share capital after IPO	92,000,000	92,000,000	92,000,000	92,000,000	92,000,000	92,000,000
Gross EPS/(LPS) (sen) +	(0.09)	(0.02)	0.41	0.83	1.75	0.81 *
Net EPS/(LPS) (sen) +	(0.09)	(0.02)	0.41	0.73	1.55	0.80 *

* Based on the financial results for the 5 months period ended 31 May 2004

+ The gross earnings/(loss) per share is calculated based on profit/(loss) before taxation while the net earnings/(loss) per share is calculated based on profit/(loss) after taxation over the total issued and paid up share capital of 60,000,000 and 92,000,000 respectively assumed to be in issue and had been in existence throughout the financial years/period under review.

7. FINANCIAL INFORMATION (Cont'd)*Notes:*

1. *There were no extraordinary or exceptional items during the period under review.*
2. *The Group started its operation in 1998 and is principally involved in sales and software development.*
3. *For FYE 1999, the Group managed to achieve a turnover of RM 82,344 by selling some of its in-house developed products. However, due to its infancy start stage, the group suffered a net loss of RM 81,041 mainly due to the staff cost and overheads expenses.*
4. *Revenue for financial year ended 31 December 2000 improved to RM194,537 mainly due to a project secured from a new client. Despite the increase in revenue, they incurred a loss after taxation as a result of high administration and general expenses.*
5. *The figures for the year ended 31 December 2001 have been restated to reflect the change in accounting policy with respect to the treatment of development costs. With retrospective effect from 1 January 2001, development costs are capitalised and amortised over a 5 years period on a straight line basis in accordance with MASB 4, Research and Development Costs, as it is expected that the assets will generate future economic benefit. Previously, all development costs have been charged to the income statements as and when incurred. This change in accounting policy has been accounted for retrospectively with the retained profit brought forward and comparative information adjusted for the amount relating to prior periods as follows:-*

	Financial Year ended 31 December 2001 RM
<i>Net profit before change in accounting policy</i>	177,110
<i>Impact of change in accounting policy - On net profit</i>	199,680
<i>Net profit for the year as restated</i>	376,790

Revenue for financial year ended 31 December 2001 increased by more than twofold mainly due to the additional software modules sold to plastic manufacturing industries and revenue generated from new software to apparel industry.

6. *Revenue for financial year ended 31 December 2002 continue to improve to RM1.2 million mainly due to more projects secured from new clients. The increase was due to additional modules sold to existing customers and three (3) new customers. The new customers include M.K.K Industries Sdn Bhd (apparel), Powernet Industries Sdn Bhd (apparel) and Goodhart Industries Sdn Bhd (plastic).*
7. *The Group recorded a profit after taxation of RM1,428,235 for financial year ended 31 December 2003 against a turnover of RM2,302,855. The increase in revenue was attributed to the additional modules sold to existing and new customers secured during the year. The new customers were Nice Quality Producer Sdn Bhd and Panda Knitting Industries (M) Sdn Bhd and BP Plastic Industries Sdn Bhd. This marked a mile stone of **Fast Track** in the niche market place and further establish the commercial viability of **FTSB**'s business model.*
8. *The annualised revenue and profit after taxation for the year 2004 recorded an increase of 19.74% and 24.21% respectively as compared with the preceding year mainly due to additional projects secured for this period. The main new customers secured were QE Manufacturing Sdn Bhd, Precision Plastic Industries Sdn Bhd, Local Basic Sdn Bhd and Mayduct Technology Sdn Bhd.*

7. FINANCIAL INFORMATION (Cont'd)

7.2 Segmental Analysis of Proforma Turnover and Profit

7.2.1 Turnover

The following table illustrates the breakdown of the Group's turnover by company:

Analysis of proforma turnover by company

	Financial Year ended 31 December				5 months Financial Period ended
	2000 RM	2001 RM	2002 RM	2003 RM	31 May 2004 RM
FTSHB	-	-	-	-	-
FTSB	194,537	599,250	1,273,750	2,302,855	1,148,885
Total	194,537	599,250	1,273,750	2,302,855	1,148,885

7.2.2 Profit after taxation

The following table illustrates the breakdown of the Group's profit by company:

	Financial Year ended 31 December				5 months Financial Period ended
	2000 RM	2001 RM	2002 RM	2003 RM	31 May 2004 RM
FTSHB	-	-	-	(4,080)	(3,460)
FTSB	(21,272)	376,790	674,209	1,432,315	742,620
Total	(21,272)	376,790	674,209	1,428,235	739,160

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

Working Capital

The Directors of FTSHB are of the opinion that after taking into consideration the cashflow position and the banking facilities available and the net proceeds from the Public Issue, the Group will have adequate working capital for a period of twelve (12) months from the date of this Prospectus.

Borrowings

As at 31 October 2004, being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus, the Group does not have any borrowings.

7. FINANCIAL INFORMATION (Cont'd)

Material Litigation

Neither FTSHB nor its subsidiary company are engaged in any litigation/arbitration, either as plaintiff or defendant, which has a material effect on the financial performance and position of FTSHB or its subsidiary company and the Directors of FTSHB 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 position or business of the Group.

Material Commitments

As at 31 October 2004, being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus, the Group does not have any material commitments for capital expenditure.

Contingent Liabilities

As at 31 October 2004, being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus, the Group does not have any material contingent liabilities.

7.4 Directors' Declaration on Financial Performance

Save as disclosed in this Prospectus, the financial performance, position and operations of FTSHB and its subsidiary company are not affected by any of the following:

- (a) known trends demands, commitments, events or uncertainties that have had or that the FTSHB Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of the Group;
- (b) other material commitments for capital expenditure;
- (c) unusual or infrequent events or transaction or any significant economic changes that have materially affected the financial performance, position and operations of the Group; and
- (d) 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.

7.5 Profit Forecast

The market for the Group's products and services is characterised by rapid technological advancements, changes in customer requirements, frequent new product launches and the continued development of software and hardware enhancements.

The Group is subjected to many risk factors, some of which are highlighted in Section 4 of this Prospectus. The Group's revenue and operating results are therefore difficult to forecast and project. As such, the Group's profit forecast and projections are not disclosed in this Prospectus.

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8. SUMMARY OF THE FIVE YEAR BUSINESS DEVELOPMENT PLAN

The following is a summary of the business development plan prepared by FTSHB Group for the purpose of inclusion in this Prospectus:

8.1 Background

The Group's core business is focussed on the provision of IT-related services which includes consultancy, design and development of business application software solutions and sales of software and maintenance services as well as system integration services.

FTSHB Group is a vertical application software developer. It delivers industry-specific, client-server and internet-base applications designed exclusively for large to small business and manufacturers. The Group provides an entire suite of business application targeted towards manufacturers.

The Group is able to offer its range of products at lower prices yet still maintaining the highest standard of quality in term of delivery and customers' requirement and satisfactions. The innovative customised products offered by the Group are ideal for the manufacturing industry. The strengths of the Group are in terms of the unique features of its software products, flexibility of the products that can be tailored made to suit different clients' needs and requirements.

8.2 The Mission

The Group's mission is to be an internationally recognised total solutions provider of mission-critical software applications for the industrial and commercial sectors particularly manufacturing industries under the brand name of "*Fast Track*".

The Group plans to achieve its mission by the year 2007.

8.3 Human Resource policy

As at 31 October 2004, being the latest practicable date prior to the printing of this Prospectus, the FTSHB Group employs a work force of eighteen (18) people and plans to increase its staffing resource requirement to approximately twenty (20) people by end of 2004 and thereafter approximately forty six (46) staff between 2005 to 2007. The Group intends to employ additional experienced staff in R&D, systems development, and sales and marketing. This would enable the Group to increase its earnings base and further enhance its ability to develop products and shorten the products development cycle.

The expected increase will be in the following departments within the Group:

- Application Developer
- System Analyst & Programmer
- Managerial & Administrative
- Marketing

The Group will continue to recruit and retain skilled and committed individuals to achieve the Group's objective.

8.4 Conclusion

With these business plan and strategies, the FTSHB Group believes it can achieve its goals to be a market leader in the provision of Enterprise Resources Planning manufacturing software solutions.

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

9.1 Promoters, Substantial Shareholders, Directors and Key Management

9.1.1 Shareholding in FTSHB

Based on the Register of Members of FTSHB as at 31 October 2004, being the latest practicable date prior to the printing of this Prospectus, the direct and indirect interest of the Promoters, substantial shareholders, Directors, and key management in the issued and paid-up share capital of the Company before and after the Public Issue are as follows:-

	Nationality/ Place of incorporation	Before Public Issue		After Public Issue		After full exercise of ESOS options	
		No. of shares	%	No. of shares	%	No. of shares	%
Tee Gee Kheng ^{*1, *2, *4, *5}	Malaysian	35,999,980	60.00	35,349,980#	38.42	36,549,980	36.12
Luisito Santos Encarnacion ^{*2, *3, *4, *5}	Filipino	12,000,000	20.00	12,250,000#	13.32	13,050,000	12.90
Phan Sin Tian ^{*2, *3, *4, *5}	Malaysian	12,000,000	20.00	12,250,000#	13.32	13,050,000	12.90
Renante Diangson Layson ^{*5}	Filipino	-	-	850,000#	0.92	1,450,000	1.43
Wong Toon Hong ^{*5}	Malaysian	-	-	850,000#	0.92	1,450,000	1.43
Loh Teck Lian ^{*5}	Malaysian	-	-	850,000#	0.92	1,450,000	1.43

Notes: -

*1 Executive Chairman of FTSHB

*2 Executive Director of FTSHB

*3 Major shareholder of FTSHB

*4 Promoter of FTSHB

*5 Key Management of FTSHB

Includes allocation of the public issue shares to eligible directors and employees of the FTSHB Group and the Offer Shares given by the directors as part of the Employee Reward Scheme.

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

9.1.2 Background on Promoters and Substantial Shareholders

The substantial shareholders of FTSHB are Tee Gee Kheng, Luisito Santos Encarnacion and Phan Sin Tian. They are also the promoters of FTSHB. Details of the Promoters who are also Directors and key management of FTSHB are set out in Section 9.4.

9.1.3 Directorship in Other Public Corporations

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

9.1.4 Substantial Shareholdings in other Public Corporations

Save and except for the below, none of the substantial shareholders and/or Promoters of FTSHB has held substantial shareholdings, whether directly or indirectly, in any other public corporations for the past two (2) years.

Name	Company	% Equity holding	Position Held	Principal activities of the company
Tee Gee Kheng	ECM Libra Berhad ("ECM")	-	Shareholder	Investment banking consultation and advisory services and stockbroking

As at 16 March 2004, Mr. Tee's shareholding in ECM had been fully disposed off and therefore he is no longer a substantial shareholder of ECM.

9.2 Changes in Promoters and Substantial Shareholders' Shareholdings

The changes in the promoters and substantial shareholders' shareholdings since incorporation up to 31 October 2004, being the latest practicable date prior to the printing of this Prospectus are as follows:-

Name	As at 21.10.2003 (Date of Incorporation)				As at 31.10.2004			
	Direct		Indirect		Direct		Indirect	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Tan Kong Hui	1	50.00	-	-	10	*	-	-
Gee Boon King	1	50.00	-	-	10	*	-	-
Tee Gee Kheng	-	-	-	-	35,999,980	60.00	-	-
Luisito Santos Encarnacion	-	-	-	-	12,000,000	20.00	-	-
Phan Sin Tian	-	-	-	-	12,000,000	20.00	-	-

Note:

* Negligible

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9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

9.3 Moratorium on Promoter's Shares

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

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

Name of Promoters and Substantial Shareholders	FTSHB Shares held	After Public Issue		After Full Exercise of ESOS Options			Number of FTSHB Shares held under moratorium	% of enlarged share capital
		% of enlarged share capital	Number of FTSHB Shares held under moratorium	% of enlarged share capital	FTSHB Shares held	% of enlarged share capital		
		%		%		%		
Tee Gee Kheng	35,349,980	38.42	26,568,022	28.88	36,549,980	36.12	26,568,022	26.26
Luisito Santos Encarnacion	12,250,000	13.32	9,485,989	10.31	13,050,000	12.90	9,485,989	9.37
Phan Sin Tian	12,250,000	13.32	9,485,989	10.31	13,050,000	12.90	9,485,989	9.37
TOTAL	59,849,980	65.06	45,540,000	49.50	62,649,980	61.92	45,540,000	45.00

The promoters who hold a total of 59,849,980 FTSHB Shares representing 65.06% of the enlarged issued and paid-up share capital of FTSHB after the Public Issue, have been imposed with a moratorium on the sale of their shares for one (1) year from the date of admission of FTSHB on the MESDAQ Market.

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

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

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9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

9.4 Directors and Key Management**Directors**

Mr. Tee Gee Kheng, Malaysian, aged 43, is the Executive Chairman and Chief Executive Officer of FTSB. He graduated from Liverpool University of United Kingdom in 1984 with a Bachelor of Engineering majoring in Electrical Engineering.

He was appointed to the Board of Directors of FTSB on 26th November 2002 and FTSHB on 1 October 2004. He has over ten (10) years experience in the manufacturing operation and marketing.

Mr. Tee started his career as a QA engineer with National Semiconductor Sdn Bhd in 1984 and started to venture into textile manufacturing in 1987. In 1998, realizing the huge potential of ICT in the local manufacturing environment, he ventured into software development for local manufacturers. He has vast experience in the areas of manufacturing environments needs and requirements and is exposed to the areas of marketing and sales of products to the local manufacturers. Currently, he is also the director and substantial shareholder of Texfon Sdn Bhd, Tex-Focus Sdn Bhd, Reatex Machinery Sdn Bhd, Sumanit Sdn Bhd and QM Sport (Sarawak) Sdn Bhd, all of which is part of his family's businesses. Mr. Tee spends most of his time with FTSHB and acts only as an advisor to the other companies as they are run by his other family members.

On the IT front, he is the co-founder of FTSB. He has vast experience in the manufacturing operational management as well as manufacturing automation processes. His hands on experience included IT automation, process study and implementation as well as policy decision making. Currently, he is the Chief Executive Officer of FTSHB, where he oversees the entire business operations of the FTSHB Group.

Mr. Luisito Santos Encarnacion, Filipino, aged 50, is an Executive Director of FTSHB and is the Technical Director of FTSB and is also the co-founder of FTSB. He graduated from the University of Philippines in 1975 with a Bachelor of Science in Electrical Engineering.

He was appointed to the Board of Directors of FTSB on 21 February 1998 and FTSHB on 1 October 2004.

He started his career in Philippine as a Programmer in 1975 with Manila Electric Company where he was involved in defining coding standards, evaluation of development tools as well as customer support. Later in order to acquire more industrial specific knowledge, he joined Procter & Gamble (Philippines) in 1976 as Industrial Engineer and subsequently joined NCR Corporation of the Philippines in 1977 as Sales Representative for more exposure in the areas of sales and marketing. In 1979, he joined SGV & Co, a well established international consultancy firm in the Philippines to further enhance his knowledge in the areas of management consultancy and information technology services. From 1980 to 1998, Mr. Luisito started to hold various positions as EDP manager/ General Manager with various Malaysian companies specializing in software programming and implementations before starting his own venture in FTSB in 1998. His vast experiences in programming language include C, C++, PowerBuilder, Visual Basic, PHP, XML, Delphi etc.

He also has vast experience in system coding and hands on experience in mission critical software application for various industries, including manufacturing, hotel management, money market, stock broking, and networking. With his vast experience in the software industry, he is currently in-charge and oversees the overall technical operations of FTSB.

9. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Mr. Phan Sin Tian, Malaysian, aged 41, is an Executive Director of FTSHB and is the Development Director of FTSB. He was appointed as Director of FTSB on 15th January 2002 and FTSHB on 1 October 2004. Mr. Phan is a Chartered Accountant of the Malaysian Institute of Accountants (“MIA”). He is the co-founder of FTSB and the co-author and system designer of *Fast Track* range of products.

He started his career as an auditor in 1984 with KPMG Peat Marwick, an international public accounting firm and has since acquired vast experience in the areas of accounting, financial and IT automation in various industries. In 1990, he joined a Japanese manufacturing company as an accountant and further strengthened his know-how by applying his IT and financial knowledge for business operational managements. Later in 1991, Mr. Phan joined a Singapore based luxurious yacht manufacturer in the setting up of their operation in Malaysia. He was subsequently given the responsibility to manage the entire operation including finance, information technology, human resources, logistics, costing, purchasing and administration. In 1993, he rejoined KPMG Peat Marwick as an Audit Manager. He joined a local manufacturer as financial controller in 1995 and subsequently ventured into software development in 1998.

He has hands on experience in application vendor selection as well as application software development for mission critical solutions in the manufacturing sector, which includes coding, implementation and training. He also has vast experience in various programming languages, including PowerBuilder, Visual Basic, PHP and Delphi. Currently he is overseeing the development operation of FTSHB Group.

Mr. Leong Hiap Chong, aged 35, was appointed as the Independent Non-executive Director of FTSHB on 1 October 2004. He graduated from University of Swinburne, Australia with a Bachelor of Business majoring in Accounting and Computing in 1992. He is a Chartered Accountant of the MIA and a Certified Practicing Accountant in Australia. He was attached with KPMG, an international accounting firm of Public Accountants from 1993 to 2000 and has gained vast experience in financial related matters, ranging from accounting, management consultancy and taxation. In 2000, he left KPMG and became an independent business adviser in the area of management consultancy services. He has vast experience and exposure in the field of auditing, taxation, accounting and consultancy. His consulting experience include corporate restructuring, advisory on business start-ups, due diligence audit, business regulatory compliance, tax planning, fund raising etc.

Mr. Hong Chew Kek, aged 34, was appointed as the Independent Non-executive Director of FTSHB on 1 October 2004. He graduated from Murdoch University, Western Australia, with a Bachelor of Commerce majoring in Accounting in 1993. He is a Chartered Accountant of the MIA and a Certified Practicing Accountant in Australia. He was attached with KPMG, an international accounting firm of Public Accountants from 1994 to 1997 and has gained vast experience in financial related matters, ranging from accounting, management consultancy and taxation. In 1997, he left KPMG and became an accountant of Clayton Group; a manufacturer specializing in clay pipe manufacturing. In 1999, he joined KH Chan Sdn. Bhd. as group accounts and administration manager and was subsequently seconded overseas under PCCS Berhad for a job assignment. In 2000, he was assigned as an operation manager of Iretex-Harta Packaging Sdn. Bhd. and promoted as general manager in 2001.

Key Management

Mr. Wong Toon Hong, aged 31, is a Technical Engineer of FTSHB Group and is responsible for developing and implementing the software of the entire *Fast Track* range of products. Prior to joining the FTSHB Group, he was a software engineer with SilverLake Systems Sdn Bhd, Kuala Lumpur for half a year on Banking Market Software. Mr. Wong holds a Bachelor of Science Majoring in Computer from Campbell University, North Carolina USA in 1997 and Diploma in Science with Merit from Tuanku Abdul Rahman College, Kuala Lumpur.

9. INFORMATION ON SUBSTANTIAL SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Mr. Renante Diangson Layson, aged 29, is a Development Engineer of FTSHB. He graduated with a degree in Computer Science from AMA Computer College, Philippines in 1995. Prior to joining FTSHB, Mr. Layson was a development manager at AIT Technology Inc. in Philippines for 5 years. AIT Technology Inc. is a subsidiary of Patimas Group of Companies that specializes in Stock Brokering Software. Mr Layson was a recipient of the "Employee of the Year" award during his tenure with AIT Technology Inc.

Ms Loh Teck Lian, aged 29, is the Financial Controller of FTSHB. Prior to joining the Group, she was a Finance Manager with a public listed company. She is a qualified Chartered Accountant with MIA and a member of the Chartered Institute of Certified Accountant in England. She started her career with an accounting firm and has gained vast experience and exposure in the field of auditing, taxation and accounting.

9.4.1 Directorship in Other Public Corporations

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

9.4.2 Substantial Shareholdings in other Public Corporations

Save and except for the below, none of the directors of FTSHB has held substantial shareholdings, whether directly or indirectly, in any other public corporations for the past two (2) years.

Substantial Shareholders	Company	Shareholdings			
		Direct		Indirect	
		No of shares	%	No of shares	%
Tee Gee Kheng	ECM	-	-	-	-

As at 16 March 2004, Mr. Tee's shareholding in ECM had been fully disposed off and therefore he is no longer a substantial shareholder of ECM.

9.4.3 Directors' Remuneration and Benefits

The remuneration and benefits paid to Directors of FTSHB for their services in all capacities to the Group for the financial years ended 31 December 2002 and 31 December 2003 are RM384,600 and RM369,600 respectively.

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

Range of remuneration and benefits paid and payable per annum (RM)	Number of Directors	
	Financial year ended 31.12.2002	Financial year ended 31.12.2003
0 to 150,000	1	1
150,001 to 300,000	1	1

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

9.4.4 Declaration by the Directors and Key Management

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

- (i) A petition under any bankruptcy or insolvency laws filed against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) Conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (iii) The subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice activity.

9.5 Audit committee

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

Name	Designation	Directorships
Leong Hiap Chong	Chairman	Independent Non-Executive Director
Phan Sin Tian	Member	Executive Director
Hong Chew Kek	Member	Independent Non-Executive Director

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

9.6 Family Relationships and Associations

As at 31 October 2004, being the latest practicable date prior to the printing of this Prospectus, there are no family and business relationship amongst the promoters, substantial shareholders, directors and key management of the FTSHB Group.

9.7 Service Agreements

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

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10. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST

10.1 Related-Party Transactions / Conflict of Interest

There have been no related party transactions or arrangements between the FTSHB Group and its shareholders and/or Directors of the Group within the two (2) years preceding the date of this Prospectus. There have also been no outstanding loans, including guarantees of any kind made by the Company or its subsidiary to or for the benefit of related parties.

10.2 Interest in Similar Business

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

10.3 Declaration by Advisers

PMBB confirms that there are no existing or potential conflicts of interest in its capacity as Adviser, Sponsor, Underwriter and Placement Agent for the listing of FTSHB on the MESDAQ Market.

Messrs. Azman Davidson & Co has given its confirmation that there is no conflict of interest in its capacity as the Solicitors for the Public Issue.

Messrs. Lim Kai Siang & Co has given its confirmation that there is no conflict of interest in its capacity as the Auditors and Reporting Accountants for the Public Issue.

Messrs. BDO Binder has given its confirmation that there is no conflict of interest in its capacity as Independent Valuer for the Public Issue.

10.4 Promotion of Material Assets

None of the Directors or substantial shareholders have any interests, direct or indirect, in the promotion of or in any assets which have been, within the two (2) years preceding the date of this Prospectus, acquired or disposed off by or leased to or proposed to be acquired, disposed off by or leased to the Company or its subsidiary.

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11. OTHER INFORMATION CONCERNING THE FTSHB GROUP

11.1 Approvals, Major Licences and Permits Obtained

MSC Status

FTSB obtained its MSC status on 17 November 2003 and has a grace period of six (6) months to comply with the salient terms and conditions of the MSC status, as stated below:-

	General Conditions	Status of Compliance
(i)	<p>FTSB agrees to complete business registration of the proposed entity under the Companies Act 1965 within one (1) month from the date of the approval, commence operations within six (6) months from the date of approval and undertake the MSC-qualifying Activities as specified below within six (6) months from the date of the approval or by such date(s) as may be specified in FTSB's business plan as approved, which date(s) may be extended or modified with the written consent of Bursa Depository, and thereafter continue with such business and activities unless otherwise approved by MDC. The MSC-qualifying Activities are as follows:</p> <ul style="list-style-type: none"> • Development of the new generation of the ERP-suite branded as <i>Fast Track</i> <p>Any changes proposed to the above MSC-qualifying Activities must receive the prior written approval of the MDC.</p>	<p>Complied.</p> <p>FTSB was incorporated in Malaysia under the Act on 21 February 1998 as a private limited company with the name of LEC Systems Sdn Bhd and subsequently changed to its present name on 14 November 2002.</p> <p>On 17 November 2003, FTSB was granted MSC status by MDC.</p>
(ii)	<p>FTSB must locate the MSC status company's headquarters and implement and operate the MSC-qualifying Activities in the Designated Cybercity, within six (6) months from the date of the approval, and will seek MDC's prior written approval in the event of any changes in the location or address of the company;</p>	Complied
(iii)	<p>FTSB must ensure that at all times, at least 15% of the total number of employees (excluding support staff) of FTSB shall be "knowledge workers" (as defined by MDC);</p>	<p>Complied</p> <p>100% of the staff at the Group are classified as knowledge workers from the R&D discipline, thus satisfying the minimum 15% knowledge worker obligation of MSC-status companies.</p>
(iv)	<p>FTSB must continuously comply with the MSC's environmental guidelines as determined by MDC from time to time;</p>	Will ensure continuous compliance

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

	General Conditions	Status of Compliance
(v)	FTSB must submit to MDC a copy of its annual report and audited statements in parallel with submission to the Companies Commission of Malaysia	Will ensure continuous compliance
(vi)	FTSB to inform and obtain the prior approval of MDC for any proposed change of name;	Will ensure continuous compliance
(vii)	FTSB to inform MDC of any change in its equity structure or shareholding structure, or such other changes that may affect their direction or operation. MDC must be informed of any change before steps are taken to effect such change; and	Will ensure continuous compliance
(viii)	FTSB must comply with all such statutory, regulatory and/or licensing requirements as may be applicable.	Will ensure continuous compliance

The MSC status granted to FTSB shall not be transferable or assignable in any way whatsoever without the written consent of MDC. In addition, MDC may from time to time add to, remove from or vary the above conditions.

The tax projections and computations submitted in the business plans are for MDC's internal assessment and reporting purposes only and in no way does the award of MSC-Status relieve any of ones legal and statutory responsibilities or obligations under any laws whatsoever, including the responsibility and obligation to comply with all relevant tax legislations. Please note that the final discretion and agreement on actual tax computations lie with the Inland Revenue Board Malaysia.

The MSC status entitles FTSB to the incentives, rights and privileges provided for under the Bill of Guarantees subject to the Group's continued adherence to the necessary set of criteria. The clauses of the Bill of Guarantees are summarised under Section 5.8 of this Prospectus.

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11. OTHER INFORMATION CONCERNING THE FTSHB GROUP (Cont'd)**11.2 Approval & Condition**

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

- (a) SC and FIC, which approval was obtained on 7 July 2004 and
- (b) Bursa Securities, which approval was obtained on 8 July 2004.

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

Authorities	Details of conditions imposed	Status of compliance
SC & FIC	1. FTSHB is required to disclose the status of the utilisation of the listing proceeds to be raised from the public issue in its quarterly and annual reports until the proceeds are fully utilised;	Will be complied with.
	2. FTSHB is required to meet the 30% Bumiputera requirement within one (1) year after FTSHB has achieved the profit track record requirement for companies applying for listing on the Second Board of Bursa Malaysia or within five (5) years after being listed on the MESDAQ Market of Bursa Malaysia, whichever is earlier, in which the shares to be allocated to Bumiputera investors should be approved by the Ministry of International Trade and Industry;	Will be complied with.
	3. FTSHB is also required to furnish a preliminary proposal to the SC six (6) months before the expiry date of compliance on how FTSHB intends to meet the Bumiputera equity condition; and	Will be complied with.
	4. FTSHB is to inform SC the completion date of the Proposed Flotation.	Will be complied with.

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

Authorities	Details of conditions imposed	Status of compliance															
	<p>5. Effect of the proposal on the equity structure of FTSHB.</p> <p>The equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in FTSHB would change arising from the implementation of the flotation proposal, as follows:</p> <table border="1" data-bbox="619 562 1134 808"> <thead> <tr> <th></th> <th style="text-align: center;">Before proposal %</th> <th style="text-align: center;">*After Proposal %</th> </tr> </thead> <tbody> <tr> <td>Bumiputera</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Non-Bumiputera</td> <td style="text-align: center;">100.00</td> <td style="text-align: center;">85.76</td> </tr> <tr> <td>Foreign</td> <td style="text-align: center;">-</td> <td style="text-align: center;">14.24</td> </tr> <tr> <td>Total</td> <td style="text-align: center; border-top: 1px solid black;">100.00</td> <td style="text-align: center; border-top: 1px solid black;">100.00</td> </tr> </tbody> </table> <p><i>Note:</i> * After proposed public issue and before full exercise of ESOS options.</p>		Before proposal %	*After Proposal %	Bumiputera	-	-	Non-Bumiputera	100.00	85.76	Foreign	-	14.24	Total	100.00	100.00	Will be complied with
	Before proposal %	*After Proposal %															
Bumiputera	-	-															
Non-Bumiputera	100.00	85.76															
Foreign	-	14.24															
Total	100.00	100.00															
Bursa Securities	<p>1. FTSHB to make a detailed disclosure in its Prospectus of the following:-</p> <p>(a) The basis of valuation of FTSB which are based on a premium over audited net tangible assets and price earnings multiple and in particular, the reasons why the earnings multiple and in particular, the reasons why the earnings multiple method is deemed more appropriate over other methods of valuation. The opinions of BDO Capital Consultants Sdn Bhd in relation to the valuation of FTSB and a summary of the said valuation report must also be disclosed;</p> <p>(b) The Company to expand disclosure in its prospectus on the alternative utilisation of proceeds should the market survey is unsuccessful in the United States of America, other Asian countries and China;</p> <p>(c) The risk associated to the highly competitive market and mitigating factors/actions taken/to be taken by the Group;</p>	<p>Complied. Please refer to Section 12 of this Prospectus.</p> <p>Complied. Please refer to Section 3.9 of this Prospectus.</p> <p>Complied. Please refer to Section 6.14 of this Prospectus.</p>															

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

Authorities	Details of conditions imposed	Status of compliance
	(d) The risk associated with the Group's business activities which relies on contracts with customers and mitigating factors taken/to be taken by the Group;	Complied. Please refer to Section 4.5 of this Prospectus.
	(e) Impact on the Group's future financial performance in the event that FTSHB Group fails to secure future contracts;	Complied. Please refer to Section 6.6 of this Prospectus.
	(f) Efforts made to increase its customer base; and	Complied. Please refer to Section 6.6 of this Prospectus.
	(g) All new secured contracts as at the most applicable date.	Complied. Please refer to Section 6.6 of this Prospectus.
	2. FTSHB is required to notify Bursa Securities on the appointment of independent directors and to provide confirmation that they qualify as independent directors and to provide confirmation that they qualify as independent directors as defined in the listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market ("MMLR");	Complied. The confirmation letter was submitted to Bursa Securities on 8 November 2004.
	3. FTSHB and the Adviser is to provide confirmation that the members of the Audit Committee comply with the requirements in the MMLR; and	Complied. The confirmation letter was submitted to Bursa Securities on 8 November 2004.
	4. FTSHB is to include a negative statement in its prospectus on the exclusion of profit forecast and projections from the prospectus and the reasons thereof.	Complied. Please refer to Section 7.5 of this Prospectus.

11.3 Information on Landed Property

The Group does not have any landed property.

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12. SUMMARY OF THE VALUATION REPORT ON FAST TRACK SOLUTION SDN BHD



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19 November 2004

The Board of Directors
Fast Track Solutions Sdn Bhd
No.4, Jalan Damai Utama
Taman Industri Damai Plus
83000 Batu Pahat
Johor

Dear Sirs,

SUMMARY OF THE VALUATION REPORT DATED 15 DECEMBER 2003 ON FAST TRACK SOLUTIONS SDN BHD (“FTSB”)

This letter was prepared for the purpose of inclusion in the Prospectus of Fast Track Solution Holdings Berhad (“FTSHB”) to be dated 30 November 2004, in connection with a Public Issue of 32,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.28 per ordinary share in FTSHB in connection with the listing and quotation of the entire issued and paid up share capital of FTSHB on the MESDAQ Market of the Bursa Malaysia Securities Berhad (“MESDAQ Market”).

This letter is a summary of the valuation report on FTSB dated 15 December 2003 and the salient extracts are as follows:

FTSB was incorporated on 21 February 1998 in Malaysia as a private limited company under the name of LEC Systems Sdn Bhd and adopted its present name on 14 November 2002. FTSB is principally involved in the provision of IT-related services which provide consultancy, design and development of business application software solutions and sales of software and maintenance service as well as system integration service under the brand name of “*Fast Track*”.

BASIS OF VALUATION

A company, on a going concern basis, may be valued using the following methods, amongst others:

- adjusted net asset method;
- market price method;
- dividend yield method;
- discounted cash flow method; and
- price earnings method.

We have adopted the Price Earnings Method of valuation, after taking into consideration the past track records and the profit forecast and projections of the Company. The market price method, adjusted net asset method, discounted cash flow method and the dividend yield method were not adopted due to the following factors:

- (a) FTSB is not listed and therefore its shares do not carry a market price;

12. SUMMARY OF THE VALUATION REPORT ON FAST TRACK SOLUTION SDN BHD
(Cont'd)



- (c) no dividends have been declared by FTSB over the years to ascertain the dividend rates; and
- (d) the book value of FTSB may not be reflective of its market value in view of the nature of the information technology industry and the operations of the business.

In adopting the price earnings method of valuation to value FTSB as at 15 December 2003, the following were additionally taken into consideration:

- a) The reliance on FTSB's past track record trend to form the basis of future growth may not be reflective of sustainable growth due to the competitiveness of the information technology ("IT") industry and the generic applications of FTSB's products, and in view of the relatively short time frame since its commencement of business.
- b) Although the financial year is yet to be completed, the estimated profit after tax of the Company for the financial year ending 31 December 2003 may be substantiated by the management accounts for the eleven (11) months ended 30 November 2003, after taking into consideration management advice on the performance of the Company for the month of December to the date of the valuation, and the need for other accounting adjustments.
- c) Due to the lack of supporting evidence to determine sustainable growth, the price-earnings multiples for future earnings were not considered, as the projected future earnings of FTSB may not accurately reflect the rapid changing market conditions of the IT industry;
- d) The relatively short time frame since its commencement of business would not enable the average past performances of FTSB to provide an appropriate indication of the maintainable profits of FTSB.

In the light of the above, the earnings capability of FTSB for the financial year ended 31 December 2003 was considered as most appropriate to form the base for determining the price earnings method of valuing FTSB as at 15 December 2003.

OPINION IN RELATION TO THE VALUATION OF FTSB

In consideration of the purpose of the valuation, on 15 December 2003, we were of the opinion that FTSB be valued at RM32.64 million, based on the price earnings method of valuation, after taking into consideration the profit after tax of FTSB for the financial year ended 31 December 2003 of RM1,385,430 multiplied by the average earnings multiple of 23.561 of a sample of appropriate IT companies that were listed on the MESDAQ Market as at 15 December 2003.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Chew Chong Eu', written over a horizontal line.

Chew Chong Eu
Principal