

5. INFORMATION ON THE ONLINE ONE GROUP

5.1 History and Background

Online One was incorporated in Malaysia under the Act on 23 October 2003 as a private limited company under the name of Online One Corporation Sdn Bhd and commenced its business operations on 6 February 2004. Subsequently, on 9 March 2004, Online One was converted into a public company and assumed its present name. Online One had on 6 January 2005 increased its authorised share capital to RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each to accommodate the Listing Scheme as set out in Section 6. Online One was incorporated primarily to undertake the listing of OSMSC, EMCD and ODM on the MESDAQ Market.

Online One is principally an investment holding company. Details of Online One's subsidiary companies are as follows:-

Name of Subsidiaries	Date/Place of Incorporation	Issued and Paid-up Capital RM	Effective Equity Interest %	Principal Activities
OSMSC	4 October 2002 / Malaysia	100,000	100	Development of software
EMCD	31 May 2003/ Malaysia	250,000	100	Marketing and distribution of total storage solutions
ODM	25 June 2003 / Malaysia	100,000	100	Provision of information management solutions, consisting of business continuity solutions and business intelligence solutions

The Online One Group was founded by Leong Yok Kin, Voon Seng Keong, Kua Liang Ming and Chew Fatt Seet.

The individual promoters and executive directors of Online One have been involved in the IT business for many years. In 1994, Leong Yok Kin started his application software development business as a sole proprietorship under the name Seasoftware Technology. In 1998, Seasoftware Technology was corporatised under Mac Systems (M) Sdn Bhd which was subsequently renamed OSB in 2001. Chew Fatt Seet, who joined Mac Systems (M) Sdn Bhd in 1999, together with Leong Yok Kin moved from OSB to OSMSC which was incorporated in 2002 and commenced business in software development in 2003. EMCD and ODM were incorporated by Voon Seng Keong and Kua Liang Ming in 2003 and commenced operations on 15 July 2003 and 1 July 2003 respectively. Leong Yok Kin and Chew Fatt Seet together with Voon Seng Keong and Kua Liang Ming proceeded to develop the Online One Group business under OSMSC, EMCD and ODM.

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

5.2 Location of Operations

The Online One Group is currently operating from three (3) locations, which are as follows:-

- Unit 1030, 10th Floor, Lobby 6, Block A Damansara Intan, No. 1 Jalan SS20/27, 47400 Petaling Jaya, Selangor Darul Ehsan;
- Unit 306, 3rd Floor, Block C Damansara Intan, No. 1 Jalan SS20/27, 47400 Petaling Jaya, Selangor Darul Ehsan; and
- Suite 3S, 3rd Floor, Block 2330, Century Square, No. 1, Jalan Usahawan, 63000 Cyberjaya, Selangor Darul Ehsan.

5.3 Share Capital and Changes in Share Capital

The authorised and issued and fully paid-up share capital of Online One as at the date of this Prospectus are as follows:-

	No. of Shares	Par Value RM	Total Share Capital RM
Authorised:- Ordinary shares	500,000,000	0.10	50,000,000
Issued and fully paid-up:- Ordinary shares	84,750,000	0.10	8,475,000

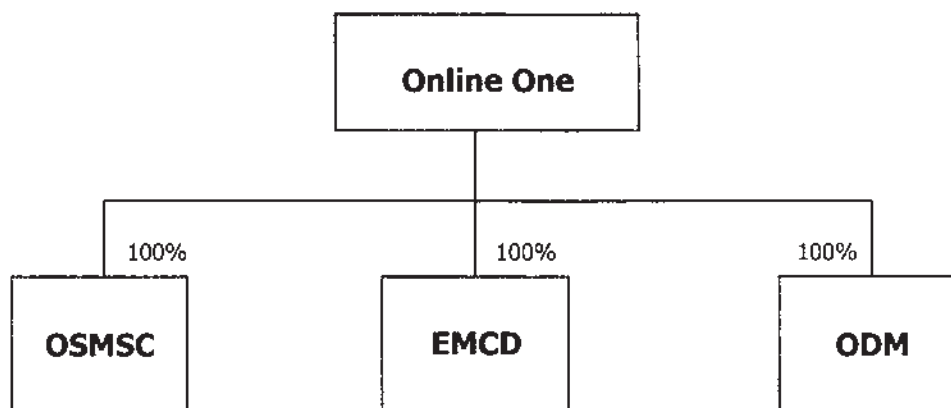
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The changes in the issued and fully paid-up share capital of Online One since its incorporation are as follows:-

Date of Allotment	No. of Shares Allotted	Par Value RM	Consideration	Cumulative Issued and Paid-up Share Capital RM
23.10.2003	2	1.00	Subscribers' shares	2
6.1.2005	-	0.10	Sub-division of shares	2
7.1.2005	9,500,290	0.10	Shares issued pursuant to the Acquisition of OSMSC at RM0.10 per Share	950,031
7.1.2005	4,116,120	0.10	Shares issued pursuant to the Acquisition of EMCD at RM0.10 per Share	1,361,643
7.1.2005	1,044,430	0.10	Shares issued pursuant to the Acquisition of ODM at RM0.10 per Share	1,466,086
22.2.2005	70,089,140	0.10	Shares issued pursuant to the Rights Issue at RM0.10 per Share	8,475,000

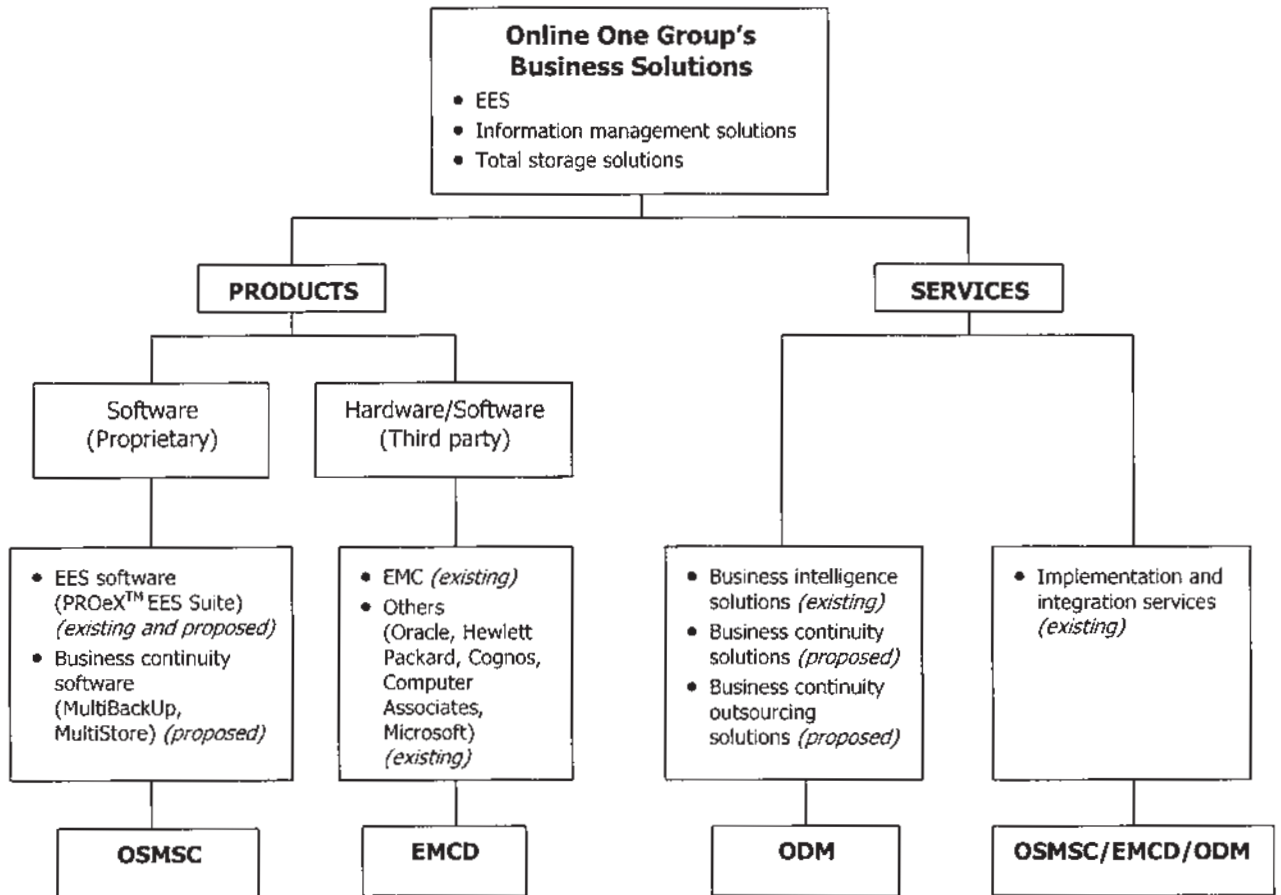
5.4 Group Structure



5. INFORMATION ON THE ONLINE ONE GROUP *(Cont'd)*

5.5 Business Overview

The business overview of the Group, which consists of existing and proposed products and services by subsidiaries, can be illustrated as follows:-



The Online One Group's range of products includes proprietary software and third party hardware and software. Its services consist of implementation and integration services for its proprietary software solutions and third party hardware and software solutions, business continuity outsourcing solutions and business intelligence solutions. The details are as follows:-

5.5.1 Software

The proprietary software of the Online One Group is offered by OSMSC which encompasses both existing software and software that is in development process which consist of the PROeX™ EES Suites and the MultiBackup and MultiStore solutions respectively. Details of OSMSC's proprietary software are as follows:-

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

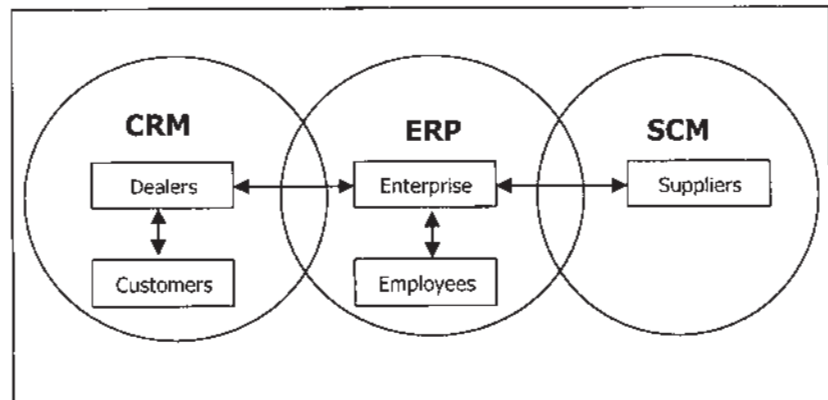
(i) PROeX™ EES Suites

EES is provided to enterprises to communicate, share resources, collaborate business and coordinate their efforts as a member of the extended business organisation networks. The PROeX™ EES modules, which were launched in 2003, are different when compared to the general ERP products. The PROeX™ EES is designed to run the IT operations of more than one enterprise from an ERP software which is designed to reside within an enterprise and run only that enterprises IT operations. Therefore, these solutions cover a wider range of customers, suppliers, employees and partners especially with the incorporation of buy-side and sell-side e-Business, customer relationship management, supply chain planning and business intelligence.

OSMSC offers the following EES suites:-

- (a) PROeX™ EES – ERP suite;
- (b) PROeX™ EES – CRM suite; and
- (c) PROeX™ EES – SCM suite

The interaction of the PROeX™ EES suites can be illustrated as below:-



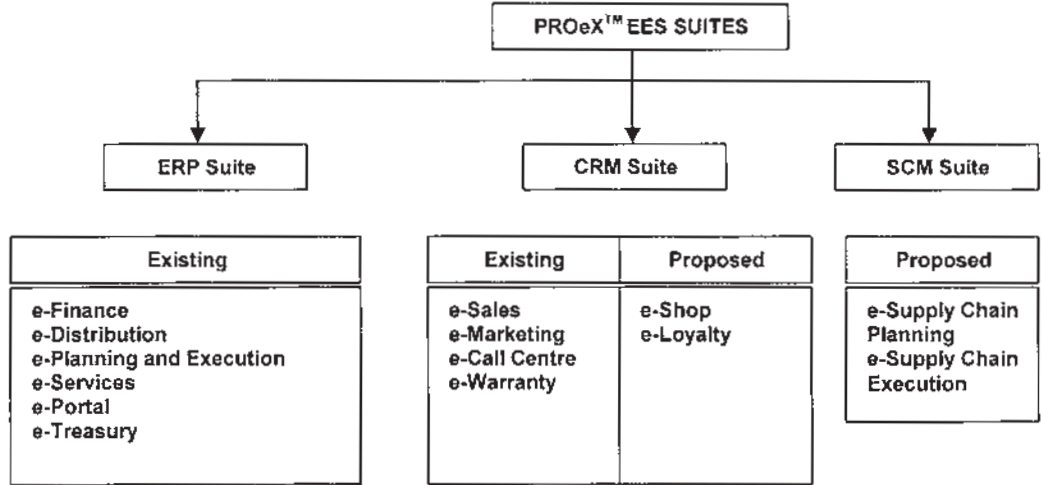
PROeX™ EES Suites and their Interaction

The outline of the interaction between enterprise, customers and suppliers under different solutions are categorised below:-

SOLUTION	ENTERPRISE	CUSTOMERS	SUPPLIERS
PROeX™ EES-ERP	✓		
PROeX™ EES-CRM	✓	✓	
PROeX™ EES-SCM	✓		✓

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

PROeX™ EES suites provide automation, by means of information technology, of many aspects of buyer/seller or trading relationships, culminating in the ability to achieve "virtual" supply chain integration by means of internet technology. The existing and proposed modules to be offered in the PROeX™ EES suites are illustrated as follows:-



PROeX™ EES Suites and Modules

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(a) PROeX™ EES-ERP Suite

PROeX™ EES-ERP SUITE MODULES					
e-Finance	e-Distribution	e-Planning and Execution	e-Treasury	e-Services	e-Portal
Sub-modules: <ul style="list-style-type: none"> • General ledger • Financial report writer • Accounts receivable • Accounts payable • Cash book • Cash-flow management 	Sub-modules: <ul style="list-style-type: none"> • Customer and sales management • Supplier and purchase management • Physical inventory management 	Sub-modules: <ul style="list-style-type: none"> • Master production scheduling • Material requirement planning • Capacity requirement planning 	Sub-modules: <ul style="list-style-type: none"> • Time deposit • Bank borrowing • Inter company lending and borrowing • Fund transfer • Foreign exchange • Trade bill discounting • Investment in treasury bills and shares • Inter link suite 	Sub-modules: <ul style="list-style-type: none"> • Workshop management • Technician scheduling • Spare parts controls 	Sub-modules: <ul style="list-style-type: none"> • Customer portal • Partner portal • Employee portal

The PROeX™ EES-ERP suite is a full workgroup application suite with modules for financial, distribution, planning and execution, treasury, services and portal, which support many production techniques including discrete, repetitive, and batch-process operations.

The PROeX™ EES-ERP suite provides an efficient ERP system that helps enterprises such as manufacturers or wholesalers to manage internal functions and resources. Valuable information from one single database is conveniently shared and delivered to different departments and functions within organisation from purchasing and inventory, to manufacturing, sales, marketing and even finance.

The PROeX™ EES-ERP modules can be used individually or in combinations to meet enterprise requirements. Each application module can be easily tailored to unique business processes wherein it allows an enterprise to streamline its internal operations whilst synchronising the production to meet the demands of their customers and suppliers.

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

The existing PROeX™ modules offered by OSMSC are illustrated as follows:-

Modules	Description
e-Finance	An accounting system that handles the accounting data by the functions like general ledgers, accounts payable, accounts receivable and cash management for clients' financial management.
e-Distribution	Provides the clients supervisory controls by synchronizing inventory, sales and purchases for smooth daily transactions. Hence, the distribution of the products can be monitored closely to ensure sufficient supplies.
e-Planning and Execution	Provides an inventory planning and control (e.g. on raw materials and resources) for the clients by analysing the demand, forecast and lead time of products.
e-Treasury	A solution for large enterprises to manage their treasury activities. The e-Treasury solution also enables the backend system of an enterprise to link with financial institutions' systems.
e-Services	Handles the workshop daily chaos by providing work force scheduling, parts purchase scheduling and stock controls for the clients.
e-Portal	Integrates data on customer interactions into a knowledge database that provides customer service personnel instant access to all communications between each customer and the company. e-Portal allows clients the ability to view, analyse and report on information that is aggregated about their customers' inquiries to better help them manage their customers.

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5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

The PROeX™ EES-ERP suite is specifically suited for five (5) types of industries, namely trading/distribution, service workshop, manufacturing, media and advertising industries and corporate treasury. The following table shows the modules offered by OSMSC for these specific industries:-

Industry	Modules
Trading/Distribution	e-Finance e-Distribution e-Portal
Service Workshop	e-Finance e-Distribution e-Services e-Portal
Manufacturing	e-Finance e-Distribution e-Planning And Execution e-Portal
Media and Advertising	e-Finance e-Distribution e-Planning and Execution e-Portal
Corporate Treasury	e-Finance e-Treasury e-Portal

(b) PROeX™ EES-CRM Suite

PROeX™ EES-CRM SUITE MODULES					
e-Sales	e-Marketing	e-Call Centre	e-Warranty	e-Shop	e-Loyalty
Sub-modules: <ul style="list-style-type: none"> • Accounts and contract management • Opportunity management • Calendar and activities management • Leads management • Product management • Territory management 	Sub-modules: <ul style="list-style-type: none"> • Campaign management • Campaign response tracking • Profiling 	Sub-modules: <ul style="list-style-type: none"> • Case management • Warranty management • Call management • Knowledge management • Notification manager 	Sub-modules: <ul style="list-style-type: none"> • Warranty registration • Warranty packing • Serial number tracking 	Sub-modules: <ul style="list-style-type: none"> • Online ordering facilities, customer information collection • Order history tracking and shipment status • Product cataloging and shopping • Online payment 	Sub-modules: <ul style="list-style-type: none"> • Redemption management • Member point & vouchers management • Membership privilege & promotion program • Membership activity tracking management • Membership service counter /centre management

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

The PROeX™ EES-CRM Suite enables enterprises to manage customer relationships, which will bring greater values to the enterprises. The PROeX™ EES-CRM solution will enable an enterprise to build a database about its customers that described relationships in sufficient detail so that management, sales personnel, people providing service, and the customer can directly access information, match customer needs with product plans and offerings, remind customers of service requirements and, know what other products a customer had purchased.

The existing PROeX™ EES-CRM Suite modules offered by OSMSC are illustrated as follows: -

Module	Description
e-Sales	Streamlines the lead-to-conversion process and move from reactive account management to strategic account management. It provides the core elements that businesses need for lead, opportunity, and account management.
e-Marketing	Manages the total life cycle of the marketing process in real time through integrated enterprise marketing and analysis functionality.
e-Call Center	Integrates interaction points like phone correspondence, e-mail and chat sessions between customer and the company. It allows companies to track and respond to issues in a timely manner and be in control of their contracts and costs to generate higher customer satisfaction.
e-Warranty	Manages multiple types of service level agreement such as time period or dollar amount and ensure customer problems are resolved within the scope of the service level agreement.

The other PROeX™ EES-CRM Suite modules being developed by OSMSC and to be launched in the third quarter of 2005 are illustrated as follows: -

Module	Description
e-Shop	Enables enterprise' business to be brought online to allow their customers to transact online with detailed product information. Customers can virtually shop and select their favourite products without time and place constraints.
e-Loyalty	Provides the best service for enterprise to build customer relationships by rewarding desired customers who demonstrate appreciation to the enterprise's site and products. The rewards could be soft awards (service, access, information) or hard awards (points, discounts, free shipping).

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

(c) PROeX™ EES-SCM Suite

OSMSC has started development of PROeX™ EES-SCM in the third quarter of 2004, and targets to launch it in the third quarter of 2005.

PROeX™ EES-SCM Suite is a solution that coordinates materials, information and financial flow between and among all the participating enterprises. PROeX™ EES-SCM Suite integrates the manufacturers, retailers, suppliers, carriers and vendors into a seamless unit in meeting ongoing customer demand. PROeX™ EES-SCM Suite facilitates companies in making real-time forecasting, reducing inventory and related costs, and increases the efficiency of products delivery and services.

A description of the functions offered in the PROeX™ EES-SCM are illustrated as follows:-

Modules	Description
Supply Chain Planning	<p>Helps enterprises to synchronise supply with demand across the entire resources of supply chain. It improves constraint-based production planning, rough-cut capacity planning, and master scheduling.</p> <p>Integrates all partners with demand planning, order commitment, advanced scheduling, distribution planning and transportation planning.</p>
Supply Chain Execution	<p>Provides solutions that offer sophisticated inventory planning and warehouse management systems.</p> <p>Combines the functions of order planning, production, replenishment, distribution and management to provide real-time information and enables streamlining of the supply chain. Enables the customer to deliver the right goods to the right place at the right time.</p>

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The proposed PROeX™ EES-SCM Suite modules offered by OSMSC are illustrated as follows:-

PROeX™ EES-SCM Suite Modules	
Supply Chain Planning	Supply Chain Execution
Sub-modules: <ul style="list-style-type: none"> • Demand planning • Order commitment • Advanced scheduling • Distribution planning • Transportation planning 	Sub-modules: <ul style="list-style-type: none"> • Order planning • Production • Replenishment • Distribution management

(ii) **Business Continuity Software**

The other proprietary solutions to be developed by OSMSC consist of two types of business continuity software, namely MultiBackUp and MultiStore, which are illustrated as follows:-

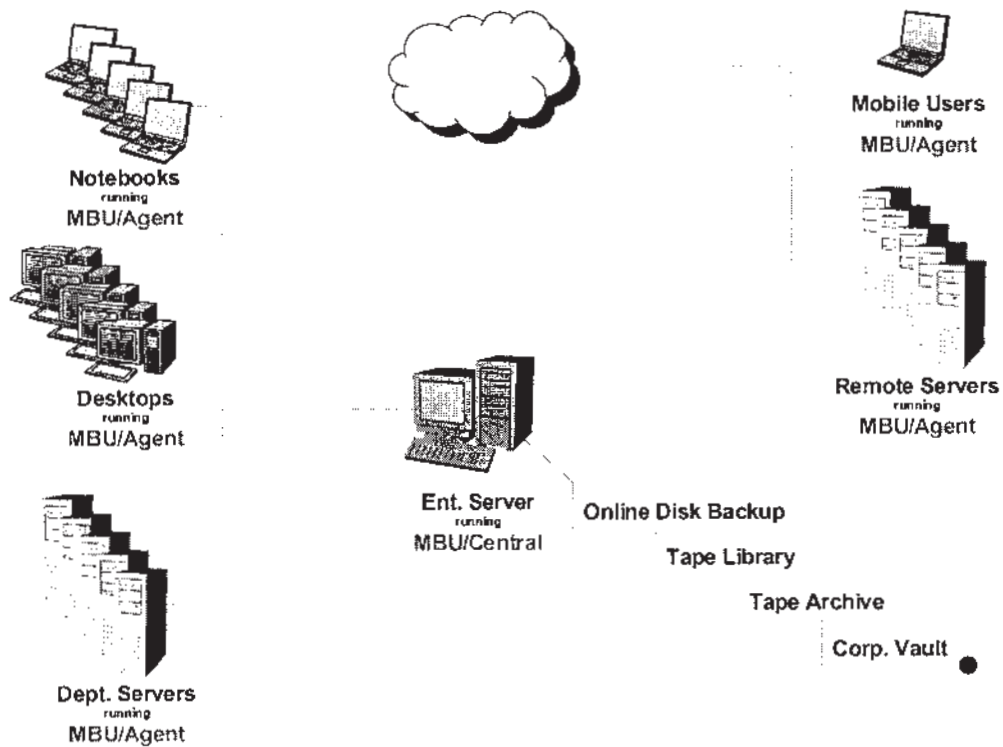
MultiBackUp

MultiBackUp will provide storage backup solutions that incorporate backup-to-disk for rapid recovery of mission-critical data for personal computers over multiple types of connectivity such as dial-up networking, Internet and TCP/IP network protocols. MultiBackUp will also allow capturing of data, backup of business-crucial data that must be preserved and retrieved quickly and efficiently. Data will be stored at a central server/cluster, which can be managed via a web-based console.

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5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

It is envisaged that MultiBackUp's functional components will work together to protect and centrally manage data, e-mail files, system configuration, asset information, and system integrity for desktops and laptops, regardless of where they are located. It will aim to eliminate information loss and help to ensure efficient, effective, secure, centrally managed PC data management that reduces storage requirements for enterprises. The bottom line is that, it will aim to ensure total corporate ownership of information. A typical MultiBackUp environment is depicted as follows:-



A Typical MultiBackUp environment

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

MultiBackUp's functional components are as follows:-

Functional Component	Description
MBU/Central	MBU/Central runs on a dedicated server with access to backup devices such as disk storage (DAS/SAN) and tape libraries.
MBU/GUI	MBU/GUI is a web-based MBU system management console.
MBU/Agent	MBU/Agent is a lightweight application that runs on every PC that requires to be backed up and provides filtering of backup objects and personal customisation (frequency, bandwidth throttle etc).
MBU/ Optimiser	MBU/Optimiser prevents storing of multiple copies of the same file (including attachments in e-mails).
MBU/ Recover	MBU/Recover allows the PC to recover lost or corrupted files or system images on demand and provides multiple valid points for system or file rollback and recovery.
MBU/ Compression	MBU/Compression compresses files to save transfer time, bandwidth and backup time.
MBU/ Encryption	MBU/Encryption is a state-of-the-art 128-bit AES during both the transmission and storage of all data.

OSMSC plans to start research on MultiBackUp in the middle of 2005, and commence development in the fourth quarter of 2005.

MultiStore

MultiStore is a disaster recovery solution package, offering organisations a solution to efficiently provide continuous data access in the event of planned or unplanned downtime. MultiStore will be supported by a fault-tolerant and host-independent architecture.

MultiStore will present an affordable means of satisfying the conflicting requirements of non-stop data access while performing traditionally disruptive operations such as backup, data warehouse updates, application development and testing, and schedule maintenance. The three planned major editions of MultiStore are MS/Local, MS/LAN and MS/Remote.

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The standard edition package MS/Local provides local replication of volumes to the local server. Management GUI, reporting, trending, volumes management and dynamic path balancing and fail-over are standard features that come with this package.

The MS/LAN edition comprises all the functionality of MS/Local with additional capability to replicate data to another physically separate server but connected to the same LAN.

The MS/Remote edition comprises all the functionality of MS/LAN with additional capability to replicate data remotely to another server located within a WAN.

Upgrade path is available for:-

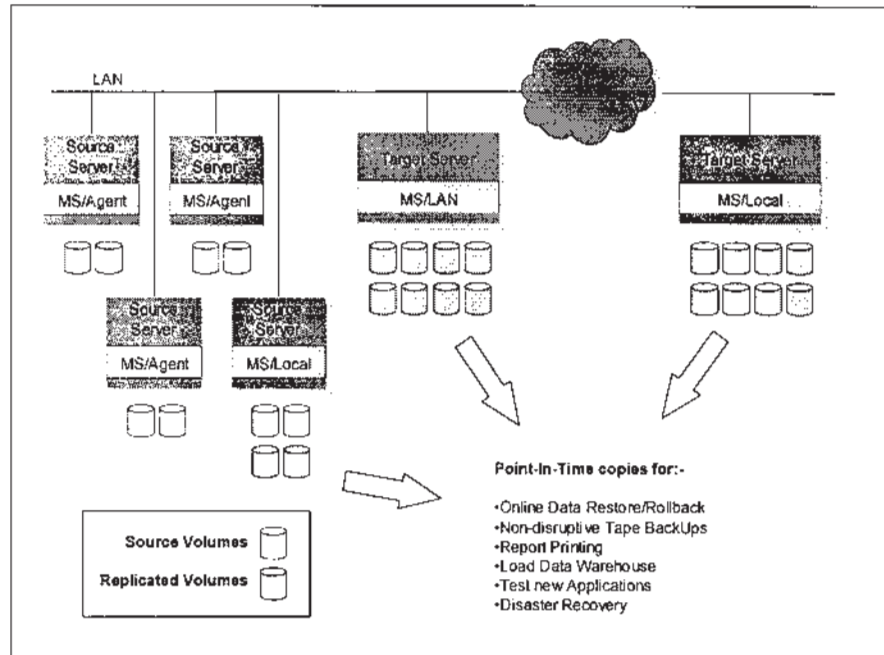
- MS/Local to MS/LAN;
- MS/Local to MS/Remote; and
- MS/LAN to MS/Remote.

The upgrade is non-disruptive as no additional software is required to be installed during this upgrade. Instead, a new licence key to activate the additional functionality will be provided.

A user can also temporarily upgrade to a higher edition for a fixed period. This feature is useful for deployment of special short term projects such as data centre relocation or testing of new applications.

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A Typical MultiStore Environment

OSMSC has started research on MultiStore and will commence development of MultiStore in the fourth quarter of 2005.

5.5.2 Hardware

IT storage comes in different types and sizes to cater to the different storage requirements of different organisations. EMCD is a distributor for EMC's range of storage solutions. EMC is one of the market leaders in storage and offers adaptability, compatibility and quality of products.

EMCD's main hardware platform is EMC's CLARiiON series of storage products, for which EMCD is currently the only distributor in the country. The CLARiiON series is one of EMC's popular product lines for corporations in Malaysia as it offers connectivity, scalability and simplicity, suited for large and medium-sized companies.

EMCD also offers EMC's range of other storage solutions, namely EMC Symmetrix, EMC Centera and EMC Celerra storage systems.

EMCD also offers other ancillary infrastructure and third party hardware. This includes HBAs and servers.

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

5.5.3 Information Management Solutions

ODM offers the following information management solutions:-

- (i) business intelligence solutions; and
- (ii) business continuity outsourcing solutions.

(i) Business intelligence solutions

Business intelligence unlocks data captured in the systems of the organisation, and transforms it into useful information to help organisations in making effective and timely business decisions. It helps organisations to reduce errors and increase operational effectiveness and is a strategic business imperative.

Business intelligence distils and packages enormous amounts of data to create a sterilised common view of the organisation.

The third-party business intelligence solutions currently offered consist of a complete business intelligence solutions by using Cognos^R business intelligence softwares, other peripherals, together with integration and implementation services. The software used consist of Cognos PowerPlay^R, Cognos Impromptu^R, Cognos DecisionStreamTM and others.

The range of Cognos^R business intelligence software offered by ODM caters to different industries and the different needs of each client. In general, the functions available include the following:-

(a) Score Carding and Event Detection

Scorecarding allows the viewing of multiple metrics at the same time, such as sales quotas for different regions and quarter-to-date sales achieved. Event detection enables the delivery of business intelligence data to users as events happen. Users can specify alerts for report availability, changes in key performance indicators or unusual activity to direct it to their e-mail, handphone or personal digital assistants.

(b) Data Extraction, Transformation and Loading ("ETL")

Many transactional databases that exist in organisations today are huge and unstructured. ETL will help to extract, transform and load these huge amounts of data into structured data. It will sieve out irregularities in the data through a set rule.

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

(c) Reporting and Analysis

Business intelligence also offers the churning of reports and analysis of data to users – a critical need for the planning and execution of the enterprise business. The user is able to not only see their business as a whole with the data, but also to identify the specific factors or datasets that cause the movement in data trends. This is an excellent planning and forecasting tool for the user. They are then armed with the means to understand the 'why' behind their business performance.

The business intelligence solutions cover the initial needs analysis, delivering the software and hardware needed to run the solution, programming and testing the system, setting up the networking architecture, installing and implementing the solution, as well as providing training to the users. Thus, the Group's business intelligence solutions is a complete package.

(ii) Business Continuity Outsourcing Solutions

Business continuity outsourcing solutions will be rolled out in the fourth quarter of 2007 upon setting up a data storage site specially to house customers' storage infrastructure. There will be an operations centre monitoring the infrastructure and system devices, as well as troubleshooting and solving customers' problems. The architecture will run on a powerful resource engine used to securely share tape, disk, network and other common storage infrastructures to multiple customers in a shared environment.

ODM's business continuity solutions will cover the planned software to be known as MultiBackUp and MultiStore, together with project implementation support and service.

The Online One Group's business continuity outsourcing solutions deal with the provision and management of storage infrastructure to enterprises in an off-location site. Today, storage infrastructure available in the market is wide-ranging, catering to different needs and customers. Most enterprises are more than overwhelmed by the options available, let alone able to manage and operate the systems by themselves. Therefore, instead of building out and operating a complex storage infrastructure, enterprises can focus on its day-to-day operations and core strengths by using ODM's business continuity outsourcing solutions.

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

ODM's business continuity outsourcing solutions help organisations to minimise capital expenditure, data costs, and improve operational efficiency, while using the best practice solution available.

Implementation and Integration Services

The Online One Group offers a range of implementation and integration services to help businesses assess their needs, design an optimal solution and integrate that solution into their environment. All the three (3) subsidiaries offer the following implementation and integration services for the respective solutions offered by each of the subsidiaries. The range of integration and implementation services are as follows:-

- Project management;
- Solution preparation;
- Solution design and development;
- Solution deployment;
- Education and knowledge transfer;
- Professional pre and post-implementation support; and
- Maintenance support.

5.5.4 Factors that Differentiate the Group's Products

To the best knowledge of the promoters of Online One, there are only a few players in Malaysia which can develop the EES which is a combination of ERP, CRM and SCM that deals with a host enterprise and its network of dealers.

The PROeX™ was designed by OSMSC to address the challenges faced by the distribution industry by providing the links between the host and its network of dealers. With the PROeX™, companies can easily consolidate the inventory status at all its outlets and dealers by collecting and disseminating the necessary information within the entire supply chain, move from mass marketing to one-to-one marketing and proactive selling instead of passive selling. With PROeX™, customers can significantly improve the management of its products, sales, customer relationship and various other aspects of their business. As the system also manages the dealers' inventory and reorder level, it also reduces the risks of overstocking and helps the dealers as well.

Online One believes that its software will have a value added advantage over its foreign competitors in view that the PROeX™ was specifically customised for the Asia Pacific markets as their EES takes into consideration the natural structure of the Asia Pacific distribution structure in comparison to software solutions from the United States and Europe.

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Foreign software solution providers would need to recustomise their software solutions to suit countries in Asia Pacific such as South East Asian nations and China which are the target markets for Online One. The added requirements for specific customisation will further add on the costs of these software offered by the foreign competitors and will increase the pricing of their software.

The PROeX™ is also suitable for SMEs as the solution is modular based and easily scalable, which means that customers can purchase the required modules for their existing requirements and purchase additional modules and scale upwards their software needs to accommodate the growth of their business in future.

5.5.5 Level of Dependency on EMC products

The Directors confirm that the revenue of the Group is mainly contributed by sales of EMC products. However, the profitability of the Group is only marginally dependent on EMC products.

The following table illustrates the breakdown of proprietary software and third party products as a percentage of the Group's revenue and gross profit (excluding service and maintenance):-

	Financial Period Ended 31 March 2004		Six (6)-month Financial Period Ended 30 September 2004	
	% of Revenue*	% of Gross Profit*	% of Revenue*	% of Gross Profit*
Proprietary software	21.52	68.97	17.42	63.67
Third party products	78.48	31.03	82.58	36.33
Total	100.00	100.00	100.00	100.00

* Excluding service and maintenance

The Directors of Online One anticipates that in line with Online One's marketing strategies, the Group's reliance on selling third party products will reduce gradually given that the three (3) new products created/owned by Online One were launched in December 2004 and are expected to contribute positively to the Group's revenue.

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5.5.6 Technology Used

The core technology for the products and services offered by the Group are as follows:-

(i) Extended Enterprise Solutions

PROeX™ EES Suite

PROeX™ is built on Microsoft.NET platform through the use of XML Web services and COM.NET technology which facilitates the integration of different applications, sources of data across the Internet or Intranet.

With its web-enabled architecture, PROeX™ provides users with the means of communicating with one another via networked PCs, laptops, web browsers and handheld devices.

The PROeX™ is developed using a three-tiered architectural design approach. The lower tier is where the data is, the middle tier is the business logic tier, and user interface is the top presentation tier. Data is stored centrally and access is through database providers. With business rules defined in the middle tier business logic, data is manipulated and presented for viewing in the presentation tier.

(ii) Business Continuity Software

MultiBackUp

MultiStore uses C and C++ technology that allows developers to develop, maintain and migrate C and C++ applications across multiple platforms.

In a typical Windows NT network, there may be several Windows NT servers running various applications, as well as multiple desktop client and NetWare or UNIX server connections. MultiBackUp's client/server architecture will assure that all local and remote systems on the network are properly backed up, including multiplatform environments. Unlike older Windows NT-based backup utilities that rely on NT's network share access to back up remote NT systems and other systems on the network, MultiBackUp will provide dedicated client software for each platform.

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

MultiBackUp's client software will ensure complete and reliable data protection for the following environments:-

- Windows NT including all file systems, name spaces, local and remote registries, and disaster-recovery information;
- NetWare 3.x and 4.x, including bindery, name spaces and NetWare Directory Services;
- UNIX, including ACLs and hidden system files; and
- PC Desktops including Windows, OS/2, and Macintosh.

MultiStore

MultiStore uses C and C++ technology, that allows developers to develop, maintain and migrate C and C++ applications across multiple platforms.

MultiStore, will be supported by a fault-tolerant and host-independent architecture. It supports state-of-the-art 128-bit AES during both the transmission and storage of all data.

MultiStore will support Windows 2000/2003/NT, Linux and all popular UNIX-based systems including HP-UX, Solaris, AIX and Tru64. Being storage agnostic, it will replicate data from and to heterogeneous storage devices, regardless of whether the storage devices are connected through DAS, NAS or SAN.

5.5.7 IP and Trademarks

The Online One Group has submitted the following applications to trademark the following names which are specific to the Online One Group:-

- (i) PROeX™;
- (ii) ONLINEONE™; and
- (iii) *people who deliver*™.

It also intends to apply for trademark rights for its business continuity software products, MultiBackUp and MultiStore upon the launch of the products in the market.

The Online One Group has taken steps to protect its intellectual property rights in accordance with the Malaysian Copyright Act 1987 and the Trademarks Act 1976.

5. INFORMATION ON THE ONLINE ONE GROUP *(Cont'd)*

All source codes for the software applications are not provided to the clients. Internally, the development of the software applications are segmented and written by a few programmers. The Chief Technology Officer combines these segments to form the whole software. With exception to Chief Technology Officer, none of the programmers are aware of the source code for the whole of the software application. In addition, the employment letters of the technical employees of the Group includes a non-disclosure clause.

The Group is not dependent on any patents or licences, industrial, commercial or financial contracts.

5.5.8 R&D

The Group places great importance on having strong R&D capabilities so as to ensure the Group's continued success and its ability to innovate new products and improve on its software and solutions. The Group is continuously striving to enhance and further improve its current range of products and services to stay competitive in the industry.

The Group's policies on R&D can be summarised as follows:-

- (i) develop and improve its new and existing products and services; and
- (ii) ensure product quality, reliability and functionalities are built in when developing the products.

The Group's R&D division is currently situated in Cyberjaya. The R&D team comprises fifteen (15) technical personnel who are led by Leong Yok Kin, the Chief Technology Officer, who is also a director of Online One. The R&D team consists of technicians and specialists of various experiences and strengths.

Presently, the Group is predominantly concentrating its R&D efforts on EES, and has recently commenced development of its business continuity software. The Group plans to embark on R&D to develop new products and services and improve on existing ones. The range of products earmarked for the R&D activities for the next five (5) years are the PROeX™ EES Suites and the business continuity solutions. Please refer to Section 5.5.9 for new or proposed products/solutions of Online One Group.

The Group expects to increase the number of R&D staff to fifty-one (51) over the next three (3) years.

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

The Group has invested in R&D for the financial period ended 31 March 2004 and for the six (6)-month financial period ended 30 September 2004 as follows:-

R&D costs	Financial Period Ended 31 March 2004		Six (6)-month Financial Period Ended 30 September 2004	
	Investment in R&D RM'000	Investment in R&D as % of Turnover	Investment in R&D RM'000	Investment in R&D as % of Turnover
Staff costs (technical personnel)	328	3.17	304	2.66
Purchase of equipment (hardware and software)	67	0.65	4	0.04
Total	395	3.82	308	2.70

The Group has completed the development of the following modules for the PROeX™ EES suite and which has since been offered to its customers.

PROeX™ EES Suite	Modules
ERP	<ul style="list-style-type: none"> e-Finance, e-Distribution, e-Planning and Execution, e-Services, e-Portal, e-Treasury.
CRM	<ul style="list-style-type: none"> e-Sales, e-Marketing, e-Call Centre, e-Warranty

5.5.9 New or Proposed Products/Solutions

The products and services in the midst of development or planned to be developed by the Group are as follows:-

Planned product/services	Current Status	Targeted Time of Launch
PROeX™ EES-CRM (e-Shop, e-Loyalty)	Product development and beta testing stage	Third quarter of 2005
PROeX™ EES-SCM (Supply Chain e-Planning, Supply Chain e-Execution)	Beta testing stage	Third quarter of 2005
MultiBackUp	Research to commence in mid-2005	Fourth quarter of 2006
MultiStore	Research to commence in early 2005	Fourth quarter of 2006
Business continuity: Phase 3	Product development to commence in early 2007	First quarter of 2008
Business continuity outsourcing	Product development to commence in early 2007	Fourth quarter of 2007

5. INFORMATION ON THE ONLINE ONE GROUP *(Cont'd)*

5.5.10 Quality Control Procedures

The Online One Group believes that with the following quality control procedures, the Group would be able to achieve the requirement of its clients as its proprietary software and third party software solutions are mostly customised for its clients' requirements.

(i) Project Progress Review

Project progress review meetings are frequently conducted throughout the implementation phase to review current project status, milestone accomplished and discuss anticipated problems and possible recommendable solutions.

A project progress review report will be prepared and submitted after each meeting to the project manager. The report would summarise progress achieved since last meeting, status as compared with the implementation plan, concerned areas and any concluding remarks.

(ii) Conference Room Pilot

The objective of this section is to walk-through the application functions using the test pilot data. This will enable the simulation to be conducted, which in turn allows the members to become familiarised with and build up some confidence on using the system. It will not only shorten the testing period but also enable the members to identify any customisation and modification in order to tailor the application to suit the environment.

(iii) Customisation and Modification Services

Customisation and modification services are implemented to meet the customer specific requirements that are not catered by the standard package. Services include modification to the output documents or customisation of the application system to certain extent.

(iv) Post Implementation

The Online One Group also conducts post implementation support and maintenance for the customer. Training and education are conducted for the clients to use the products or solutions. Regular feedback is obtained from customers, business partners as well as other outsiders on the Group's products and services.

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

5.5.11 Competition

Illustrated in the table below are some of the companies which the Directors of Online One Group believe they are in competition with:-

International Corporations

Company Name	Headquarters/ Market Coverage	Principal Activities
SAP AG	Germany/ worldwide	Provision of business software that helps improve relationships with customers and partners, streamline operations, and achieve efficiencies throughout the supply chain.
Oracle Corporation	USA/ worldwide	Focuses on business-to-business software and services, including Internet-enabled databases, tools and application products, along with related consulting, education, and support services.
Exact Holding N.V.	The Netherlands/ worldwide	Provision of software for accounting, HRM, CRM e-business and ERP.
SSA Global	USA/ worldwide	Provision of extended ERP solutions.
J.D.Edwards &PeopleSoft	USA/ worldwide	Provision of enterprise applications software.
GEAC Computer Corporation	USA/ worldwide	Global enterprise software company that provides cross-industry enterprise business applications for financial administration, human resources functions, and enterprise resource planning applications for different industries.
Hewlett Packard Development Company, L.P.	USA/ worldwide	Design, manufacture and service electronic products and systems for measurement, computation and communications.
IBM Corporation	USA/worldwide	Develop and manufacture computer systems, software, storage systems and microelectronics. Also provide solutions, services and business consulting.
Hitachi Data Systems	Japan/worldwide	Design, manufacture, and market industry-standard mainframe computers, storage systems, open systems hardware and software and services.
Storage Technology Corporation	USA/worldwide	Design, manufacture, market and maintain information storage and network product solutions for end-user customers, original equipment manufacturers and value-added resellers.
Network Appliance, Inc.	USA/worldwide	Provision of storage management hardware, software and services for open network environments.

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)**Local Corporations**

Company Name	Location	Principal Activities
Com-line Systems Sdn Bhd	Kuala Lumpur	Provision and development of internet based enterprise management solutions.
Global Soft (MSC) Sdn Bhd	Petaling Jaya	Provision of superior services in web development, data warehousing, ERP, application and integration, e-business, custom applications, quality analysis and testing and technology infrastructure.
Karensoft Technology Berhad	Kuala Lumpur	Provision of extended ERP combining ERM, SCM and CRM.
Electronic Data Systems (M) Sdn Bhd	Petaling Jaya	Provision of storage management solutions and systems.
Computer Systems Advisers (M) Berhad	Petaling Jaya	Provision of end-to-end integrated solutions and services which include systems integration, software and information services, IT outsourcing, and e-business.
Cetheus Sdn Bhd	Petaling Jaya	Provision of business intelligence solutions and e-business solutions
Quad Consulting Co Sdn Bhd	Petaling Jaya	Provision of business intelligence solutions and application solutions.

The Online One Group does not have a competitor who competes in all of the Group's business areas. Sometimes, the Group will team up with some of these competitors for support to develop the latest in-house solutions. Comparisons of the Group's competitors are on the basis of the similar products and services that are offered by the competitors.

5.5.12 Efforts Taken to Maintain and Increase its Market Share in the Competitive Environment

The Group's efforts to maintain and increase its market share in the competitive environment are illustrated as follows:-

(a) Targeting Specific Industries and SMEs

As a strategy to increase its market share, Online One targets its products at enterprises with a wide network of customers, suppliers and dealers. Hence, PROeX™ is suitable for the manufacturing, media and advertising, corporate treasury and trading/services companies as these companies require comprehensive business solutions to gather and disseminate information between itself and its customers, suppliers and/or manufacturers.

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

Online One has also targeted the SMEs as the PROeX™ solution is suitable for SMEs since it is modular based and easily scalable, which means that customers can purchase the required modules for their existing requirements and purchase additional modules and scale upwards their software needs to accommodate the growth of their businesses in the future.

Online One has already implemented PROeX™ modules to 193 sites (excluding host sites). Due to the increasing requirement for rapid dissemination of information in the current IT age, Online One believes that its customers will want a single or integrated solution provider for all their IT requirements. The PROeX™ allows the software usage/purchase to "grow" with the company and hence provide an affordable software solution to its customers.

(b) Niche Software Developed for Asia Pacific Markets

Online One believes that its software will have a value added advantage over its foreign competitors in view that the PROeX™ was specifically customised for the Asia Pacific markets as their EES takes into consideration the natural structure of the Asia Pacific distribution structure in comparison to software solutions from the United States or Europe.

In Asia Pacific, the distribution channel is inherently different from Western countries and comprises of many individually owned SME dealers working with a leading brand owner or main distributor.

Foreign software solution providers would need to recustomise their software solutions to suit countries in Asia Pacific such as South East Asia and China which are the target markets for Online One. The added requirements for specific customisation will further add on the costs of these software offered by the foreign competitors and will increase the pricing of their software.

To the best knowledge of the promoters of Online One, in view of the requirement of in-depth proprietary knowledge of the niche and unique market of host and dealers distribution within the Asia Pacific region, the competition from foreign competitors are mitigated.

With the abovementioned competitive advantages, which are the targeting of specific industries and SMEs for its solutions and having a software which is suitable for the Asia Pacific markets, the Online One Group will expedite efforts to expand its market share by undertaking aggressive promotional and advertising strategies as illustrated in Section 5.6.1(i).

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

(c) Flexibility in Pricing its EES Products

The flexibility in pricing its EES products also enables Online One to offer its comprehensive solutions at competitive prices to secure contracts from its existing and potential clients as it does not have to pay any royalties or any license cost for its PROeX™ solution, its proprietary software. This is expected to further contribute to Online One increasing its market share and have the ability to maintain its existing market share.

5.6 Major Suppliers

The top ten (10) suppliers of the Online One Group for the six (6)-month financial period ended 30 September 2004 are as follows:-

No.	Supplier	Material/ Services Supplied	Length of Relationship	Percentage of Total Purchases*(%)
1.	EMCM	EMC storage solutions	1.6 years	43.88
2.	Ftec Systems Sdn Bhd	Computer equipment, services and software	6 months	7.87
3.	UB Com Genesis Technologies Sdn Bhd	Hardware and software	1.6 years	6.97
4.	Jardine OneSolutions (2001) Sdn Bhd	Hardware and software	1.6 years	4.86
5.	Ebox Systems Sdn Bhd	Computer equipment, services and software	2 months	4.72
6.	CSN Systems Sdn Bhd	Hardware and software	2 months	3.48
7.	Cutting Edge Technology Sdn Bhd	Provision of server, storage, network equipment and maintenance	1.6 years	3.10
8.	Ftec Networks Sdn Bhd	Computer equipment, services and software	6 months	2.74
9.	Dell Asia Pacific Sdn Bhd	Server	1.6 years	1.35
10.	ADIC (South Asia) Pte Ltd	Hardware	2 months	1.27

* Calculated based on total purchase of approximately RM8.898 million for the six (6)-month financial period ended 30 September 2004.

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

The Group is not overly dependent on any single supplier for its proprietary products and services. Please refer to Section 5.6.1 of this Prospectus on the efforts made by the Group to minimise its reliance on EMC products.

5.6.1 Efforts Made by the Group to Minimise Reliance on EMC Products

The Group will undertake the following measures to minimise its reliance on EMC products as follows:-

(i) Aggressive Promotional and Advertising Strategies

The management of Online One has embarked on various marketing and promotional strategies via online and offline branding as one of the ways to increase brand awareness of the Group's proprietary products.

The Group has established its corporate website and trade website which can be reached at <http://www.matrade.gov.my> to increase customer's product knowledge on its PROeX™. The Group has conducted comprehensive market surveys via its corporate website to collect customers' feedback on its products. The Group also plans to enhance its website as a source for expansion of its reseller network where registration of new resellers can be done on the website.

In terms of offline branding activities, Online One has been advertising its profile and products in Malaysian magazines and newspapers such as Computerworld magazine and TheStar newspaper. Product announcements, success stories, product promotions will continue to be communicated through the media.

In addition, Online One has also taken part in various trade exhibitions such as Oracle ISV event and DMEC Expo to promote its proprietary products to the marketplace and will continue to organise events and participate in trade shows and road shows to further increase brand awareness and publicity for its proprietary products.

(ii) R&D

The Group undertakes continuous R&D to cope with the rapid change of technology and has good and capable R&D staff to develop new software/ products or update its existing software/products to keep abreast with the rapid changes in the IT industry. The Group's R&D plan is outlined in Section 5.5.8 of this Prospectus.

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

Online One will continue to spend on R&D to develop its proprietary solutions. This will assist in ensuring that Online One's development is consistently updated and in preventing other software companies from threatening its market share.

(iii) New or Proposed Products/ Solutions

Online One will expand its range of proprietary products /solutions in relation to storage solutions, disaster recovery solutions and software proprietary products by developing new solutions such as the MultiBackup and MultiStore solutions and other modules of its PROeX™ EES solutions. The MultiBackUp and the MultiStore solutions are storage backup solution and disaster recovery solution respectively. R&D on these two (2) products are expected to commence in middle of 2005 and targeted to be launched in the fourth quarter of 2006.

Further details of the Group's new or proposed products/solutions are illustrated in Section 5.5.9 of this Prospectus.

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5. INFORMATION ON THE ONLINE ONE GROUP *(Cont'd)*

5.7 Major Customers

The top ten (10) customers of the Online One Group for the six (6)-month financial period ended 30 September 2004, are as follows:-

No.	Customer	Product/Services Provided	Length of Relationship	Percentage of Total Sales*(%)
1.	Computer Systems Advisers (M) Sdn Bhd	Provision of EMC CLARiiON storage	1.2 years	17.24
2.	Panasonic Malaysia Sdn Bhd	Implementation of PROeX™ EES system	1.6 years	11.51
3.	Telekom R&D Sdn Bhd	Provision of server and storage	3 months	7.63
4.	Malayan Banking Bhd	Provision of Business Intelligence Solution	3 months	7.62
5.	Cutting Edge Technology Sdn Bhd	Provision of server and storage	1.2 years	6.55
6.	GMH Services (MSC) Sdn Bhd	Provision of EMC CLARiiON storage	9 months	6.50
7.	Egress Sdn Bhd	Implementation of PROeX™ EES-ERP system	4 months	4.29
8.	Ftec Systems Sdn Bhd	Provision of server and storage	5 months	3.79
9.	Electronic Data Systems IT Systems (M) Sdn Bhd	Provision of EMC CLARiiON storage	1.2 years	3.64
10.	Ascendsys Sdn Bhd	Provision of EMC CLARiiON storage	1 month	3.50

* Calculated based on the total sales of approximately RM11.421 million for the six (6)-month financial period ended 30 September 2004

Based on the above table, the Group is not overly dependent on any one customer.

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

5.8 Modes of Marketing and Distribution

The Online One Group currently markets its existing products and solutions through established business networks.

It is the long-term plan of the Group to improve the marketing and distribution of its products through the following:-

(i) Expansion of Sales Team

The Group expects to hire more dedicated account managers (sales staff) to strengthen the marketing team. The new and dedicated marketing team will be result-oriented and motivated by commission-structured remuneration packages.

(ii) Expansion of Reseller Network

Having a wide network of resellers is important in the IT industry. A solid network structure can maximise reach in marketing without carrying a high cost in the employment of marketing staff. The Online One Group has developed and will be expanding its strategic relationships with its resellers such as technology partners, hardware distributors, system integrators, other software developers and consulting firms to cross-sell their respective products in delivering complete technology solutions to customers.

(iii) Development of an ASP Marketing Structure

Certain solutions developed for larger clients can be repackaged and sold in modular forms on the ASP structure for smaller clients. The Group will utilise the Internet to sell off-the-shelf solutions. Its marketing efforts will include the creation and production of brochures, direct mail programs and seminars to a target market segment.

5.9 Employees

As at the date of this Prospectus, the total number of employees of the Group is thirty eight (38) persons as illustrated below:-

Category	No. of Employees	%	Average Years of Service
Directors	4	10.53	2
Technical Staff	23	60.53	2
Sales & Marketing	9	23.68	2
Finance & Administrative	2	5.26	1
Total	38	100.00	

As at the date of this Prospectus, there are no contractual/temporary employees and foreign workers/employees.

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

The Group plans to provide training either in-house or on-the-job training for its staff. The Group is constantly investing to train the staff on new technology as well as acquiring the skills required to perform the software development work.

The Group's team of engineers are trained and certified to perform and execute tasks professionally. The Group also provides its staff opportunities to attend external training programmes, workshops and seminars to keep the staff updated on the latest technology and advancements.

The Group's employees are not members of any union. As at the date of this Prospectus the Group is not involved in any material industrial disputes with any of its present employees.

5.10 Operating Capacities and Output

As the Group develops EES, storage solutions, business continuity and business intelligence solutions, its operating capacity is determined by the number and levels of experience of the skilled IT employees that it has. As such, Online One constantly monitors the requirements of its skilled IT employees to ensure that contracts secured could be delivered to customers as scheduled. To date, the Company has not encountered any constraints in its operating capacity or any difficulty in increasing its headcount to meet the increase in contracts obtained.

The Group is still in the developmental stage and is small in comparison with major competitors in terms of finance, human resources and market reach. Additional capital for the Group will be a strong catalyst for growth.

5.11 Interruptions/Disruptions in Business

There was no interruption in the business of the Online One Group which had a significant effect on the operations of the Online One Group during the past twelve (12) months up to the date of this Prospectus.

5.12 Subsidiary Companies

The subsidiary companies of Online One are OSMSC, EMCD and ODM. Online One does not have any associate companies as at the date of this Prospectus.

5.12.1 OSMSC

(i) History and Business

OSMSC was incorporated in Malaysia as a private limited company under the Act on 4 October 2002. OSMSC is principally involved in the development of software. OSMSC commenced business on 1 April 2003 and was accorded with MSC status on 1 April 2003. OSMSC's products are illustrated in Section 5.5.1.

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

(ii) Share Capital

The present authorised, issued and fully paid-up share capital of OSMSC is as follows:-

Type	No. of ordinary shares	Par value RM	RM
Authorised:- Ordinary shares	1,000,000	1.00	1,000,000
Issued and paid- up:- Ordinary shares	100,000	1.00	100,000

Changes in the issued and paid-up share capital of OSMSC since its incorporation are as follows:-

Date of allotment	No of shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
4.10.2002	2	1.00	Subscribers' shares	2
28.4.2003	99,998	1.00	Cash	100,000

(iii) Subsidiaries and Associated Company

As at the date of this Prospectus, OSMSC does not have any subsidiary or associated company.

(iv) Substantial Shareholders

Online One holds 100% effective equity interest in OSMSC.

5.12.2 EMCD

(i) History and Business

EMCD was incorporated in Malaysia as a private limited company under the Act on 31 May 2003. EMCD is principally involved in the marketing and distribution of total storage solutions. It commenced business on 15 July 2003. EMCD's products are illustrated in Section 5.5.2.

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)**(ii) Share Capital**

The present authorised, issued and fully paid-up share capital of EMCD is as follows:-

Type	No. of ordinary shares	Par value RM	RM
Authorised:- Ordinary shares	500,000	1.00	500,000
Issued and paid-up:- Ordinary shares	250,000	1.00	250,000

Changes in the issued and paid-up share capital of EMCD since its incorporation are as follows:-

Date of allotment	No of shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
31.5.2003	2	1.00	Subscribers' shares	2
9.7.2003	249,998	1.00	Cash	250,000

(iii) Subsidiaries and Associated Company

As at the date of this Prospectus, EMCD does not have any subsidiary or associated company.

(iv) Substantial Shareholders

Online One holds 100% effective equity interest in EMCD.

5.12.3 ODM**(i) History and Business**

ODM was incorporated in Malaysia as a private limited company under the Act on 25 June 2003. ODM is principally involved in the provision of information management solutions, consisting of business continuity solutions and business intelligence solutions. It commenced business on 1 July 2003. ODM's products are illustrated in Section 5.5.3.

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

(ii) Share Capital

The present authorised, issued and fully paid-up share capital of ODM is as follows:-

Type	No. of ordinary shares	Par value RM	RM
Authorised:- Ordinary shares	100,000	1.00	100,000
Issued and paid- up:- Ordinary shares	100,000	1.00	100,000

Changes in the issued and paid-up share capital of ODM since its incorporation are as follows:-

Date of allotment	No of shares allotted	Par value RM	Consideration	Total issued and paid-up share capital RM
25.6.2003	2	1.00	Subscribers' shares	2
17.7.2003	99,998	1.00	Cash	100,000

(iii) Subsidiaries and Associated Company

As at the date of this Prospectus, ODM does not have any subsidiary or associated company.

(iv) Substantial Shareholders

Online One holds 100% effective equity interest in ODM.

5.13 Landed Properties

The Online One Group does not own any landed properties as at the date of this Prospectus.

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

5.14 Approvals, Licenses and Permits Obtained**(i) Pioneer Status**

The Ministry of International Trade and Industry Malaysia had, on 11 August 2003, approved OSMSC as a pioneer status company pursuant to the Promotions of Investment Act 1986 and therefore OSMSC qualifies for tax exemption (only on income derived from MSC-related activities) for up to five (5) years commencing from 1 April 2003 to 31 March 2008. The pioneer status is renewable for another five (5) years after it expires on the 31 March 2008.

The renewal of pioneer status is subject to:-

- (a) OSMSC submitting an application to MDC for extension of the pioneer status on or before 31 March 2008; and
- (b) MDC confirming that OSMSC has complied to all conditions of the MSC status.

(ii) MSC Status

OSMSC received its MSC status approval from the MDC on 15 October 2002, and having commenced business on 1 April 2003, OSMSC has since complied with all conditions of the MSC status.

The salient terms and conditions attached to the MSC status are illustrated as follows, whereby Online One agrees to:-

- (a) commence operations of and undertake the MSC qualifying activities as proposed to and accepted by MDC. The prior written consent of the MSC must be obtained if there are any changes to the qualifying activities.
- (b) locate the Company's headquarters and principal business and/or the operation of the MSC qualifying activities within the MSC designated cybercities;
- (c) ensure that all times at least 15% of the total number of employees (excluding support staff) of the Company shall be "knowledge workers" as defined by the MDC;
- (d) continuously comply with the MSC's environmental guidelines as determined by the MDC from time to time;
- (e) submit to the MDC a copy of the Company's annual report and audited statements in parallel with the submission to the ROC; and

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

- (f) comply with all such statutory, regulatory and/or licensing requirements as may be applicable.

The MSC status granted to OSMSC shall not be transferable or assignable in any way whatsoever without the written consent of the MDC.

(iii) Licences and Permits

The operations of the Group do not require the Group to have any licences or permits.

5.15 Operating Mechanisms

The Online One Group has the following operating mechanisms in place for its operations:-

(i) Research and Development

The Online One Group's R&D team is focused on developing and improving its new and existing products and services. All new products and solutions rolled out go through a thorough development stage which consists of research, testing to ensure quality control. Constant feedback and suggestions from customers are obtained to continuously improve their products and services offerings.

(ii) Pre-contract Negotiation

Before a sales contract is drawn up, the project team conducts a feasibility study on the customer which assesses the customer's current position and systems. The team will then analyse and identify ways and measures to improve the customer's current position and/or systems. When the customer's situation warrants the usage of the Group's product or solution, the project team will compile a bid or tender proposal in some instances, and a customer proposal if a bid or tender is not required.

Bids and tenders are usually submitted for large projects representing large costs for the customer. Whether a bid or tender or customer proposal is required, the Group's project team members, which consist of people with various backgrounds and specialisations, will discuss and brainstorm to come up with the best solution for the client. All pre-contract negotiations in the form of bids, tenders and customer proposals are reviewed carefully before submission.

5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

(iii) Contract Negotiation

This involves negotiation with the customer on the right pricing and the scope of work and deliverables. Detailed descriptions of the products and/or scope of work are agreed upon by both parties. Either an agreement will be signed or purchase order will be issued to the client, prior to the commencement of work.

(iv) Project Implementation

Once the project begins, there will be strict adherence to the agreed scope of work and timeline. Each project is headed by a team leader, who keeps track of the project and liaises directly with the customer for any changes, updates and feedback.

(v) Post Implementation Support and Maintenance

The team conducts post implementation support and maintenance for the customer post completion of the implementation. Training and education is conducted for the client to use the product or solution. Upon signing up for a maintenance contract, the team will service and solve problems for the customer upon request.

(vi) Customer Satisfaction

Regular feedback is obtained from customers, business partners, as well as other outsiders on the Group's products and services. Constructive feedback is assessed and used to improve the current and future products and services. Any problems or defects are immediately looked into. The Group emphasises the importance of customer satisfaction, and always strives to give the best-in-class products and services to them.

5.16 Estimated Market Coverage, Position and Share

Online One has not undertaken any market studies on its estimated market coverage, position and share as the Online One Group does not have a competitor who competes in all of the Group's business areas namely EES, storage solutions, business intelligence solutions and business continuity solutions.

The markets in which the Group is in, namely the EES, storage, business continuity and business intelligence markets, are still in the growth stage in Malaysia and the region, and have bright prospects ahead.

5. INFORMATION ON THE ONLINE ONE GROUP *(Cont'd)*

According to IDC's recent report on "Asia/Pacific (excluding Japan) IT Solutions Spending 2004-2008 Forecast", for year 2005 and 2006, investment spending on storage solutions, ERM solutions and SCM solutions are expected to be the top three largest spending in the Malaysia solutions market. In 2005, investment on storage solutions is expected at US\$175.1 (RM669.8 million), ERM solutions at US\$171.3 (RM655.2 million) and SCM solutions at US\$165.5 (RM633.0 million).

(Source: IDC Asia/Pacific (Excluding Japan) IT Solutions Spending 2004-2008 Forecast)

With many corporations now seeing the advantages of having good data processing, data storage, data management and business intelligence systems for their businesses, demand for the Group's products and services is expected to increase.

5.17 Principal Markets for Products

The Group's products are currently being sold only in Malaysia.

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5. INFORMATION ON THE ONLINE ONE GROUP (Cont'd)

5.18 Key Achievements, Milestones and Awards of the Group

Year	Events
1994	Leong Yok Kin started his application software development business as a sole proprietorship under the name Seasoftware Technology.
1998	Leong Yok Kin teamed up with Chew Fatt Seet to corporatise Seasoftware Technology's business under Mac Systems (M) Sdn Bhd.
2001	Mac Systems (M) Sdn Bhd changed its name to Online One Sdn Bhd.
2002	OSMSC obtained its MSC status approval from the MDC on 15 October 2002.
2003	<p>OSMSC assumed the operations of OSB and commenced operations on 1 April 2003.</p> <p>Incorporation and commencement of business of ODM and EMCD.</p> <p>OSMSC obtained pioneer status approval on 11 August 2003 and will be exempted from tax on MSC-related income for five (5) years from 1 April 2003 onwards.</p> <p>EMCD received the Outstanding Reseller Award for HBAs by i.Netmarks Singapore Pte Ltd.</p> <p>Launch of PROeX™ EES-ERP (e-Finance, e-Distribution, e-Planning & Execution, e-Services and e-Portal) modules</p> <p>Launch of PROeX™ EES-CRM (e-Sales and e-Marketing) modules</p>
2004	<p>Launch of PROeX™ EES-ERP (e-Treasury) module</p> <p>Launch of PROeX™ EES-CRM (e-Warranty and e-Call Center) modules</p>

6. LISTING SCHEME

In conjunction with and as an integral part of the Listing, the Company undertook the Listing Scheme which involved the following:-

6.1 Share Split

Prior to the Acquisitions, Online One implemented a share split, whereby every one (1) ordinary share of RM1.00 each fully paid in Online One was sub-divided into ten (10) ordinary shares of RM0.10 each fully paid in Online One. Following the completion of the Share Split on 6 January 2005, Online One's issued and paid-up share capital will be RM2 comprising 20 Online One Shares.

6.2 Acquisitions

6.2.1 Details of the Acquisitions

In conjunction with and as an integral part of the Listing, Online One has acquired OSMSC, EMCD and ODM, details of which are as follows:-

- (i) Acquisition of the entire issued and paid-up share capital of OSMSC comprising of 100,000 ordinary shares of RM1.00 each for a total purchase consideration of RM950,029 to be satisfied by the issuance of 9,500,290 new Online One Shares at RM0.10 each;
- (ii) Acquisition of the entire issued and paid-up share capital of EMCD comprising of 250,000 ordinary shares of RM1.00 each for a total purchase consideration of RM411,612 to be satisfied by the issuance of 4,116,120 new Online One Shares at RM0.10 each; and
- (iii) Acquisition of the entire issued and paid-up share capital of ODM comprising of 100,000 ordinary shares of RM1.00 each for a total purchase consideration of RM104,443 to be satisfied by the issuance of 1,044,430 new Online One Shares at RM0.10 each.

The Vendors have nominated LVCK and IT Space to hold part of the new Online One Shares which were issued pursuant to the Acquisitions. Both LVCK and IT Space are currently owned by the Vendors.

The ordinary shares of the Acquiree Companies shall be acquired free from all claims, charges, liens, encumbrances and equities, whatsoever together with all rights attaching thereto including all dividends, rights and distribution declared, paid or made in respect thereof after the date of the respective sale and purchase agreements.

6. LISTING SCHEME (Cont'd)

The total purchase consideration of RM1,466,084 for the Acquisitions was arrived at on a "willing-buyer willing-seller" basis and after taking into consideration the latest audited NTA of the Acquiree Companies as at 31 December 2003.

Acquiree Companies	Equity Interest to be Acquired %	NTA as at 31 December 2003 RM	Purchase Consideration RM	No. of Shares Issued as Consideration
OSMSC	100	950,029	950,029	9,500,290
EMCD	100	409,312	411,612	4,116,120
ODM	100	104,443	104,443	1,044,430
Total		1,463,784	1,466,084	14,660,840

The Vendors, their respective shareholdings therein and the number of Online One Shares issued as consideration pursuant to the Acquisitions are as follows:-

(i) Acquisition of OSMSC

Vendors of OSMSC/Nominee Companies	No. of Shares to be Acquired	% of Share Capital	Purchase Consideration RM	No. of Shares Issued as Consideration
Leong Yok Kin	46,667	46.67	135,189	1,351,891
Voon Seng Keong	26,400	26.40	76,477	764,773
Kua Liang Ming	17,600	17.60	51,017	510,166
Chew Fatt Seet	9,333	9.33	27,076	270,758
LVCK*	-	-	406,897	4,068,974
IT Space*	-	-	253,373	2,533,728
Total	100,000	100.00	950,029	9,500,290

* Nominee companies of the Vendors.

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6. LISTING SCHEME (Cont'd)**(ii) Acquisition of EMCD**

Name of Vendors of EMCD/ Nominee Companies	No. of Shares to be Acquired	% of Share Capital	Purchase Consideration RM	No. of Shares Issued as Consideration
Leong Yok Kin	116,667	46.67	58,572	585,724
Voon Seng Keong	66,000	26.40	33,135	331,348
Kua Liang Ming	44,000	17.60	22,104	221,036
Chew Fatt Seet	23,333	9.33	11,731	117,309
LVCK*	-	-	176,293	1,762,934
IT Space*	-	-	109,777	1,097,769
Total	250,000	100.00	411,612	4,116,120

* Nominee companies of the Vendors.

(iii) Acquisition of ODM

Name of Vendors of ODM/ Nominee Companies	No. of Shares to be Acquired	% of Share Capital	Purchase Consideration RM	No. of Shares Issued as Consideration
Leong Yok Kin	46,667	46.67	14,862	148,622
Voon Seng Keong	26,400	26.40	8,407	84,077
Kua Liang Ming	17,600	17.60	5,609	56,086
Chew Fatt Seet	9,333	9.33	2,977	29,766
LVCK*	-	-	44,733	447,329
IT Space*	-	-	27,855	278,550
Total	100,000	100.00	104,443	1,044,430

* Nominee companies of the Vendors.

6.3 Rights Issue

Online One implemented a rights issue by issuing 70,089,140 new Shares to the shareholders on the basis of approximately 4.78 Shares for every one (1) Share held at an issue price of RM0.10, which was completed on 22 February 2005. Upon completion of the Rights Issue, the issued and paid-up share capital of Online One was increased from RM1,466,086 to RM8,475,000 comprising 84,750,000 Shares.

6.4 New Issue

The final stage of the Listing involves an issue of 28,250,000 new Shares (representing 25.0% of the enlarged share capital) at an issue price of RM0.40 per New Issue Share. Further details on the allocation of the Shares are disclosed in Section 3.4 of this Prospectus.

6. LISTING SCHEME (Cont'd)**6.5 Listing**

Upon completion of the New Issue, Online One will seek the listing of and quotation for its enlarged share capital of 113,000,000 Shares on the MESDAQ Market.

6.6 Approvals and Conditions

The SC and the Securities Exchange approved the Listing on 24 December 2004 and 30 December 2004 respectively. The approvals from the aforesaid authorities were subjected to, inter-alia, the following conditions:-

Authority	Details of conditions	Status of Compliance
SC	<ol style="list-style-type: none"> 1) Online One should meet the 30% Bumiputera equity requirement within one (1) year after it has met the profit track record requirement for listing on the Second Board of the Securities Exchange or five (5) years after being listed on the MESDAQ Market, whichever is the earlier, where the shares are to be allocated to Bumiputera investors approved by the Ministry of International Trade and Industry; 2) Online One should submit a preliminary proposal to the SC on how Online One intends to meet the Bumiputera equity condition six (6) months before the expiry date of compliance; 3) Online One should disclose the status of the utilisation of Listing proceeds in its periodic and annual reports until the proceeds are fully utilised; and 4) Online One should inform the SC on the completion date of the Listing exercise. 	<p>To be complied.</p> <p>To be complied.</p> <p>To be complied.</p> <p>To be complied.</p>
Securities Exchange	<ol style="list-style-type: none"> 1) Disclosure of the following items in its Prospectus:- <ul style="list-style-type: none"> • Factors that differentiate the Group's products to that of its competitors; • Efforts taken to maintain and increase its market share in the competitive environment; 	<p>Complied as follows:</p> <ul style="list-style-type: none"> • Please refer to Sections 2.3.4 and 5.5.4 of this Prospectus. • Please refer to Section 5.5.12 of this Prospectus.

6. LISTING SCHEME (Cont'd)

Authority	Details of conditions	Status of Compliance
	<ul style="list-style-type: none"> • Level of dependency on the EMC products; and • Efforts made by the Group to minimise reliance on the EMC products; <p>2) Online One to inform Securities Exchange on the appointment of independent directors and to provide confirmation that they qualify as independent directors under the MMLR;</p> <p>3) Online One and Alliance to confirm that the members of the Audit Committee comply with the requirements in the MMLR; and</p> <p>4) Online One 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>	<ul style="list-style-type: none"> • Please refer to Section 2.3.5 and 5.5.5 of this Prospectus. • Please refer to Section 5.6.1 of this Prospectus. <p>Complied. Letter of confirmation was furnished to the Securities Exchange on 25 January 2005.</p> <p>Complied. Letter of confirmation was furnished to the Securities Exchange on 25 January 2005.</p> <p>Complied. Please refer to Section 2.8.3 and 12.3 of this Prospectus.</p>

6.7 Moratorium on Sale of Shares

Pursuant to the MMLR, the Securities Exchange had imposed a moratorium on the disposal of Online One Shares held by the Promoters amounting to 45% of the nominal issued and paid-up capital of the Company at the date of admission of the Company to the Official List of the MESDAQ Market. The Promoters whose Online One Shares are subject to the moratorium are as follows:-

Name of Promoters	No. of Shares upon Admission to the Securities Exchange	% of Issued and Paid-up Share Capital after the New Issue
LVCK	36,298,375	32.12
IT Space	14,551,625	12.88
	50,850,000	45.00

6. LISTING SCHEME (Cont'd)

The moratorium has been fully accepted by the Promoters. They will not be allowed to sell, transfer or assign any part of their interest in the Online One 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, they are permitted to sell, transfer or assign up to a maximum of one third per annum of their respective shareholdings under moratorium on a straight-line basis.

This restriction is specifically endorsed on the share certificates of Online One representing the respective shareholdings of the Promoters which are under moratorium to ensure that the Company's Registrars shall not register any transfer not in compliance with the moratorium restrictions.

In addition, the shareholders of LVCK and IT Space (i.e. Leong Yok Kin, Voon Seng Keong, Kua Liang Ming and Chew Fatt Seet) have given their written undertakings that they will not sell, transfer or assign any part of their interest in LVCK and IT Space respectively until the expiry of three (3) years from the date of the Company's admission to the MESDAQ Market.

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7. INDUSTRY OVERVIEW

7.1 Overview of the Malaysian Economy

The Malaysian economy accelerated its growth momentum in the first half of 2004, after a strong take-off in 2003, and is expected to surpass earlier expectations with higher growth of 7% for the whole year. Positive signs of a firm economic recovery at the global front, particularly in the first six months as well as higher commodity prices, reinforced the 'feel-good' factor that contributed to further improvement in consumer and business sentiments. Growth has become broad-based with all sectors registering positive growth. Domestic demand, particularly private consumption, continued to sustain growth for five consecutive years, while private investment, which picked in 2003, became more entrenched, resulting in a private sector-led growth.

The broad-based growth is evident of the effective measures implemented by the Government to develop new sources of growth to reduce the nation's vulnerability to the external environment. Expanding at 10.5%, the manufacturing sector, which has become more diversified with higher-end, value added and new emerging industries and products, remains a major contributor to growth. New growth areas in information and communication technology, strong expansion in financial services and revival in tourism activities supported growth in the services sector, enabling it to maintain its premier position in terms of share to gross domestic product (GDP) at 57%.

The Malaysian trade balance in July 2004 remained in surplus for 81 consecutive months since November 1997. Better export earnings and inflow of foreign funds increased the international reserves to USD54.4 billion as at 14 August 2004, sufficient to finance 7.2 months of retained imports and five times the short-term external debts. The national resource position remains strong with gross national savings at 36.5% of gross national product, providing ample liquidity to finance both public and private sector initiatives.

The outlook for 2005 will generally remain favorable although global growth is expected to moderate on account of high oil prices, inflationary pressures, interest rate hikes and a probable slowdown in China's economy. The emergence of these risks, that became apparent in the second half of 2004 and are expected to continue into 2005, will have a larger impact on growth next year. Global economic growth is projected to moderate to 4.4% in 2005 from 4.6% in 2004. Nevertheless, the stronger macroeconomic fundamentals and resilience, backed by sturdy domestic demand and broad-based growth, will continue to support Malaysia's GDP growth, forecast at 6% in 2005.

(Source: Malaysian Economic Report 2004/2005)

7. INDUSTRY OVERVIEW (Cont'd)

7.2 Asia/Pacific IT Enterprise Solutions Market

IDC's recent report on "Asia/Pacific (Excluding Japan) IT Solutions Spending 2004-2008", reveals that demand for IT solutions across vertical markets and business sectors, especially in the areas of business intelligence, CRM, enterprise resource management ("ERM"), supply chain specifics ("SCS"), security, and storage, will be fueled by organisations in Asia/Pacific automating processes, integrating workflows, standardising best practices, and optimising corporate resources. IDC expects the Asia/Pacific (excluding Japan) IT solutions market, which is made up of the aforementioned solutions, to grow from US\$18.4 billion (RM70.4 billion) in 2003 to US\$33.9 billion (RM129.7 billion) in 2008.

The ASEAN subregion contributed US\$2.5 billion (RM9.6 billion) to the Asia/Pacific IT solutions market in 2003. This amount accounted for approximately 13.3% of the region's overall market value. The market is forecast to grow at a compounded annual growth rate ("CAGR") of 10.8% to reach US\$4.1 billion (RM15.7 billion) in 2008. The two largest investing solutions in ASEAN are storage (US\$654.3 million or RM2,502.7 million) and SCS (US\$554.4 million or RM2,120.6 million).

(Based on the assumption of 1 US Dollar exchanged for RM3.825 as at 14 February 2005)

ERM and SCS Solutions Spending

For the most part, much of the ERM and SCS solutions spending in ASEAN come from large multinationals that have presence here. In fact, some of the largest manufacturers in the world have production facilities in at least one of the ASEAN countries. Prominent manufacturing and logistics business operations in ASEAN are expected to grow this subregion's ERM and SCS solutions most.

CRM and Business Intelligence Solutions Spending

As for CRM and business intelligence solutions, two of ASEAN's largest investors are Singapore and Malaysia. In particular, banking, communications, and government are samples of vertical industries that have placed great emphasis on customer service to maintain or grow their customer base. With many of these organisations continuing with their IT investment efforts to integrate enterprise systems such as ERM and SCS to consolidate disparate data points, the demand for CRM and business intelligence solutions in this subregion will be boosted.

7. INDUSTRY OVERVIEW (Cont'd)

Security and Storage Solutions Spending

Organisations in ASEAN are also expected to grow its security and storage solutions markets over the five (5)-year forecast period. In Singapore, the government is working closely with the public and private sectors to address the problem of computer-related spamming in the country. Similarly, the Malaysian Communications and Multimedia Commission has formed the Information Sharing Forum with various Internet service providers and other agencies to address information and network security issues in Malaysia. Recently, both VERITAS and Seagate upgraded their Singapore offices to international headquarters, marking the significance of this subregion for storage-related activities. Seagate plans to spend US\$295 million over five years to bolster its operations in Singapore.

(Source: IDC Asia/Pacific (Excluding Japan) IT Solutions Spending 2004-2008 Forecast)

7.3 The Malaysian IT Market Trends

IDC's recent report on "Asia/Pacific (Excluding Japan) IT Solutions Spending 2004-2008 Forecast", reveals that among the six (6) major enterprise solutions examined in Malaysia, the largest investment was on storage solutions, surpassing US\$171.6 million (RM656.4 million) in 2004 followed by ERM solutions at US\$160.4 million (RM613.5 million), SCM solutions at US\$153.7 million (RM587.9 million) and CRM at US\$98.2 million (RM375.6 million).

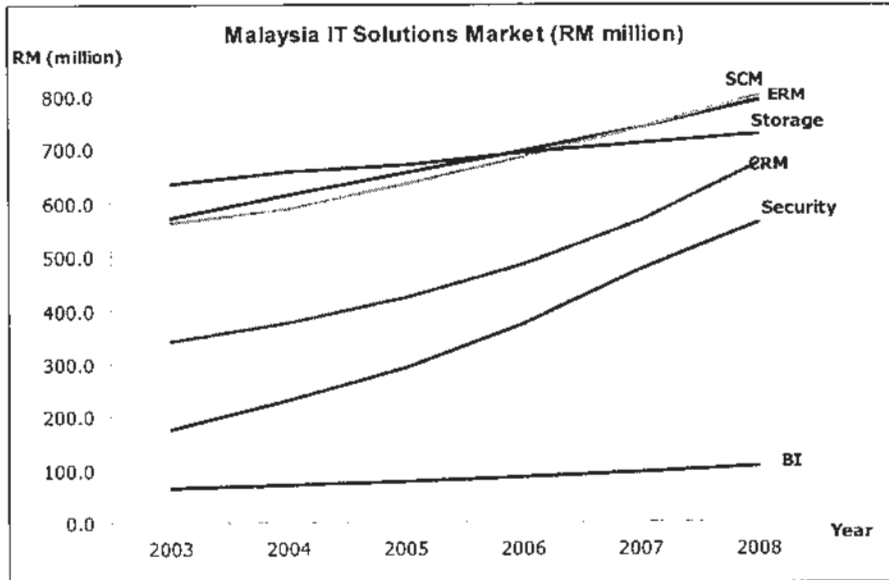
For years 2005 and 2006, investment spending on storage solutions, ERM solutions and SCM solutions are expected to be the top three largest spending in the Malaysia solutions market. In 2005, investment on storage solutions is expected at US\$175.1 (RM669.8 million), ERM solutions at US\$171.3 (RM655.2 million) and SCM solutions at US\$165.5 (RM633.0 million).

SCM solutions is expected to be the largest investment contribution to Malaysia in 2008 at US\$209.5 million (RM801.3 million). This is followed by ERM solutions at US\$206.8 million (RM791.0 million), storage solutions at US\$190.5 million (RM728.7 million) and CRM at US\$175.5 million (RM671.3 million).

The investment spending on business intelligence solutions is forecasted to increase to US\$27.4 million (RM104.8 million) by 2008 with a healthy CAGR of 10% from 2004 to 2008.

Overall, storage solutions remains the largest contributor to the Malaysian solutions market for 2003 to 2008 with a total investment of US\$1,069.7 million (RM4,091.6 million).

7. INDUSTRY OVERVIEW (Cont'd)



(Based on the assumption of 1 US Dollar exchanged for RM3.825 as at 14 February 2005)

The IT Solutions Market in Malaysia in 2004 is expected to maintain momentum of 8.1% growth over 2003 in 2004. For 2005 to 2008, IDC expects the market to maintain IT growth momentum of between 8.5% to 10.2% growth.

	Percentage (%)					2003-2008 CAGR
	2004	2005	2006	2007	2008	
Business intelligence	8.1	8.8	9.8	11.0	12.3	10.0
CRM	10.7	12.5	14.6	16.6	18.9	14.6
ERM	7.8	6.8	6.3	6.0	7.1	6.8
SCM	4.8	7.6	8.0	8.1	8.5	7.4
Security	30.9	27.5	27.9	26.7	18.3	26.2
Storage	3.6	2.1	3.3	2.7	2.5	2.8
Market Growth (%)	8.1	8.5	9.6	10.1	10.2	9.3

The 2003-2008 CAGR for the business intelligence, CRM, ERM, SCM, Security and Storage solutions are projected to reach a high of 10.0%, 14.6%, 6.8%, 7.4%, 26.2% and 2.8% respectively. The solutions market 2003-2008 CAGR is expected to reach 9.3%.

(Source: IDC Asia/Pacific (Excluding Japan) IT Solutions Spending 2004-2008 Forecast)

7. INDUSTRY OVERVIEW (Cont'd)

7.4 Rules and Regulations Governing the ICT Industry

The ICT industry, in which the Group operates, and intellectual property protection is governed by, amongst others, the following legislation (which shall include any amendments, changes, modifications made thereto):-

- (i) the Trade Marks Act 1976, which provides for a registration system for marks (eg logos, brands, signs) used in relation to goods and/or services. The registered proprietor of the marks is entitled to commence infringement action against others who use his mark without consent or lodge a complaint under the Trade Description Act 1972;
- (ii) the Patents Act 1983, which provides for a system for the registration of patents and utility innovations. The owner of a patent has the exclusive rights to exploit the patentable invention, assign or transmit the patent and conclude license contract;
- (iii) the Copyright Act 1987, which sets out the types of works (eg. literary works, sound recordings, broadcast) and the circumstances surrounding those works which qualify for the protection of copyright. The Copyright Act also specifies the circumstances amounting to and remedies for infringements of copyright and offences thereto;
- (iv) the Geographical Indications Act 2000, which specifies the process for registration of geographical indications, to prevent misuse of the names of places which identify both geographical indications and the products;
- (v) The Layout Designs of Integrated Circuits Act 2000, which sets out criteria for the protection of the layout design of integrated circuits and the extent of protection conferred upon the right holder;
- (vi) The Digital Signatures Act 1997, which allows for the development of, amongst others, e-commerce by providing a method for secure on-line transactions through the use of digital signatures;
- (vii) The Communications and Multimedia Act 1998, which provides a regulatory framework to cater for the convergence of the telecommunications, broadcasting and computing industries in Malaysia and includes the formulation of the Malaysian Communications and Multimedia Commission as the sole regulator of the new regulatory regime; and
- (viii) The Computer Crimes Act 1997, which creates several offences relating to misuse of computers, such as unauthorised access to computer materials, unauthorised access with intent to commit other offences and unauthorised modification of computer contents.

In addition, Malaysia is a member of the World Intellectual Property Organisation, Paris Convention, Berne Convention and signatory to the Agreement on Trade Related Aspects of Intellectual Property Rights.

7. INDUSTRY OVERVIEW (Cont'd)

7.5 The Industry's Reliance and Vulnerability to Imports

To the best of the Directors' knowledge and belief, Malaysian enterprises purchase EES and storage solutions from local vendors due to the following factors:-

(i) Pricing Differentiation

Local vendors are able to price their solutions at more affordable prices due to its costs structure. This is made possible as the entire product development is carried out by local engineers with local resources.

(ii) Customisation

Local vendors are able to customise their solutions at a lower cost and faster turnaround time as they are based locally and their solutions are proprietary. Overseas vendors must send their R&D team to Malaysia to understand and conduct systems studies before any customisation can be done to localise their solutions. This would inevitably increase their professional fees, making the products more expensive. Furthermore, the customisation period would be longer as the customisation has to be conducted by a team of professional sourced from the vendor's country of origin.

(iii) After Sales Support and Maintenance

A critical component of IT solutions projects would be after sales support and maintenance. An IT solutions provider must build a credible support and maintenance team which is able to service its customers efficiently with quick turnaround time.

Foreign industry players would normally rely on local dealers to provide such a function. Hence, they must have sufficient trained staff to provide the end-users with after sales support and maintenance for the software. Inadequate support resources would cause the end users to switch to other IT solutions. Software failures will affect the business operations of the customers.

(iv) Technology

Local vendors are able to provide solutions which apply similar technologies compared to those provided by foreign competitors.

8. FUTURE PLANS, STRATEGIES AND PROSPECTS

8.1 Future Plans

The Group's future plans are embodied in its Five (5)-Year Business Development Plan, which is summarised in Section 9 of this Prospectus. The markets in which the Group is in, namely the EES, storage solutions, information management solutions markets, is still in the growth stage in Malaysia and the region, and have bright prospects ahead. With many corporations now seeing the advantages of having good data processing, data storage, data management and business intelligence systems for their businesses, the Group believes that demand for the Group's products and services is expected to increase. Over the next five years, the Group intends to be a leading IT company focusing on EES, storage solutions and information management solutions in Malaysia, and further expanding regionally into South-East Asia and China.

The Group plans to roll out its new products and services as outlined in Section 5.5.9.

8.2 Strategies

The business strategies of the Group to ensure growth can be categorised into the areas in human, products and growth.

8.2.1 Human Capital Investment

The human resources of the Group's are the key assets of the Group. It is the management's intention to actively retrain and train its existing employees, and, at the same time, to recruit new employees in tandem with the growth in the business.

To ensure that the Group is able to retain good talent, the management focuses on providing a balance between work and personal goals. It has an evaluation and incentive system that emphasises performance and team contribution. A conducive working environment will also be maintained with effective communication.

8.2.2 Product Strategy

(i) Continuous R&D

The Group is continuously striving to enhance and further improve its range of products and services to stay competitive in the industry. The Group's R&D team consists of technically trained personnel that help to ensure the viability and competitiveness of the Group's products and services. Please refer to Section 5.5.8 for details on the Group's R&D.

8. FUTURE PLANS, STRATEGIES AND PROSPECTS *(Cont'd)*

(ii) Customisation of Products and Services

The Group's very own developed software and other solutions offered are currently customised. The Group will continue to customise its products and services to suit the needs of local corporations as local corporations have the local industry knowledge in comparison to their foreign counterparts and therefore the products/solutions offered would be better suited to the local needs.

(iii) Technological Partnerships and Alliances

Technological partnerships and strategic alliances forged with various leading local and foreign IT players allow the transfer and sharing of technology and expertise to the Online One Group. The Group will continue to maintain and build upon the existing base of partnerships and alliances to work together and learn from each other.

8.2.3 Expansion Strategy

Besides strengthening its position locally, it also plans to expand regionally within South East Asia and China. The Group intends to establish key partnerships with some of the world-class solutions and technology providers. This will accelerate the growth of the Group in the regional markets which is in line with the Group's mission is to be a leading regional IT company focusing on EES, storage solutions and information management solutions.

8.3 Prospects

As set out in Section 7 of this Prospectus, the IT solutions industry, in which the Group is operating, is in a fast growing phase.

The EES, storage, business continuity and business intelligence markets are still in the growth stage in Malaysia and South East Asia, and have bright prospects ahead. With many corporations now seeing the advantages of having good data processing, data storage, data management and business intelligence systems for their businesses, demand for the Group's products and services is expected to increase.

In view of the industry prospects, its future plans and prevailing competition scenario, the Online One Group believes that it has good potential to grow into a leading IT player in the country and expand into countries in South East Asia and China. Based on the experience and knowledge of the Online One's promoters and executive directors, the Group is confident of achieving further growth and success.

8. FUTURE PLANS, STRATEGIES AND PROSPECTS *(Cont'd)*

Based on the strength of an experienced management team who are avid practitioners in the IT industry and the Group's reliable products and services, coupled with dedicated staff with solid technical skills, a proven track record, a significant market presence, a commendable list of existing and potential customers, the Group believes that it is able to increase its market share and achieve its business vision and mission.

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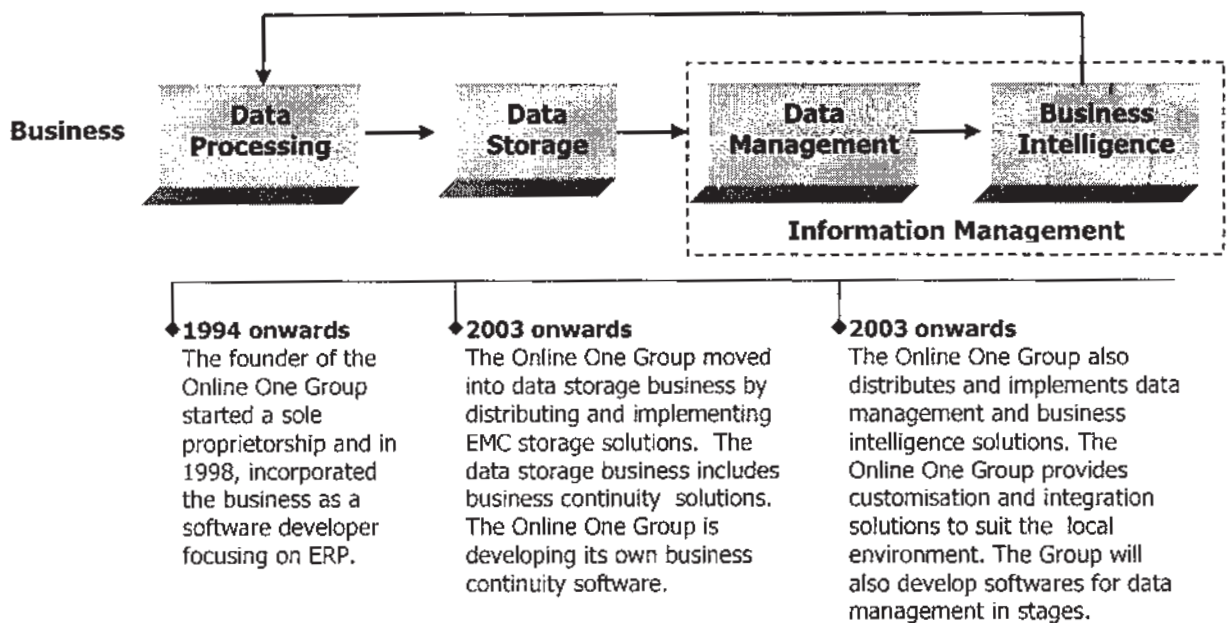
9. SUMMARY OF THE FIVE (5)-YEAR BUSINESS DEVELOPMENT PLAN

The following is a summary of the Five (5)-year Business Development Plan prepared by Online One for the purpose of inclusion in this Prospectus.

9.1 Business in Brief

The objectives of the Group's business is to remain competitive in the current areas of business that are offered by the Group and at the same time to expand into various areas of IT markets that can complement and add value to the Group's business.

The Online One Group's principal activities are the development of software, provision of information management solutions (consisting of business continuity solutions and business intelligence solutions) and marketing and distribution of total storage solutions.



The management of Online One intends to leverage on its own combination of technology, human resources and R&D activities to create and develop new products and services for the IT industry. In order to achieve this, the Group's R&D team will intensify its capabilities to innovate and develop new products that will give the Group competitive advantage in the IT industry, primarily in Malaysia and the South East Asia region. Online One will also establish strong key partnerships with world-class solution and technology providers to tap into the regional market.

9. SUMMARY OF THE FIVE (5) YEAR BUSINESS PLAN (Cont'd)

9.2 The Mission

The Online One Group's mission is to be a leading developer of IT solutions in South-East Asia and China, focusing on EES, storage solutions and information management solutions.

The Group intends to achieve their mission by:-

- (i) Focusing on this niche segment of the IT spectrum;
- (ii) Delivering products and solutions of the highest quality;
- (iii) Providing leading edge technology;
- (iv) Competitive pricing of products and solutions;
- (v) Continuously striving for efficiency, innovation, improvement and technological advancement; and
- (vi) Becoming a regional player.

9.3 Conclusion

With the strategies in place (details as set out in Section 8.2 herein), the Group is of the view that it is promising for the Group to achieve its mission to be a leading developer of IT solutions in South East Asia and China.

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