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The Board of Directors
Green Packet Berhad
Lot 1-5, Incubator 2,
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57000 Kuala Lumpur

Dear Sirs

GREEN PACKET BERHAD ("THE COMPANY" OR "GPB") ACCOUNTANTS' REPORT

1. PURPOSE OF REPORT

This report has been prepared by Horwath, an approved company auditor, for inclusion in the Prospectus of GPB to be dated 29 April 2005 in connection with the public issue of 71,500,000 new ordinary shares of RM0.10 each in GPB at an indicative issue price of RM0.55 per share and the listing of and quotation for the entire enlarged issued and paid-up share capital of GPB comprising 367,250,000 ordinary shares of RM0.10 each on the MESDAQ Market of the Bursa Malaysia Securities Berhad ("Bursa Securities").

2. DETAILS OF GPB AND ITS SUBSIDIARIES ("GPB GROUP")

2.1 THE COMPANY

The Company was incorporated on 15 December 2000 in Malaysia as a private company under the Malaysian Companies Act, 1965 under the name of Palm Wireless (M) Sdn. Bhd.. It changed its name to Green Packet (Malaysia) Sdn. Bhd. on 11 July 2001. On 17 March 2004, GPB changed its name to Green Packet Sdn. Bhd. and subsequently on 29 June 2004, converted to a public company. The principal activities of GPB consist of research, development, manufacturing, marketing and distribution of wireless networking and telecommunication products, networking solutions and other high technology products and services.

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DETAILS OF GPB AND ITS SUBSIDIARIES ("GPB GROUP") (CONT'D)

2.2 LISTING SCHEME

In conjunction with and as an integral part of the listing of GPB on the MESDAQ Market of the Bursa Securities, the Company undertook the following transactions, which have been approved by the relevant authorities:-

(a) issuance of 1,111,219 and 208,353 GPB ordinary shares of RM1.00 each, upon the conversion of 5,000,000 convertible preference shares class "A" of RM1.00 each ("CPS A") and 1,000,000 convertible preference shares class "B" of RM1.00 each ("CPS B") respectively ("Conversion of CPS A and CPS B"). The Conversion of CPS A and CPS B was completed on 21 March 2005;

(b) bonus issue of 4,676,892 new ordinary shares of RM1.00 each in GPB after the Conversion of CPS A and CPS B in GPB, on the basis of approximately 2 new ordinary shares of RM1.00 each for every 10 existing ordinary shares held in GPB via the capitalisation of RM4,676,892 from the share premium of GPB arising from the conversion of CPS A and CPS B ("Bonus Issue"). The Bonus Issue was completed on 21 March 2005 ;

(c) share split of 1 ordinary share of RM1.00 per share into 10 ordinary shares of RM0.10 each ("Share Split"). The Share Split was completed on 21 March 2005;

(d) issuance of 15,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.10 to the employees of GPB, pursuant to the Employees' Shares Scheme ("Employees' Share Scheme"). The Employees' Share Scheme was completed on 5 April 2005;

(e) public issue of 71,500,000 new ordinary shares of RM0.10 each in GPB at an indicative issue price of RM0.55 per share ("Public Issue") payable in full comprising:-

    (i) 56,200,000 new ordinary shares by way of private placement to prospective institutional and individual investors;

    (ii) 3,025,000 new ordinary shares made available for application by the Malaysian public, companies, societies, co-operatives and institutions; and

    (iii) 12,275,000 new ordinary shares made available for application by eligible directors and employees and persons who have contributed to the success of the GPB Group;

(f) listing of and quotation for the entire enlarged issued and paid-up share capital of GPB comprising 367,250,000 ordinary shares of RM0.10 each on the MESDAQ Market of Bursa Securities.

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2. DETAILS OF GPB AND ITS SUBSIDIARIES ("GPB GROUP") (CONT'D)

2.3 DETAILS OF THE SUBSIDIARIES

A summary of the details of the subsidiaries of GPB as at the date of this report is as follows:-

Name of Company	Country/Date Of incorporation/ establishment	Registered Capital credited and fully paid-up	Effective equity interest	Principal activities
Green Packet (Shanghai) Ltd. ("GPSL")	The People's Republic of China/ 28 April 2004	USD450,000	100%	Research and development, manufacturing, marketing and distribution of wireless networking and telecommunication products, networking solutions and other high technology products and services.
Green Packet Berhad – Taiwan Branch ("GPB – Taiwan Branch")	Taiwan/ 18 January 2005	TWD1,000,000	100%	Sales, marketing and distribution of wireless networking and telecommunication products, networking solutions and other high technology products and services.

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3. SHARE CAPITAL

As at the date of this Report, the authorised share capital of GPB is RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each.

The issued and paid-up share capital of GPB as of the date of this Report is RM29,575,000 comprising 295,750,000 ordinary shares of RM0.10 each.

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

Ordinary shares

Date of allotment/ sub-division	Number of ordinary shares issued	Resultant number of ordinary shares in issue	Par value RM per share	Consideration/ Type of issue	Cumulative issued and paid-up ordinary share capital RM
15 December 2000	3	3	1.00	Subscriber shares	3
1 November 2001	199,997	200,000	1.00	Capitalisation of cash advances	200,000
30 January 2002	300,000	500,000	1.00	Capitalisation of cash advances	500,000
31 December 2002	800,000	1,300,000	1.00	Capitalisation of cash advances	1,300,000
31 October 2003	7,188,444	8,488,444	1.00	Conversion of debt	8,488,444
31 December 2003	1,500,000	9,988,444	1.00	Cash	9,988,444
31 March 2004	9,330,492	19,318,936	1.00	Acquisition of intellectual property	19,318,936
14 April 2004	2,600,000	21,918,936	1.00	Bonus issue	21,918,936
15 April 2004	159,600	22,078,536	1.00	Settlement of debt	22,078,536
21 March 2005	1,319,572	23,398,108	1.00	Conversion of CPS A and CPS B	23,398,108
21 March 2005	4,676,892	28,075,000	1.00	Bonus issue	28,075,000
21 March 2005	252,675,000	280,750,000	0.10	Share split	28,075,000
5 April 2005	15,000,000	295,750,000	0.10	Employees' share scheme	29,575,000

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3. SHARE CAPITAL (CONT'D)

Convertible Preference Shares ("CPS")

Date of allotment/ conversion	Number of CPS issued/ (converted)	Resultant number of CPS in issue	Par value RM per share	Consideration/ Type of issue	Cumulative issued and paid-up CPS RM
10 June 2004	6,000,000	6,000,000	1.00	Cash	6,000,000
21 March 2005	(6,000,000)	-	1.00	Conversion to ordinary shares	-

Upon completion of the Public Issue as detailed in paragraph 2, the issued and fully paid-up share capital of GPB will be enlarged to RM36,725,000 comprising 367,250,000 ordinary shares of RM0.10 each.

4. RELEVANT FINANCIAL PERIOD

The relevant financial periods for the purpose of this Report ("Relevant Financial Period") are as follows:-

Company	Relevant Financial Period
GPB	Financial period from 15 December 2000 (Date of incorporation) to 31 December 2001 and financial years ended ("FYE") 31 December 2002, 2003 and 2004.
GPSL	Financial period from 28 April 2004 (Date of incorporation) to 31 December 2004.

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5. ACCOUNTING STANDARDS AND POLICIES

5.1 BASIS OF ACCOUNTING

The financial statements of GPB Group is prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with applicable approved accounting standards in Malaysia.

5.2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by GPB Group in the preparation of this Report are as follows:-

(a) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and it subsidiary made up to 31 December 2004.

A subsidiary is defined as a company in which the Group has the power, directly or indirectly, to exercise control over the financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(b) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial Instruments (Cont'd)

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

(c) Goodwill or Negative Goodwill on Consolidation

Goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the separate net assets of the subsidiary at the date of acquisition. Negative goodwill represents the excess of the Group's share of the fair values of the separable net assets of the subsidiary at the date of acquisition over the fair value of the purchase consideration.

Goodwill is reviewed annually, and is written down for impairment where it is considered necessary. The impairment value of goodwill written off is taken to the income statement.

(d) Investments in Subsidiaries

Investments in subsidiaries are initially stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

(e) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated under the straight-line method to write off the cost of the assets over their estimated useful lives. The principal annual rates used for this purpose are:-

Plant and machinery	33%
Office equipment	20%
Furniture and fittings	20%
Computer equipment	33%
Renovation	20%
Computer software	20%

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5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Impairment of Assets

The carrying values of assets, other than those to which MASB Standard 23 Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on a same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

In arriving at net realisable value, due allowance is made for all damaged, obsolete and slow-moving items.

(h) Research and Development Costs

Research expenditure is written off to the income statement when incurred. Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure capitalised comprises costs incurred for development including direct and attributable indirect costs. Development costs initially recognised as an expense are not recognised as assets in the subsequent period.

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5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Research and Development Costs (Cont'd)

The net development costs that have been capitalised, after deducting the government grant recognised, are amortised on a straight-line basis over the period of their expected benefit, but not exceeding 10 years, from the commencement of the commercial production of the products.

(i) Government Grants

Government grants that relate to the development of products are recognised on a receivable basis, and are offset against the related development costs.

(j) Intellectual Property

The intellectual property consists of the acquisition cost of the exclusive rights of a suite of software modules, including the trademarks, copyright, source codes and associated documentation. The acquisition cost is capitalised as an intangible asset as it is able to generate future economic benefits to the Group.

The intellectual property is amortised on a straight-line basis over the period of 10 years during which its economic benefits are expected to be consumed.

(k) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(l) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(m) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised as liabilities when declared before the balance sheet date. A dividend proposed or declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date but as an appropriation from retained earnings and treated as a separate component of equity. Upon the approval of the proposed dividend, it will be accounted for as a liability.

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5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Convertible Preference Shares

MASB 24 – Financial Instruments: Disclosure and Presentation, requires an issuer of a financial instrument to classify the instrument either as a liability or equity in accordance with the substance of the contractual arrangement on initial recognition. As a consequence, Convertible Preference Shares, for which the redemption is not probable, are classified as equity under such circumstances.

(o) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(p) Employee Benefits

(i) *Short-term Benefits*

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) *Defined Contribution Plans*

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contributions plans.

(q) Foreign Currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at the approximate rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are converted at the rates ruling as of that date. All exchange differences are taken to the income statement.

The financial statements of the foreign subsidiary are translated into Ringgit Malaysia using the closing rate method for the balance sheet whilst the average rate is used for the translation of the income statement for consolidation purposes. All exchange differences arising are taken directly to equity as movements in the foreign exchange translation reserve. Foreign exchange translation reserves relating to the foreign subsidiary are recognised as income or expense on the disposal of that subsidiary.

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5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Revenue Recognition

(i) *Sale of Goods*

Sales are recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(ii) *Services*

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(iii) *Interest Income*

Interest income is recognised on an accrual basis based on the effective yield of investment.

(s) Taxation

Taxation for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rate that have been enacted or substantially enacted at the balance sheet date.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

5.2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Taxation (Cont'd)

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case deferred tax is also charged or credited directly in equity when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

5.3 CONSISTENCY OF APPLICATION OF ACCOUNTING POLICIES

There were no changes in the significant accounting policies adopted by the Group during the Relevant Financial Period except for the change in the accounting policy adopted by the GPB Group with respect to deferred tax in the FYE2003. The change in the accounting policy was to comply with MASB 25 – Income Taxes which became effective from 1 July 2002. The change in this accounting policy had no effect on the financial statements of the GPB Group for the Relevant Financial Period.

6. AUDITORS AND AUDIT REPORTS

6.1 AUDITORS

We have acted as the auditors for GPB for the Relevant Financial Period except for the financial period ended 31 December 2001 and financial year ended 31 December 2002, which were audited by another firm of accountants.

The financial statements of GPSL were audited by an affiliated firm of Horwath International.

6.2 AUDIT REPORTS

The auditors' reports for GPB Group for the Relevant Financial Periods were reported upon without any qualification.

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7. SUMMARISED INCOME STATEMENTS

7.1 INCOME STATEMENTS OF GPB AND GPB GROUP

The summarised results of GPB and GPB Group based on the audited financial statements of GPB and the audited consolidated financial statements of GPB Group for the Relevant Financial Period are set out below:-

	GPB				GPB Group
	15.12.2000 (date of incorporation) to 31.12.2001 RM'000	FYE 2002 RM'000	FYE 2003 RM'000	FYE 2004 RM'000	FYE 2004 RM'000
Turnover	-	-	5,139	18,069	18,069
Cost of sales	-	-	(991)	(2,968)	(2,968)
Gross profit	-	-	4,148	15,101	15,101
Other operating income	-	-	1	6	6
Administrative and other operating expenses	(57)	(859)	(1,231)	(2,745)	(3,193)
Finance costs	-	-	-		-
Operating (loss)/profit	(57)	(859)	2,918	12,362	11,914
Amortisation	-	-	28	2,047	2,087
Depreciation	1	21	98	114	121
Interest expense	-	-	-	-	-
Interest income	-	-	(1)	(6)	(6)
Earnings before interest, depreciation, taxation and amortisation ("EBIDTA")	(56)	(838)	3,043	14,517	14,116
Less: Amortisation	-	-	(28)	(2,047)	(2,087)
Depreciation	(1)	(21)	(98)	(114)	(121)
Interest expense	-	-	-	-	-
Add : Interest income	-	-	1	6	6
(Loss)/Profit before taxation ("(LBT)/PBT")	(57)	(859)	2,918	12,362	11,914
Taxation	-	(13)	13	-	-
(Loss)/Profit after taxation ("(LAT)/PAT")	(57)	(872)	2,931	12,362	11,914
Assumed weighted average number of ordinary shares of RM0.10 each in issue ('000)	320	4,537	25,252	197,380	197,380
Gross (loss)/earnings per share ("(LPS)/EPS") (sen)	(17.8)	(18.9)	11.6	6.3	6.0
Net (LPS)/EPS (sen)	(17.8)	(19.2)	11.6	6.3	6.0

7. SUMMARISED INCOME STATEMENTS (CONT'D)

7.1 INCOME STATEMENTS OF GPB AND GPB GROUP (CONT'D)

Notes:-

(a) *No turnover were recorded for the two (2) financial period/year ended 31 December 2001 and 2002 as GPB was in the stage of developing its software programs.*

(b) *GPB recorded turnover of RM5.1 million and PBT of RM2.9 million for the financial year ended 31 December 2003 largely due to revenue from engineering services provided to Green Packet, Inc in developing the suite of software called "SONaccess" and "SONbuddy".*

(c) *Turnover for the financial year ended 31 December 2004 increased by 252% to RM18.1 million, mainly due to the increase in sales of software products of "SONaccess" and "SONbuddy". With the increased turnover, PBT of GPB and GPB Group increased by 324% and 308% to RM12.4 million and RM11.9 million respectively.*

(d) *GPB is not subject to tax as the Company has been granted Multimedia Super Corridor status, which qualifies the Company for the Pioneer Status incentive under the Promotion of Investments Act, 1986. The taxation for the financial year ended 31 December 2002 and 2003 related to the provision and reversal of deferred tax liabilities.*

(e) *There was no exceptional or extraordinary item in the Relevant Financial Period under review.*

(f) *The gross LPS/EPS for the financial period ended 31 December 2001, financial years ended 31 December 2002, 2003 and 2004 are computed by dividing the profit/(loss) before taxation attributable to shareholders by the assumed weighted average number of ordinary shares in issue, for the respective Relevant Financial Period under review.*

(g) *The net EPS for the financial period ended 31 December 2001, financial years ended 31 December 2002, 2003 and 2004 are computed by dividing the profit/(loss) after taxation attributable to shareholders by the assumed weighted average number of ordinary shares in issue, for the respective Relevant Financial Period under review.*

(h) *There were no group results prior to the financial year ended 31 December 2004.*

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7. SUMMARISED INCOME STATEMENTS (CONT'D)

7.2 INCOME STATEMENTS OF GPSL

The audited financial statements of GPSL have been prepared in accordance with Accounting Standards for Business Enterprises and Accounting Regulations for Business Enterprises applicable in the People's Republic of China.

The audited financial statements of GPSL are stated in Chinese Renminbi ("RMB"). For the purpose of this report, the income statement of GPSL for the Relevant Financial Period has been translated to Ringgit Malaysia at the exchange rate of RMB1.00 to RM0.48

The income statement of GPSL included in this report has been prepared in accordance with applicable approved accounting standards in Malaysia based on the audited financial statements of GPSL for the financial period ended 31 December 2004, after adjusting for the effects of writing off deferred expenditure that do not meet the criteria for asset recognition as an expense in the income statement. The effects of the write-off on the results of GPSL are as follows:-

	28.4.2001 (date of incorporation) to 31.12.2004 RM '000
LBT as reported in the audited financial statements	-
Write-off of deferred expenditure as administrative and other operating expenses	*448*
Restated LBT	*448*

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7. SUMMARISED INCOME STATEMENTS (CONT'D)

7.2 INCOME STATEMENTS OF GPSL (CONT'D)

The summarised income statement of GPSL based on its audited financial statements for the Relevant Financial Period after incorporating the adjustment relating to the write-off of deferred expenditure is set out below:-

	28.4.2004 (date of incorporation) to 31.12.2004 RM'000
Turnover	-
Cost of sales	-
Gross profit	-
Administrative and other operating expenses	(448)
Operating (loss)/profit	(448)
Amortisation	40
Depreciation	7
Interest expense	-
Interest income	-
Loss before interest, depreciation, taxation and amortisation	(401)
Less: Amortisation	(40)
Depreciation	(7)
Interest expense	-
Add : Interest income	-
LBT	(448)
Taxation	-
LAT	(448)

The loss incurred by GPSL for the Relevant Financial Period was mainly due to the initial start up costs for the business.

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8. SUMMARISED BALANCE SHEETS

8.1 BALANCE SHEETS OF GPB AND GPB GROUP

The summarised balance sheets of GPB and GPB Group based on the audited financial statements of GPB and the audited consolidated financial statements of GPB Group for the Relevant Financial Period are as follows:-

	GPB				GPB Group
	As at 31 December				
	2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000	2004 RM'000
Investment in a subsidiary	-	-	-	1,145	-
Plant and equipment	12	181	388	630	909
Development costs	139	514	527	1,573	2,217
Intellectual property	-	-	-	20,900	20,900
	151	695	915	24,248	24,026
Current assets	24	135	13,027	16,399	16,349
Current liabilities	(32)	(445)	(1,952)	(804)	(931)
Net current (liabilities)/assets	(8)	(310)	11,075	15,595	15,418
	143	385	11,990	39,843	39,444
Financed by:-					
Ordinary share capital	200	1,300	9,988	22,079	22,079
Convertible preference shares	-	-	-	6,000	6,000
Foreign exchange translation reserve	-	-	-	-	49
(Accumulated losses)/Retained profits	(57)	(929)	2,002	11,764	11,316
Shareholders' equity	143	371	11,990	39,843	39,444
Non-current liabilities	-	14	-	-	-
	143	385	11,990	39,843	39,444
Net tangible assets/(Net liabilities) ("NTA/(NL)") per share (RM)	0.02	(0.11)	1.15	0.51	0.47

8. SUMMARISED BALANCE SHEETS (CONT'D)

8.2 BALANCE SHEET OF GPSL

As detailed in paragraph 7.2 above, the audited financial statements of GPSL are stated in RMB and have been prepared in accordance with accounting standards applicable in The People's Republic of China.

For the purpose of this report, the balance sheet of GPSL for the Relevant Financial Period has been translated to Ringgit Malaysia at the exchange rate of RMB1.00 to RM0.48

The summarised balance sheet of GPSL which has been prepared in accordance with applicable approved accounting standards in Malaysia based on the audited financial statements of GPSL after incorporating the adjustment relating to the write-off of deferred expenditure and such reclassifications as we consider necessary, is as follows:-

	As at 31 December 2004 RM'000
Plant and equipment	279
Development costs	644
	923
Current assets	180
Current liabilities	(361)
Net current liabilities	(181)
	742
Financed by:-	
Paid-up capital	1,190
Accumulated losses	(448)
Shareholders' equity	742
Non-current liabilities	-
	742

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9. DIVIDENDS FOR THE RELEVANT FINANCIAL PERIOD

GPB and GPSL have not paid or declared any dividends during the Relevant Financial Period.

10. PROFORMA STATEMENTS OF ASSETS AND LIABILITIES

The proforma consolidated statements of assets and liabilities of GPB Group at 31 December 2004 are prepared based on the audited consolidated financial statements of GPB as at 31 December 2004.

The proforma consolidated statements of assets and liabilities are provided for illustrative purposes only to show the effects of the following transactions as if they have been completed as at 31 December 2004:-

Proforma I - Conversion of CPS A and CPS B, Bonus Issue, Share Split and Employees' Share Scheme; and

Proforma II - after incorporating the effects of Proforma I, the Public Issue and the utilisation of the proceeds from the Public Issue as follows:-

	RM'000
Expansion of core and related business	19,290
Marketing, branding and promotion	3,197
Research and development	5,377
Purchase of plant and equipment	1,193
Listing expenses	2,500
Working capital	7,768
	39,325

The proforma consolidated statements of assets and liabilities should be read in conjunction with the accompanying notes thereon.

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10. PROFORMA STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

	Note	Audited Consolidated Balance Sheet As at 31 December 2004 RM'000	Proforma I After Conversion of CPS A and CPS B, Bonus Issue, Employees' Share Scheme and Share Split RM'000	Proforma II After Public Issue RM'000
Non-current assets				
Plant and equipment	10.1	909	909	2,102
Development costs	10.2	2,217	2,217	2,217
Intellectual property	10.3	20,900	20,900	20,900
		24,026	24,026	25,219
Current assets				
Inventories	10.4	234	234	234
Trade receivables	10.5	11,602	11,602	11,602
Other receivables		826	826	826
Deposit with a licensed bank	10.6	2,500	2,500	2,500
Cash and bank balances		1,187	3,287	38,919
		16,349	18,449	54,081
Current liability				
Other payables and accruals	10.7	931	931	931
Net current assets		15,418	17,518	53,150
		39,444	41,544	78,369
Financed by:				
Ordinary share capital	10.8	22,079	29,575	36,725
Convertible preference shares		6,000	-	-
Share premium	10.9	-	604	30,279
Retained profits	10.10	11,316	11,316	11,316
Foreign exchange translation reserve		49	49	49
Shareholders' equity		39,444	41,544	78,369
Number of ordinary shares of RM1.00 in issue		22,079	-	-
Number of ordinary shares of RM0.10 in issue		-	295,750	367,250
NTA per ordinary share (RM)		0.47	0.06	0.15

10. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

NOTES TO THE PROFORMA STATEMENTS OF ASSETS AND LIABILITIES

10.1 PLANT AND EQUIPMENT

	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
Plant and machinery	1,467	(132)	1,335
Office equipment	78	(16)	62
Furniture and fittings	109	(19)	90
Computer equipment	545	(156)	389
Renovation	115	(19)	96
Computer software	168	(38)	130
	2,482	(380)	2,102

10.2 DEVELOPMENT COSTS

	RM'000
Development costs	2,921
Government grants	(489)
	2,432
Amortisation of development costs	(215)
	2,217

The development costs relate to the expenditure incurred for the development of "SON access" and "SONbuddy" software.

10.3 INTELLECTUAL PROPERTY

	RM'000
Intellectual property, at cost	22,800
Amortisation charge	(1,900)
	20,900

The intellectual property represents all rights, legal and/or beneficial copyright ownership of GP Base Software and all the intellectual rights related therein within the stipulated territory and the source code of the GP Base Software.

10. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

10.4 INVENTORIES

	RM'000
At Cost:-	
Inventories held for resale	157
Inventories in transit	77
	234

None of the inventories is carried at net realisable value.

10.5 TRADE RECEIVABLES

	RM'000
Gross trade receivables	11,644
Allowance for doubtful debts	(42)
	11,602

Included in trade receivables is an amount of RM190,000 owing by a related company.

The Company's normal trade credit terms range from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of the trade receivables is as follows:-

	RM'000
Receivables denominated in US Dollar	11,602

10.6 DEPOSIT WITH A LICENSED BANK

The maturity period of the deposit at the balance sheet date was 7 days.

The effective interest rate of the short term deposit at the balance sheet date was 1.20% per annum.

10.7 OTHER PAYABLES AND ACCRUALS

Included in other payables and accruals is an amount of RM33,380 owing to companies in which certain directors have substantial financial interests.

10. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

10.8 ORDINARY SHARE CAPITAL

As at the date of this Report, the authorised share capital of GPB is RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each and the issued and paid-up share capital of GPB is RM29,575,000 comprising 295,750,000 ordinary shares of RM0.10 each.

The movements in the issued and fully paid-up share capital of GPB are as follows:-

	Par value RM per share	Number of ordinary shares '000	RM'000
Audited as at 31 December 2004	1.00	22,079	22,079
Conversion of CPS A and CPS B	1.00	1,319	1,319
Bonus Issue	1.00	4,677	4,677
Share Split	0.10	252,675	-
Employees' Share Scheme	0.10	15,000	1,500
As per Proforma I	0.10	295,750	29,575
Public Issue	0.10	71,500	7,150
As per Proforma II	0.10	367,250	36,725

10.9 SHARE PREMIUM

	RM'000
Audited as at 31 December 2004	-
Share premium arising from the Conversion of CPS A and CPS B	5,281
Utilisation for Bonus Issue	(4,677)
As per Proforma I	604
Share premium arising from the Public Issue	32,175
Estimated listing expenses	(2,500)
As per Proforma II	30,279

10.10 RETAINED PROFITS

Based on the tax-exempt income available and subject to agreement with the tax authorities, the retained profits are wholly distributable by the way dividends without the Company incurring further tax liabilities.

10. PROFORMA STATEMENT OF ASSETS AND LIABILITIES (CONT'D)

10.11 CAPITAL COMMITMENTS

	RM'000
Capital contribution to a subsidiary	1,330

10.12 OPERATING LEASE COMMITMENTS

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	RM'000
Not later than one year	153
Later than one year and not later than five years	-
	153

10.13 FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of foreign currency balances at the balance sheet date are as follows:-

	RM
United States Dollar	3.80
Chinese Renminbi	0.48

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11. CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement of GPB Group set out below is based on the audited consolidated financial statements of GPB Group for the financial year ended 31 December 2004.

	RM'000
Cash Flows From Operating Activities	
Profit before taxation	11,914
Adjustments for:-	
Allowance for doubtful debts	42
Amortisation of development costs	187
Amortisation of intellectual property	1,900
Depreciation of plant and equipment	121
Interest income	(6)
Operating profit before working capital changes	14,158
Increase in inventories	(234)
Increase in trade and other receivables	(11,042)
Increase in other payables and accruals	243
Net Cash From Operating Activities	3,125
Cash Flows For Investing Activities	
Purchase of intellectual property	(2,470)
Purchase of plant and equipment	(778)
Development costs	(1,994)
Interest received	6
Proceeds from disposal of equipment	3
Net Cash For Investing Activities	(5,233)
Cash Flows From Financing Activities	
Proceeds from issuance of convertible preference shares	6,000
Government grant received	250
Repayments of amount owing to a shareholder	(1,264)
Net Cash From Financing Activities	4,986
Net Increase In Cash And Cash Equivalents	2,878
Foreign exchange translation differences	49
Cash And Cash Equivalents At Beginning Of The Financial Year	760
Cash And Cash Equivalents At End Of The Financial Year	3,687

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

	RM'000
Short term deposits with a licensed bank	2,500
Cash and bank balances	1,187
	3,687

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12. NET TANGIBLE ASSETS PER ORDINARY SHARE

The net tangible assets cover of GPB based on the proforma consolidated statements of assets and liabilities as at 31 December 2004 as set out in Section 10 above is illustrated below:-

	RM'000
Net tangible assets of GPB Group before Public Issue	18,427
Increase in net tangible assets arising from the Public Issue	39,325
Estimated listing expenses	(2,500)
Proforma Net Tangible Assets	55,252

Number of ordinary shares of RM0.10 each in GPB that are in issue:-

	'000
Existing ordinary shares in issue	295,750
Ordinary shares to be issued pursuant to Public Issue	71,500
Enlarged share capital after the Public Issue	367,250

On the basis of the enlarged issued and paid-up share capital of 367,250,000 ordinary shares of RM0.10 each in GPB, the net tangible assets cover per ordinary share of GPB is approximately RM0.15.

13. SUBSEQUENT EVENT

On 18 January 2005, GPB – Taiwan Branch was incorporated in Taiwan as GPB's wholly owned branch company under Taiwan's Company Law. The principal activity consists of sales, marketing and distribution of wireless networking and telecommunication products, networking solutions and other high technology products and services. The registered capital of GPB – Taiwan Branch is Taiwan Dollar ("TWD") 1,000,000 all of which has been credited and fully paid-up.

Except for the above, there were no other subsequent events which will affect materially the content of this report.

Horwath

14. AUDITED FINANCIAL STATEMENTS

As of the date of this report, no audited financial statements have been prepared in respect of any period subsequent to 31 December 2004 for GPB Group.

Yours faithfully

Horwath
Firm No : AF 1018
Chartered Accountants

Poon Yew Hoe
Approval No : 956/04/06 (J)
Partner

16. PRO-FORMA BALANCE SHEETS OF THE GPB AS AT 31 DECEMBER 2004, TOGETHER WITH THE BASES AND ASSUMPTIONS, AND THE AUDITORS' LETTER THEREON

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15 April 2005

The Board of Directors
Green Packet Berhad
Lot 1-5, Incubator 2,
Technology Park Malaysia,
Lebuhraya Puchong-Sg. Besi, Bukit Jalil,
57000 Kuala Lumpur

Dear Sirs

GREEN PACKET BERHAD ("GPB")
PROFORMA CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2004

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of GPB and its subsidiary ("GPB Group") as at 31 December 2004, together with the accompanying notes thereto which have been prepared for illustrative purposes only, for which the Directors are solely responsible, as set out in the accompanying statements (initialed by us for the purpose of identification only) prepared in connection with the following transactions for inclusion in the Prospectus of GPB to be dated 29 April 2005:-

(a) issuance of 1,111,219 and 208,353 GPB ordinary shares of RM1.00 each, upon the conversion of 5,000,000 convertible preference shares class "A" of RM1.00 each ("CPS A") and 1,000,000 convertible preference shares class "B" of RM1.00 each ("CPS B") respectively ("Conversion of CPS A and CPS B"). The Conversion of CPS A and CPS B was completed on 21 March 2005;

(b) bonus issue of 4,676,892 new ordinary shares of RM1.00 each in GPB after the Conversion of CPS A and CPS B in GPB, on the basis of approximately 2 new ordinary shares of RM1.00 each for every 10 existing ordinary shares held in GPB via the capitalisation of RM4,676,892 from the share premium of GPB arising from the conversion of CPS A and CPS B ("Bonus Issue"). The Bonus Issue was completed on 21 March 2005;

(c) share split of 1 ordinary share of RM1.00 per share into 10 ordinary shares of RM0.10 each ("Share Split"). The Share Split was completed on 21 March 2005;

(d) issuance of up to 15,000,000 new ordinary shares of RM0.10 at an issue of RM0.10 to the employees of GPB, pursuant to the Employees' Share Scheme ("Employees' Share Scheme"). The Employees' Share Scheme was completed on 5 April 2005;

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(e) public issue of 71,500,000 new ordinary shares of RM0.10 each in GPB at an indicative issue price of RM0.55 per share ("Public Issue") payable in full comprising:-

 (i) 56,200,000 new ordinary shares by way of private placement to prospective institutional and individual investors;

 (ii) 3,025,000 new ordinary shares made available for application by the Malaysian public, companies, societies, co-operatives and institutions; and

 (iii) 12,275,000 new ordinary shares made available for the application by eligible directors and employees and persons who have contributed to the success of the GPB Group.

(f) listing of and quotation for the entire enlarged issued and paid-up share capital of GPB comprising 367,250,000 ordinary shares of RM0.10 each on the MESDAQ Market of Bursa Malaysia Securities Berhad.

In our opinion,

(i) the Proforma Consolidated Balance Sheets, which are prepared for illustrative purposes only, have been properly compiled on the bases set out in the accompanying notes to the Proforma Consolidated Balance Sheets;

(ii) the bases are consistent with the accounting policies normally adopted by the GPB Group; and.

(iii) the adjustments are appropriate for the purposes of the Proforma Consolidated Balance Sheets.

We understand that this letter will be used solely for the purpose stated above, in connection with the aforementioned transactions. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

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Horwath
Firm No : AF 1018
Chartered Accountants

Poon Yew Hoe
Approval No: 956/04/06(J)
Partner

GREEN PACKET BERHAD ("GPB")

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS

1. Basis of Preparation

The Proforma Consolidated Balance Sheets of GBP and its subsidiary ("GPB Group") have been prepared based on the audited consolidated balance sheet of the GPB Group as at 31 December 2004 together with the accompanying notes thereto, which have been prepared for illustrative purposes, to show the effects of the following transactions, had these transactions been effected as of that date:-

(a) issuance of 1,111,219 and 208,353 GPB ordinary shares of RM1.00 each, upon the conversion of 5,000,000 convertible preference shares class "A" of RM1.00 each ("CPS A") and 1,000,000 convertible preference shares class "B" of RM1.00 each ("CPS B") respectively ("Conversion of CPS A and CPS B"). The Conversion of CPS A and CPS B was completed on 21 March 2005. The conversion includes payments of cash amounting to RM500,000 and RM99,996 respectively, by the holders of CPS A and CPS B to GPB;

(b) bonus issue of 4,676,892 new ordinary shares of RM1.00 each in GPB after the Conversion of CPS A and CPS B in GPB, on the basis of approximately 2 new ordinary shares of RM1.00 each for every 10 existing ordinary shares held in GPB via the capitalisation of RM4,676,892 from the share premium of GPB arising from the conversion of CPS A and CPS B ("Bonus Issue"). The Bonus Issue was completed on 21 March 2005;

(c) share split of 1 ordinary share of RM1.00 per share into 10 ordinary shares of RM0.10 each ("Share Split"). The Share Split was completed on 21 March 2005;

(d) issuance of up to 15,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.10 to the employees of GPB, pursuant to the Employees' Share Scheme ("Employees' Share Scheme"). The Employees' Share Scheme was completed on 5 April 2005;

(e) public issue of 71,500,000 new ordinary shares of RM0.10 each in GPB at an indicative issue price of RM0.55 per share ("Public Issue") payable in full comprising:-

   (i) 56,200,000 new ordinary shares by way of private placement to prospective institutional and individual investors;

   (ii) 3,025,000 new ordinary shares made available for application by the Malaysian public, companies, societies, co-operatives and institutions; and

   (iii) 12,275,000 new ordinary shares made available for application by eligible directors and employees and persons who have contributed to the success of the GPB Group.

(f) listing of and quotation for the entire enlarged issued and paid-up share capital of GPB comprising 367,250,000 ordinary shares of RM0.10 each on the MESDAQ Market of Bursa Malaysia Securities Berhad.

GREEN PACKET BERHAD ("GPB")

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)

1.1 Proforma I

Proforma I incorporates the effects of the Conversion of CPS A and CPS B.

1.2 Proforma II

Proforma II incorporates the effects of Proforma I and the Bonus Issue.

1.3 Proforma III

Proforma III incorporates the effects of Proforma II and the Share Split.

1.4 Proforma IV

Proforma IV incorporates the effects of Proforma III and the Employees' Share Scheme.

1.5 Proforma V

Proforma V incorporates the effects of Proforma IV, the Public Issue and the utilisation of proceeds from the Public Issue.

The utilisation of proceeds from the Public Issue is as follows:-

	RM'000
Expansion of core and related business	19,290
Marketing, branding and promotion	3,197
Research and development ("R&D")	5,377
Purchase of plant and equipment	1,193
Listing expenses	2,500
Working capital	7,768
	39,325

The Public Issue will give rise to a share premium of RM32,175,000. The estimated listing expenses of RM2,500,000 have been debited against the share premium account.

For the purpose of presentation in the Proforma Consolidation Balance Sheets, proceeds to be utilised for expansion, marketing, branding, promotion and R&D have been included in cash and bank balances pending their utilisation.

GREEN PACKET BERHAD ("GPB")

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)

2. Ordinary Share Capital

The movements in the issued and paid-up ordinary share capital of GPB are as follows:-

Issued and Fully Paid-up Share Capital	*Par value*	*Number of Ordinary Shares*	*Amount of Share Capital* RM
Ordinary shares of RM1.00 each as at 31 December 2004	1.00	22,078,536	22,078,536
Conversion of CPS A and CPS B	1.00	1,319,572	1,319,572
As per Proforma I		23,398,108	23,398,108
Bonus Issue	1.00	4,676,892	4,676,892
As per Proforma II		28,075,000	28,075,000
Share Split	0.10	252,675,000	-
As per Proforma III		280,750,000	28,075,000
Employees' Share Scheme	0.10	15,000,000	1,500,000
As per Proforma IV		295,750,000	29,575,000
Public Issue	0.10	71,500,000	7,150,000
As per Proforma V		367,250,000	36,725,000

3. Share Premium Account

The estimated listing expenses of RM2,500,000 have been charged against the share premium account under Proforma V. The movements in the share premium account are as follows:-

	RM
As per 31 December 2004	-
Share premium arising from the Conversion of CPS A and CPS B	5,280,424
As per Proforma I	5,280,424
Utilisation for the Bonus Issue	(4,676,892)
As per Proforma II/III/IV	603,532
Share premium arising from the Public Issue	32,175,000
Estimated listing expenses	(2,500,000)
As per Proforma V	30,278,532

16. PRO-FORMA BALANCE SHEETS OF THE GPB AS AT 31 DECEMBER 2004, TOGETHER WITH THE BASES AND ASSUMPTIONS, AND THE AUDITORS' LETTER THEREON (Cont'd)

GREEN PACKET BERHAD ("GPB")

PROFORMA CONSOLIDATED BALANCE SHEETS

	Audited As at 31 December 2004	Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets						
Plant and equipment	909	909	909	909	909	2,102
Development costs	2,217	2,217	2,217	2,217	2,217	2,217
Intellectual property	20,900	20,900	20,900	20,900	20,900	20,900
	24,026	24,026	24,026	24,026	24,026	25,219
Current assets						
Inventories	234	234	234	234	234	234
Trade receivables	11,602	11,602	11,602	11,602	11,602	11,602
Other receivables	826	826	826	826	826	826
Deposit with a licensed bank	2,500	2,500	2,500	2,500	2,500	2,500
Cash and bank balances	1,187	1,787	1,787	1,787	3,287	38,919
	16,349	16,949	16,949	16,949	18,449	54,081
Current liability						
Other payables and accruals	931	931	931	931	931	931
Net current assets	15,418	16,018	16,018	16,018	17,518	53,150
	39,444	40,044	40,044	40,044	41,544	78,369
Financed by:						
Ordinary share capital	22,079	23,398	28,075	28,075	29,575	36,725
Convertible preference shares	6,000	-	-	-	-	-
Share premium	-	5,281	604	604	604	30,279
Retained profits	11,316	11,316	11,316	11,316	11,316	11,316
Foreign exchange translation reserve	49	49	49	49	49	49
Shareholders' equity	39,444	40,044	40,044	40,044	41,544	78,369
Number of ordinary shares of RM1.00 each ('000)	22,079	23,398	28,075	-	-	-
Number of ordinary shares of RM0.10 each ('000)	-	-	-	280,750	295,750	367,250
Net tangible assets per ordinary share (RM)	0.47	0.72	0.60	0.06	0.06	0.15

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SHANGHAI ETERNAL LAW FIRM

Legal Opinion on polices of Foreign Investments, Taxation and Repatriation of Profits.

This legal opinion has been prepared by Zhao Ping, the attorney for GreenPacket (Shanghai) Ltd. The legal opinion is based on the current policies of the PRC.

Background

I have reviewed the following document provided by Green Packet (Shanghai) Ltd.:

1. The Enterprise Legal Entity Business License Issued By Pudong Branch of the Industrial & Commercial Bureau Of Shanghai, China;
2. The Approval Certificate For Establishment Of Enterprises With Foreign Investment In The People's Republic Of China ;
3. The Code Certificate Issued By The Quality & Technology Supervision Bureau Of Shanghai Municipality;
4. The Articles Of Association Of Green Packet (Shanghai) Ltd.,
5. The Report On Feasibility Study Of Green Packet (Shanghai) Ltd.,

Based on review of these documents, we understand that the pertinent facts to be substantially as follow:

1. The name of the investor of Green Packet (Shanghai) Ltd. is GREEN PACKET BERHAD (formerly known as Green Packet (Malaysia) Sdn Bhd. The legal address is at lot 1-5, Incubator 2, Technology Park Malaysia, Lebuhraya Puchong-Sg Besi, Bukit Jalil, 57000 Kuala Lumpur, Malaysia. Green Packet Berhad's legal representative is PUAN CHAN CHEONG. The nationality of legal representative is Malaysian.
2. Green Packet (Shanghai) Ltd. is established in accordance with the Law of The People's Republic of China on Wholly Foreign-Owned Enterprises and other related laws and regulations of The People's Republic of China.
3. Green Packet (Shanghai) Ltd is approved by Shanghai Municipality Government and is given the Business License on 28th April, 2004.
4. The legal address of Green Packet (Shanghai) Ltd. is at Room 21211-21213, Pudong Software Region, Guoshoujing Road, Zhangjiang High-Technology Area, Shanghai, China.
5. The legal representative of Green Packet (Shanghai) Ltd. is PUAN CHAN CHEONG.
6. Green Packet (Shanghai) Ltd. is a wholly foreign-owned enterprise and a limited liability company.

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7. The registered capital of Green Packet (Shanghai) Ltd. is USD650,000 dollars. Registered capital shall be contributed in cash in USD via remittance. The investors shall contribute 15% of the registered capital of the company within three months of the issuance of its business license and contribute the rest within one year.
8. The company is principally engaged in the business of research, development, manufacturing, marketing and distribution of wireless networking and telecommunication products, networking solution and other high technology products and services.

Based on the above faces, the conclusion is that, Green Packet (Shanghai) Ltd. Is properly established under the law and regulations of The People's Republic of China and its registered capital shall be contributed by the investor of Green Packet (Shanghai) Ltd according to the articles of association.

Taxation

1. Value-Added Tax

The Government stipulates that all units and individuals engaged in the sales of goods, provision of processing, repairs and replacement services, and importation of goods within the territory of the People's Republic of China shall pay Value Added Tax (VAT). The VAT rate generally is 17%, and at 13% for some goods. For small-scales taxpayers it is 6%.

However, under the "Implementing Proposals of Financial Bureau, State Taxation Bureau and Land Taxation Bureau of Shanghai Municipality on the Tax Policy of Promoting the Development of Software Industry and Integrated Circuit Industry" (Decree 182, issued by the Taxation Bureau of Shanghai Pudong New Area on December 12, 2000), taxpayers certified as a Software Development Enterprise may apply to the Taxation Branch for specific relief from VAT as provided under the policy of "Refund Upon Levying". Software products here refer to computer software, information system or software embedded in equipment provided to users or computer software provided in such technology service as computer information system integration and application service.

Upon receipt of the taxpayer application, and by reference to the List of Software Enterprise, the Taxation Branch shall refund that part of valued-added taxes actually paid on software products that exceeds the rate of 3%.

The refunded VAT shall be used in the development of software products and in expanded reproduction, and shall not be regarded as taxable income. Accordingly, enterprise income taxes shall not be applied to the refund.

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2. Enterprise Income Tax

Enterprise income tax is generally 30% with additional local income tax of 3%. Incentives are however available for priority sectors and designated locations, which application varies from city to city.

Under the same Decree 182 issued by the Taxation Bureau of Shanghai Pudong New Area on December 12, 2000 on the Tax Policy of Promoting the Development of Software Industry, software manufacturing enterprises newly established in the Shanghai Municipality from July 1, 2000 shall, upon approval, enjoy the favorable policy of "two exemptions and three deductions by half" since their tax years. This means that such software manufacturing enterprise shall be allowed 100% exemption from enterprise income taxes in the first year and the second year since the year that it is profitable; and allowed a 50% reduction in the third year to fifth year.

Notwithstanding the above regulations, foreign invested enterprises also enjoy the same favorable policy under Article 8 of the Income Tax Law Of The People's Republic Of China For Enterprises With Foreign Investments And Foreign Enterprises which provides for "any enterprise with foreign investments of a production nature scheduled to operate for a period of not less than ten years shall, upon examination and verification by the tax authorities of an application filed by the enterprise, from the year beginning to make profit, be exempted from income tax in the first and second years and allowed a fifty percent reduction in the third to fifth years."

Exchange Control

China is a member of the International Monetary Fund and the People's Bank of China is its Central Bank. Since December 1996, China has removed exchange restrictions on current account transactions. Since then the Renminbi (RMB) has been fully convertible on current accounts. Domestic and foreign banks can handle foreign exchange business with the approval of the Central Bank. The foreign exchange regime allows daily fluctuations of exchange rates from their reference rates.

The State Administration of Foreign Exchange Control (SAFE) exercises centralized management and enforced strict control over foreign exchange. Enterprises with foreign investments (FIEs) are allowed to open foreign currency accounts. FIEs are granted the same national treatment in exchange administration. They can maintain current foreign exchange settlement account. There are no restrictions on the payment and transfer of current transactions. They can open foreign exchange accounts to hold foreign invested capital and to sell from this account (upon approval from SAFE). They can also borrow foreign exchange directly from domestic and overseas banks (subject to SAFE approval).

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Repatriation of Proceeds

Article 177 of the Company Law of the People's Republic of China provides that in distributing its current year after-tax profit, a company shall allocate 10 percent of its profits to its statutory reserve fund. 5 to 10 percent to its statutory welfare fund. Allocation to the company's statutory reserve fund may be waived once the cumulative amount of funds therein exceeds 50 percent of the company's registered capital.

Where the statutory reserve fund is not sufficient to cover the company's loss from the previous year. the current year profit shall be used to cover such loss before allocation is made to the statutory reserve fund and the statutory welfare fund.

After allocation to the statutory reserve fund has been made from the after-tax profit of the company. and upon adoption of a resolution by the shareholders' committee. allocation may be made to the discretionary reserve fund.

After the company has covered its losses. and made allocation to the reserve funds and statutory welfare fund. the remainder of the profit shall be distributed to the shareholders in proportion to their capital contribution.

This is reinforced under the Rules For The Implementation Of The Law Of The People's Republic of China On Foreign-Capital Enterprises whereby. in the event that deficits of previous fiscal years of a foreign-capital enterprise have not been made up. it may not distribute the profits. while the undistributed profits of previous fiscal years may be distributed together with the distributable profits of the current fiscal year.

Wholly foreign-owned enterprises (hereinafter as FOEs) and enterprises issuing stock abroad, for remitting profits, stock dividends or stock bonuses of the current year abroad, shall present the following documents to the designated foreign exchange banks (hereinafter Banks):

(1) Tax-paid certificate and taxation declaration form (for enterprises enjoying tax reduction or exemption, certificate of tax reduction or exemption issued by domiciled taxation administration agency shall be provided);
(2) Audit Report of the current year issued by a CPA;
(3) The board of directors' resolution on the distribution of profits, stock dividends or stock bonuses;
(4) Foreign Exchange Registration Certificate of FOEs
(5) Capital Assessment Report issued by CPA;
(6) Other documents required by State Administration of Foreign Exchange.

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Charges on the Assets of the Company

In case that a foreign-capital enterprise intends to mortgage or assign its assets or rights and interests to a foreign unit, the case shall be submitted to the examining and approving organ for approval, and then to the administrative department for industry and commerce for the record. This is provided for under the Rules For The Implementation Of The Law Of The People's Republic of China On Foreign-Capital Enterprises.

Take-over and Mergers

The provisions for mergers and takeovers are provided under Chapter 7 of the Company Law of the People's Republic of China and the Provisions on the Merger and Division of Enterprises with Foreign Investment. If a company is to undergo a merger, its shareholders' committee shall adopt a resolution. The merger is subject to approval by the department authorized by the State Council or the People's Government at the provincial level.

Companies may be merged in two forms, i.e. merger by absorption and merger by consolidation. One company absorbing another company is merger by absorption, and the company being absorbed shall be dissolved. Merger of two or more Companies through establishment of a new company is a consolidation, and the companies being consolidated shall be dissolved.

In a merger of companies, the companies shall execute a merger agreement, and prepare their respective balance sheets and schedules of assets. The companies shall notify their creditors within 10 days of adoption of merger resolutions, and shall publish a notice at least 3 times in a newspaper within 30 days. Creditors are entitled to claim full payment of the debts of the companies or require the provision of appropriate assurances within 30 days of receipt of the notice, or within 90 days of publication of the first notice if such creditors did not receive the notice. The companies may not be merged unless debts are fully paid or appropriate assurances are provided.

Once the companies are merged, the creditor's rights and debtor's liabilities of the merged companies shall be assumed by the surviving company or the newly formed company after merger.

In the merger of foreign-capital enterprises, and the significant change in capital resulting from other causes, shall be subject to the approval by the examining and approving organ; in addition, the said enterprises shall engage a Chinese registered accountant to carry out verification, and to submit a report on the verification of capital; after the approval by the examining and approving organ, the enterprises concerned shall go through the procedures for the change of the registration with the relevant administrative department for industry and commerce.

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Shareholders Rights and Obligations

Under Chapter III of the Rules For The Implementation Of The Law Of The People's Republic of China On Foreign-Capital Enterprises, the organizational form of a foreign-capital enterprise shall be a limited liability company, whereby the liability of the foreign investor/shareholder to the enterprise shall be limited to the amount of investment subscribed and contributed to the enterprise.

The Company Law of the People's Republic of China and the Company's articles of association provide the framework for shareholder's rights, the key feature of which is the shareholders' committee. The shareholders' committee consists of all the shareholders and is the company's organ of authority.

The shareholders' committee exercises the following powers:

(1) To decide on the company's operational policies and investment plans;
(2) To elect and replace directors and decide on matters relating to the remuneration of directors;
(3) To elect and replace the supervisors who are representatives of shareholders, and decide on matters relating to the remuneration of supervisors;
(4) To examine and approve reports of the board of directors;
(5) To examine and approve reports of the board of supervisors or any supervisor(s);
(6) To examine and approve the company's proposed annual financial budget and final accounts;
(7) To examine and approve the company's plans for profit distribution and recovery of losses;
(8) To decide on increases in or reductions of the company's registered capital;
(9) To decide on the issue of bonds by the company;
(10) To decide on transfers of capital contribution by shareholders to a person other than a shareholder;
(11) To decide on issue such as merger, division, change in corporate form or dissolution and liquidation of the company; and
(12) To amend the company's articles of association.

Except as otherwise provided under the Company Law, the method for conducting business and voting procedure at a meeting of shareholders' committee shall be prescribed by the company's articles of association.

Other rights of shareholders include:

(a) inspection of the minutes of meetings of shareholder committee as well as the financial and accounting reports of the company;

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(b) share in the distribution of profits in proportion to their respective shares of capital contribution:
(c) assignment in whole or part. their respective shares of capital contribution amongst themselves

A shareholder may not withdraw its capital contribution after registration of the company. Transfer of his share of capital contribution by a shareholder to anyone other than another shareholder is subject to consent by a majority of all the shareholders; shareholders who do not consent to the transfer shall purchase the share of capital contribution to be assigned. and failure by those shareholders to make such purchase is deemed to be their consent to the assignment. Where the shareholders consent to the assignment of share of capital contribution, other shareholders have the preemptive right of purchase under the same conditions.

Accounting Records

Under Chapter IX of the Rules For The Implementation Of The Law Of The People's Republic of China On Foreign-Capital Enterprises, a foreign-capital enterprise shall, in accordance with Chinese laws, regulations and the provisions of financial organs, set up financial and accounting systems, which shall be reported, for the record, to the financial departments and the tax authorities at the place where the enterprise is located.

The fiscal year of a foreign-capital enterprise shall begin from January 1 and end on December 31 of Gregorian calendar.

A foreign-capital enterprise shall submit its annual statement of assets and liabilities and annual statement of profit and loss to the competent departments for financial and tax affairs, and also to the examining and approving organ as well as the administrative department for industry and commerce for the record.

Auditing Requirements

Under Chapter IX of the Rules For The Implementation Of The Law Of The People's Republic of China On Foreign-Capital Enterprises, the annual accounting statements and liquidation accounting statements of a foreign-capital enterprise shall be verified by a Chinese registered accountant, who shall submit a verification report.

The annual accounting statements and liquidation accounting statements of a foreign-capital enterprise, together with the verification report prepared by a Chinese registered accountant, shall be submitted, within a prescribed time limit, to the Chinese

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competent departments for financial and tax affairs and also to the examining and approving organ and the administrative department for industry and commerce for the record.

Winding-up Procedures under the Laws of the Foreign Corporation

Under Chapter XII of the Rules For The Implementation Of The Law Of The People's Republic of China On Foreign-Capital Enterprises and the Measures for Liquidation of Enterprise with Foreign Investment, a foreign-capital enterprise that falls under one of the following circumstances shall terminate its business operations:

(1) the term of operations expires;

(2) the foreign investor decides to dissolve it because of poor operation and management resulting in serious losses;

(3) business cannot be carried on because of heavy losses as a result of natural disasters, wars or other force majeure;

(4) bankruptcy;

(5) disbanded by law because it has violated Chinese laws and regulations or jeopardized social and public interests;

(6) other causes for dissolution, as stipulated in the enterprise's articles of association, have occurred.

If a foreign-capital enterprise falls under any of the circumstances as stipulated in Items (2), (3) and (4), it shall submit, of its own accord, an application for the termination of business operations to the examining and approving organ for verification and approval. The date of approval after verification by the examining and approving organ shall be the date of the said enterprise's termination.

In case that a foreign-capital enterprise terminates its business operations in accordance with the provisions in Items (1), (2), (3) and (6), the enterprise shall, make a public announcement and notify the creditors; and, it shall, within 15 days from the day of the public termination announcement for liquidation, it will submit the principles of liquidation, and the candidates for the liquidation committee to the examining and approving organ for verification and approval before liquidation is carried out.

The liquidation committee shall be composed of the legal representatives of the foreign-capital enterprise, the representatives of the creditors, the representatives from the competent authorities concerned; Chinese registered accountants and lawyers shall be engaged in the liquidation.

Priority shall be given to the payment of expenses for liquidation made from the existing property of the foreign-capital enterprise.

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Prior to the conclusion of the liquidation of foreign-capital enterprise, the foreign investor shall not remit or carry the said enterprise's funds out of the territory of China, nor dispose of the enterprise's property privately.

If, upon the conclusion of the liquidation of a foreign-capital enterprise, its net assets and remaining property exceed its registered capital, the excess portion shall be regarded as profit on which income tax shall be imposed in accordance with the Chinese tax law.

Upon the conclusion of the liquidation of a foreign-capital enterprise, it shall go through the procedures for the cancellation of registration with the administrative department for industry and commerce, and to hand in the business license for cancellation.

While disposing of the assets and properties of a foreign-capital enterprise, Chinese enterprises or other economic organizations shall, under equal conditions, have the priority in purchasing the aforesaid assets and properties

Jurisdictional arrangements and/ or Treadles between Malaysia and the Jurisdiction of the Foreign Corporation on matters pertaining to enforcement of judgment on respect of Criminal and Civil actions.

There are presently no judicial assistance terms or conventions for criminal, civil and commercial cases signed between China and Malaysia. In terms of judicial assistance, it is to be treated according to the principles of mutual benefit and the international treaties or common principles that the both parts join in.
If disputes over a contract develop, the parties shall, as far as possible, settle them through consultation, or through mediation by a third party. If the parties are unwilling to settle their dispute through consultation or mediation, or if consultation or mediation proves unsuccessful, they may, in accordance with the arbitration clause provided in their contract or a written arbitration agreement reached by the parties afterwards, submit the dispute to a Chinese arbitration body or any other arbitration body for arbitration. If no arbitration clause is provided in the contract, and a written arbitration agreement is not reached afterwards, the parties may bring a suit in a people's court.

Risks associated with legal uncertainties concerning enforceability of the laws and judgments in PRC.

The Group's operations in the PRC are subject to the laws and regulations promulgated by the PRC government. The PRC legal system is a codified system comprising of written laws, regulations, circulars, administrative directives and internal guidelines. Under the PRC

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codified system (unlike the common law system in Malaysia), previously decided cases by its courts of justice do not have any force of law. As previous judicial decisions do not have any force of law and are not legally binding on subsequent cases, there may be certain elements of legal uncertainties where legal issues are not codified in any written laws, regulations, circulars, administrative directives and internal guidelines, although a legal issue has previously been decided in a court of justice."

Current PRC legislation on intellectual property rights (IPR).

In recent years, China has established many laws and regulations such as Copyright Law, Patent Law, Trademark Law, Law of the People's Republic of China Against Competition by Inappropriate Means, Regulations on Computer Software Protection, forming a relatively complete law system for protecting intellectual property. Chinese government uncompromisingly beats and cracks down the behaviors of violating intellectual property, administratively punishes the wrongdoer or even gets at the root of their criminal liabilities. The enterprise or individual whose intellectual property was encroached on is allowed to ask the wrongdoer to make civil/economic compensation.

Conclusion:

(1) Under the laws and regulations of The People's Republic of China, Green Packet (Shanghai) Ltd. Is a lawfully established Wholly Foreign-Owned Enterprises with the rights granted and is carrying out business in the approved scope;

(2) The above legal opinion is based on the legal documents provided by Green Packet (Shanghai) Ltd and under the presumptions that all the documents are authentic and the copies are conformed to the original ones;

(3) The above legal opinion is based on the current laws and regulations of P.R.C. which are subject to future change.

Yours faithfully,

Zhao ping

Zhao Ping

上海市世代律师事务所

Zhao Ping
Partner and Attorney at law
Shanghai Eternal Law Firm
Date: Apr. 20, 2005

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Green Packet Berhad, Taiwan branch

Expert's Report

April 20, 2005

The Board of Directors
Green Packet Berhad, Taiwan branch

To Whom It May Concern,

※*Company information*

We have reviewed the following documents provided by Green Packet Berhad, Taiwan branch:

1. The Business License issued by Taipei City Government, Taiwan, Republic of China, dated January 26, 2005;
2. the Recognition Form for Foreign Company, Green Packet Berhad, approved by the Ministry of Economic Affairs, Taiwan, Republic of China, dated January 18, 2005;
3. the Registration Form for Branch of Foreign Company, Green Packet Berhad, Taiwan branch, approved by the Ministry of Economic Affairs, Taiwan, Republic of China, dated January 18, 2005;
4. the Remittance memo from SinoPac, the transfer of USD31,152.65 from Green Packet Berhad to Green Packet Berhad, Taiwan branch preparatory office, as the item 310（capital investment）dated January 7, 2005;
5. the Certificate of Deposit issued by SinoPac on January 11, 2005, for the capital check purpose by the Ministry of Economic Affairs, Taiwan, Republic of China;
6. the Record of ID No. in the Republic of China of PUAN CHAN CHEONG, issued by the Foreign Affairs Division, Taipei City Police Department, Taiwan, Republic of China;
7. Power Of Attorney signed by Green Packet Berhad, dated November 22, 2004, to appoint WANG CHANG-HSIEN as the manager of Green Packet Berhad, Taiwan branch;
8. Power Of Attorney signed by Green Packet Berhad, dated November 22, 2004, to appoint LIU, CHIN-HUNG of C.H. & Co., CPAs, to proceed all the procedures relating to the

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application for recognition of the Company and registration of the establishment of the Company's branch office in the Republic of China;

9. Power Of Attorney signed by Green Packet Berhad, dated November 22, 2004, to appoint PUAN CHAN CHEONG to be the designated agent for all litigious and non-litigious matters within the Republic of China, and to be the chairman of Green Packet Berhad, Taiwan branch.

Based on our review of these documents, we understand that the pertinent facts to be substantially as follows:

1. The head office of Green Packet Berhad, Taiwan branch is Green Packet Berhad. The registered address is at Lot1-4, Incubator 2, Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur, Malaysia.
2. Green Packet Berhad, Taiwan branch, a branch of Green Packet Berhad, was established in accordance with the Company Law of the Republic of China and other related laws and regulations of the Republic of China.
3. Green Packet Berhad, Taiwan branch was approved to be set up by Ministry of Economic Affairs, Taiwan, Republic of China on January 18, 2005.
4. Green Packet Berhad, Taiwan branch was approved to operate and given the Business License by Taipei City Government, Taiwan, Republic of China on January 26, 2005.
5. The registered address of Green Packet Berhad, Taiwan branch is 5F.-4, No.15, Lane 360, Sec. 1, Neihu Rd., Neihu District, Taipei, Taiwan 114, Republic of China.
6. The litigation and non-litigation agent of Green Packet Berhad, Taiwan branch is PUAN CHAN CHEONG（R.O.C ID No.: AC02073433）, and the nationality of the litigation and non-litigation agent is Malaysian.

   （Litigation and non-litigation agent refers to the individual appointed to receive service of any legal due process or other communication from third parties.）
7. The chairman of Green Packet Berhad, Taiwan branch is PUAN CHAN CHEONG（R.O.C ID No.: AC02073433）, and the nationality of the chairman is Malaysian.
8. The branch manager of Green Packet Berhad, Taiwan branch is WANG CHANG-HSIEN（R.O.C ID No.: B120854604）, and the nationality of the branch manager is Republic of China.
9. The working capital amount of Green Packet Berhad, Taiwan branch for operations in the

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Republic of China is NT$1,000,000.

10. Green Packet Berhad, Taiwan branch principally engaged in providing support, marketing and distribution of networking and telecommunication products, networking solution and other high technology products and services. It also serves as the procurement office of Green Packet Berhad.

Conclusion:

Based on the above facts, the conclusion is that, Green Packet Berhad, Taiwan branch is established lawfully in accordance with the relevant laws and regulations of the Republic of China as of the report date.

※*Opinion report*

This report is prepared based on the current policies of the R.O.C. as of the date of this report.

Please be informed that the report below constitute a general advice with respect to the current regulations in the Republic of China in respect of matters queried by Green Packet Berhad, and this does not constitute a complete analysis and regulations including all tax and legal aspects and their consequences.

A. Taxation:

1. Value-Added and Non-Value Added Tax Law（VAT Law/Business Tax Law）

According to the VAT Law of Taiwan, R.O.C., Green Packet Berhad, Taiwan branch should file the VAT to tax authority（Local Tax Administration, Ministry of Finance）by the end of the 15th day each odd month.

（a）According to Article 1, the VAT Law of Taiwan, R.O.C., the Business tax, in the form of value-added or non-value-added, shall be levied on the sale of goods or services within the territory of the R.O.C. and the import of goods.

（b）Tax rate（Article 10）

The applicable VAT rate for Green Packet Berhad, Taiwan branch is 5%.

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(c) Tax amount (Article 15)

The amount of business tax payable or overpaid by a business entity will be the difference between the output tax in a tax period and the input tax in the same period.

The output tax is defined as the amount of business tax to be collected in accordance with the VAT Law by the business entity at the time of selling goods or services.

The input tax is defined as the business tax paid by a business entity in accordance with the act at the time of purchasing goods or services.

(d) Tax return & payment (Article 25)

A business entity, whether or not it has sales, shall file a bimonthly tax return on a prescribed form for its sales amount and tax payable or overpaid of the preceding two months together with tax deduction and other appropriate documents with the collection authority-in-charge prior to the fifteenth day of the following period. The business tax payable, if any, shall be paid to the government treasury in advance. The receipt for tax paid shall be enclosed with the tax return.

2. Income Tax Law

A profit-seeking enterprise shall keep sufficient and accurate account books, vouchers and accounting records to calculate its total amount of business income. And the accounting system of a company shall be on the accrual basis. Generally, the fiscal year shall commence on the first day of January and end on the thirty-first day of December of each calendar year

According to the Income Tax Law of Taiwan, R.O.C., the Branch should file the business income tax to tax authority by the end of May for the prior year.

(a) According to Article 3, the Income Tax Law of Taiwan, R.O.C., profit-seeking enterprise income tax shall be levied on any profit-seeking enterprise operating within the territory of the R.O.C.

Similarly, profit-seeking enterprise income tax shall be levied on any profit-seeking enterprise having its head office without the territory of the R.O.C. but having income derived from sources in the R.O.C.

(b) Tax rate (Article 5)

If the total taxable income of a profit seeking enterprise is less than NT$ 50,000, the profit-seeking enterprise is exempt from tax.

If the total taxable income of a profit seeking enterprise is less than NT$ 100,000, the

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income tax rate will be 15%. However, the income tax payable shall not exceed one half of the portion of taxable income more than NT$ 50,000.

If the total taxable income of a profit seeking enterprise is more than NT$100,000, the income tax rate shall be 25% on the portion of taxable income more than NT$ 100,000.

(c) Tax amount (Article 24)

The amount of income of a profit-seeking enterprise shall be the net income, i.e., the gross yearly income after deduction of all costs, expenses, losses and taxes.

B. Exchange Control

According to the Foreign Exchange Control Act of Taiwan, R.O.C., the competent authority in charge of foreign exchange administration shall be the Ministry of Finance. The authority in charge of foreign exchange business shall be the Central Bank of China.

1. Inward and outward remittances specified below shall be sold to the Central Bank of China or one of its authorized banks, or deposited into an authorized bank and sold in the foreign exchange market through said bank: (Article 7)

(1) Foreign exchange revenues from export, re-export or other trading activities;

(2) Foreign exchange revenues received by a shipping business, insurance business and people of other trades as a result of trade or service provided;

(3) Inward remittance;

(4) Income of an ROC national with domicile and residence within the territory of the Republic of China from foreign investments that have had the government approval;

(5) The principal, interest, net profits or technical remuneration received by a domestic enterprise from foreign investments, financing activities or technical cooperation that have had the government approval;

(6) Foreign exchange of other sources that should be deposited or settled.

2. Under Article 4, 5 and 6 of Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions：

(1) The declarant may process the settlement of foreign exchange against the New Taiwan dollar at banking enterprises after filling out a Declaration Statement, involving the following transactions：

(a) Foreign exchange purchased or sold within one year by a company or a firm with

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an accumulated amount not exceeding United State dollars 50 million; or foreign exchange purchased or sold within one year by a association or an individual with an accumulated amount not exceeding United States dollars 5 million; and

(b) A single remittance by a non-resident not exceeding United States dollars 100,000.

(2) The declarant may not be processed the settlement of foreign exchange against the New Taiwan dollar until the banking enterprise has confirmed that the Declaration Statement is consistent with relevant contracts and letters of approval that evidence the foreign exchange receipts and disbursements or transactions in question, involving the following transactions：

(a) A single remittance by a company or a firm with an amount over United States dollars 1 million;

(b) A single remittance by a group or an individual with an amount over United States dollars 500,000;

(c) Outward remittances to Mainland China

(3) The declarant may not be processed the settlement of foreign exchange against the New Taiwan dollar until the declarant has received approval from the Central Bank of China by submitting the Declaration Statement along with evidencing documents through banking enterprises, involving the following transactions：

(a) Essential remittances by a company or a firm whose accumulated amount of foreign exchange purchased or sold within one year has exceeded United States dollars 50 million; or essential remittances by a association or an individual whose accumulated amount of foreign exchange purchased or sold within one year has exceeded United States dollars 5 million;

C. Repatriation of Proceed

According to Ministry of Finance Order No.7586738 on March 9 1987, for an enterprise having a branch office in the territory of the R.O.C., the income derived from sources in the R.O.C. should be a part of earnings for parent company. Income derived within the territory of the R.O.C. shall be levied income tax before any earning distribution; otherwise, there is no restriction in the Company Law of the R.O.C. for repatriation of profits.

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D. Distributions and Dividends

Article 63 of the Company Law of Taiwan, R.O.C. provides regulate that a company, unless losses have been covered, shall not make distribution of surplus profit. Apart from this, there is no restriction in the Company Law, nor the Income Tax Law of Taiwan, R.O.C. for the distribution of the Branch's earning（after tax）, and which distribution will not be subjected to any withholding tax.（Note: Green Packet Berhad, Taiwan branch, as a branch of a foreign company, has no dividends to distribute, but the earning after tax.）

E. Charges on the Assets of the Company

If the Branch wishes to charge any of its assets. it will require the authorization of its head office

Therefore, any outstanding liability in respect of any charges shall still be discharged by the head office.

F. Contingent liability

If the Branch has any contingent liability, the head office will be responsible for discharging any residual liability of its branch.

G. Take-over and mergers

1. Any merger /consolidation and acquisition by a company shall be done pursuant to the Business Mergers and Acquisitions Act of Taiwan, R.O.C.; and if not so provided, the Company Law, the Securities and Exchange Law, the Statute for Upgrading Industries, the Fair Trading Law, the Labor Standard Law, the Statute For Investment By Foreign Nationals and other applicable laws and regulations shall govern.

   Merger and acquisition include merger, consolidation, acquisition, and division of a company. And company means a company limited by shares incorporated under the Company Law.

2. In addition, under Article 13 and 14 of the Statute for Investment by foreign Nationals, the government of Taiwan, R.O.C. may expropriate or acquire an invested enterprise for national defense reasons, in which event the investor thereof whose investment is less than 45% of the total capital amount of the invested enterprise shall be entitled to a reasonable compensation.

   In case the investor's investment accounts for 45% or more of the total capital amount of

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the enterprise in which he invest, the invested enterprise shall not be subject to requisition or expropriation as long as the said capital contribution rate of the investor remains unchanged for a period of twenty years after the commencement of business of the invested enterprise.

H. Shareholders Rights and Obligations

1. Under Article 371 and 372 of the Company Law of Taiwan, R.O.C., a foreign company may not transact business within the territory of the R.O.C. without obtaining a certificate of recognition from the government of the R.O.C. and completing the procedure for branch office registration. And, a foreign company shall designate representative within the territory of the R.O.C. to represent the company in all litigious and non-litigious matters and to serve as its responsible persons in the R.O.C.

   Since Green Packet Berhad, Taiwan branch is a foreign branch of the head office of Green Packet Berhad, there is no shareholder registry in the Branch's Registration Form.

2. Rights and Obligations of a foreign company（Article 375）

   A foreign company, after having been given certificate of recognition, shall have the same rights and obligations and shall be subject to the same jurisdiction of the authority as a domestic company, unless otherwise provided by law.

3. The Head Office is however responsible for discharging any outstanding obligation of the Branch.

I. Accounting Records

According to Business Entity Accounting Law of Taiwan, R.O.C.,

1. Bookkeeping - Monetary unit（Article 7）

   Business entities shall use the national currency as the basic monetary unit for bookkeeping provided, however, that local currency shall be used as required by any other law. Should the use of a foreign currency be required for bookkeeping, the foreign currency must be converted into the national or local currency in the annual closing statements.

2. Bookkeeping - Language（Article 8）

   The business entity accounting shall be recorded in Chinese except for the usage of Arabic numerals for numbers. Should it be necessary to add notes or use in parallel a foreign or local language, the Chinese version shall govern.

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3. Preservation - Accounting evidence（Article 38）

Each accounting evidence shall be preserved for at least five years after completion of the annual closing procedures, except otherwise required for permanent preservation or related to unsettled accounting events.

4. Preservation - Accounting book / Financial statement（Article 38）

Each accounting book and financial statement shall be preserved for at least ten years after completion of the annual closing procedures, except those related to unsettled accounting events.

J. Auditing Requirements

1. Audit Financial statement

A company shall, at the close of each fiscal year, submit to its shareholders for their approval or to the shareholders ' meeting for ratification the annual business report, the financial statements, and the surplus earning distribution or loss off-setting proposals.

Under Article 20 of the Company Law of Taiwan, R.O.C., where the amount of equity capital of a company exceeds NT$ 30 millions as specified by the central competent authority（the Ministry of Economic Affairs, R.O.C.）, the company shall first have its financial statements audited and certified by a certified public accountant pursuant to the auditing and certification rules as prescribed by the central competent authority（the Ministry of Economic Affairs, R.O.C.）.

2. Audit Tax return

Article 80 of the Income Tax Law of Taiwan, R.O.C. specifically indicates that the tax authority shall, after receipt of an annual income tax return, appoint a person to make investigation thereof and determine the amount of income and tax payable; therefore, tax return audit by a certified public accountant is required especially to those annual net sales plus any non-operating revenues above NT$ 100 millions.

K. Winding-up Procedures

1. Withdrawal of the recognition

According to Article 378, the Company Law of Taiwan, R.O.C., a foreign company which has received a certificate of recognition to transact business in the R.O.C. and which desires to cease doing so, shall apply to the competent authority（the Ministry of Economic

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Affairs, R.O.C.) for withdrawal of the recognition; however it may not be exempted from any obligation and debt incurred by it prior to the filing of such application

2. Liquidation (Article 380)

A foreign company which surrenders its certificate of recognition or has its certificate of recognition revoked, shall complete liquidation of its business within the territory of the R.O.C. or right and obligation incurred by its branch office. Any outstanding obligation shall still be discharged by such foreign company.

The aforesaid liquidation shall be undertaken by the responsible person of the foreign company within the territory of the R.O.C. or the managerial officer of its branch office.

3. Please refer to the following the procedure in the liquidation procedures of a foreign branch in Taiwan:

(a) Cancellation of the recognition of a foreign company and the Branch

(b) Submission of a report to the court

(c) Cancellation of the Business License

(d) Cancellation of Import / Export Card of Taiwan Branch

(e) Filing the final report with the National Tax Bureau

(f) Submission of the report of completion of liquidation

(g) Filing the report of completion of liquidation with the court

L. Jurisdictional arrangement(s) and/or Treaties between Malaysia and the jurisdiction of the Foreign Corporation on matters pertaining to Enforcement of judgement in respect of criminal and civil actions.

According to the Ministry of Foreign Affairs of R.O.C. till now, there is no jurisdictional arrangement and treaty between Malaysia and Taiwan, R.O.C. on matters pertaining to enforcement of judgment in respect of criminal and civil actions.

However according to Article 402 of the Civil Procedure, the final civil decision of the foreign court is valid and can be enforced in Taiwan, except for the following situations i.e.

(1) where according to the specific laws of the R.O.C., the foreign court has no jurisdiction.

(2) the party who fails the case doesn't appear in the court with lawful delivery.

(3) the decision of the litigation procedure is against the public policy or good morals of R.O.C.

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(4) no mutual confession.

Furthermore, under Taiwan's Law of Extradiction, the extradiction of non-ROC nationals shall be effected in accordance with treaties. Where there are no treaties or no provisions applicable to a case in existing treaties, the provisions of this Law shall prevail

Article 2 of the Law of Extradiction states that such extradition may be approved if the offense is committed within the territory of the country making requisition or outside the territory of the country making requisition and the Republic of China, and if it is punishable both under the laws of the Republic of China and those of the country making such requisition; provided, that this shall not apply where under the laws of the Republic of China the maximum basic punishment for such offense is a punishment of imprisonment for not more than one year or higher.

M. Legal and Political Risks in Taiwan

While Taiwan is not a member of the various international judicial bodies that mediate investment disputes, these are rare in practice and are generally resolved based on domestic law. Foreign direct investment is welcomed in Taiwan, while restrictions on portfolio investment are gradually being reduced. Laws on intellectual property rights are improving but enforcement remains an issue, which are governed by Trademark Act, Copyright Act, and Patent Law of Taiwan, R.O.C. Contract rights are generally well respected and there is virtually no risk of the expropriation of foreign assets.

However, any changes in the political and economic policy of Taiwan government may lead to changes in the laws and regulations or the interpretation of the same, as well as changes in the foreign exchange regulations and taxation, which may in turn affect the Group's financial performance.

Conclusion:

The opinion expressed above is rendered only with respect to the specific issues discussed herein. and we express no opinion with respect to any other national or local taxes or legal aspect.

Our opinion is valid as of the date of this report. Unless the specific request otherwise, we

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will not update this opinion for subsequent changes or modifications to the policies and regulations or to the judicial and administrative interpretation thereof.

Yours truly,

On behalf of YUNG LIU, ATTORNEY-AT-LAW

Yenshou

Yen-Shou, Yang /partner