

1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Occupation	Nationality
Tan Sri Datuk Dr. Omar A. Rahman <i>(Chairman and Independent Non-Executive Director)</i>	No. 34, Jalan Tualang Bukit Bandaraya 59100 Kuala Lumpur Wilayah Persekutuan	Company Director	Malaysian
Dato' Kok Om <i>(Non-Executive Director)</i>	2A, Jalan Mambu Bukit Bandaraya Bangsar 59100 Kuala Lumpur Wilayah Persekutuan	Company Director	Malaysian
Puan Chan Cheong <i>(Group Managing Director and CEO)</i>	2A, Villa Bovelin Lorong Awan Cina Taman YARL Off Old Klang Road 58200 Kuala Lumpur Wilayah Persekutuan	Company Director	Malaysian
Nik Mat Ismail <i>(Executive Director and VP Business Development)</i>	No 46, USJ 4/9A UEP Subang Jaya 47600 Subang Selangor Darul Ehsan	Company Director	Malaysian
Tan Kin Lee <i>(Non-Executive Director)</i>	60, Jalan Tropicana Utama Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Yap Yuh Foh, Eddie <i>(Non-Executive Director)</i>	12, Jalan 21/5 46300 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Lim Ee-Jin <i>(Alternate Director to Yap Yuh Foh)</i>	D-602, Kelana D'Putra Condominium Jalan SS7/26, Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Boey Tak Kong <i>(Independent Non-Executive Director)</i>	Suite 3, Level 5, Block 693 Desa Kiara Damansara Jalan Damansara 60000 Kuala Lumpur Wilayah Persekutuan	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Boey Tak Kong	Chairman	Independent Non-Executive Director
Tan Sri Datuk Dr. Omar A. Rahman	Member	Independent Non-Executive Director
Nik Mat Ismail	Member	Executive Director

1. CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARIES** : Mah Li Chen (MAICSA 7022751)
No. 33 Jalan BRP 4/6
Bukit Rahman Putra
Seksyen U20
40160 Shah Alam
Selangor Darul Ehsan
- Kim Yi Hwa (MAICSA 7029686)
52 Jalan Wangsa Murni 9
Wangsa Melawati
53300 Kuala Lumpur
Wilayah Persekutuan
- REGISTERED OFFICE** : C15-1, Level 15, Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel. : 03 – 2166 2000
- HEAD OFFICE** : Lot 1-4 & 1-5, Incubator 2
Technology Park Malaysia
Lebuhraya Puchong-Sg.Besi
Bukit Jalil, 57000 Kuala Lumpur
Tel. : 03 – 8996 6022
E-mail: info@greenpacket.com
Website: www.greenpacket.com
- SHARE REGISTRAR** : Symphony Share Registrars Sdn Bhd (formerly known as
Malaysian Share Registration Services Sdn Bhd)
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel. : 03 – 2721 2222
- AUDITORS AND
REPORTING ACCOUNTANTS** : Horwath
Chartered Accountants (AF1018)
Level 16, Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel. : 03 - 2166 0000
- SOLICITORS FOR THE LISTING
EXERCISE** : Cheang & Ariff
39 Court
39, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel. : 03 – 2161 0803
- EXPERT FOR TAIWAN** : Yung Liu
Attorney-At-Law
8 Floor, No.200, Section 1
Hoping E. Road
Taipei, Taiwan 104
Republic of China
Tel. : 886-2-33653099

1. CORPORATE DIRECTORY (Cont'd)

- EXPERT FOR THE PRC** : Shanghai Eternal Law Firm
No. 15, Taojiang Road
Shanghai
People's Republic of China
- VALUER** : Deloitte Corporate Advisory Services Sdn Bhd
Level 19, Uptown 1
1 Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel. : 03 – 7723 6500
- PRINCIPAL BANKERS** : HSBC Bank Malaysia Berhad
2 Leboh Ampang
50100 Kuala Lumpur
Tel. : 03 – 2070 0744
- Public Bank Berhad
Taman Desa Branch
Lot 1A-3A Taman Desa Business Center
Taman Desa
58100 Kuala Lumpur
Tel. : 03 – 7983 7811
- ADVISER, SPONSOR, MANAGING UNDERWRITER AND PLACEMENT AGENT** : OSK Securities Berhad
20th Floor, Plaza OSK
Jalan Ampang
50250 Kuala Lumpur
Tel. : 03 – 2162 4388
- UNDERWRITER** : AmMerchant Bank Berhad
22nd Floor, Bangunan Ambank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
Tel.: 03-2078 2633
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd
27th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
P.O Box 13269
50804 Kuala Lumpur
Tel. : 03 – 2693 2075
- LISTING SOUGHT** : MESDAQ Market of Bursa Securities

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2. PROSPECTUS SUMMARY

THE FOLLOWING PROSPECTUS SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT GPB AND THE PUBLIC ISSUE AND SHOULD BE READ IN CONJUNCTION WITH THE MORE DETAILED INFORMATION AND FINANCIAL STATEMENTS APPEARING ELSEWHERE IN THIS PROSPECTUS. INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST IN GPB.

2.1 History, Principal Activities and Company Structure

GPB was incorporated in Malaysia on 15 December 2000 under the Act as a private limited company under the name Palm Wireless (M) Sdn Bhd and subsequently changed its name to Green Packet (Malaysia) Sdn Bhd on 11 July 2001. On 17 March 2004, the Company changed its name to Green Packet Sdn Bhd. The Company was then converted to a public company and assumed its present name on 29 June 2004. The principal activities of the Company consist of research, development, manufacturing, marketing and distribution of wireless networking and telecommunication products, networking solutions and other high technology products and services. GPB is backed by two (2) prominent local venture capital companies – OSKTV and Kumpulan Modal Perdana Sdn Bhd.

GPB was granted MSC status on 25 September 2001 by MDC. As an MSC status company, GPB enjoys certain financial and non-financial incentives which are guaranteed under the Malaysian Government's Bill of Guarantees for MSC status companies.

GPB was incorporated as a regional R&D and marketing center in the MSC with the aim of further developing and then commercializing the wireless networking technologies initially developed by GPI, a company based in Cupertino, California, USA, its former holding company. This serves to bring cutting edge wireless technology into Malaysia's developing MSC. GPB is a major contributor to the the R&D efforts of both the SONaccess and SONbuddy products owned by GPI. The Company's head office and R&D center are located in Technology Park Malaysia, Bukit Jalil, Kuala Lumpur, Malaysia.

GPB has further developed the two (2) distinct applications from GPI, which allow for the creation of community networks without needing any wireless communication infra-structure and a MIP based technology that integrates WLAN infra-structure with the WWAN (cellular) infra-structure in a seamless and secure manner.

The first application, SONbuddy, is a client based mobility solution that offers mobile users the power and freedom to form instant and private Peer-to-multi-peer networking communities, to stay securely connected, regardless of the nature and availability of wireless infrastructure. The secure platform provides for Peer-to-multi-peer group applications, Internet sharing and VoIP over WLAN.

With the second application, SONaccess, operators can unify different IP networks and wireless applications into one (1) seamless service accessible from a single customer device using a single IP address. SONaccess enable carriers to realize the potential of wireless networking and 3G applications on today's wireless infrastructure, overcoming the barriers of significant cost, limited bandwidth and incompatible standards inherent in building 3G networks, delivering uninterrupted high bandwidth connectivity with a single IP address over multiple mobile networks, including 3G, 2.5G, GPRS, CDMA2000, and WLAN. This mobility technology allows enterprises to extend the reach of corporate applications and data with secure, end-to-end connectivity from a single wireless device. Other applications such as important alerts, always-on e-mail, location-based offers, and value-added network services can be efficiently "pushed" and "pulled" via GPI's technology.

2. PROSPECTUS SUMMARY (Cont'd)

In recognition of its collaboration with GPB, GPI entered into the CSA and Software Distribution Agreement for SONaccess and SONbuddy with GPB on 1 January 2003, which resulted in the development and commercial rollout of both the SONaccess and SONbuddy products in Asia the same year. The CSA also included an option for GPB to purchase the source codes and intellectual property to the GP Base Software for the Territory. The term of the CSA had expired on 31 December 2003. By a letter dated 1 December 2003, GPI and GPB had mutually agreed to extend the completion date of the CSA to 29 February 2004. Both the CSA and the Software Distribution Agreement were superceded on 1 March 2004 by the SPA and PDMA.

To build on their mutual initial success, GPB exercised its option and entered into a SPA with GPII, the global marketing and distribution agent for GP Base Software, to acquire, develop, distribute, market and sell the developed products, known as SONaccess, SONmobile and SONbuddy in the Territory. The GP Base Software encompass the suite of software modules, source codes, object codes and all documentation related thereto underlying GPI's products pre-existing as at 1 March 2004. Pursuant to the SPA, GPB now owns the intellectual property right to SONaccess (including SONmobile) and SONbuddy and have the perpetual exclusive territory rights of these products, covering the Territory.

On 31 March 2004, GPI and GPB entered into a PDMA to formalize their strategic alliance in the collaborative development, marketing and commercialisation of the GP Base Software for exclusive distribution in their respective Territory. It is agreed that neither party will promote, develop and distribute any product, services or business in competition with the other. In addition, GPB will have the first right of refusal to undertake any development of new products proposed by GPI.

A steering committee will be set up to facilitate the initial review of potential products to be developed under the PDMA ("Steering Committee") and if necessary, to develop and commercialise additional products and / or to create enhancements to the existing GP Base Software.

GPB will develop each product selected by the Steering Committee as set in the work plan which includes the development and marketing plan, budget and schedule prepared would be created by Steering Committee. In addition, GPI will provide technical support to GPB as may be required in relation to the base programs to enable GPB to carry out its development of the products and enhancements to the GP Base Software.

Apart from the collaboration with GPI, GPB had on its own initiative in 2003 successfully designed, developed and now owns the intellectual property to the Access Controller module that forms a component of the SONaccess Gateway product. This project was partially funded by a grant under the MSC R&D Grant Scheme amounting up to RM826,742.

The Company has been successful in attracting some foreign and local carriers, enterprises, wireless ISPs, and device manufacturers. The Company has secured a contract with China Speednet Co. Ltd on 20 September 2003 which gives China Speednet Co. Ltd the right to act as the authorised distributor of the SONaccess products for China Telecom Group in the PRC (Mainland China only). This was followed by the recent signing on 3 March 2005 of a Cooperation Agreement between Jiangsu Telecom Company Ltd and GPSL for the supply of the Company's SONaccess solution and other related equipment.

In Malaysia, the Company has entered into a collaboration agreement with Linear-AMIS Sdn Bhd, a marketer of Internet access services, as a distributor of SONaccess product to AtlasONE Malaysia Sdn Bhd to provide Wi-Fi hotspots in the country for their proposed wireless broadband services.

The Company has also entered into commercial agreements for the licensing or distribution of the SONbuddy software with Shanghai Legend Electronics Limited and Joyo.com, a subsidiary company of Amazon.com, in China and Nation-Tech Sdn Bhd, an OEM of PCs and sole distributor of Hyundai Corporation M-Life series of notebooks and PCs in Malaysia.

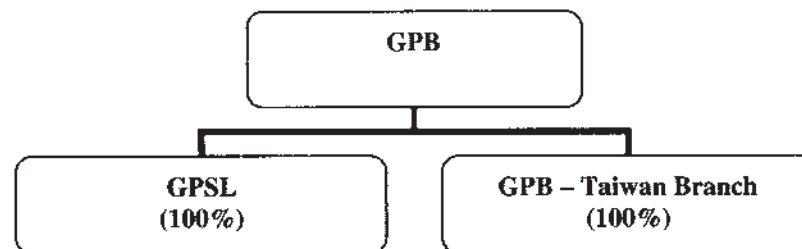
2. PROSPECTUS SUMMARY (Cont'd)

As at 31 March 2005, GPB Group's R&D team comprises of 58 full-time engineers to spearhead the design, development and testing of the next generation SONaccess and SONbuddy products. In the past three (3) years ended 31 December 2004, GPB has invested approximately RM27.9 million in R&D activities.

On 28 April 2004, GPB had incorporated a wholly-owned subsidiary company, GPSL, in Shanghai, PRC as a private limited company under the Law of the PRC on Wholly Foreign Owned Enterprises. GPSL operates from Suite 21211-21213, No. 498 Guoshoujing Road, Pudong New Area, Shanghai, Post Code 201203, PRC. It is GPB's intention to grow GPSL progressively into a regional R&D, sales and support center catering to GPB's customers in PRC.

The Company further incorporated another wholly-owned subsidiary company, GPB - Taiwan Branch, in Taipei as a branch company under Taiwan's Company Law on 18 January 2005. GPB - Taiwan Branch operates from 5F-4, No. 15, Lane 360, Section 1, Neihu Road, Neihu District, Taipei, Taiwan 114. The branch company serve as the sales, marketing and support center for the Taiwanese market and is the Company's international procurement office.

Appended below is a graphical representation of the Group structure:-



Further information on GPB is disclosed in Section 6 of this Prospectus.

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2. PROSPECTUS SUMMARY (Cont'd)

2.2 Ownership and Management

The direct and indirect interests of the Promoters, substantial shareholders, directors, and key management in the issued share capital of the Company before and after the Public Issue (assuming full subscription of the Issue Shares reserved for them under the preferential share allocation scheme pursuant to the Public Issue) are as follows:-

Name	Designation	Before Issue				After Issue			
		Direct No. of Shares	%	Indirect No. of Shares	%	Direct No. of Shares	%	Indirect No. of Shares	%
GPH	Promoter, Substantial Shareholder	165,262,500	55.88	-	-	165,262,500	45.00	-	-
Tan Sri Datuk Dr. Omar A. Rahman	Chairman, Independent Non- Executive Director	-	-	-	-	-	-	-	-
Dato' Kok Onn	Promoter, Substantial shareholder, Non- Executive Director	32,678,370	11.05	165,262,500 [†]	55.88	32,678,370	8.90	165,262,500 [†]	45.00
Puan Chan Chcong	Promoter, Substantial Shareholder, Group Managing Director & CEO, Key Management	34,696,040	11.73	165,262,500 [†]	55.88	34,696,040	9.45	165,262,500 [†]	45.00
Tan Kin Lee	Promoter, Substantial Shareholder, Non- Executive Director	20,949,420	7.08	-	-	20,949,420	5.70	-	-
Nik Mat Ismail	Executive Director, Key Management	3,805,000	1.29	-	-	6,000,000	1.63	-	-
Yap Yuh Foh, Eddie	Non- Executive Director	-	-	-	-	-	-	-	-
Lim Ee-Jin	Alternate Non- Executive Director to Yap Yuh Foh, Eddie	-	-	-	-	-	-	-	-
Boey Tak Kong	Independent Non- Executive Director	-	-	-	-	-	-	-	-
Dr. Chen Liangsheng	Key Management	2,000,000	0.68	-	-	3,500,000	0.95	-	-

2. PROSPECTUS SUMMARY (Cont'd)

Name	Designation	Before Issue				After Issue			
		Direct No. of Shares	%	Indirect No. of Shares	%	Direct No. of Shares	%	Indirect No. of Shares	%
Paul Leong	Key Management	2,025,000	0.68	-	-	4,025,000	1.10	-	-
Mike Ying- Kwei Cheng	Key Management	2,915,010	0.99	-	-	3,915,010	1.07	-	-
Tan Taik Guan	Key Management	200,000	0.07	-	-	900,000	0.25	-	-

Note:-

¹ Deemed interested by virtue of his direct substantial shareholding in GPH.

A description of the Promoters, substantial shareholders, directors, and key management and technical personnel, and their direct and indirect shareholdings in the Company, is disclosed in Section 11 of this Prospectus.

2.3 Products and Services

GPB believes it presents a compelling business case to the entire wireless network value chain – device manufacturers, service providers and consumers, beyond just the early adopters (the enterprise and their mobile workforce) for the implementation of pervasive wireless access. For pervasive wireless access to be meaningful, customer expectations for mobility, security, productivity and lifestyle requirements have to be addressed and new paradigms created such as:-

- (a) anytime anywhere access, including “infrastructure-less” access. “Infrastructure-less” access refers to an access which does not require an AP and its associated infrastructure;
- (b) unified security and billing for data usage across multiple networks due to the seamless integration of hybrid networks enabled by GPB’s solution;
- (c) enabling relevant content and personalized location-based services that provide relevant information to the users whenever such services and content are available in a particular location; and
- (d) freedom and choice of association, with personal filters - to form collaborative groups based on their separate interests.

GPB offers its SON based next generation networking solutions to keep people always connected regardless of the nature and availability of the backbone infrastructure. GPB’s products consist of two (2) commercially available wireless networking solutions – SONbuddy and SONaccess.

2.3.1 Products**SONbuddy**

SONbuddy is an enabling technology for infrastructure-less communication. SONbuddy solution offers its users the ability and choice to communicate directly with other members within the user-defined group or community, whether for work or recreational purposes, without needing to have a wireless AP and its associated infrastructure. The connections between the wireless devices are made using GPB’s SON technology in conjunction with WiFi technology. SONbuddy technology enables each wireless device to become a wireless node and thus enables wireless connections with other wireless devices within a given distance.

2. PROSPECTUS SUMMARY (Cont'd)

SONbuddy's intelligent software platform enables Wi-Fi devices to seek, organize and maintain a spontaneous self-discovering and Self-healing network - a dynamic Multi-hop community created based on the user's defined search parameters, where members within the vicinity may seek to join in or terminate their links to the community at will.

SONbuddy also has self-configuring and Self-optimizing capabilities whereby whenever certain wireless devices are shut down or disrupted, the technology will adaptively recreate the network interconnection between the remaining wireless devices. SONbuddy's self-configuring, Self-healing and Self-optimizing properties ensure the integrity of the dynamic community network, offering users the best available connection.

SONbuddy's filters and encryption options ensure that all communication within the user's community remains secure and private. Encryption options protect the SONbuddy users' data from being intercepted using IPSec technology incorporated in the SONbuddy client. IPsec is a set of protocols developed by the IETF to support secure exchange of packets at the IP layer and has been deployed widely to implement VPNs. SONbuddy's Internet sharing option permits the user's entire community to share a single broadband Internet connection without requiring any further wireless equipment.

In the absence of any wireless infrastructure, for example when traveling in a train or coach, the SONbuddy instant community network enables traveling work groups to carry on their collaborative efforts, sharing work files or just passing time with multiplayer PC gaming applications.

SONbuddy is currently available for the Windows 2000 / XP / Tablet PC platforms in three (3) versions, the Lite, Standard and Enterprise Versions, while Pocket PC versions will be made commercially available for selected platforms at a date to be decided.

The following are some ready applications bundled with SONbuddy:-

Applications	Description
BuddyManager	Manages and customizes multiple personal profiles, and configures the GPB SONbuddy services
BuddyExplorer	Discovers the buddies within your specified interest groups within a certain physical distance
BuddyBlacklist	Personal filter for blocking unwanted communication from identified users
BuddyWLAN	Provides WLAN network sniffing and configuration functions
BuddyGateway	Provides Internet gateway (connection sharing) to other GPB SONbuddy-enabled devices.
Internet Access Control	Control access to your internet connection by setting access control rules.
BuddyVPN	Authenticates/encrypts control messages and user data for security and privacy
Intranet Sharing	Share a connected subnet with your colleagues.
BuddyScreen	Collaborate and share applications and your screen with your colleagues.
BuddyAlert	Alerts to the availability/appearance of identified buddies in the user's buddy list on the network and when they exit or become unavailable

2. PROSPECTUS SUMMARY (Cont'd)

Applications	Description
BuddyMessenger	Communicates with other members of the user's SONbuddy community using an instant messenger
Buddy2Talk	Talk with another SONbuddy member using a high quality, full-duplex VoIP software
BuddyXchange	Manages, searches and exchanges files or other items within the user's SONbuddy communities
Buddy2Play	Plays Peer-to-peer or Multi-peer networking games
SONchat	Chats with a group of the user's SONbuddy members using a text-based ad hoc chat room application (available for Pocket PC)
SONpad	Communicates or collaborates with a group of the user's SONbuddy members using a whiteboard (available for Pocket PC)

Additional applications will be developed either by GPB or through its SONbuddy developer program by getting independent software vendors ("ISVs") to support GPB's SONbuddy technology.

The SONbuddy developer program is a major part of GPB's business strategy. By working closely with content and application developers, GPB can add value to the developer's applications and at the same time, provide end customers with a broad spectrum of applications for gaming, m-commerce, entertainment, file sharing, chatting, web browsing and news. Developers can take full advantage of GPB's SONbuddy customer base.

SONbuddy caters to two (2) distinct markets:-

(a) Wireless device manufacturer market

Device manufacturers for smartphones, PDAs, palmtops, tablets and laptops need wireless applications for their Wi-Fi equipped models in order to differentiate their products from competitors, drive sales of higher margin premium products, generate sales and take market share.

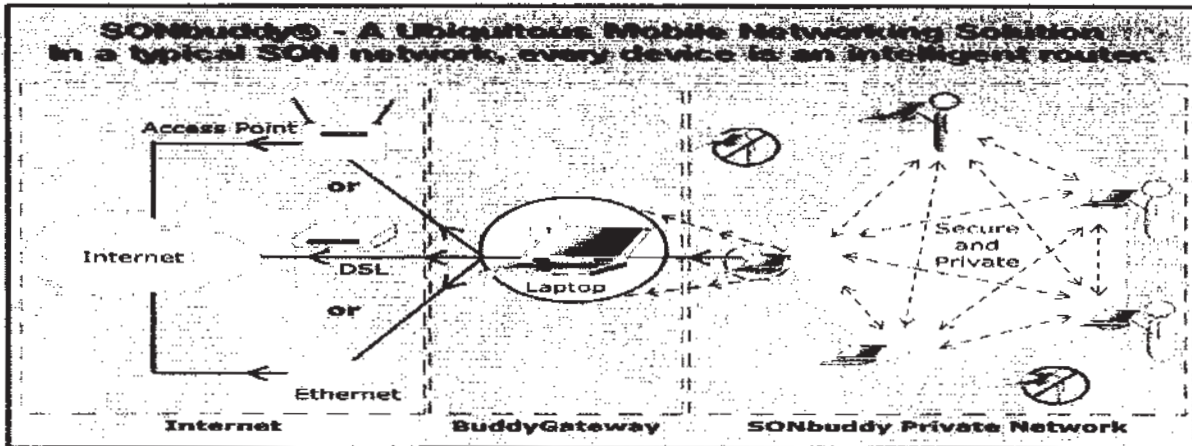
(b) Telecommunication companies and retail market

SONbuddy may be offered as a complementary mobile application tied to the hot spot service provider's subscription to extend the reach of the hotspot network; help drive data traffic and for Peer-to-multi-peer use when outside the hotspot coverage.

Although SONbuddy is aimed primarily at device manufacturers, it can also be bundled by a service provider, as part of their WLAN roaming subscription plan, or as a strategy for boosting Internet usage using SONbuddy's Internet sharing capability. GPB looks forward to jointly developing market-specific, collaborative applications with these service providers.

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2. PROSPECTUS SUMMARY (Cont'd)

SONaccess

SONaccess enables the network provider to better manage user access into its (hybrid) network and supports various revenue models for user/location specific services using SIM or web based authentication methods. Such benefits are over and above the core functionality of seamless handoffs between and within the different IP based networks, across multiple APs and across different IP technologies.

The SONaccess IP mobility solution is centered on its SONmobile client software, SONaccess Gateway modules and SONaccess Home Agent, details of which are set out below:-

- (a) SONmobile is a mobile IP client software installed in mobile devices to provide them the ability to maintain sessions, regardless of movements between locations on different networks using only the one same permanent "Home" IP address. SONmobile will choose the best available connection for the user and the connection session will be maintained whenever the user roam from one (1) network into another. In effect, the user is able to roam away from his "Home" network, across hybrid networks (e.g. Bluetooth / WLAN / GPRS / CDMA2000 / 3G) that support IETF's mobile IP standards without losing connection to his application and without the hassle of having his identity re-authenticated each time.

The following are SONmobile's features:-

- Mobile VPN client software
- Easy to setup
- Automatic detection of available wireless network
- Automatic connection to wireless network based on preset user preferences
- Continuously update the list of available Wi-Fi hotspots
- Auto re-authentication when switching network
- Interoperable with third party VPN solutions
- Support GPRS, CDMA, PHS and 3G connections
- Support AAA based on both the RADIUS and DIAMETER protocols
- Performs data buffering during handover

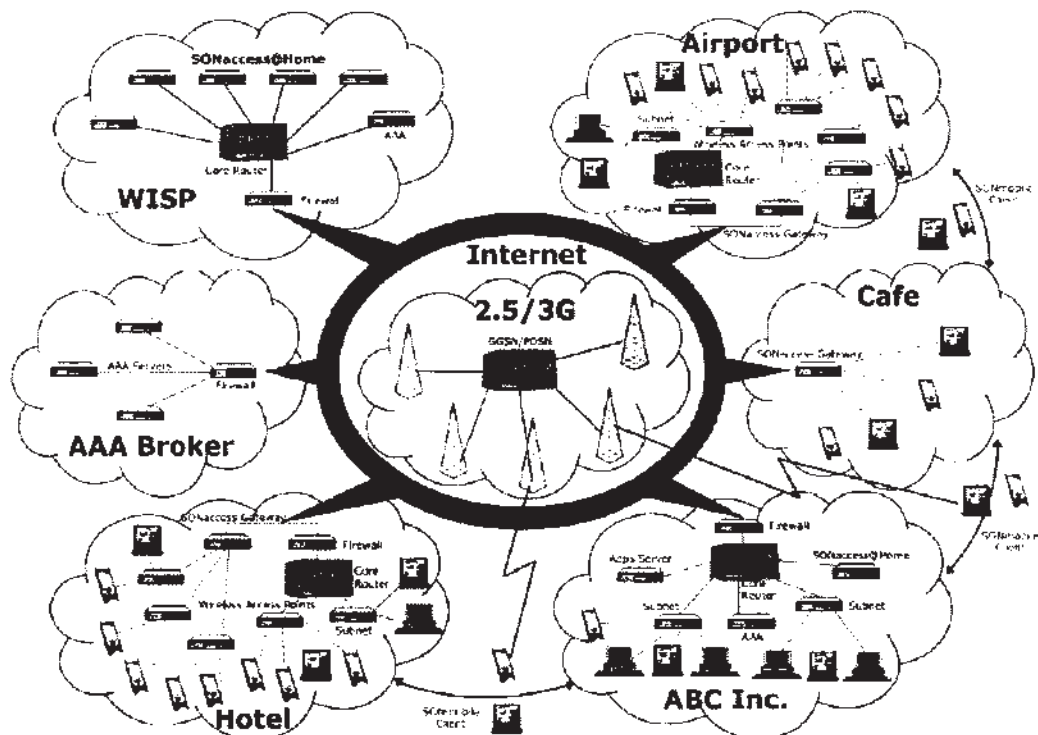
- (b) The major SONaccess Gateway software modules are:-

- (i) Access Controller Module, which provides multiple user authentication schemes and accounting methods to support the network provider's revenue model;

2. PROSPECTUS SUMMARY (Cont'd)

- (ii) Foreign Agent Module, a mobile IP component, at the edge of the service provider's network being visited by the mobile user, acting as the mobile user's temporary router that notifies the user's home network of his current care-of address (and thereby receiving all communications addressed to him at his home network); and
 - (iii) Location Based Services Module which enables relevant information to be fed to the user whenever such services and content is available in a particular location.
- (c) Home Agent is a mobile IP component, located within the service provider's network or the customer's enterprise network that is responsible for maintaining the information of the roaming mobile node's current location and forward the packets destined to the mobile node at its current location.

SONaccess Gateway and Home Agent are available in rack-mountable servers of specified classes, with multiple modular software options available, whether for the enterprise or service providers markets. SONmobile is available immediately for Windows 2000/XP, Windows CE 3.0 and the Pocket PC.



Please see Section 7 of this Prospectus for further information.

2.4 R&D Capabilities

GPB's R&D teams are located at its head office in Technology Park Malaysia, Bukit Jalil, Kuala Lumpur, Malaysia and its subsidiary in Shanghai, PRC. The R&D teams' primary objective is to further design, develop, integrate, customise, implement and test the SONbuddy and SONaccess products. The R&D teams in Malaysia and Shanghai comprise of 58 full-time engineers specializing in the area of software development, applications development, GUI development and software programming using C/C++, Perl and Java. The teams are led by Dr. Chen Liangsheng whose profile is set out in Section 11.4.1 (b).

2. PROSPECTUS SUMMARY (Cont'd)

GPB's R&D engineering team is credited with having:-

- (a) developed the SONaccess Server, SONaccess Client and the SONbuddy user interface and applications under the CSA, during the period from 1 January 2003 to 29 February 2004, to achieve a final product in accordance with the specification for and on behalf of GPI; and
- (b) developed the SONaccess Gateway's Access Controller Module (Version 1.0) which incorporates a Location Based Services Framework for providing information and services which are relevant to the locale that the user is in. The module is MIP-ready and integrates with the Foreign Agent Module. This project was partially funded by a grant under the MSC R&D Grant Scheme amounting up to RM826,742.

Please see Section 7.11 of this Prospectus for further information.

2.5 Technology and Intellectual Property Rights

GPB, GPI and GPII, who are subsidiaries of GPH, a substantial shareholder and promoter of GPB, are the legal and beneficial owners of all the intellectual property rights in and to the GP Base Software within their respective territories. The GP Base Software encompass the suite of software modules, source codes, object codes and all documentation related thereto underlying GPI's products and commercially known as SONaccess, SONmobile and SONbuddy pre-existing as at 1 March 2004.

On 31 March 2004, GPB and GPII had entered into the SPA wherein GPII agreed to sell the source code of the GP Base Software and to transfer absolutely all rights, interests, beneficial and/or legal ownership of GP Base Software to GPB within Asia (excluding Japan and South Korea), Russia and the Middle East, including without limitation, all patents (if any), copyrights, object codes and executable codes embodied in the GP Base Software and all other computer software, sub-licensable third party license rights, know-how, technology, trade secrets used in the GP Base Software, and any and all other items used in connection with the development, marketing, and distribution of the GP Base Software, including without limitation documentation related to the GP Base Software, permits and licenses.

GPB regards its intellectual property rights as critical to its continued success and has taken steps, which it believes to be necessary and customary in its industry to protect its rights to that intellectual property. Details of the intellectual property rights owned by GPB are as follows:-

- (a) Display trademarks for SONbuddy, SONaccess and SONmobile;
- (b) Copyrights in relation to SONbuddy and SONaccess products;
- (c) By virtue of the SPA, GPB jointly owns with GPI and GPII the Patents filed in the USA; and
- (d) By virtue of the SPA, GPB jointly owns with GPI and GPII the Internet domain names.

Please see Section 7.14 of this Prospectus for further information.

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2. PROSPECTUS SUMMARY (Cont'd)**2.6 Financial Highlights****Income Statement**

The table below sets out a summary of the audited financial results of the Company from the date of incorporation till 31 December 2001, FYEs 31 December 2002 and 2003 and the Group for FYE 31 December 2004.

	<-----Company----->			Group ¹
	Period from 15.12.2000 to 31.12.2001 RM'000	FYE 31 December 2002 RM'000	2003 RM'000	FYE 31 December 2004 RM'000
Revenue	-	-	5,139	18,069
(Loss) / Profit before interest, depreciation, taxation and amortization	(56)	(838)	3,043	14,116
Interest income	-	-	1	6
Depreciation	(1)	(21)	(98)	(121)
Amortisation	-	-	(28)	(2,087)
Exceptional items	-	-	-	-
Share of profits and losses of associate corporations and joint ventures	-	-	-	-
(LBT) / PBT	(57)	(859)	2,918	11,914
Less : Taxation	-	(13)	13	-
(LAT) / PAT	(57)	(872)	2,931	11,914
Minority Interest ("MI")	-	-	-	-
(LATMI) / PATMI	(57)	(872)	2,931	11,914
Extraordinary items	-	-	-	-
Net (loss) / profit for the year	(57)	(872)	2,931	11,914
Assumed weighted average no. of ordinary shares of RM0.10 in issue ('000)	320	4,537	25,252	197,380
Gross (LPS) / EPS (sen)	(17.8)	(18.9)	11.6	6.0
Net (LPS) / EPS (sen)	(17.8)	(19.2)	11.6	6.0

Note:-

- Inclusive of the results of GPB's subsidiary, GPSL, which was incorporated on 28 April 2004. GPB Taiwan Branch was incorporated on 18 January 2005.

There were no exceptional or extraordinary items in the relevant financial periods under review. There were no items relating to the share of profits and losses of associated corporations and joint ventures and minority interest in the relevant financial periods under review. There were also no audit qualifications for the financial years / period under review.

Further information on the above Group's financial position is disclosed in Sections 5 and 15 of this Prospectus.

2. PROSPECTUS SUMMARY (Cont'd)**Balance Sheets**

The following is a summary of the proforma consolidated balance sheets of GPB as at 31 December 2004, prepared for illustration purposes only to show the effects of the Public Issue and proposed utilisation of proceeds from the Public Issue on the assumption that the transactions were completed on 31 December 2004. The proforma consolidated balance sheets have been extracted from and should be read in conjunction with the accompanying notes and assumptions included in the proforma consolidated balance sheets set out in Section 16 of this Prospectus.

	Audited as at 31 December 2004 RM'000	Proforma I RM'000	Proforma II RM'000	Proforma III RM'000	Proforma IV RM'000	Proforma V 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

Notes:-

<i>Proforma I</i>	<i>Incorporates the conversion of the 5,000,000 CPS "A" and 1,000,000 CPS "B"</i>
<i>Proforma II</i>	<i>Incorporates the effect of Proforma I and the Bonus Issue</i>
<i>Proforma III</i>	<i>Incorporates the effect of Proforma II and the Share Split</i>
<i>Proforma IV</i>	<i>Incorporates the effect of Proforma III and the Employees' Share Scheme</i>
<i>Proforma V</i>	<i>Incorporates the effect of Proforma IV, the Public Issue and utilization of proceeds</i>

2. PROSPECTUS SUMMARY (Cont'd)

2.7 Risk Factors

Prospective investors, prior to making an investment in the Company, should carefully consider the risk factors inherent in and affecting the business of the Company and its subsidiary companies and this offering. In addition, the discussion in this Prospectus contains forward-looking statements that involve risks and uncertainties. The Group's actual results when materialised could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in Section 4 of this Prospectus, and also include those discussed throughout this Prospectus.

The key risk factors that may affect the Group's future profitability are not limited to financial risks, market risks and industry risks. Risk factors also include the following:-

- limited operating history
- competition
- management of growth
- rapid technological change and market acceptance of products
- product risk
- intellectual property
- business risk
- brand awareness
- dependence on directors, key management and technical personnel
- dependency on a few major customers
- acquisitions and joint ventures
- future capital injections
- expansion into overseas markets
- continued control by existing shareholders
- litigation risks
- breakout of fire, energy crisis and other emergency crisis
- insurance coverage on assets
- change in or loss of MSC Status
- amortisation of Intellectual Property
- uncertainty of proposed 5-year business development plan
- negative publicity
- foreign exchange risk
- political, economic, regulatory and social conditions
- legal and political uncertainties in the PRC
- legal and political uncertainties in Taiwan
- forward-looking statements
- no prior market for GPB Shares and possible volatility of share price
- future sales of GPB Shares by the substantial shareholders
- failure or delay in the listing

Details of the aforementioned risks are provided in Section 4 of this Prospectus.

If you are unsure about any of the information contained in Section 4 "Risk Factors" of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser.

2. PROSPECTUS SUMMARY (Cont'd)**2.8 Principal Statistics Relating to the Issue**

The following statistics relating to the Issue are derived from the full text of this Prospectus and should be read in conjunction with that text.

Share Capital

<i>Authorised share capital</i>	RM
500,000,000 ordinary shares of RM0.10 each	<u>50,000,000</u>
<i>Issued and fully paid-up share capital</i>	
295,750,000 ordinary shares of RM0.10 each	29,575,000
<i>To be issued pursuant to the Issue</i>	
71,500,000 ordinary shares of RM0.10 each	7,150,000
<i>Enlarged capital upon listing</i>	
367,250,000 ordinary shares of RM0.10 each	<u>36,725,000</u>
<i>Issue Price per ordinary share of RM0.10 each</i>	RM0.55
<i>Market capitalisation based on the Issue Price of RM0.55 per ordinary share of RM0.10 each</i>	RM201,987,500

The Issue shall be by way of private placement for investors and public offering to members of the Malaysian public.

Classes of shares and ranking

There is only one (1) class of shares in the Company, namely ordinary shares of RM0.10 each.

The Issue Shares shall rank *pari passu* in all respects with the existing issued shares of the Company, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

Pro-forma NTA based on the Pro-forma Balance Sheet as at 31 December 2004:-

Pro-forma NTA upon listing (RM'000)	55,252
Pro-forma NTA per Share upon listing (Sen)	15

Further details of the Public Issue are disclosed in Section 3 of this Prospectus.

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2. PROSPECTUS SUMMARY (Cont'd)

2.9 Proceeds of Issue and Proposed Utilisation

Based on an Issue Price of RM0.55 per Share, the Company expects the gross proceeds of the Issue of RM39.325 million to accrue to the Company. This amount is expected to be utilised within 24 months from the date of listing of GPB in the following manner:-

Purpose	RM'000
Expansion of the core and related business of GPB	19,290
Marketing, branding and promotion	3,197
R & D	5,377
Purchase of plant and equipment	1,193
Estimated listing expenses	2,500
Working capital	7,768
	39,325

Details of the utilisation of proceeds are further disclosed in Section 3.10 of this Prospectus.

2.10 Working Capital, Borrowings, Material Litigation, Material Commitment and Contingent Liabilities**2.10.1 Working Capital**

The directors of the Group are of the opinion that after taking into consideration the cash flow position of the Group including the proceeds of the Issue, the Group will have adequate working capital to meet its requirements for a period of twelve (12) months from the date of issue of this Prospectus.

2.10.2 Borrowings

As at 31 March 2005, being the last practicable date prior to the issuance of this Prospectus, the Group does not have any outstanding loans.

2.10.3 Material Litigation

As at 31 March 2005, neither GPB nor its subsidiaries is engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Directors of GPB Group are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Company or its subsidiaries.

2.10.4 Material Commitment

As at 31 March 2005, being the practicable date prior to the issuance of this Prospectus, the Directors of GPB Group are not aware of any material capital commitment contracted or known to be contracted by GPB Group which, upon becoming enforceable, may have a material impact on the financial position of the GPB Group.

2. PROSPECTUS SUMMARY (Cont'd)

2.10.5 Contingent Liabilities

As at 31 March 2005, the Directors of the Group are not aware of any material contingent liabilities which, upon becoming enforceable, may have a material impact on the financial position of the Group.

Further details are disclosed in Section 5.7 of this Prospectus.

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3. INTRODUCTION AND DETAILS OF THE ISSUE

3.1 Introduction

This Prospectus is dated 29 April 2005. A copy of this Prospectus has been registered with the SC. A copy of this Prospectus has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Approval has been obtained from the SC on 7 February 2005 for the proposed listing of the Company on the MESDAQ Market. An application will be made to Bursa Securities within three (3) market days from the date of this Prospectus for the admission to the Official List of the MESDAQ Market and for permission to deal in and for quotation of the entire issued and paid-up share capital of GPB including the Issue Shares which are the subject of this Prospectus. Any allotment and allocation made on an application to subscribe for securities pursuant to this Prospectus shall be void if permission is not applied for in the form for the time being required by the stock exchange before the third day on which the exchange is open after the date of issue of the Prospectus or such longer period as may be specified by the SC, provided that the applicant is notified by or on behalf of the exchange within six (6) weeks or such longer period as may be specified by the SC. These shares will be admitted to the Official List of the MESDAQ Market and official quotation will commence after receipt of confirmation from Bursa Depository that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been dispatched to all successful applicants.

The GPB Shares will be admitted to the Official List of the MESDAQ Market and official quotation will commence upon receipt of confirmation from MCD that all the CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all the successful applicants.

Pursuant to the Bursa Securities LR, GPB needs to have at least 25% but not more than 49% of the entire enlarged issued and paid-up share capital of GPB to be in the hands of public shareholders with a minimum number of 200 public shareholders, upon admission to the MESDAQ Market. GPB is expected to achieve this at the point of Listing. However, in the event that this requirement is not met pursuant to the Public Issue, GPB may not be allowed to proceed with the Listing. In the event therefore, monies paid in respect of all applications will be returned without interest.

Bursa Securities and the SC assume no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. Admission to the MESDAQ Market is not to be taken as an indication of the merits of the Company and its subsidiary companies or of its Shares.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the Shares of the Company as a prescribed security. In consequence thereof, the Issue Shares offered through this Prospectus will be deposited directly with MCD and any dealings in these Shares will be carried out in accordance with the aforesaid Act and the Rules of MCD. No share certificates will be issued to successful applicants.

An applicant for the Issue Shares should state his CDS account number in the space provided in the Application Form. Where an applicant does not presently have a CDS account, the applicant should open a CDS account at an ADA prior to making an application for the Issue Shares.

No person is authorised to give any information or to make any representation not contained herein in connection with the Issue and if given or made, such information or representation must not be relied upon as having been authorised by GPB and/or OSK. Neither the delivery of this Prospectus nor any offer made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Company or its subsidiaries, or of the Group, since the date hereof.

3. INTRODUCTION AND DETAILS OF THE ISSUE (Cont'd)

The distribution of this Prospectus and the sale of the Issue Shares are subject to Malaysian Law and OSK and GPB take no responsibility for the distribution of this Prospectus and/or offer or sale of the Issue Shares outside Malaysia which may be restricted by law in other jurisdictions. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the Issue in any jurisdiction in which such invitation is not authorised or lawful, or to any person to whom it is unlawful to make such an invitation.

Under Bursa Securities's trading rules, effective from the date of listing, trading in all Bursa Securities listed securities can only be executed through an ADA who is also a Bursa Securities member.

Investors should rely on their own evaluation to assess the merits and risks of the investment. In considering the investment, investors who are in any doubt as to the action to be taken should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

3.2 Purpose of the Issue

The purposes of the Issue are as follows:-

- (a) To raise funds for the Company's continued operation and expansion, details of which are elaborated in Section 3.10 below;
- (b) To obtain the listing of and quotation for the entire enlarged issued and paid-up capital of GPB on the MESDAQ Market, which is expected to enhance the business, profile and future prospects of the Company;
- (c) To enable the Company to have access to the capital market for its future expansion and growth; and
- (d) To provide an opportunity for the directors and employees of the Company, and the general public to participate in the equity and the continuing growth of the Company.

3.3 Particulars of the Issue

Authorised share capital	RM
500,000,000 ordinary shares of RM0.10 each	<u>50,000,000</u>
Issued and fully paid-up share capital	
295,750,000 ordinary shares of RM0.10 each	29,575,000
To be issued pursuant to the Issue	
71,500,000 ordinary shares of RM0.10 each	7,150,000
Enlarged capital upon listing	
367,250,000 ordinary shares of RM0.10 each	<u><u>36,725,000</u></u>

The issue price of RM0.55 for each Issue Share is payable in full on application.

The Issue shall be by way of private placement for investors and public offering to members of the public.

There is only one (1) class of shares in the Company, namely ordinary shares of RM0.10 each.

The Issue Shares shall rank *pari passu* in all respects with the existing issued shares of the Company, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof.

3. INTRODUCTION AND DETAILS OF THE ISSUE (Cont'd)

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of shares shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions and the whole of any surplus in the event of the liquidation of the Company, such surplus to be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with the Company's Articles of Association and the provisions of the Act.

Each shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and, on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one (1) vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share held. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

3.4 Details of the Issue

The Issue of a total of 71,500,000 Shares at an Issue Price of RM0.55 per Share shall be subject to the terms and conditions of this Prospectus and, upon acceptance, will be allocated in the following manner:-

- (a) 56,200,000 Issue Shares representing 15.3% of the enlarged share capital of 367,250,000 GPB Shares are available for application by way of private placement to prospective institutional and individual investors;
- (b) 3,025,000 Issue Shares representing 0.8% of the enlarged share capital of 367,250,000 GPB Shares are available for application by the public, companies, societies, co-operatives and institutions; and
- (c) 12,275,000 Issue Shares representing 3.3% of the enlarged share capital of 367,250,000 GPB Shares have been reserved for the eligible director and employees of the Group and other persons who have contributed to the success of the Group.

The Issue Shares under paragraphs (b) and (c), have been underwritten by the Underwriters listed in Section 1. The GPB Shares in respect of paragraph (a) are not underwritten. Any GPB Shares in respect of paragraph (c) that are not subscribed for will be made available for application by way of private placement, failing which, such remaining shares shall be made available for application by way of public offer to the Malaysian public and will be underwritten.

The basis of allocation shall take into account the desirability of distributing the Issue to a reasonable number of applicants with a view to broadening the shareholding base of the Company to meet the public spread requirements, and to establish a liquid market in GPB Shares. To ensure compliance with Clause 2.9 of the Bursa Securities LR, the final allocation to any single applicant shall not exceed 5% of the enlarged share capital of the Company upon listing, regardless of the number of GPB Shares applied for. Applicants will be selected in a manner to be determined by the Directors of the Company.

In the event of an under-subscription of the public offer, the unsubscribed public offer Shares may be made available for application under the private placement, and vice-versa. Any further Shares not subscribed for will be made available for subscription by the Underwriters in the proportions specified in the Underwriting Agreement dated 31 March 2005.

As approved by the Board of Directors of GPB, the basis of allocation for the 12,275,000 Issue Shares that will be made available for application by the eligible director and employees of the Group, and other persons who have contributed to the success of the Group under paragraph (c) above, shall take into account various factors including, but not limited to, the seniority and service term of the respective directors and employees in the Group, and the contribution of the other persons to the success of the Group.

3. INTRODUCTION AND DETAILS OF THE ISSUE (Cont'd)

As at 31 March 2005, there are 43 employees, directors and persons who have contributed to the success of the Group, who are eligible to take up the Issue Shares as set out in 3.4(c) above. The proposed allocation to the the Director of GPB is as follows:-

Name	Designation	Allocation of GPB Shares
Nik Mat Ismail	Executive Director	2,195,000

3.5 Indicative Timetable

The indicative timing of events leading up to the Listing is set out below:-

Events	Indicative Dates
Opening date	29 April 2005
Closing date application	10 May 2005
Tentative balloting date	12 May 2005
Tentative date of despatch of allotment notices to successful applicants	23 May 2005
Tentative listing date	25 May 2005

Note:-

* *This timetable is tentative and is subject to changes which may be necessary to facilitate implementation procedures. The Public Issue will close at the date stated above or such later date as the Directors and the Underwriters may decide.*

In the event the closing date of the application is extended, the notice of the extension will be advertised in widely circulated English and Bahasa Malaysia newspapers prior to the original closing date of the application. Following this, the dates for the balloting of application for the Issue Shares, allotment of the Issue Shares and Listing would be extended accordingly.

3.6 Opening and Closing of Applications

Applications will be accepted from 10.00 am on 29 April 2005 and will be close at 5.00 pm on 10 May 2005 or such other later time and date or dates as the Directors of GPB and the Underwriters may in their absolute discretion mutually decide. Late application will not be accepted.

3.7 Pricing of the Issue Shares

Prior to the offering, there has been no public market for the Shares. The Issue Price of RM0.55 per Share was agreed between the Company and the Underwriters. Among the factors considered in determining the Issue Price, in addition to prevailing market conditions, were the Company's intellectual properties, technology, business models, estimates of business growth potential and revenue prospects of the Company in the Asia-Pacific (excluding Japan and South Korea) region, Russia and the Middle East, and an assessment of the GPB's management.

3.8 Underwriting Expenses and Brokerage

The Underwriters have agreed to underwrite 3,025,000 GPB Shares to be made available for application by the public. OSK has further agreed to underwrite the unsubscribed portion of the 12,275,000 GPB Shares which have been reserved for the eligible director and employees of the Group and persons who have contributed to the success of the Group described in Section 3.4 of this Prospectus. Underwriting commission is payable by the Company to the Underwriters at the rate of 1.25% of the Issue Price of RM0.55 per GPB Share.

3. INTRODUCTION AND DETAILS OF THE ISSUE (Cont'd)

There is a *force majeure* clause in the underwriting agreement dated 31 March 2005 which allows the Underwriters to withdraw from the underwriting arrangement under certain specific circumstances. An extract of the *force majeure* clause is provided below:-

No party is liable to any other party for its failure to perform or delay in performing all or any part of this Agreement which is directly or indirectly due to any cause or circumstances beyond the control of such party, including: -

- a) any acts of God, fire, flood, storm, earthquake, typhoon, tidal wave, plague or other epidemics;
- b) any war, armed conflict or serious threat of the same, hostilities, sabotage, mobilisation, blockade, embargo, detention, revolution, riot, looting, lockout, strike or other labour dispute,
- c) any unavailability of transportation or severe economic dislocation; and
- d) any imposition or change of governmental laws, orders, regulations, sanctions or restrictions.

Brokerage is payable by the Company in respect of the Issue Shares at the rate of 1% of the Issue Price in respect of successful applications bearing the stamp of either OSK, a participating organization of Bursa Securities, a member of Association of Bankers in Malaysia, a member of the Association of Merchant Banks in Malaysia and MIH.

3.9 Details of the Underwriting Agreement

The other salient terms of the underwriting agreement dated 31 March 2005 ("Underwriting Agreement") between GPB, and the Underwriters are as follows:-

- (a) The obligations of the Underwriters under the Underwriting Agreement are conditional upon:-
 - i. the Company obtaining SC's final approval for the Prospectus;
 - ii. the delivery to the SC of the Prospectus for registration in accordance with the requirement under Section 41 of the Securities Commission Act together with copies of all documents required for submission under Section 42 of the Securities Commission Act;
 - iii. the lodgment with the Companies Commission of Malaysia of the Prospectus in accordance with section 36A(4) of the Act;
 - iv. prior to the closing date, there not being any adverse and material change or development reasonably and likely to involve a prospective adverse and material change in the condition (financial or otherwise) of the Company or any of its subsidiaries;
 - v. the Listing is not prohibited by any statute, order, rule, regulation, directive, guideline or regulatory body (including Bursa Securities);
 - vi. the Company obtaining approval in principle to the listing and quotation for all the paid-up shares on the MESDAQ Market; and
 - vii. the approvals and consents obtained in relation to the Public Issue as at the date of the Underwriting Agreement not being withdrawn, revoked, suspended or terminated on or prior to the closing date.

3. INTRODUCTION AND DETAILS OF THE ISSUE (Cont'd)

- (b) If any of the above conditions is not satisfied, any one of the Underwriters after consultation with the Managing Underwriter will be entitled by notice in writing to the Company and the Managing Underwriter to terminate the Underwriting Agreement to the extent of its obligations contained in it and cease performance of its obligations under this Underwriting Agreement ("Termination"). In the event of a Termination, the terminating parties will be released and discharged from their obligations under this Agreement as well as any further rights to the underwritten shares (except for the liability of the Company for payments of costs and expenses related to the Public Issue, incurred prior to or in connection with such termination).
- (c) In the event of any breach by the Company of its representations, warranties, undertakings or material obligations under the Underwriting Agreement which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company, then the Underwriter may terminate the Underwriting Agreement by giving written notice to the Company before 5.00 p.m. on the closing date of the application of the Issue Shares and thereupon the parties shall (except for the liability of the Company in the payment of costs and expenses referred to in the Underwriting Agreement) be released and discharged from their respective obligations without prejudice to their rights under the Underwriting Agreement.

3.10 Utilisation of Proceeds

The Company expects the gross proceeds of the Issue to amount to RM39.325 million. The proceeds shall accrue to the Company who shall bear all expenses relating to the listing of and quotation for its entire issued and paid-up share capital on the MESDAQ Market.

The proceeds from the Issue of RM39.325 million are expected to be utilised for the following purposes:-

Purpose	Notes	RM'000
Expansion of the core and related business of GPB	(i)	19,290
Marketing, branding and promotion	(ii)	3,197
R & D	(iii)	5,377
Purchase of plant and equipment	(iv)	1,193
Estimated listing expenses		2,500
Working capital	(v)	7,768
		<u>39,325</u>

Notes:-

- (i) *This amount is expected to be fully utilized within 24 months from the date of listing of GPB. At present, the management has identified two (2) areas for expansion, which are set out as follows:-*

- (a) *Expansion of the Company's China and Taiwan operation*

An amount of RM7,165,000 is proposed to be utilised for the expansion of the Company's China and Taiwan operations in the following manner:-

FYE 31 December	2005 RM'000	2006 RM'000	Total RM'000
- Staff cost	1,446	2,436	3,882
- Overheads	843	1,192	2,035
- Setup and capital expenditure	624	624	1,248
	<u>2,913</u>	<u>4,252</u>	<u>7,165</u>

3. INTRODUCTION AND DETAILS OF THE ISSUE (Cont'd)

In the PRC, each major telecommunications service provider has separate and independently managed provincial telecommunication companies, which are empowered to make purchasing decisions independently from their headquarters. The Company therefore intends to expand its existing subsidiary in Shanghai (which will remain as GPB's R&D center and principal office in the PRC) and to set up other regional offices in Beijing and Taipei by FYE 2005 and Guangzhou by FYE 2006 to facilitate GPB's sales and marketing plans as well as to support the respective provincial telecommunication companies in both the PRC and Taiwan

(b) *Other business expansion*

The balance of RM12,125,000 is proposed to be utilized for other business expansion in the following manner:-

- (i) *New business model in Malaysia. GPB is initiating a variation of the "Built-Owned-Operate" ("BOO") and "Built-Operate-Transfer" ("BOT") concepts targeted at the local Telcos and such implementation will involve the utilization of approximately RM1.35 million during the FYE 2005.*

These BOO/BOT projects are aimed at shifting the responsibility for financing, building, and operating discrete facilities, namely the telecommunication network service, from the Telco to a private party, in this case GPB who will also assume the calculated business risks and rewards of operating the said facility. In a BOT, the facility is handed over to the Telco after a pre-determined period. Whilst, in a BOO, the private party shall continue to maintain and operate the facility indefinitely.

- (ii) *New business models, joint ventures and strategic acquisitions in the PRC and the establishment of sales and operations offices in other countries whereby GPB will earmark approximately RM1.1 million in FYE 2005 for developing up to five (5) smaller commercial "Built-Owned-Operate" and/or "Built-Operate-Transfer" projects for selected telecommunication companies in the PRC and approximately RM135,000 for the appointment of corporate representatives in several Asian and Middle East countries. The remaining proceeds of approximately RM1.7 million is proposed to be utilized for either joint ventures and/or strategic acquisitions in the PRC, involving companies providing synergistic products or services that will help to expand the applications of GPB's existing products and services. As at the date of this Prospectus, GPB has identified a PRC based company, which is involved in the provision of monitoring and analytical solutions and systems to telecommunication operators for possible acquisition or joint venture but there can be no assurance that the said plans will materialize; and*

- (iii) *Business diversification, joint venture and strategic acquisitions in Malaysia. GPB intends to utilize RM7,835,000 of the gross proceeds in FYE 2006 to facilitate GPB's business diversification in Malaysia, whereby GPB will seek to broaden its market, products and customer base. As at the date of this Prospectus, GPB has identified two (2) Malaysian based companies for possible acquisition or joint venture but there can be no assurance that the said plans will materialize.*

GPB is constantly exploring opportunities to identify suitable potential third parties with respect to the aforesaid plans. GPB will seek approval for extension of time from the relevant authorities and shareholders should the Company be unable to utilize the RM19.29 million for such strategic acquisition within the time frame.

- (ii) *This amount is expected to be fully utilized within 24 months from the date of listing of GPB. In order to establish its market presence in the targeted markets, GPB has allocated approximately RM3.2 million for marketing, branding and promotion expense.*

3. INTRODUCTION AND DETAILS OF THE ISSUE (Cont'd)

- (iii) *This amount is expected to be fully utilized within 24 months from the date of listing of GPB. The R&D expenditure will involve, inter-alia, research in emerging wireless technologies and products, and enhancement of the existing range of SONbuddy and SONaccess products. The allocation will cover manpower cost, hardware and software, training and other related overhead expenses. This will complement other GPB initiatives, including the application for governmental assistance.*
- (iv) *This amount is expected to be fully utilized within 24 months from the date of listing of GPB. The amount will be utilized for the acquisition of new hardware and software such as servers, personal computers, lap tops, access points, upgrading of existing hardware and software to ensure the smooth running of GPB's operations and other furniture and fittings.*
- (v) *This amount will be utilized to finance the Group's day to day working capital requirements and is expected to be fully utilized within 24 months from the date of listing of GPB. The Group will also be pursuing relevant intellectual property protection in the Territory to safeguard its Intellectual Property Rights.*

Pending the utilization of proceeds from the Public Issue for the above purposes, the proceeds would be placed in deposits with financial institutions or short term money market instruments.

3.11 Listing Expenses

Listing expenses are estimated at approximately RM2.5 million, with the following estimated breakdown:-

	RM
Professional fees	705,000
Fees of the authorities	72,000
Underwriting and placement fees	492,000
Brokerage fees	17,000
Printing and advertising fees	500,000
Miscellaneous	714,000
Total	<u>2,500,000</u>

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4. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF THE GROUP AS OUTLINED IN THIS PROSPECTUS, APPLICANTS SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF THE GROUP, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE HEREIN, BEFORE PARTICIPATING IN THE ISSUE.

4.1 Limited Operating History

Although currently profitable, there can be no assurance that the Group will remain profitable in the future, or that it will achieve increasing or consistent levels of profitability. The Group's revenue and operating results are difficult to forecast and could be adversely affected by many factors which include, amongst others, changes in the Group's operating expenses, the ability of the Group to develop and market new products and services, delay in expansion plans, ability to control costs, market acceptance of new products and services, and other business risks common to going concerns.

The directors of GPB believe that the Group should be able to maintain its record of profitability. The Group's cash flow management includes regular monitoring of its debtors position, having long term relationships with its customers and business partners, close monitoring of operating expenditure, and careful consideration of any proposed capital expenditure or borrowing and its effects on the Group.

4.2 Competition

The industry which the Group is home to is competitive as it is lucrative. The Group competes directly with several foreign-based companies which offer more or less similar application or technology, such as Colligo Networks Inc., SPANworks Inc., MESH Networks Inc., Ecutel Systems Inc., Netmotion Wireless Inc., Netseal Oy Inc., iPU unplugged AB Inc, Nomadix Inc, Colubris Network Inc, Advanced Network Technology Laboratories Pte Ltd and others. Although similar by nature, the technological solution offered by each of these companies varies in terms of functionality and scope. Currently, the Group has maintained an edge over its competitors by offering a solution that is both complete and competitive. Further, unlike its competitors, the Group already has a growing presence in Asia and is collaborating with several telecommunication players in the PRC. However, the edge that the Company is now enjoying may possibly be eroded with the introduction of newer or cheaper technology. Its competitors, new or old, may also adopt a more aggressive marketing campaign which could potentially affect the Group's performances in the future. There can be no assurance that the Group will be able to compete successfully in this industry or in its target markets in the face of such threats.

4.3 Management of Growth

The Group projects that, if it were to grow significantly annually for the next few years in anticipation of the Group securing other large contracts abroad, it will require more resources, human or otherwise, to manage this growth. The Group may be required to employ more staff and/or be inclined to pay more to keep its existing staff, borrow or raise capital to fund its expansion plans, increase its overhead and R&D expenses and others to facilitate its growth. There can be no assurance that the Group will properly manage its expansion plan and growth, failing which its performance may be materially and adversely affected.

4. RISK FACTORS (Cont'd)

4.4 Rapid Technological Change and Market Acceptance of Products

The Group expects that its technology will revolutionize the wireless communication industry and accordingly, enjoy market acceptance of its range of products within the Territory. The trend as the Group sees it, is towards pervasive wireless communication. This particular industry is typically characterized by rapid evolving standards, frequent introduction of new products or updates, quick shifts in consumer demands and regulatory requirements. Though the Group feels that it is unlikely, there is a possibility that any one of these characteristics of the industry to evolve in such a way that will result in a shorter life cycle for its product/technology. As a mitigating factor, the Group has continually invested in the R&D of its products in a prudent way, and has maintained a close watch on the development of the industry and market in general to preempt the risk relating to such. There can be however no assurance that the Group will successfully manage its operations in the face of rapid technological change nor ensure that there will always be market acceptance for its products, failing which the Group's financial results may be materially and adversely affected.

4.5 Product Risk

The Group's future results will substantially depend on market acceptance of the products and services developed. A reduction in demand or an increase in competition in the market for these products, or the Group's other existing or future products, will have a material adverse effect on the Company's business, results and financial condition. There is no assurance that the Company will be able to develop and introduce new products and services or enhancements in a timely manner in response to changing market conditions or customer requirements or that the process will not encounter unforeseen problems.

The Group expects its strategic business plan of developing sales and marketing channels for market expansion, along with enhancements and improvements of features and good technical service should ensure continuous acceptance of products.

4.6 Intellectual Property

The Company acquired the ownership of the suite of software modules, source codes, object codes and all documentation related thereto, underlying the Green Packet Software products known as SONbuddy, SONmobile and SONaccess pre-existing as at 1 March 2004, within the Territory, from GPII.

The Group's success is dependent on its ability to create new software products and to be able to protect its intellectual property rights in these products within the Territory. The Group have entered into a product development and marketing agreement with GPI to further develop, conceive, design, market, distribute, licence and sell the products and services developed. Any products developed arising from the said agreement will be jointly owned by GPB and GPI within their respective territories.

However, existing patent, copyright, trademark and trade secret laws afford limited protection. Accordingly, there can be no assurance that the Group will be able to protect its intellectual property rights against unauthorized third party copying, use or exploitation, any of which could have a material adverse effect on the Group's business, operating results and financial condition. However, the directors believe that the risks of unauthorized third party copying, use or exploitation are relatively low, as :-

- (a) all software modules licensed to third parties by GPB, GPI and GPII does not include the source codes;
- (b) every licenses agreement with third parties by either GPB, GPI or GPII prohibits reverse assembly, reverse engineering, decompilation, or other means of converting object to source code; and
- (c) for the SONbuddy suite of products, each licence comes with a one-time use licence key. In the event, the licence key is used a second time, the users will be blocked.

4. RISK FACTORS (Cont'd)

4.7 Business Risk

GPB is subject to certain risks inherent in the wireless technology industry. These include human resource shortages, increase in salary costs, technological changes, ability to protect its intellectual property, changes in general economic, business and credit conditions. Although the Group seeks to limit these risks through, *inter-alia*, continuous research and development of new products, expansion of markets and creation of a large pool of highly skilled and qualified staff, no assurance can be given that any change in these factors will not have a material adverse effect on the Group's business.

4.8 Brand Awareness

The Group's future results will substantially depend on the demand of its products and services. The Company believes that the promotion and position of its brandname is critical to develop and maintain acceptance of the Group's product. When competing in a foreign market, the choice of the vendor is dependent on the brandname. In order to promote and position its products and services, GPB Group has allocated sales and marketing expenses, averaging 8% of turnover a year, which makes up approximately 34% of annual operating costs over the first five (5) years. However, there can be no assurance that these activities will increase its revenue to offset the expenses incurred. Nevertheless, if it fails to successfully promote and position its products and services, GPB Group's business and results may be materially affected.

4.9 Dependence on Directors, Key Management and Technical Personnel

The Group believes that its continued success will depend, to a significant extent, upon the abilities and continued efforts of its existing Directors, key management and technical personnel. The loss of any of these key personnel, could adversely affect the Group's performance and/or its ability to maintain its competitive edge over its competitors abroad. The Directors of the Group recognise the importance of the Group's ability to attract and retain skilled personnel and maintain conducive working environment and comprehensive human resource strategy which includes a suitable compensation package as well as a structured succession plan. Efforts are also made to train the existing staff members to further support the senior management and/or to shoulder further responsibilities in preparation for long term expansion.

However, there can be no assurance that the above measures will always be successful in retaining key personnel or ensuring a smooth transition should changes occur.

4.10 Dependency on a Few Major Customers

As at 31 December 2004, the Group has seventeen (17) customers and its top customer, Beijing DHCC Digital Technology Co Ltd, accounts for about 37% of its revenue for the FYE 31 December 2004. The loss of this major customer resulting from, *inter alia*, relocation of customer's business operation geographically or cessation of business relations, may adversely impact on the Group's operating results. The Group will be seeking to limit such risks of being over-dependent on its major customer by continuing to venture into new markets and diversifying its customer network.

4.11 Acquisitions and Joint Ventures

The Group may as and when it deems fit, acquire other business or companies or enter into a joint venture with other parties to further develop its business locally and abroad. As with most acquisition or joint venture, there are risks associated with the funding of such investments. If embarked upon, the Group may run the risk of not being able to recover its investment. There can be no assurance that the Group will not acquire or enter into joint venture arrangement which may adversely affect the Group's profitability in the future. However, the Group will undertake a detailed evaluation and consider all related risks prior to undertaking any acquisitions and/or joint ventures.

4. RISK FACTORS (Cont'd)

4.12 Future Capital Injections

The Board of Directors of the Company are of the opinion that the net proceeds of the Issue, together with cash flow from operations and other existing sources of liquidity, will be sufficient to meet the Group's projected capital commitments, working capital and other cash requirements. However, there is no assurance that future events may not cause the Group to seek additional capital sooner. If additional capital is required, there can be no assurance that it will be available or, if available, that it will be on terms satisfactory to the Group. The sale of additional equity or other convertible securities to non-shareholders will result in further dilution of the shareholdings of the Group's shareholders.

4.13 Expansion into Overseas Markets

The Group plans, as disclosed in Section 9.2 of this Prospectus, to expand into the wireless communication market in Taiwan, China and others in the near future. Upon flotation, the Group expects that opportunities will arise to further such expansion into other potentially lucrative markets. If embarked upon, the Group will be faced with uncertainties relating to the political and economic environment of those countries which it is actively operating in. There may be risks associated with the repatriation of profits, tariffs, taxation issue and other restrictive import controls and others. There can be no guarantee that the Group will successfully implement its expansion overseas, or that, adverse political and economic environment will not develop in the markets which the Group is expanding into, the result of which may materially and adversely impact the Group's performance.

4.14 Continued Control by Existing Shareholders

Upon the completion of this Issue, the directors and substantial shareholders of the Company, namely GPH, Dato' Kok Onn, Puan Chan Cheong and Tan Kin Lee, will, in aggregate, beneficially own approximately 69.05% of the issued and paid-up share capital of the Company. As a result, these shareholders, acting together, will possess voting control over the Company, giving them the ability, amongst others, to elect at least a majority of the Company's Board of Directors and to control the vote on significant corporate transactions, unless they are required to abstain from voting by law and/or by the relevant authorities. Please see Sections 11.1 and 11.2 of this Prospectus for further information on the directors' and substantial shareholders' interests in the Company.

Nevertheless, the Company has appointed two (2) independent directors as a step towards good corporate governance to ensure that any future transactions involving related parties are entered into on arms-length terms.

4.15 Litigation Risks

The Group's agreements with its customers typically contain provisions designed to limit the Group's exposure to potential product and/or service liability claims. The Group has not experienced any material product and/or service liability claims. It is possible, however, that the limitation of liability provisions contained in the Group's customer agreements may not be effective as a result of existing or future laws or unfavourable judicial decisions. Furthermore, some of the Group's agreements with its clients are governed by foreign laws, and there is no assurance that purported limitation on liability clauses in those agreements would be enforced. If an action is brought against GPB in the future, it would divert management attention and increase expenses, and may have an adverse effect on its business, operating results and financial position.

4.16 Breakout of Fire, Energy Crisis and Other Emergency Crisis

The Group believes that it has adequate safety and fire-fighting equipment installed at its premises to ensure that the risk of fire is contained. The Group has in place a system of educating its employees on safety measures. In the event of a power failure there are backup generators or where necessary employees can continue working using laptops, which have power storage capacities in the form of batteries lasting up to four (4) hours.

4. RISK FACTORS (Cont'd)

Furthermore, most of the implementation projects are undertaken at the customers' premises. As such, there is minimal interruption to the Group's operations in the event of a power failure at the Group's premises. However, notwithstanding the measures taken, there is no assurance that any of the above-mentioned crises may not cause interruptions in the Company's operations in the future.

4.17 Insurance Coverage on Assets

The Group believes that it has adequate insurance coverage on its assets. Although the Group reviews its insurance policies on a regular basis to ensure that there is adequate coverage on its assets, there can be no assurance that the coverage would be adequate for the replacement cost of its assets or any consequential loss arising therefrom.

4.18 Change in or Loss of MSC Status

GPB was granted MSC status on 25 September 2001 by MDC. MDC is the body responsible for assessing and monitoring all MSC status companies. The salient general conditions imposed on GPB, as a MSC status company areas follows:-

- (i) undertake the MSC qualifying activities as specified in the Company's business plan as approved and thereafter continue with such activities unless otherwise approved by MDC;
- (ii) locate the Company's headquarters and the implementation and operation of the MSC-qualifying activities in a MSC-designated cybercity;
- (iii) ensure the Company provide efficient and suitably qualified and experienced personnel to carry out the activities of the Project stipulated in the Company's business plan; and
- (iv) continuously comply with the MSC's environmental guidelines as determined by MDC from time to time.

As an MSC status company, GPB enjoys certain financial and non-financial incentives which are guaranteed under the Malaysian Government's Bill of Guarantees for MSC status companies, which are set out in Section 6.1 below.

MDC has the right to revoke or withdraw the Company's MSC status at any time at its discretion. Although GPB believes that it has fulfilled and will continue to be able to fulfill the conditions for MSC status, there can be no assurance that the Company will continue to retain its MSC status or that it will continue to enjoy the benefits accorded to MSC status companies. If the Company loses its MSC status, it will cease to be entitled to the benefits accorded to MSC status companies. A loss or suspension of MSC status could materially and adversely affect the Company's business, operating results and financial condition.

4.19 Amortisation of Intellectual Property

Arising from the acquisition of the ownership of the suite of software modules, source codes, object codes and all documentation related thereto, underlying the Green Packet Software products known as SONbuddy, SONmobile and SONaccess pre-existing as at 1 March 2004, within Territory, from GPII on 1 March 2004, the Company will amortise the acquisition cost of intellectual property as an intangible asset over the period of its expected benefit. It is the Company's accounting policy to amortise the intellectual property on a straight-line basis over a period of 10 years from the date of acquisition. The amortization per annum is RM2.28 million. However, the intellectual property will be subject to an impairment test at each balance sheet date in accordance with the requirements of Financial Reporting Standards 136 - Impairment of Assets adopted by the Malaysian Accounting Standards Board. There can be no assurance that there will be no impairment losses arising in respect of the intellectual property in the future.

4. RISK FACTORS (Cont'd)

4.20 Uncertainty of Proposed 5-year Business Development Plan

The success of the Company's business development plan will be largely dependent upon market acceptance of its products, successful penetration into the wireless communication market in the Territory, as well as the Company's ability to successfully market its products and to further develop and commercialise further applications of its proprietary technology. In addition, the Company's proposed future plan and prospects will be dependent upon, among other things, the Company's ability to enter into strategic marketing and licensing or other arrangements on a timely basis and on favourable terms, establish satisfactory arrangements with sales representatives and marketing consultants, hire and retain skilled management as well as financial, technical, marketing and other personnel, successfully manage growth (including monitoring operations, controlling costs and maintaining effective quality and service controls) and obtain adequate financing as and when needed.

4.21 Negative Publicity

As with all software solutions, the true performance of the products can only be truly assessed when they are being used on the field. The products may encounter various unforeseen problems which may disrupt the client's operations in which event, unless immediately rectified, may result in negative publicity which may affect the Company's reputation and financial position. In an industry where product branding and performance are crucial, the market share of the Company may stand to be adversely affected should such negative publicity arise.

The management believes that proper quality assurance and proper software engineering practices, as set out in Section 7.5 of this Prospectus, prior to the commissioning of the said application will maintain the quality of its products.

4.22 Foreign Exchange Risk

The Group is exposed to foreign exchange risk on contracts with foreign customers, which are billed mainly in the USD. The Group's subsidiaries in the PRC and Taiwan together with its intention to further expand its business overseas may further expose the Group to greater foreign exchange risk. Unfavourable foreign currency fluctuations may adversely and materially affect the Group's profits.

Currently, its transactions in relation to sales and remittance of funds are mainly denominated in USD and the RM is pegged to the USD at an exchange rate of RM3.80 for every USD1.00. There can be no assurance, however, that all future transactions will continue to be denominated in USD and that the currency peg will remain indefinitely. Any future significant fluctuations in exchange rates may have a significant impact on the revenue and earnings of the Company. At present, the Group does not use any financial instruments to hedge its exposure against transactions in foreign currencies. However, the Group will continue to assess the need to utilize financial instruments to hedge its currency exposure, taking into consideration factors such as foreign currency involved, exposure period and transaction costs.

4.23 Political, Economic, Regulatory and Social Conditions

With substantial business outside Malaysia and the Group's two (2) subsidiaries operating in Shanghai and Taipei respectively, changes in political, economic, government policies and guidelines and regulatory conditions in Malaysia, the PRC, Taiwan and the Territory could affect the financial and business prospects or the overall profitability of the Group. These political, economic, regulatory and social condition uncertainties include but are not limited to changes in policies implemented by the governments of these countries, political leadership, introduction of new regulations, war, economic downturn, financial crises, and changes in rates of interest, methods of taxation and foreign exchange regulations.

4. RISK FACTORS (Cont'd)

The Group has adopted a proactive approach in keeping abreast with such political, economic, regulatory and social condition developments of the countries in which it operates in as well as those which the Group plans to expand to, by, amongst others, setting up local representative offices with experienced employees, and adopting effective measures such as prudent financial management and efficient operating procedures.

4.24 Legal and Political Risks in the PRC

The PRC government has implemented measures aimed at liberalising trade and encouraging foreign direct investment. To tap on the market potential of the PRC, the Group has established a subsidiary in the PRC and approximately 84.7% of the Group's revenue for the FYE 31 December 2004 was generated from the PRC.

Any changes in the political and economic policy of the PRC 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. While the current policy of the PRC government of imposing economic reform policies to encourage foreign investments and greater economic decentralisation, there is no assurance that such a policy will continue to prevail in the future..

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 made up of written laws, regulations, circulars, administrative directives and internal guidelines. Under the PRC 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.

In order to mitigate the above risks, the Group has adopted a proactive approach in keeping abreast with such political and legal developments in the PRC by, amongst others, setting up a local subsidiary with experienced employees. Furthermore, the PRC has agreed to undertake a series of measures to liberalise its tariff regime as a result of its admission as a member to the World Trade Organisation on 11 December 2001.

FOR A DETAILED REVIEW OF THE RELEVANT LAWS AND REGULATIONS OF THE PRC, OR A DETAILED EXPLANATION ON THE COMPARABILITY AND/OR DISCREPANCY OF THE RELEVANT LAWS AND REGULATIONS BETWEEN THE PRC AND THAT OF MALAYSIA, YOU SHOULD SEEK INDEPENDENT ADVICE FROM EXPERTS OF THE PRC.

4.25 Legal and Political Risks in Taiwan

The main risk to conducting business in Taiwan has traditionally been Taiwan's unsettled relations with the PRC, in which in an extreme case, the PRC might use force to preserve its claim on Taiwan. The domestic political environment is also becoming tenser as popular opinion polarises between politicians who favour independence and those who have traditionally maintained that Taiwan is part of the PRC. The difficult relationship with the PRC also affects the economy, as a ban on direct economic links with the mainland has held back on the development of the island's service sector. Whilst Taiwan has made itself a global centre for the production of IT hardware, the economy is vulnerable to changes in global demand.

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. Contract rights are generally well respected and there is virtually no risk of the expropriation of foreign assets.

4. RISK FACTORS (Cont'd)

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.

In order to mitigate the above risks, the Group has adopted a proactive approach in keeping abreast with such political and legal developments in Taiwan by, amongst others, setting up a local branch office with experienced employees.

FOR A DETAILED REVIEW OF THE RELEVANT LAWS AND REGULATIONS OF TAIWAN, OR A DETAILED EXPLANATION ON THE COMPARABILITY AND/OR DISCREPANCY OF THE RELEVANT LAWS AND REGULATIONS BETWEEN TAIWAN AND THAT OF MALAYSIA, YOU SHOULD SEEK INDEPENDENT ADVICE FROM EXPERTS OF TAIWAN.

4.26 Forward-Looking Statements

This Prospectus contains forward-looking statements, which are statements other than statements of historical facts. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, there can be no assurance that such expectations will prove to have been correct. Their inclusion in this Prospectus should not be regarded as a representation or warranty by the Company that the plans and objectives of the Company will be achieved.

4.27 No Prior Market for GPB Shares and Possible Volatility of Share Price

There has been no prior public market for the Company's Shares. The Issue Price was determined by agreement between the Company and the Underwriters based upon several factors and may not be an indication of the market price of the Shares upon or subsequent to listing and quotation on the MESDAQ Market of the Bursa Securities. See Section 3.7 for a discussion of the factors considered in determining the Issue Price.

There can be no assurance that an active public market in the Shares will be developed or be sustained after listing and quotation on the MESDAQ Market of the Bursa Securities or that the market price of the Shares will not decline below the Issue Price. The Company believes that a variety of factors could cause the price of the Shares to fluctuate significantly and rapidly in response to, inter alia, the following factors, some of which are beyond the Company's control:-

- adverse variations in the Company's operating results and revenue levels;
- changes in securities analysts' estimates of the Company's financial performance;
- changes in market valuation of similar companies;
- announcements by competitors or the Company of gain or loss of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- fluctuations in stock market price and volume;
- risk of suspension / delisting; and
- all other risks mentioned in this section.

4.28 Future Sales of GPB Shares by the Substantial Shareholders

Any future sale or availability of GPB Shares can have a downward pressure on the share price. The sale of a significant amount of GPB Shares in the public market after the Public Issue, or the perception that such sales may occur could materially adversely affect the market price of GPB Shares. Except as otherwise described under the moratorium of Promoters' Shares and Employees' Share Scheme set out in Section 10.2 of this Prospectus, there will be no other restriction on the ability of the substantial shareholders to sell their GPB Shares either on the MESDAQ Market or otherwise.

4. RISK FACTORS (Cont'd)

4.29 Failure or Delay in the Listing

The success of the listing of the Company on the MESDAQ Market is also exposed to the risk that it may fail or be delayed due to any of the following reasons, amongst others:-

- (a) The places under the private placement tranche of the Issue fail to acquire the Issue Shares allocated to them;
- (b) The Underwriting Agreement is terminated; and
- (c) GPB is unable to meet the public shareholding spread requirements i.e. at least 25% but not more than 49% of the issued and paid-up share capital of the Company must be held by a minimum of 200 public shareholders at the time of the Company's admission to the Official List of the MESDAQ Market.

In the event of the failure of the proposed listing of the Company on the MESDAQ Market, investors shall be reimbursed their application money without interest.

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5. MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

5.1 Profit Record

The table below sets out a summary of the audited financial results of the Company from the date of incorporation till 31 December 2001, FYEs 31 December 2002 and 2003 and the Group for the FYE 31 December 2004.

	<-----Company----->			Group ¹
	Period from 15.12.2000 to 31.12.2001 RM'000	FYE 31 December 2002 RM'000	2003 RM'000	FYE 31 December 2004 RM'000
Revenue	-	-	5,139	18,069
(Loss) / Profit before interest, depreciation, taxation and amortization	(56)	(838)	3,043	14,116
Interest income	-	-	1	6
Depreciation	(1)	(21)	(98)	(121)
Amortisation	-	-	(28)	(2,087)
Exceptional items	-	-	-	-
Share of profits and losses of associate corporations and joint ventures	-	-	-	-
(LBT) / PBT	(57)	(859)	2,918	11,914
Less : Taxation	-	(13)	13	-
(LAT) / PAT	(57)	(872)	2,931	11,914
Minority Interest ("MI")	-	-	-	-
(LATMI) / PATMI	(57)	(872)	2,931	11,914
Extraordinary items	-	-	-	-
Net (loss) / profit for the year	(57)	(872)	2,931	11,914
Assumed weighted average no. of ordinary shares of RM0.10 each in issue ('000)	320	4,537	25,252	197,380
Gross (LPS) / EPS (sen)	(17.8)	(18.9)	11.6	6.0
Net (LPS) / EPS (sen)	(17.8)	(19.2)	11.6	6.0

Note:-

- Inclusive of the results of GPB's subsidiary, GPST, which was incorporated on 28 April 2004. GPB-Taiwan Branch was incorporated on 18 January 2005.

There were no exceptional or extraordinary items in the relevant financial periods under review. There were no items relating to the share of profits and losses of associated corporations and joint ventures and minority interest in the relevant financial periods under review. There were also no audit qualifications for the financial years / period under review.

For further details on the analysis and commentary on the material items in the table above, please refer to Section 5.5 of this Prospectus.

5. MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

5.2 Statement of Assets and Liabilities

The table below sets out the audited Statement of Assets and Liabilities of the Group as at 31 December 2004.

	RM'000
ASSETS	
Plant and equipment	909
Development costs	2,217
Intellectual property	20,900
	<u>24,026</u>
CURRENT ASSETS	
Inventories held for resale	234
Trade receivables	11,602
Other receivables, deposits and prepayment	826
Short term deposit with a licensed bank	2,500
Cash and bank balances	1,187
	<u>16,349</u>
CURRENT LIABILITIES	
Other payables and accruals	931
	<u>931</u>
Net current assets	15,418
	<u><u>39,444</u></u>
FINANCED BY:	
Share capital	28,079
Foreign exchange translation reserve	49
Retained profits	11,316
Shareholders' equity	<u><u>39,444</u></u>
Net assets per share of RM1.00 each (RM)	1.40
Net tangible assets per share of RM1.00 each (RM)	0.58

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5. MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

5.3 Cash Flow Statement

The table below sets out the audited cash flow statement of the Group for the 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	<u>14,158</u>
Changes in working capital	
Increase in inventories held for resale	(234)
Increase in trade and other receivables	(11,042)
Increase in other payables and accruals	243
Net cash from operating activities	<u><u>3,125</u></u>
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	<u><u>(5,233)</u></u>
CASH FLOW 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	<u><u>4,986</u></u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,878
Foreign exchange translation differences	49
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	760
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u><u>3,687</u></u>

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5. MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

5.4 Key Financial / Operating Ratios

The table below sets out key financial ratios which are provided for illustrative purposes only, based on the audited financial statements of the Company and the Group:-

	-----Company----->			Group
	Period from 15.12.2000 to 31.12.2001 RM'000	FYE 31 December 2002 RM'000	2003 RM'000	FYE 31 December 2004 RM'000
Paid-up ordinary share capital	200	1,300	9,988	22,079
Shareholders' funds	143	371	11,990	39,444
NTA/(Net liabilities)	4	(143)	11,463	16,327
NTA/(Net liabilities) per ordinary share of RM1.00 each (sen)	2	(11)	115	47
Revenue	-	-	5,139	18,069
(LBT) / PBT	(57)	(859)	2,918	11,914
(LAT) / PAT	(57)	(872)	2,931	11,914
Gross (LPS) / EPS* ¹ (sen)	(17.8)	(18.9)	11.6	6.0
Net (LPS) / EPS* ¹ (sen)	(17.8)	(19.2)	11.6	6.0
Effective tax rate (%)	-	^	^	-
Gross profit margin (%)	N/A	N/A	81	84
Pre-tax (loss)/ profit margin (%)	N/A	N/A	57	66
Current ratio (times)	0.75	0.30	6.67	17.56
Total borrowings (all interest bearing)	-	-	-	-
Gearing (all interest-bearing debts over shareholders' funds) (times)	N/A	N/A	N/A	N/A
Interest expense	-	-	-	-
Interest cover (times)	N/A	N/A	N/A	N/A
Gross dividend ratio	N/A	N/A	N/A	N/A

Notes :-

*¹ The gross/net EPS/(LPS) have been calculated by dividing the PBT/(LBT) and PAT/(LAT) for the financial period/years by the assumed weighted average number of ordinary shares of RM0.10 each in issue

^ Negligible

N/A Not Applicable

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5. MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

5.5 Analysis and Commentary on Financial Information

The following analysis and commentary on financial information should be read in conjunction with the financial data presented in section 5.1, 5.2, 5.3 and 5.4 of this Prospectus.

(a) Segmental data

The following table shows the approximate breakdown of the Company and Group's contribution by its products and services:-

	<-----Company----->			Group
	Period from 15.12.2000 to 31.12.2001	FYE 31 December		FYE 31 December
	RM'000	2002 RM'000	2003 RM'000	2004 RM'000
<u>Revenue</u>				
Software and Applications	-	-	579	15,789
Services and Solutions	-	-	4,560	2,280
	-	-	5,139	18,069
<u>(LBT)/PBT</u>				
Software and Applications	N/A	N/A	100	10,414
Services and Solutions	N/A	N/A	2,818	1,500
	(57)	(859)	2,918	11,914

The following table shows the approximate breakdown of the Company and Group's contribution by geographical area:-

	<-----Company----->			Group
	Period from 15.12.2000 to 31.12.2001	Financial Years Ended 31 December		FYE 31 December
	RM'000	2002 RM'000	2003 RM'000	2004 RM'000
<u>Revenue</u>				
Malaysia	-	-	-	9
Overseas	-	-	-	-
- United States of America			4,568	2,295
- China			453	15,312
- Taiwan			118	453
	-	-	5,139	18,069
<u>(LBT)/PBT</u>				
Malaysia	(57)	(859)	-	6
Overseas	-	-	-	-
- United States of America			2,594	1,513
- China			257	10,096
- Taiwan			67	299
	(57)	(859)	2,918	11,914

5. MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Note:-

N/A Not Available

There has been no material foreign exchange and interest rates impact on the Company's operating profits for the above FYE 31 December 2004.

(b) Revenue

Financial period ended 31 December 2001 and FYE 31 December 2002

No revenue were recorded for the two (2) financial period/year ended 31 December 2001 and 2002 as GPB was in the stage of developing certain software programmes for use in the SONaccess and SONbuddy suite of products.

FYE 31 December 2003

Revenue increased significantly to RM5,139,000 largely due to revenue from engineering services in relation to the CSA for the development of the suite of software called "SONaccess" and "SONbuddy" amounting to RM4,560,000.

In addition, GPB recorded sales of totaling RM579,000 for the "SONaccess" and "SONbuddy" sold to Legend Computer System Ltd, China Speednet Co Ltd and Everlasting System Integration.

FYE 31 December 2004

Revenue increased more than three (3) fold to RM18,069,000 from increased sales to a wider customer base in China compared to FYE 31 December 2003 and the billings for engineering services under the PDMA. The Company's SONaccess products continue to attract interest amongst system integrators and telecommunication companies as well as made up the bulk of product sales during the year.

(c) PBT/(LBT)

Financial period from 15 December 2000 to 31 December 2001

The losses of RM56,881 in the financial period was mainly attributable to operating and administrative expenses such as staff costs and audit fees.

FYE 31 December 2002

The increase in losses to RM858,593 in the financial year was mainly due to the directors' remuneration and staff costs amounting to RM461,763, as well as travel expenses totaling RM137,000 in promoting GPB and GPI products in the region.

FYE 31 December 2003

PBT increased significant to RM2,918,000 or 440% relative to FY2002 as a result of profit contributed from the revenue derived.

FYE 31 December 2004

PBT increased four (4) fold to RM11,914,000 due to better pricing and product mix achieved during the year, in addition to the monitoring of its expenditure.

5. MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

(d) Taxation**Financial period from 15 December 2000 to 31 December 2001**

No taxation has been provided for the financial period as the Company has no chargeable income. As at 31 December 2001, the Company has unabsorbed tax losses of approximately RM53,000 which can be carried forward and utilized to offset against future taxable income subject to approval by the Inland Revenue Board.

FYE 31 December 2002

There was a provision for deferred tax liability of RM13,000 despite GPB suffering losses due to a mis-calculation of the Company's deferred tax liability.

FYE 31 December 2003

No provision for taxation has been provided due to the availability of the unutilised tax losses and capital allowances brought forward which can be utilised to offset against the current year's taxable income prior to 10 June 2003. Subsequently, pioneer status was granted to GPB on 10 June 2003. The tax charge for the FYE 2003 relates to the reversal of deferred taxation previously provided.

FYE 31 December 2004

No provision for taxation due to the pioneer status granted to GPB.

5.6 Directors' Declaration on Financial Performance

The Directors of the Company are of the view that, save for those disclosed in Section 4, the financial conditions and operations of the Company are not affected by any of the following:-

- (a) Any known trends, demands, commitments, events or uncertainties that have had, or that Company reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of the Company;
- (b) Any material capital expenditure commitments;
- (c) Any unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Company;
- (d) Any substantial increase in revenue; and
- (e) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

5.7 Working Capital, Borrowings, Material Litigation, Material Commitment and Contingent Liabilities**5.7.1 Working Capital**

The directors of the Group are of the opinion that after taking into consideration the cash flow position of the Group including the proceeds of the Issue, the Group will have adequate working capital to meet its requirements for a period of twelve (12) months from the date of issue of this Prospectus.

5. MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

5.7.2 Borrowings

As at 31 March 2005, being the last practicable date prior to the issuance of this Prospectus, the Group does not have any outstanding loans.

5.7.3 Material Litigation

As at 31 March 2005, neither GPB nor its subsidiaries is engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Directors of GPB Group are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Company or its subsidiaries.

5.7.4 Material Commitment

As at 31 March 2005, being the last practicable date prior to the issuance of this Prospectus, the Directors of GPB Group are not aware of any material capital commitment contracted or known to be contracted by GPB Group which, upon becoming enforceable, may have a material impact on the financial position of the GPB Group.

5.7.5 Contingent Liabilities

As at 31 March 2005, the Directors of the Group are not aware of any material contingent liabilities which, upon becoming enforceable, may have a material impact on the financial position of the Group.

5.8 Future Financial Information

The Company's revenue and operating results are difficult to forecast and could be adversely affected by many factors. The market for the Company's products and services is characterised by rapid technological advancements, changes in customer requirements, frequent new product launches and continued development and enhancement of software. In addition, the Company is also devoting substantial management and financial resources to launch its products and grow its operations in new markets. The Company is subjected to many risk factors, some of which are highlighted in Section 4 of this Prospectus. As such, the Company's profit forecast is not disclosed in this Prospectus.

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