

6. INFORMATION ON GPB

6.1 History

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.

Financial incentives include:-

- a five (5) year exemption from Malaysian income tax (only on income derived from MSC related activities) commencing from the date stated in the MDC's approval letter, renewable to 10 years, where the renewal will depend on the Group's performance in transferring technology or knowledge to Malaysia, or a 100% investment tax allowance on new investments made in MSC cybercities, commencing from the date on which the first qualifying capital expenditure is incurred;
- duty-free importation of multimedia equipment, provided that the equipment is used by the company in the operation of its business, and not for direct sale and trading or use as components in manufactured items; and
- R&D grants for MSC small and medium enterprises that are at least 51% Malaysian owned.

Non-financial incentives include:-

- unrestricted employment of foreign knowledge workers;
- freedom of ownership; and
- freedom to source capital for MSC infrastructure globally, and the right to borrow funds globally. All MSC status companies will be given exemptions by the Controller of Foreign Exchange from exchange control requirements which will allow them to execute transactions in any currency in Malaysia or elsewhere, borrow any amount from financial institutions, associate companies or non-residents, hedge foreign exchange exposure, remit funds globally and open foreign currency accounts in Malaysia or abroad with no limits on balances.

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.

6. INFORMATION ON GPB (Cont'd)

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.

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 superseded 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 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 consideration of the foregoing, GPI will compensate GPB a sum of USD50,000 (equivalent to approximately RM190,000 at an exchange rate of USD1.00:RM3.80) per month in respect of development works to be undertaken by GPB under PDMA. 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.

6. INFORMATION ON GPB (Cont'd)

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.

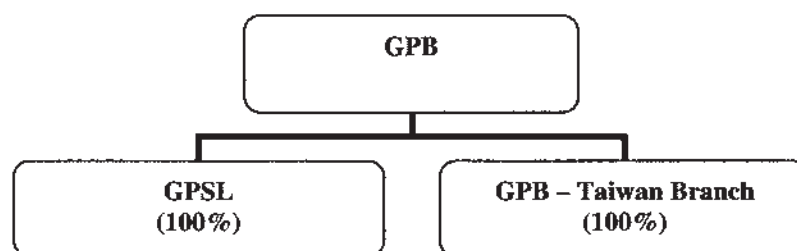
The Company has also entered into commercial agreements for the licensing or distribution of the SONbuddy software with Shanghai Legend Electronics Limited and Joyo.com, a subsidiary company of Amazon.com, in China and Nation-Tech Sdn Bhd, an OEM of PCs and sole distributor of Hyundai Corporation M-Life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

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. Under PRC's income tax law for enterprises with foreign investments and foreign enterprises, GPSL is eligible for full income tax exemption in the first and second years of profitable operations and is allowed a fifty percent reduction in the third to fifth years.

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

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



6. INFORMATION ON GPB (Cont'd)

6.2 Share Capital and Changes in Share Capital

As at the date of this Prospectus, GPB has an authorised capital of RM50,000,000 comprising 500,000,000 GPB Shares. The existing issued and paid-up share capital of the Company is RM29,575,000 comprising 295,750,000 GPB Shares. Upon completion of the Public Issue, the enlarged issued and paid-up share capital of GPB will be RM36,725,000 comprising 367,250,000 GPB Shares.

The details of the changes in the Company's issued and paid-up share capital since its date of incorporation are set out below:-

Ordinary Shares

Date of Allotment	No. of Shares	Par Value (RM)	Consideration	Total (RM)
15 December 2000	3	1.00	Subscribers' shares	3
1 November 2001	199,997	1.00	Capitalisation of cash advances	200,000
30 January 2002	300,000	1.00	Capitalisation of cash advances	500,000
31 December 2002	800,000	1.00	Capitalisation of cash advances	1,300,000
31 October 2003	7,188,444	1.00	Capitalisation of debt	8,488,444
31 December 2003	1,500,000	1.00	Settlement of shareholders advances	9,988,444
31 March 2004	9,330,492	1.00	Acquisition of intellectual property	19,318,936
14 April 2004	2,600,000	1.00	Bonus issue	21,918,936
15 April 2004	159,600	1.00	Capitalisation of debt	22,078,536
21 March 2005	1,319,572	1.00	Conversion of preference shares	23,398,108
21 March 2005	4,676,892	1.00	Bonus issue	28,075,000
21 March 2005	-	0.10	Sub-division of shares of RM1.00 each into shares of RM0.10 each	28,075,000
5 April 2005	15,000,000	0.10	Employees' Share Scheme	29,575,000

CPS "A"

Date of allotment/ (conversion)	No. of Shares issued/ (converted)	Par Value (RM)	Consideration	Total (RM)
10 June 2004	5,000,000	1.00	Cash	5,000,000
(21 March 2005)	(5,000,000)	1.00	Conversion to ordinary shares	-

CPS "B"

Date of allotment/ (conversion)	No. of Shares issued/ (converted)	Par Value (RM)	Consideration	Total (RM)
10 June 2004	1,000,000	1.00	Cash	1,000,000
(21 March 2005)	(1,000,000)	1.00	Conversion to ordinary shares	-

6.3 Share Options

As at the date of this prospectus, no person has an option or is entitled to be given an option to subscribe for any Shares of the Company or its subsidiaries.

6. INFORMATION ON GPB (Cont'd)

6.4 Subsidiaries

As at the date of this Prospectus, GPB has two (2) wholly-owned subsidiaries, GPSL and GPB – Taiwan Branch.

6.4.1 Information on GPSL

History and Business

GPSL was incorporated in China as a private limited company under the Law of the People's Republic of China on Wholly Foreign Owned Enterprises on 28 April 2004. The principal activity consists of research, development, manufacturing, marketing and distribution of wireless networking and telecommunication products, networking solutions and other high technology products and services. GPSL is eligible for full income tax exemption in the first and second years of profitable operations and is allowed a fifty percent reduction in the third to fifth years under PRC's income tax law for enterprises with foreign investments and foreign enterprises.

Share Capital

The registered share capital* of GPSL is USD650,000 of which USD450,000 is credited and fully paid-up.

Details of changes in the issued and paid-up share capital of GPSL since incorporated until the date of this Prospectus are as follows:-

Date of allotment	Consideration	Issued and paid-up share capital (USD)	Registered Capital credited and fully paid-up* (USD)
9 June 2004	Cash	150,000	150,000
10 September 2004	Cash	150,000	300,000
5 January 2005	Cash	150,000	450,000

Note:-

* The concept employed in the capitalization of enterprises in the PRC is "registered capital".

Substantial Shareholders

GPSL is a wholly-owned subsidiary of GPB.

Subsidiary and Associated Companies

As at the date hereof, GPSL does not have any subsidiary or associated companies.

6.4.1 Information on GPB – Taiwan Branch

History and Business

GPB - Taiwan Branch was incorporated in Taiwan as a wholly owned branch company under Taiwan's Company Law on 18 January 2005. The principal activity consists of sales, marketing and distribution of wireless networking and telecommunication products, networking solutions and other high technology products and services. It also serves as the Group's procurement unit.

Share Capital

The registered share capital* of GPB – Taiwan Branch is TWD1,000,000 of which all is credited and fully paid-up.

6. INFORMATION ON GPB (Cont'd)

Details of changes in the issued and paid-up share capital of GPB – Taiwan Branch since incorporated until the date of this Prospectus are as follows:-

Date of allotment	Consideration	Issued and paid-up share capital (NTD)	Registered Capital credited and fully paid-up * (NTD)
18 January 2005	Cash	1,000,000	1,000,000

Note:-

* *The concept employed in the capitalization of enterprises in the Taiwan is "registered capital".*

Substantial Shareholders

GPB – Taiwan Branch is a wholly-owned subsidiary of GPB.

Subsidiary and Associated Companies

As at the date hereof, GPB – Taiwan Branch does not have any subsidiary or associated companies.

6.5 Flotation Scheme

In conjunction with, and as an integral part of the Listing, the Company implemented a restructuring exercise which was approved by the SC on 7 February 2005 and involved the following:-

6.5.1 Conversion of CPS

1,111,219 and 208,353 GPB ordinary shares of RM1.00 each in GPB had been issued upon the conversion of 5,000,000 CPS "A" of RM1.00 each and 1,000,000 CPS "B" of RM1.00 each respectively.

Upon completion of the conversion, the issued and paid up ordinary share capital of GPB will increase from RM22,078,536 comprising 22,078,536 ordinary shares of RM1.00 each to RM23,398,108 comprising 23,398,108 ordinary shares of RM1.00 each.

6.5.2 Bonus Issue

Upon completion of the Conversion of CPS, GPB implemented a Bonus Issue of 4,676,892 new ordinary shares of RM1.00 each to the existing shareholders of GPB on the basis of approximately 0.20 new ordinary shares of RM1.00 each for every one (1) existing ordinary share held in the Company via the capitalization of RM4,676,892 from the share premium of the Company arising from the conversion of CPS "A" and CPS "B".

The Bonus Issue shares rank *pari passu* in all respect with the existing shares of the Company except that they will not be entitled to any dividends, rights, allotments and/or other distributions the entitlement date of which is prior to the allotment of the Bonus Issue shares.

The Bonus Issue resulted in the issued and paid up share capital of GPB increasing from RM23,398,108 comprising 23,398,108 ordinary shares of RM1.00 each to RM28,075,000 comprising 28,075,000 ordinary shares of RM1.00 each.

6. INFORMATION ON GPB (Cont'd)

6.5.3 Share Split

Upon completion of the Bonus Issue, GPB implemented a share split of every one (1) GPB ordinary share of RM1.00 each after the Bonus Issue into ten (10) new GPB ordinary shares of RM0.10 each.

As a result of the Share Split, the issued and paid up share capital of GPB is RM28,075,000 comprising 280,750,000 ordinary shares of RM0.10 each.

6.5.4 Issuance of Shares

In conjunction with the Listing, GPB had issued 15,000,000 new GPB Shares to the employees of GPB, pursuant to its Employees' Share Scheme, at par.

The new issue of Shares rank *pari passu* in all respect with the existing Shares of the Company except that they will not be entitled to any dividends, rights, allotments and/or other distributions the entitlement date of which is prior to the allotment of the new Issue shares.

As a result of the Issuance of Shares, the issued and paid up share capital of GPB increased from RM28,075,000 comprising 280,750,000 ordinary shares of RM0.10 each to RM29,575,000 comprising 295,750,000 ordinary shares of RM0.10 each.

6.5.5 Public Issue

As part of the Listing, GPB will issue 71,500,000 new GPB Shares, representing approximately 19.5% of the enlarged issued and paid-up share capital of GPB, at an issue price of RM0.55 per share 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 Malaysian 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 Company and other persons who have contributed to the success of the Company.

Upon the completion of the Public Issue, the issued and paid up share capital of GPB will increase from RM29,575,000 comprising 295,750,000 GPB Shares to RM36,725,000 comprising 367,250,000 GPB Shares.

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.

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

6. INFORMATION ON GPB (Cont'd)

6.5.6 Listing and Quotation

GPB will seek a listing of and quotation for its entire issued and paid-up share capital of RM36,725,000 comprising 367,250,000 GPB Shares on the MESDAQ Market.

6.6 Salient terms of the Employees' Share Scheme

(a) The Committee may make offer to a natural person who is a Director or who is employed by any company in the Group or engaged under any service contract by any company in the Group ("Eligible Employee"). The number of shares to be offered to each Eligible Employee will be at the discretion of the Committee, taking into consideration the seniority, performance, length of service of the eligible employee to the Group.

(b) The subscription price will be the par value of the shares on offer date.

(c) The eligible employees will be segregated to two (2) categories as follows:-

Category 1 Eligible Employees	1 Eligible	Means an Eligible Employee who has been employed in the Company for not less than twenty four (24) months as at the offer date or such other Eligible Employee as the Committee may decide in its discretion, taking into consideration the seniority, performance, length of service and the overall contribution of the eligible employee to the Group
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Category 2 Eligible Employees	2 Eligible	Means any Eligible Employee other than a Category 1 Eligible Employees
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(d) Shares arising from the Employees' Share Scheme will be subject to the following moratorium provisions:-

(aa) Category 1 Eligible Employees

(1) 50% of the shares held by Category 1 Eligible Employee's as at the listing date and any interest and benefits accrued bonus shares of the Company may not be sold, transferred, charged, assigned or otherwise disposed of;

(2) the Category 1 Eligible Employee's may sell, transfer, charge, assign or otherwise dispose as follows:-

- 25% of their respective shares as at the listing date and any corresponding accrued bonus shares of the Company, twelve (12) months after listing date; and
- 25% of their respective shares as at the listing date and any corresponding accrued bonus shares of the Company, twenty four (24) months after listing date.

(bb) Category 2 Eligible Employees

(1) 75% of the shares held by Category 2 Eligible Employee's as at the listing date and any corresponding accrued bonus shares of the Company may not be sold, transferred, charged, assigned or otherwise disposed of;

(2) the Category 2 Eligible Employee's may sell, transfer, charge, assign or otherwise dispose as follows:-

6. INFORMATION ON GPB (Cont'd)

- 25% of their respective shares as at the listing date and any corresponding accrued bonus shares of the Company, twelve (12) months after listing date;
- 25% of their respective shares as at the listing date and any corresponding accrued bonus shares of the Company, twenty four (24) months after listing date; and
- 25% of their respective shares as at the listing date and any corresponding accrued bonus shares of the Company, thirty six (36) months after listing date.

In the event the Company proposes any bonus issue during the moratorium period, the Eligible Employee may accept for such shares allotted and issued pursuant to the bonus issue. Such Eligible Employee will also be entitled to exercise its rights pursuant to any proposed rights issue of the Company.

Any shares issued pursuant to the rights issue will not be regarded as moratorium shares.

- (e) In the event that a grantee resigns, or is terminated, for any reasons whatsoever from the employment of any company in the Group before all the moratorium shares owned by such grantee are released from moratorium, the following provisions shall apply:-
- (aa) Upon the date of acceptance of such resignation by the Group or the date of notice of termination by the Group ("Relevant Date"), the grantee will immediately lose his title, rights, benefits and interests to the moratorium shares, and the Company will thereupon have the absolute right to instruct the stakeholder to sell the remaining moratorium shares of the grantee ("Sale Shares") within two (2) months from the relevant date ("Sale Period"), in stages or otherwise in the open market at the then prevailing price or to any person deemed fit in the absolute discretion of the stakeholder at any other price as the stakeholder (with the prior approval of the Committee) may agree with any buyer of the Sale Shares regardless whether the Shares are listed on the MESDAQ Market of the Bursa Securities ("Sale Proceeds");
- (bb) The Sale Proceeds will be dealt with in the following manner:-
- (1) Firstly, in payment to the Stakeholder and the Company of all costs, expenses and fees arising from the sale of the Sale Shares; and
- (2) Secondly:-
- (aa) if after satisfaction of paragraph (1) above, there is sufficient balance from the sale proceeds, an amount representing the subscription price for the Sale Shares will be refunded to the grantee or such other party entitled thereto within seven (7) days from the receipt of the Sale Proceeds by the Stakeholder; or
- (bb) if after satisfaction of paragraph (1) above, there is insufficient balance from the sale proceeds to effect a full refund of the subscription price for the Sale Shares, then only such balance of the sale proceeds after the satisfaction of paragraph (1) above shall be refunded to the grantee or such other party entitled thereto and the grantee will be deemed to accept such smaller sum in full satisfaction of the subscription price for the Sale Shares and the consequent full discharge and release of the Company and the Stakeholder by such refund;

6. INFORMATION ON GPB (Cont'd)

- (cc) in the event of any alteration in the par value of the Company's Shares, the subscription price will be deemed adjusted so as to be equivalent to the prevailing par value of the Company's Shares, and the amount to be refunded to the grantee will be calculated in accordance with such adjusted subscription price;
 - (dd) any balance remaining after satisfaction of paragraphs (aa) and (bb) above will be forfeited absolutely and paid to the Company, and the Company will upon receipt thereof have the absolute right to apply the same in any manner deemed fit in the absolute discretion of the Company without any reference to the grantee; and
 - (ee) neither the Company nor the Stakeholder shall be responsible to any person for any loss, costs or expenses, direct or indirect, howsoever incurred in the sale or disposal of all or any of the Sale Shares, or arising from any omission or delay or non-exercise of the Company's or the Stakeholder's rights, powers or discretions under these Terms and/or the Stakeholder Agreement, or for any loss or depreciation in value of any of the Sale Shares arising from such sale, disposal, delay, omission, non-exercise or any other cause whatsoever.
- (f) The Employees' Share Scheme will commence on the effective date and will lapse at the following dates:-
- (aa) at the end of two (2) years from Effective Date; or
 - (bb) within thirty (30) days from the receipt of the last approval required from the relevant authorities for the listing of the Company; or
 - (cc) five (5) market days prior to the registration of the Prospectus with the SC necessary for the listing of the Company;
- whichever is earlier.

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7. BUSINESS OVERVIEW

7.1 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.

7.1.1 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. In other words, SONbuddy’s Multi-hop capabilities enable the movement or traversal of data across multiple nodes to reach its final destinations.

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.

7. BUSINESS OVERVIEW (Cont'd)

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
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

7. BUSINESS OVERVIEW (Cont'd)

Applications	Description
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

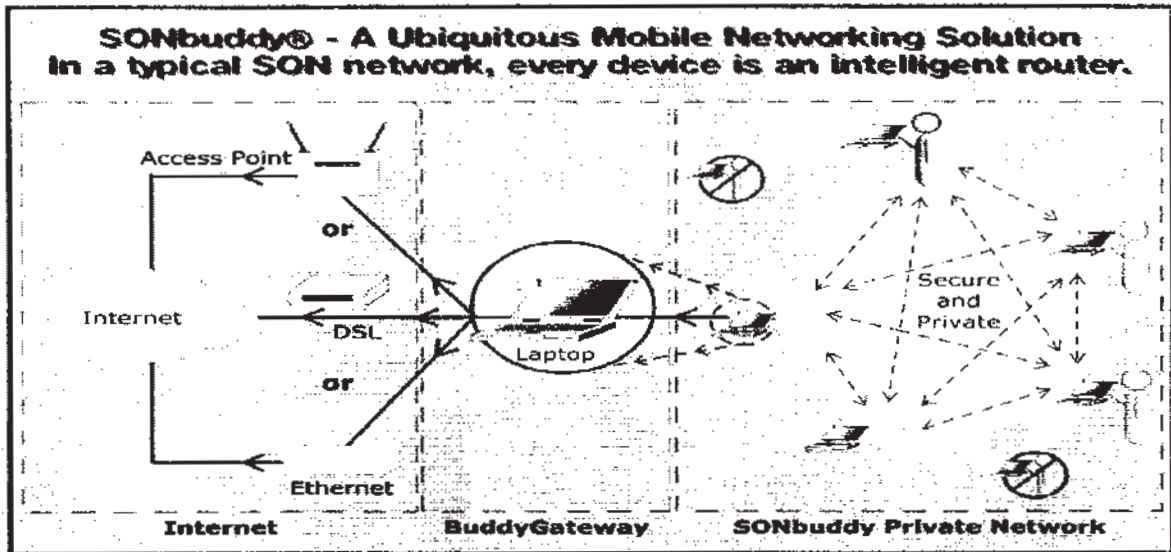
Device manufacturers for smartphones, PDAs, palmtops, tablets and laptops need wireless applications for their Wi-Fi equipped models in order to differentiate their products from competitors, drive sales of higher margin premium products, generate sales and take market share.

(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.

7. BUSINESS OVERVIEW (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.

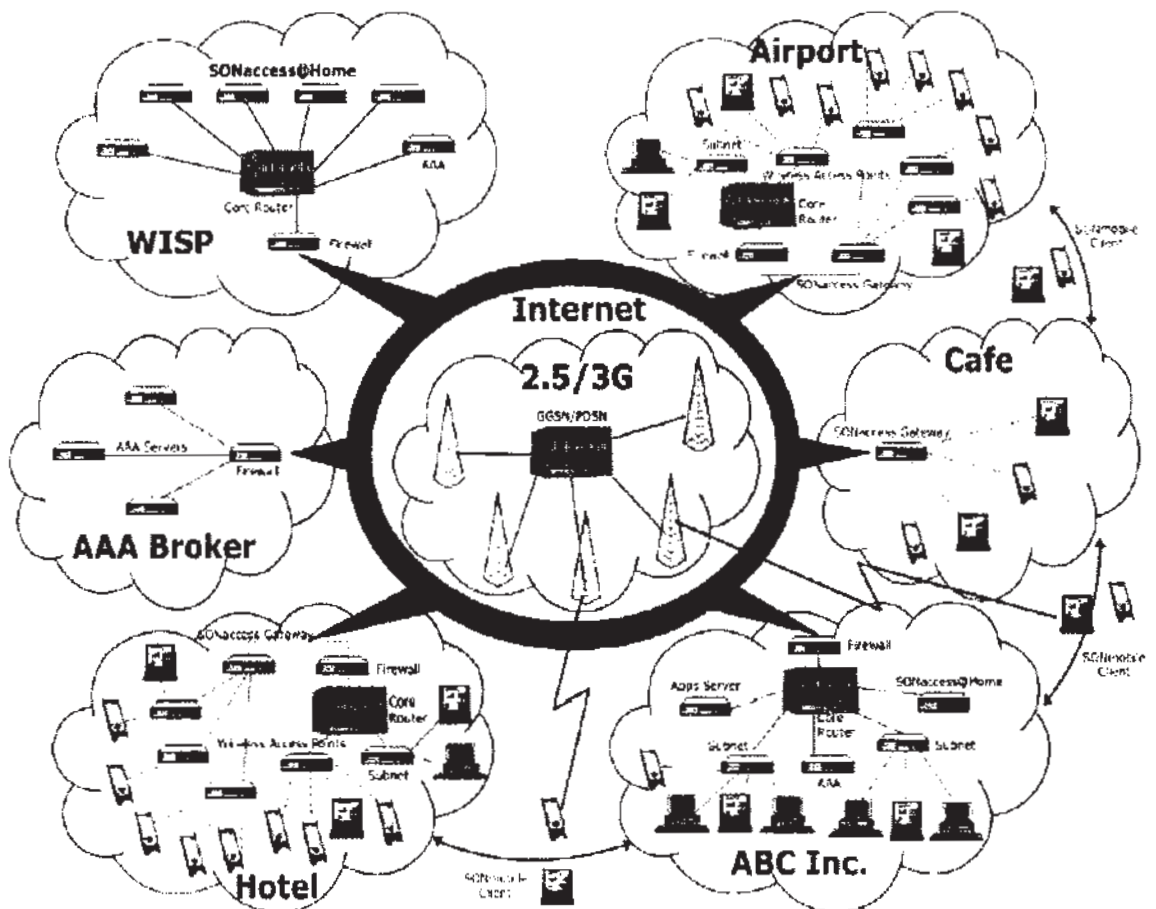
The following are SONmobile's features:-

- 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

7. BUSINESS OVERVIEW (Cont'd)

- (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;
 - (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.



7. BUSINESS OVERVIEW (Cont'd)

Advantages of SONaccess are set out below:-

(a) Expanding WLAN Footprints with WWAN Coverage

By the end of 2005 there is expected to be about 152,000 WLAN hotspot locations worldwide, with 55,000 hotspots in the Asia Pacific region (*from "Public Wireless LAN Hotspots: Worldwide, 2002-2008", Gartner, 15 May 2003*). Network partitioning and cell planning of overlapping or independently operated WLAN networks will result in multiple sub networks with different network IDs. Moving from one (1) network to the next causes the user's connection to drop, typically requiring the user to seek permission and (usually) a new ID as part of the re-authentication process in the new network.

GPB's SONaccess solution presents an integrated solution for secure seamless roaming between different WLAN networks (horizontal handoff) and between WLAN and wide-area 2.5G networks like GPRS or CDMA (vertical handoff). SONaccess will support major WLAN aggregators like iPass and GRIC to tie up the networks to create an even bigger footprint for hotspot operators to drive market acceptance and increase revenues.

(b) Unifying a Hybrid Network

Most of the major cellular operators in the world have announced and/or have commenced migration, in stages, to their next generation wireless broadband network based on either the GPRS/EDGE or CDMA standards. The adoption and growth of these broadband services have however generally been stymied by, among other things, the limited bandwidth available on these 2.5G or 3G systems and a dearth of compelling business applications. For many telecommunication operators, this has called for a re-examination of the merits of investing further in a 3G system and a review of WLANs as a complement, not a threat, to their 3G efforts.

In defusing the expectation gap between true (desktop Ethernet) broadband experience and that offered by 2.5G or 3G cellular systems, a Hybrid Network incorporates WLAN access into its 2.5 or 3G network to provide both coverage and bandwidth. When the mobile user needs to, he can now securely access the Internet, and all his corporate applications, with the same ease and familiarity of his desktop, at WLAN hotspots equipped with broadband Internet access. Outside the coverage of these hotspots, the user can utilize the operator's cellular data network. In this way, the operator can maximize his investment by re-directing and off-loading, wherever possible, broadband traffic to his WLAN hotspots and those of participating hotspot operators. Customers can therefore enjoy the tailored applications of the operator according to the type of networks used.

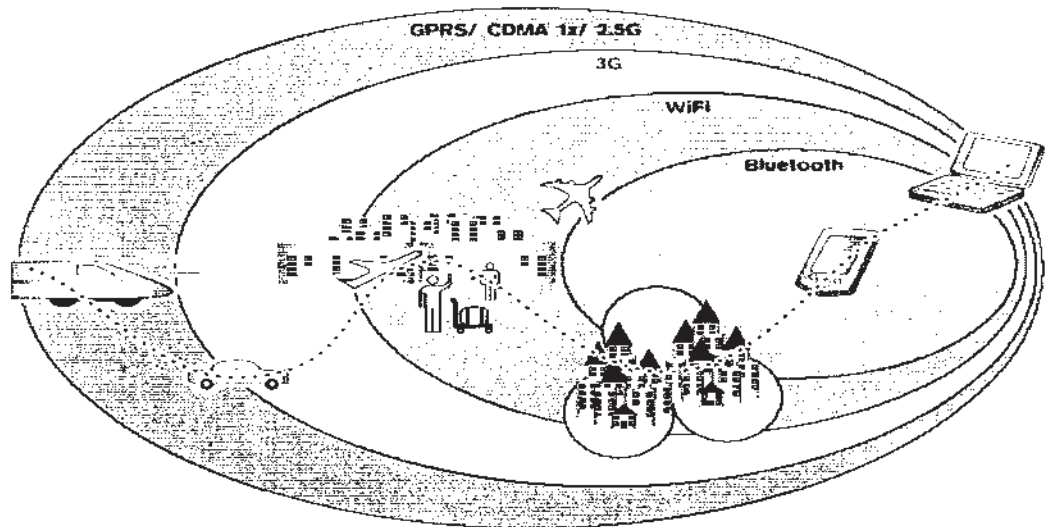
SONaccess unifies the different types of networks by incorporating a seamless and automatic vertical handoff solution into the operator's service offering to ensure the users are "always connected" as they roam within WLAN / GPRS / CDMA / 3G hybrid networks. SONaccess supports multiple authentication schemes including web and SIM-based authentication widely used by cellular operators. The unified hybrid network makes the transition from desktop to mobile broadband easier and, in conjunction with suitable applications, creates shared data traffic for the entire cellular network.

7. BUSINESS OVERVIEW (Cont'd)

These features facilitate an extended reach for the mobile workforce to stay connected to their corporate databases and applications from the field. The SONaccess solution also provides a smart connection manager application that will display the available networks and facilitate the user's choice of network connection.

(c) Enhancing the User's Mobile Experience

The "always on" and "always connected" features of the SONaccess solution within a Hybrid Network enable the operator to offer value-added 3G services such as location-aware and time-critical applications that "pushes" content to the customer when in the proximity of the desired location. Location-aware application incorporates specific information to a location, such as the nearest ATM locations, petrol station, restaurants, etc. For example, when the user gets a flat tire, the user can easily look up for the nearest gas station, tire shops or Automobile Association of Malaysia service number. Time critical applications feature schedules which change frequently or need to be updated constantly such as stock market information, current news reports, weather reports etc. These features facilitate an extended reach for the mobile workforce to stay connected to their corporate databases and applications from the field. The SONaccess solution will also provide a smart connection manager application that will display the available networks and facilitate the user's choice of network connection.



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7. BUSINESS OVERVIEW (Cont'd)

7.1.2 Engineering Services

GPB and GPI had entered into a PDMA to formalize their business relationship in the collaborative development, marketing and commercialisation works in respect of the GP Base Software. 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.

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 consideration of the foregoing, GPI will compensate GPB a sum of USD50,000 (equivalent to approximately RM190,000 at an exchange rate of USD1.00:RM3.80) per month in respect of development works to be undertaken by GPB under PDMA. 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.

7.2 Value Proposition

The Company's value proposition to the market is as follows:-

(a) Growing A Critical Mass For The Wireless Device Market

For the OEM wireless LAN device manufacturers, GPB SONbuddy creates an increased awareness and demand for market differentiators for the proliferation of mobile wireless devices. Personal productivity and lifestyle requirements need to be addressed given the growing number and coverage of IP networks and WLAN hotspots, the introduction of affordable mobile devices and service plans and the development of consumer and company-focused applications. GPB foresees that GPB SONbuddy's collaborative computing platform and secure community networking applications can contribute to hasten enterprise and consumer adoption of the OEM's mobile wireless devices.

(b) Enabling Unified User Authentication Across A Hybrid Network

A unified user authentication scheme based on the cellular operator's SIM card enables secure seamless roaming and "always on" connection to a heterogeneous hybrid network service that may incorporate WLAN, 2.5G and 3G. In one swoop, the SONaccess solution unifies the disparate networks together; enables a unified/single statement for multiple services; enables operators to complement scarce cellular network resources by off-loading broadband traffic into their WLANs, thus creating a synergy in shared data traffic volume, to optimize the bandwidth of WLAN and the ubiquity of cellular data network.

7. BUSINESS OVERVIEW (Cont'd)

(c) Enabling Customer Retention

The SONaccess solution enables operators to retain their customers by creating a value-added networking platform that allows them to

- (i) expand WLAN coverage by enabling roaming into the separated WLAN coverage points;
- (ii) offer a unified WLAN-cellular network service in one (1) seamless package; and
- (iii) offer customer-focused 3G-style mobile applications today, including location-based and other value added "push" services.

In effect, operators can now explore opportunities for new revenue streams, and/or maximize their infrastructure investment, through differentiated wireless service offerings that capitalize on the added usability and mobility options available to wireless users, tailoring different data applications and services to the different networks in their hybrid system.

In addition, SONbuddy, when included as part of the hot spot operator's subscription package, offers 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. Communication options include text chatting, instant messaging, VoIP over WLAN, white-boarding and network gaming, whilst SONbuddy's built-in data encryption options permit a secure and private communication network within the user's community.

(d) Providing A Universal Access Platform For Greater Productivity

For enterprises, the GPB SONaccess solution increases business productivity and efficiency of its mobile workforce through the ability to consolidate wireless services to a single device with unmitigated "always on" access to important company information. In addition, data such as important alerts, always-on e-mail, location-based offers, and value-added network services can be efficiently "pushed" and "pulled" via GPB SONaccess technology.

Similarly, the GPB SONbuddy offers workgroups within and outside an enterprise, a suitable self organizing and multi-hop platform for sharing work files and applications within a secure private network.

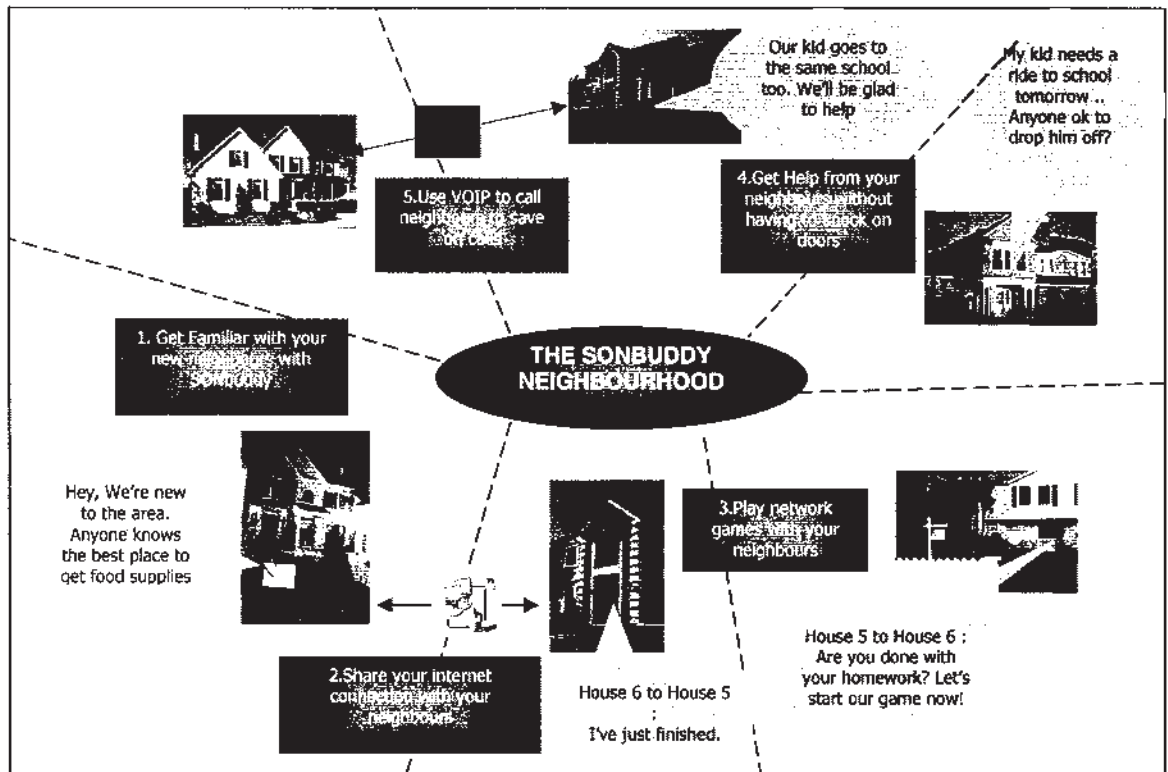
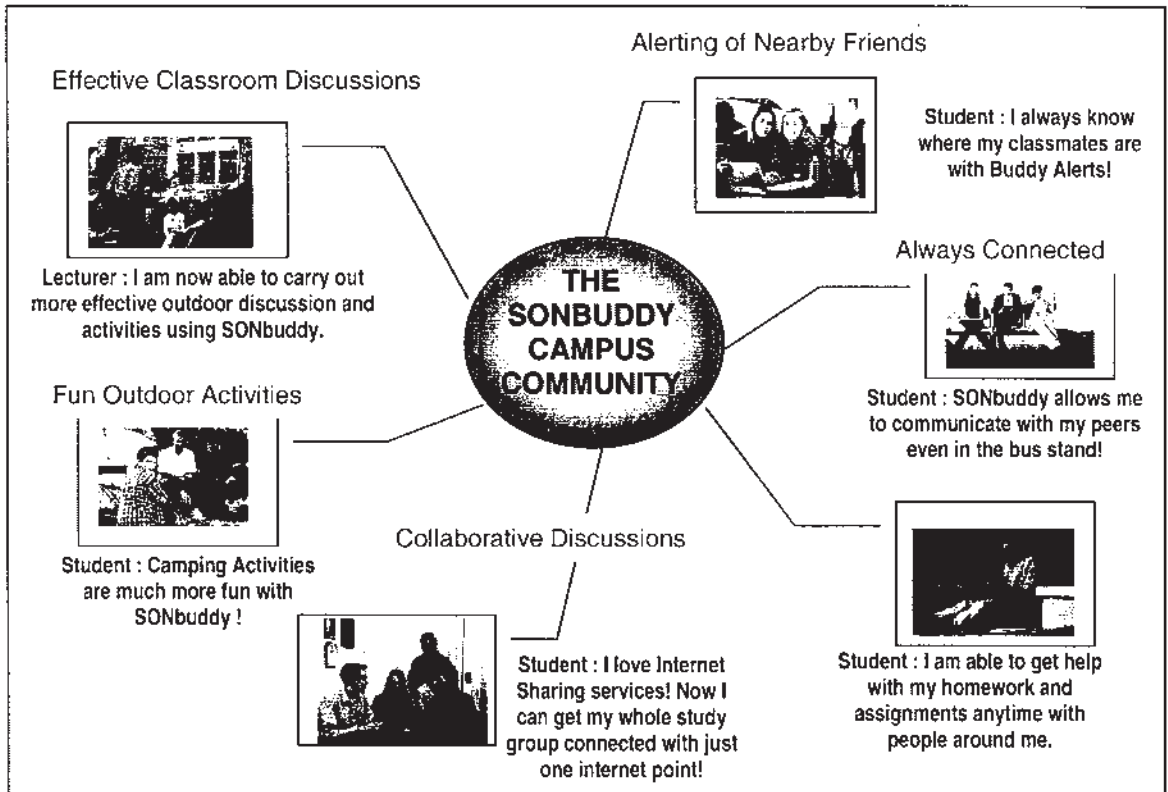
(e) Solution for Community network

Currently, mobile devices utilizing WLAN 802.11x have to be connected to an AP in order to make a connection to the Internet. Special needs arise when members in a dispersed group or community, found within the same general locality, for example a campus, a convention center or an office complex, want to communicate or collaborate as a workgroup. Similarly, these mobile users would simply like to establish the presence of other members of their interest group or community whenever they are in a likely locale.

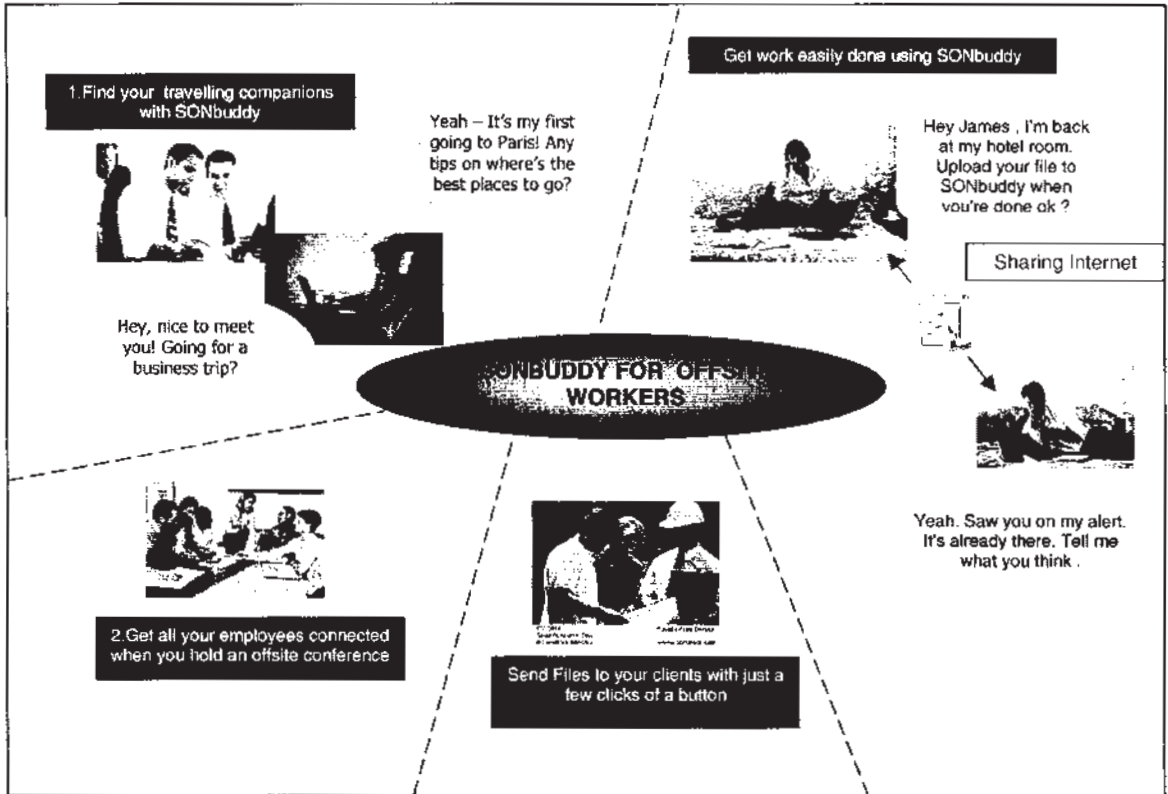
SONbuddy is an expanded concept of infrastructure-less communication, which includes VoIP over WLAN, within a private community of known members (buddies) or anonymous users sharing a common interest.

7. BUSINESS OVERVIEW (Cont'd)

SONbuddy usage scenarios:-



7. BUSINESS OVERVIEW (Cont'd)



7.3 Product Development Methodology

GPB adopts the WaterSluice software development methodology for GP Base software development, which promotes the separation of the important aspects from the less important and concentrate on solving them first. As the process continues, finer and finer details are refined until the product is released. This approach enables the combination of the best aspects of the iterative nature of a cyclical (spiral) methodology along with the steady progression of a sequential (waterfall) methodology.

The methodology is applied in eight (8) stages as outlined below:-

<p>Stage 1</p>	<p>Problem definition and research involving:-</p> <ul style="list-style-type: none"> (a) problem context analysis (b) problem specification (c) solution specification (d) industry trends <p>In this stage, the problem to be solved is clearly defined and the scenarios where this problem occur is analysed. By the end of this stage, the problem would have been clearly understood and the proposed solution will be defined.</p>
<p>Stage 2</p>	<p>Architecture specification involving:-</p> <ul style="list-style-type: none"> (a) solution design (b) software analysis (c) software design <p>With the information available in Stage 1, the design of the solution will commence. The overall structure of the solution will be defined, the individual components making up the solution will be identified and the linkage between the components will be analysed.</p>

7. BUSINESS OVERVIEW (Cont'd)

Stage 3	<p>Software development specification and guideline, including resource allocation.</p> <p>This Stage involves defining:-</p> <ul style="list-style-type: none"> (a) programming language to be used (b) programming tools or software development kits to be used (c) programming standards and practices that should be adhered to (d) division and allocation of software development tasks to the available resources
Stage 4	<p>Software implementation documentation involving:-</p> <ul style="list-style-type: none"> (a) code design (b) language and platform dependent (c) concurrency and distribution decisions
Stage 5	<p>Software quality assurance architecture specification including module testing and regression test generation.</p> <p>The overall approach to be taken to ensure quality of the software, which involves defining the different stages of testing, planning the test environment and test tools to be used.</p>
Stage 6	Software testing development specification.
Stage 7	<p>Software testing implementation documentation including overall system integration and testing.</p> <p>This Stage involves the preparation of the software test plan and test cases.</p>
Stage 8	Software beta testing guideline and requirement by defining the guidelines and qualification criteria for the software during the beta testing stage.

7.4 Operating Mechanism

GPB offers SON solutions, envisioning to keep people always connected regardless of the nature and availability of the backbone infrastructure. GPB's operating mechanism constitutes part of the business organization and performs a supporting role to achieve the company mission.

The operating mechanism consists of three (3) sections, namely FAE, QAE and SQE. The operating mechanism's objective is committed to building value-added solutions and service excellence in all aspects of its business practices, through a process of total quality management and continuous quality improvement.

(a) FAE

The FAE works with the sales/marketing team to identify sales opportunities for GPB in providing new or additional services that will meet customer requirements, especially in product quality and technical aspects. They work directly with customers or business partners to locate opportunities to implement GPB solutions. Once opportunities are identified, the FAE proceeds to project definition, implementation and management. The development cycle, from initial product demonstration to contracting, varies with each opportunity and could range from days to months.

7. BUSINESS OVERVIEW (Cont'd)

(b) QAE

The QAE is responsible for ensuring that GPB meets the requirements for quality standards, for performing product testing and qualification; and for failure analysis on product performance.

The QAE performs three (3) major aspects of product quality management, namely Quality System, Quality Assurance and Quality Control.

As part of the Quality System, QAE staff formulates product quality policies at the highest level. Once developed, they become the framework within which all subsequent product quality related decisions are made.

To achieve the best product quality, the QAE deploys product quality management system to deliver GPB products to the market.

The QAE also performs a Customer Quality Audit ("CQA") prior to shipment. This is to ensure that the commercial deliverable meets customer expectations.

(c) SQE

Operations information and documentation management are key aspects of system quality management. The SQE estimates the volume of operational information and documentation that will occur to support the entire business operations, and then establish the proper operating procedures to organize the documentation and information. The SQE creates, implements, controls and maintains the information flow of operational data and information with the following key benefits in mind:-

- (i) Informed decisions
- (ii) An increased ability to demonstrate the effectiveness of past decisions through reference to factual records
- (iii) Increased ability to review, challenge and change opinions and decisions.

Internal system audits are performed by SQE with the support of an audit team, consisting of representatives from other department. The internal system audit is cross functional review of the overall quality system to ensure that company policies and procedures are implemented at all facilities.

7.5 QA Methodology

The objective of QA methodology is to manage the product quality QAE process for a software product built. It also outlines the appropriate control process, implementation and management.

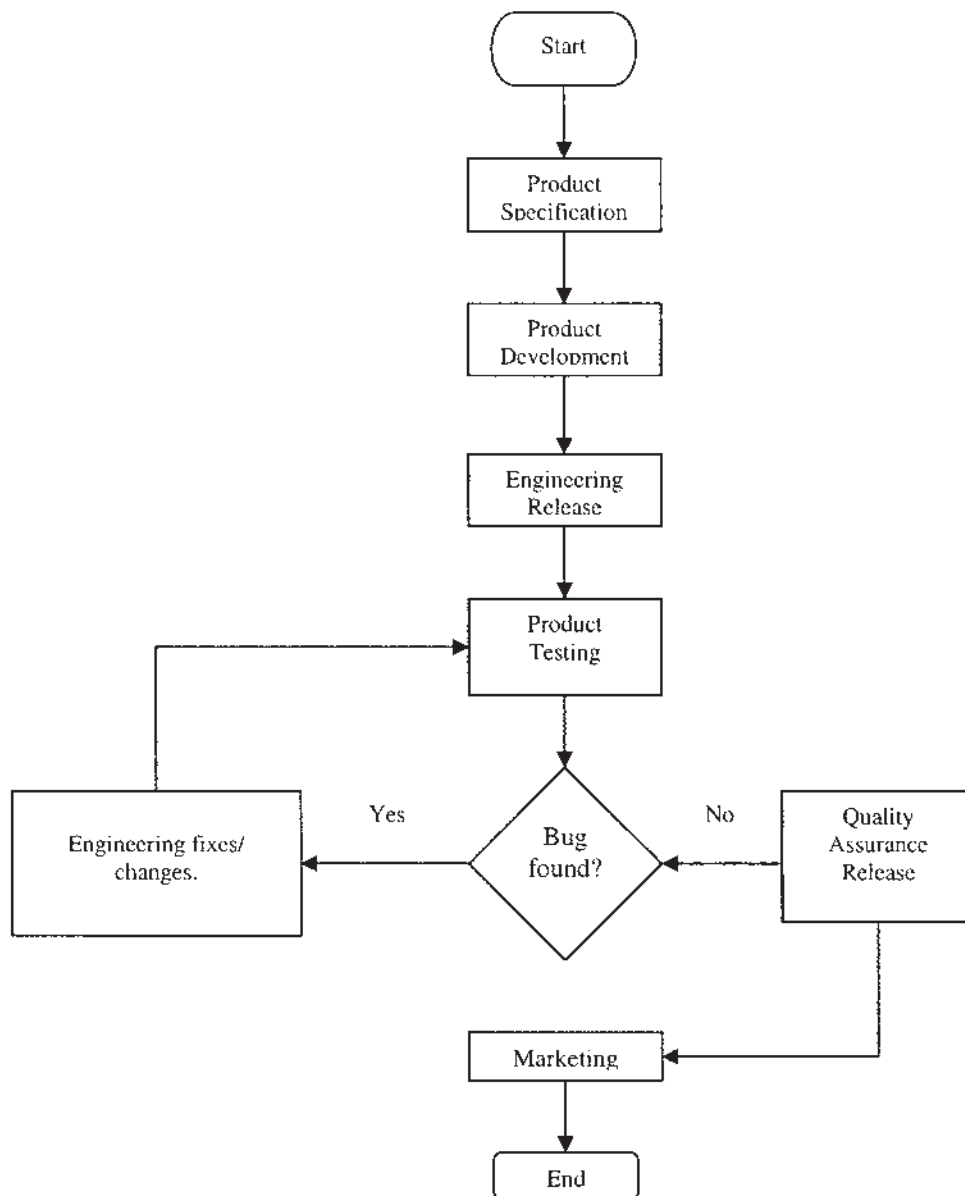
The QAE process is intertwined with that of product development. The documentation aspects of QAE arise because at the heart of QA's methods is a comparison between what is "right" and what is "actual".

QAE tests are executed to determine the build confidence level and to publish the result upon execution. This includes the breakdown of tests passed and failed. When bugs are found, they are entered into the bug-tracking system, and new bugs are also converted into test cases for regression testing.

GPB's QAE uses a contemporary Software Change Management ("SCM") system to effectively manage software changes, right from development to final release.

7. BUSINESS OVERVIEW (Cont'd)

The flow chart below elaborates key steps in QA methodology.



7.6 Market Coverage, Position and Share

Currently, GPB's products are marketed in PRC, Taiwan, Thailand and Malaysia. GPB will be continuing its effort to expand its customer base by pursuing markets in the Territory. In order to establish market presence in this region, GPB will form strategic alliance with partners and establish sales and operations office in Asian countries. GPB also intends to pursue strategic acquisition of companies within Malaysia and China to enable it to tap into markets with its products.

GPB has earmarked RM7.2 million for China and Taiwan office expansion and RM12.1 million for other business expansion. Further details of the utilization of the proceeds have been set out in Section 3.10 of this Prospectus.

7. BUSINESS OVERVIEW (Cont'd)

The Company leverages on the following key differentiators to maintain its competitive advantages:-

- (a) The Company has customers and market traction in Asia and plans to leverage this and make further inroads into the world's fastest growing wireless data markets. Its market focus is to capitalize on the wireless operators/service providers in Asia for the initial success stories. Asia is expected to show a faster adoption of wireless data and hybrid networks because typically both the WLAN and cellular data networks are owned and operated by same operator;
- (b) None of GPB competitors carry both solutions – a Peer-to-multi-peer networking solution and a Mobile IP solution; nor provide multiple modules for foreign agent, access controller and a location based framework in one (1) package;
- (c) The Company provides product continuity and enhancements by cross selling SONaccess and SONbuddy for customers to create a new level of experience for the mobile users; and
- (d) The Company emphasizes joint development with customers for meaningful mobile applications.

7.7 Distribution Channel and Marketing Strategy

The marketing, distribution and support functions of the Company are carried out from the main office that located at Technology Park Malaysia, Bukit Jalil, Kuala Lumpur, Malaysia; Shanghai, PRC and Taipei, Taiwan through its product management, sales and field support teams comprising 21 employees. The Company's reach of the Asian market is accomplished through its focus marketing campaigns and roadshows, and direct representation by the Company personnel to potential customers.

The Company had incorporated a wholly-owned subsidiary in Shanghai after establishing a market presence in PRC. It is GPB's intention to expand 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, Green Packet Bhd - Taiwan Branch, in Taipei on January 18, 2005. The Branch Company employs five sales, marketing and support personnel to serve the Taiwanese market and be the Company's international procurement office.

7.8 Principal Market

The Company's products are marketed in Malaysia and outside Malaysia. The breakdown of the respective revenue for the FYE 31 December 2003 and 2004 are set out below:-

Revenue	<-----FYE 31 December----->			
	2003		2004	
	(RM'000)	%	(RM'000)	%
Local	-	-	9	0.04
Export				
- USA	4,568	88.89	2,295	12.70
- China	453	8.81	15,312	84.75
- Taiwan	118	2.30	453	2.51
Total	5,139	100.00	18,069	100.00

The revenue was generated after two (2) years of operations as GPB was in the stage of developing its software programmes for the SONaccess and SONbuddy suite of products. For the FYE 31 December 2003 and 2004, almost 100% of GPB's revenue was generated from overseas sales.

7. BUSINESS OVERVIEW (Cont'd)**7.9 Major Customers**

The major customers of the Group and their level of sales for the FYE 31 December 2004 are as follows:-

Name of Customers	Country of Origin	Percentage of Sales (%)*	Length of Relationship (Years)
Beijing DHCC Digital Technology Co. Ltd.	China	37	Less than one (1) year
Shanghai P&T Information Development Co. Ltd.	China	25	Less than one (1) year
Green Packet Inc.	USA	13	Four (4) years
China Speednet Co. Ltd.	China	10	One (1) year
Comba Telecom System Co. Ltd.	China	10	One (1) year
Shanghai New Globe Telecom Co. Ltd.	China	3	Less than one (1) year
Jeng-Ye Technology Enterprise Co. Ltd.	Taiwan	2	Less than one (1) year

Note:-

* Based on the audited financial statements as at 31 December 2004

Part of the Company's revenue is generated from GPI, a subsidiary of GPH, a substantial shareholder and promoter of GPB for engineering services. This was conducted in the ordinary course of business with GPI on normal commercial terms which are no more favourable to the related parties than those extended to the general public and are not to the detriment of GPB. In 2004, the Company has broadened its customer base by appointing multiple solution providers for each target telecommunication companies. The Company is also pursuing aggressively other potential customers from other market segments.

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7. BUSINESS OVERVIEW (Cont'd)**7.10 Major Suppliers**

The top ten (10) suppliers of the Group and their level of purchases for the FYE 31 December 2004 are as follows:-

Name of Suppliers	Country of Origin	Percentage of Purchases (%)*	Length of Relationship (Years)
Nexcom International Co. Ltd.	Taiwan	50	One (1) year
Giga-Byte Technology. Co. Ltd.	Taiwan	15	More than one (1) year
Cameo Communication, Inc.	Taiwan	12	Less than one (1) year
Shanghai Nagase Trading Co. Ltd.	China	6	Less than one (1) year
Nation Tech Sdn. Bhd.	Malaysia	4	Less than one (1) year
Nagase & Co. Ltd.	Japan	3	Less than one (1) year
IBI Solution (M) Sdn. Bhd.	Malaysia	3	Three (3) years
Adkey Sdn. Bhd.	Malaysia	3	Less than one (1) year
Global Sun Technology Inc.	Taiwan	1	Less than one (1) year
Elite Digital Technologies Sdn. Bhd.	Malaysia	1	Less than one (1) year

Note:-

* *Based on the audited financial statements as at 31 December 2004*

The Company's suppliers provide it with hardware for SONaccess. The Company procures most of its supplies on a just-in-time basis. In this regard, the Company does not hold substantial inventory of such supplies and is not reliant on any particular supplier for its supplies as the hardware is generic in nature.

SONbuddy's content and services are developed in-house and the Company does not rely on any major supplier.

7.11 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).

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

7. BUSINESS OVERVIEW (Cont'd)

- (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.

The Company's future success is largely dependent on its ability to maintain and enhance its current products, develop new products and maintain technological competitiveness. The Company will continually invests a significant amount of resources in its product development plan in order to take advantage of emerging technologies and to further broaden the functionality and performance of its solutions.

GPB's product development efforts will continue to focus on the GP Base Software. The GP Base Software encompass the suit 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. New variants may be introduced for marketing purposes but these will largely fall into one of these major product lines. The product lines may gradually converge. The product development plan outlined below may change or be re-prioritised to reflect changes in the technology and market landscape.

The development plan of the Group for the next two (2) years is estimate to be as follows:-

FYE	Development Plan
2005	<ul style="list-style-type: none"> • Introduce SONaccess Version 2 • Develop standard API for SONaccess • Introduce SONbuddy Version 2 • Introduce SONbuddy SDK
2006	<ul style="list-style-type: none"> • Introduce SONaccess Version 3 • Introduce SONbuddy Version 3

GPB is expected to expand its R&D activities by employing additional capable and professional engineers. This would enable the Company to further create enhancements to the existing GP Base Software, shorten the development cycle and increase the speed of introducing new products to the market. GPB projected the engineering R&D staff force would increase to eighty seven (87) by 2008.

In the past three (3) years, GPB has invested approximately RM27.9 million in R&D activities as detailed below:-

	RM'000
Staff salaries, equipment and tools	5,145
Investment in the GP Base Software	22,800
Total	<u>27,945</u>

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7. BUSINESS OVERVIEW (Cont'd)**7.12 Employees**

As at 31 March 2005, being the latest practicable date prior to the issuance of this Prospectus, the Company had 99 employees in the following categories:-

Category of Employees	No.	%	Average Length of Service (Years)
Sales & Marketing	21	21%	1.3
Engineering, QA, R&D	58*	59%	0.9
Operations & Support	8*	8%	1.5
Total Knowledge Workers	87	88%	
Finance, Human Resource & Admin	12	12%	1.2
Total	99	100%	

Note:-

* As at 31 March 2005, the Group had 15 full time interns, industrial and graduate trainees ("Trainees"), who will serve the Company for a period ranging from three (3) to six (6) months. four (4) of the said Trainees are under Operations and Support, while the remaining 11 are under the Engineering, QA and R&D departments.

The Company recognizes that the success of its business depends on the skills, experience and expertise of its staff members. It has over the years built a competent team of professional staff with expertise gained from exposure to both local and international IT firms.

GPB places emphasis on staff training to upgrade the skills and knowledge of its workforce so that they will be able to provide a consistent level of quality services to its clients and keep abreast with the latest relevant technologies.

The Company currently provides staff training via regular in-house talks and on-the-job training as well as approved external courses and seminars; and inter-company secondment to other GPB offices and the GPI office in the US.

The Company does not have any information of employees being members of labour unions and the management enjoys cordial relationships with the employees. There have not been any industrial disputes in the past between the employees and the management.

7.13 Types, Sources and Availability of Raw Materials/Input

The Group has not encountered any difficulties in hiring new staff to meet its expansion needs. The GPB management believe that offering a competitive salary package and a conducive working environment will mitigate the risk of insufficient qualified IT personnel. In addition, due to its MSC status, the Company is eligible to employ foreign skilled workers should the need arises.

7.14 Intellectual Property and Licences

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.

7. BUSINESS OVERVIEW (Cont'd)

On 31 March 2004, GPB and GPII had entered into a 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 the Territory, 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) Trademarks for SONbuddy, SONaccess and SONmobile.

The Company has filed an application for the "SONbuddy", "SONaccess" and "SONmobile" trademarks in Malaysia and will be doing the same in the Territories in which the Group plans to enter to sell its products. GPI has registered the "SONbuddy[®]", and "SONmobile[®]" trademarks in the USA. Pursuant to the SPA, GPB has the right to use the trademarks within Asia (excluding Japan and South Korea), Russia and the Middle East.

- (b) Copyrights for SONbuddy and SONaccess products

GPB has registered the copyrights for SONbuddy and SONaccess in China, and will do the same, where applicable, for other territories where the Group plans to sell its products. GPI has registered the copyrights for SONbuddy and SONaccess in the USA. Pursuant to the SPA, GPB has the right to use the trademarks within the Asia (excluding Japan and South Korea), Russia and the Middle East.

- (c) By virtue of the SPA, GPB jointly owns with GPI and GPII, in their respective territories, the following international patents filed in the USA under the United Nations based PCT that covers about 120 contracting states as well as national patent applications in Taiwan and Malaysia, who are not yet signatories to the PCT:-

International Patent Application Number : PCT/US2005/000079 (3 January 2005)

Title of Invention : Method of managing digital rights

International Patent Application Number : PCT/US2005/80 (3 January 2005)

Title of Invention : Network management.

- (d) By virtue of the SPA, GPB jointly owns with GPI and GPII the Internet domain names as set out below:-

www.sonbuddy.com
www.greenpacket.com

Apart from SPA, GPB also entered into the PDMA with GPI on 31 March 2004 to formalize their business relationship in the collaborative development, marketing and commercialisation works in respect of the GP Base Software.

7. BUSINESS OVERVIEW (Cont'd)

Under PDMA, GPI and GPB will be the co-owners of all rights, title and interest in and to all the intellectual property rights in the products or services to be jointly developed or further developed by GPB and GPI including all documentation for products and services; and all marks (trademarks, trade names, service marks, service names, logos and trade dress) created or to be created. GPI will pay GPB a sum of USD50,000 (equivalent to approximately RM190,000 at an exchange rate of USD1.00:RM3.80) per month in respect of development works to be undertaken by GPB under the PDMA.

The Company also owns all intellectual property rights in and to the software known as "Access Controller", which was developed pursuant to a grant from MDC.

7.15 Operating Licences

Save for business licences, the directors of GPB confirm that the Company's business activities do not presently require any special permit or licence from any authorities.

7.16 Milestones and Achievements

Some of the Company's major milestones / achievements to date include:-

Dates	Major Milestones / Achievements
20 December 2004	GPB's CEO, Mr. Puan Chan Cheong, named PIKOM's Technopreneur of the Year 2004.
10 December 2004	GPB SONbuddy secures APICTA Merit Award for the Communications Applications Category.
20 October 2004	GPB SONbuddy named Intel Asia Pacific's Outstanding Solution Provider (Education) Award for 2004.
13 October 2004	GPB SONbuddy named winner of the MSC APICTA 2004 for Best Communication Application.
10 June 2003	Awarded "Pioneer-Status" by MITI for five (5) years from 10 June 2003 to 9 June 2008.
10 June 2003	Awarded the MSC R&D Grant Scheme amounting up to RM826,742 for R&D Projects.
25 September 2001	Awarded MSC status by MDC.

7.17 Operating Capacities and Output

The Company's operating capacity is determined by the number and experiences of the skilled IT employees that it has. As such, the Company constantly monitors the requirements of its IT employees in respect of their competency, skills and intuition to ensure that contracts secured could be delivered to customers as scheduled. To-date, the Company has neither encountered any constraints in operating capacity nor has it encountered any difficulty in increasing its headcount to meet an increase in contracts.

7.18 Operating Premises

The Company operates from its main office in Bukit Jalil, Malaysia as well as from its overseas subsidiary companies. Its main office is located at Lot 1-4 & 1-5, Incubator 2, Technology Park Malaysia, Lebuhraya Puchong-Sg. Besi, Bukit Jalil, 57000 Kuala Lumpur. The main office currently serves as the Company's R&D, sales, marketing, operations and administrative hub.

The Company also maintains its presence via its subsidiary in PRC, namely GPSL, which is located at the Suite 21211-21213, No. 498 Guoshoujing Road, Pudong New Area, Shanghai Post Code 201203, PRC.

7. BUSINESS OVERVIEW (Cont'd)

In Taiwan, GPB – Taiwan Branch operates from 5F-4, No 15, Lane 360, Section 1, Neihu Road., Neihu District, Taipei, Taiwan 114.

7.19 Interruptions in Operations

There have not been any interruptions in the GPB's business that have had a significant effect on its operations during the past twelve (12) months preceding the date of this Prospectus.

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