5.   **INDUSTRY OVERVIEW**

5.1   **Overview of the East Asian Economy**

With continuing improvement in the external economic environment beginning from the second half of 2003, brought about by a synchronised global upswing, growth in East Asia is expected to broaden and strengthen in the course of 2004. Generally, economic activities accelerated in most countries in the region.

Singapore's export-driven economy, supported by the upturn in the global economy, is expected to continue expanding strongly, driven by the pick-up in global ICT demand and exports of pharmaceuticals and health products. Strengthening external demand is, in turn, envisaged to push up domestic investment growth as capitals spending by semiconductor manufacturers strengthen in line with the recovery in global corporate investment. Trade-related services are also expected to perform better, as are financial services where activities in foreign exchange trading, fund management and corporate financing continue to improve. The generally higher global growth continues to revive tourism activities in Singapore, restoring the hospitality, wholesale and retail sectors to pre-Severe Acute Respiratory System levels.

Exports, which expanded by 26.6% in the second quarter, improving from growth of 17.2% in the first quarter of 2004, are expected to contribute to higher domestic capacity utilisation and employment creation, as well as strengthen domestic demand. Although inflation trended upwards in the first half of the year as a result of demand pressures exerted by the strengthening economy, as well as rising oil prices, it is relatively benign and expected to register 1.2% for the year (2003: 1.1%), the fastest pace in four years.

Indonesia's economic performance that began strengthening in 2003 was largely propelled by private consumption expenditure, as well as buoyant growth in exports due to the global rebound and rising commodity prices. Domestic consumption is expected to remain robust in 2004, supported by a stronger economy, sustained agricultural commodity prices, as well as the recently announced pay rise for public servants and easier access to credit as a result of lower interest rates. There have also been signs of a pick-up in domestic investment in tandem with higher business activity, particularly in transportation, telecommunications and construction. Inflation is expected to trend downwards during the course of the year to 5% (2003: 6.6%) largely due to a good harvest which helped contain food prices, as well as the excess spare capacity in the economy. These helped counteract the price pressures caused by election spending and imported inflation exacerbated by a weakening Rupiah.

Thailand's economy recorded a growth rate of 6.5% in the first quarter of 2004, on account of the sturdier external environment, robust consumer demand, upturn in private investment, recovery in tourism, as well as supportive fiscal and monetary policies. For the year, higher oil prices remain a challenge for oil-importing Thailand, in addition to the outbreak of avian flu and unrest in the southern provinces. Inflation reached a 66-month peak in July 2004 of 3.1% year-on-year arising from high oil prices, the reduction in retail price subsidies, draught conditions in early 2004 which led to upward pressures on food prices, and a weaker Baht. Nevertheless, premised on improving exports, the growth momentum is likely to continue into 2004 at a rate of 7.1% (2003: 6.8%).

(Source: Economic Report 2004/2005 as published by the Ministry of Finance, Malaysia)

5.   INDUSTRY OVERVIEW *(Cont'd)*

5.2   Overview of the Malaysian Economy

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

The broad-based growth is evident of the effective measures implemented by the government to develop new sources of growth to reduce the nation's vulnerability to the external environment. Expanding at 10.5%, the manufacturing sector, which has become more diversified with higher-end, value-added and new emerging industries and products, remains a major contributor to growth. New growth areas in ICT, strong expansion in financial services and revival in tourism activities supported growth in the service sectors, enabling it to maintain its premier position in term of share to gross domestic product (GDP) at 57%. Meanwhile, the Government's commitment to revitalise the agriculture sector as the third engine of economic growth, particularly in food production, has resulted in the expansion in output of fruits, aquaculture and livestock.

The synchronised upswing in the global economy and upsurge in electronics demand, as well as high prices for palm oil and crude oil, continued to propel export volume and earnings. Import growth was strong, particularly for intermediate and capital goods, reflecting robust domestic economic activities, fuelled by recovery in private investment and higher disposable income. The trade balance in July 2004 remained in surplus for 81 consecutive months since November 1997. Better export earnings and inflow of foreign funds increased the international reserves to USD54.4 billion as at 14 August 2004, sufficient to finance 7.2 months of retained imports and five times the short-term external debt. The national resource position remains strong with gross national product (GNP), providing ample liquidity to finance both public and private sector initiatives.

(Source: Economic Report 2004/2005 as published by the Ministry of Finance, Malaysia)

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5.   **INDUSTRY OVERVIEW** *(Cont'd)*

5.3   Overview of the Regional Telecommunication Industry

5.3.1   Malaysia

The telecommunication industry in Malaysia has experienced significant growth in recent years. The total number of mobile subscribers increased from 3.0 million at the end of 1999 to 11.5 million at the end of 2003 while mobile penetration rate increased from 13.2% to 45.8% during the same period. The following table sets out the number of mobile phone subscribers in Malaysia from 1999 to 2003.

Year	1999	2000	2001	2002	2003
Population (million)	22.7	23.3	24.0	24.5	25.0
Mobile phone subscribers ('000)	2,990	4,961	6,848	8,537	11,453
Mobile penetration (%)	13.2	21.3	28.5	34.8	45.8
Mobile growth (%)	35.9	65.9	38.0	24.7	34.2

It is believed that the increase of the mobile phone subscribers has been largely driven by the increasing GDP per capital and changes in lifestyle and a growing youth consumer segment which prefers mobile communications as opposed to the traditional fixed line services.

(Source: "Country Profile Malaysia" by Hot Telecom, June 2004)

5.3.2   Singapore

The telecommunication industry in Singapore has experienced significant growth in recent years. The total number of mobile subscribers increased from 1.5 million at the end of 1999 to 3.5 million at the end of 2003 while mobile penetration rate increased from 37.7% to 82.5% during the same period. The following table sets out the number of mobile phone subscribers in Singapore from 1999 to 2003.

Year	1999	2000	2001	2002	2003
Population (million)	3.9	4.0	4.1	4.2	4.2
Mobile phone subscribers ('000)	1,471	2,442	2,859	3,244	3,463
Mobile penetration (%)	37.7	61.1	69.7	77.2	82.5
Mobile growth (%)	44.2	66.0	17.1	13.5	6.8

It is believed that the increase of the mobile phone subscribers has been largely driven by the changes in lifestyle and a growing youth consumer segment which prefers mobile communications as opposed to the traditional fixed line services.

(Source: "Country Profile Singapore" by Hot Telecom, June 2004)

5.   INDUSTRY OVERVIEW *(Cont'd)*

5.3.3   Indonesia

The telecommunication industry in Indonesia has experienced significant growth in recent years. The total number of mobile subscribers increased from 3.7 million at the end of 1999 to 28.6 million at the end of 2003 while mobile penetration rate increased from 1.8% to 13.1% during the same period. The following table sets out the number of mobile phone subscribers in Indonesia from 1999 to 2003.

Year	1999	2000	2001	2002	2003
Population (million)	Na	209.5	212.1	214.2	216.2
Mobile phone subscribers ('000)	3,669	6,499	11,664	18,583	28,551
Mobile penetration (%)	1.8	3.1	5.4	8.6	13.1
Mobile growth (%)	65.2	77.1	79.5	59.3	53.6

Note:

Na : Not available

It is believed that the increase of the mobile phone subscribers has been largely driven by the changes in lifestyle and a growing youth consumer segment which prefers mobile communications as opposed to the traditional fixed line services.

(Source: "Country Profile Indonesia" by Hot Telecom, June 2004)

5.3.4   Thailand

The telecommunication industry in Thailand has experienced significant growth in recent years. The total number of mobile subscribers increased from 2.5 million at the end of 1999 to 22.4 million at the end of 2003 while mobile penetration rate increased from 4.0% to 35.0% during the same period. The following table sets out the number of mobile phone subscribers in Thailand from 1999 to 2003.

Year	1999	2000	2001	2002	2003
Population (million)	61.8	62.4	62.9	63.5	64.0
Mobile phone subscribers ('000)	2,470	3,540	7,940	17,748	22,414
Mobile penetration (%)	4.0	5.7	12.6	27.9	35.0
Mobile growth (%)	25.0	43.3	124.3	123.5	26.3

The telecommunication industry in Thailand was the most dynamic sector with an average growth rate of 68.5% in the last five (5) years and in 2001, the total number of mobile subscribers is higher than the number of fixed line connections.

(Source: "Country Profile Thailand" by Hot Telecom, June 2004)

5.   **INDUSTRY OVERVIEW** *(Cont'd)*

5.3.5   China

The telecommunication industry in China has experienced significant growth in recent years. The total number of mobile subscribers increased from 43.3 million at the end of 1999 to 323.8 million at the end of 2003 while mobile penetration rate increased from 3.4% to 24.8% during the same period. The following table sets out the number of mobile phone subscribers in China from 1999 to 2003.

Year	1999	2000	2001	2002	2003
Population (million)	1,259	1,266	1,273	1,284	1,293
Mobile phone subscribers ('000)	43,296	84,533	145,767	205,461	323,771
Mobile penetration (%)	3.4	6.7	11.5	16	24.8
Mobile growth (%)	81.4	95.2	72.4	41.0	20.5

It is believe that the increase of the mobile phone subscribers has been largely driven by the changes in lifestyle and a growing youth consumer segment which prefers mobile communications as opposed to the traditional fixed line services.

(Source: "Country Profile China" by Hot Telecom, June 2004)

5.3.6   India

The telecommunication industry in India has experienced significant growth in recent years. The total number of mobile subscribers increased from 1.6 million at the end of 1999 to 19.9 million at the end of 2003 while mobile penetration rate increased from 0.2% to 1.9% during the same period. The following table sets out the number of mobile phone subscribers in India from 1999 to 2003.

Year	1999	2000	2001	2002	2003
Population (million)	998	1,014	1,030	1,046	1,061
Mobile phone subscribers ('000)	1,599	3,107	5,371	10,475	19,903
Mobile penetration (%)	0.2	0.3	0.5	1.0	1.9
Mobile growth (%)	33.8	94.3	72.9	95.0	90.0

It is believed that the increase of the mobile phone subscribers has been largely driven by the changes in lifestyle and a growing youth consumer segment which prefers mobile communications as opposed to the traditional fixed line services.

(Source: "Country Profile India" by Hot Telecom, June 2004)

As our business falls within a sub-sector of the mobile telecommunications market, our growth rate will be dependent on the growth of the overall subscriber base of the MNOs in the above mentioned countries where our Group has/will have market presence.

5. INDUSTRY OVERVIEW *(Cont'd)*

5.4 Overview of the Malaysian ICT Industry

During the review period, the Government has embarked on efforts to position Malaysia as a regional as well as global ICT and multimedia hub. These included policy adjustments related to the liberalisation and promotion of a competitive and dynamic environment for the healthy growth of the ICT and multimedia industries. These incentives fuelled the growth of many advanced value-added services, including voice, data and text-based applications as well as the market for electronic-based contact and data centres in the country. Through the development of the MSC, the Government provided incentives to attract multinational corporations ("MNC") and increase the country's competitiveness. The consolidation of the cellular phone industry from five to three operators also strengthened the industry through greater economies of scale and sharing of network facilities.

New and innovative services were also made available over the cellular telephone network to meet increasing competition and consumer demand. The services that enhanced the advantages of convenience and mobility included SMS, MMS, e-mail, download of ring tones and logos as well as reload payments for pre-paid cellular services.

(Source: Mid-Term Review of the Eighth Malaysia Plan 2001-2005)

5.5 Future Growth and Prospects of the Asian Telecommunication Industry

The market opportunities for our Group are favourable. The telecommunication industry is fast growing with many players inevitably spending on new and latest technologies for improvement. In tandem with the growth in the Asian economy, the telecommunication market is expected to grow in depth and width. The details of the forecasted future growth and prospects of the Asian telecommunication industry are as follows:

5.5.1 Malaysia

The telecommunication industry in Malaysia is expected to experience growth from 2005 to 2007. The total number of mobile subscribers is expected to increase from 15.9 million at the end of 2005 to 17.0 million at the end of 2007 while mobile penetration rate is expected to increase from 61.3% to 63.5% during the same period. The following table sets out the forecasted number of mobile phone subscribers in Malaysia from 2005 to 2007.

Year	2005	2006	2007
Mobile phone subscribers ('000)	15,875	16,732	17,084
Mobile penetration (%)	61.3	63.4	63.5
Mobile growth (%)	10.8	5.4	2.1

(Source: "Country Profile Malaysia" by Hot Telecom, June 2004)

5.   INDUSTRY OVERVIEW *(Cont'd)*

5.5.2   Singapore

The telecommunication industry in Singapore is expected to experience growth from 2005 to 2007. The total number of mobile subscribers is expected to increase from 3.9 million at the end of 2004 to 4.0 million at the end of 2007 while mobile penetration rate is expected to increase from 89.6% to 90.0% during the same period. The following table sets out the forecasted number of mobile phone subscribers in Singapore from 2005 to 2007.

Year	2005	2006	2007
Mobile phone subscribers ('000)	3,854	3,970	4,049
Mobile penetration (%)	89.6	90.2	90.0
Mobile growth (%)	5.0	3.0	2.0

(Source: "Country Profile Singapore" by Hot Telecom, June 2004)

5.5.3   Indonesia

The telecommunication industry in Indonesia is expected to experience growth from 2005 to 2007. The total number of mobile subscribers is expect to increase from 46.7 million at the end of 2004 to 61.0 million at the end of 2007 while mobile penetration rate is expected to increase from 21.1% to 27.0% during the same period. The following table sets out the forecasted number of mobile phone subscribers in Indonesia from 2005 to 2007.

Year	2005	2006	2007
Mobile phone subscribers ('000)	46,739	54,965	60,956
Mobile penetration (%)	21.1	24.6	27.0
Mobile growth (%)	24.3	17.6	10.9

(Source: "Country Profile Indonesia" by Hot Telecom, June 2004)

5.5.4   Thailand

The telecommunication industry in Thailand is expected to experience growth from 2005 to 2007. The total number of mobile subscribers is expected to increase from 34.5 million at the end of 2005 to 38.6 million at the end of 2007 while mobile penetration rate is expected to increase from 52.5% to 57.8% during the same period. The following table sets out the forecasted number of mobile phone subscribers in Thailand from 2005 to 2007.

Year	2005	2006	2007
Mobile phone subscribers ('000)	34,505	36,713	38,640
Mobile penetration (%)	52.5	55.4	57.8
Mobile growth (%)	9.5	6.4	5.2

(Source: "Country Profile Thailand" by Hot Telecom, June 2004)

5.   INDUSTRY OVERVIEW *(Cont'd)*

5.5.5   China

The telecommunication industry in China is expected to experience growth from 2005 to 2007. The total number of mobile subscribers is expected to increase from 407.1 million at the end of 2005 to 460.8 million at the end of 2007 while mobile penetration rate is expected to increase from 30.7% to 34.3% during the same period. The following table sets out the forecasted number of mobile phone subscribers in China from 2005 to 2007.

Year	2005	2006	2007
Mobile phone subscribers ('000)	407,128	438,477	460,840
Mobile penetration (%)	30.7	32.9	34.3
Mobile growth (%)	10.4	7.7	5.1

(Source: "Country Profile China" by Hot Telecom, June 2004)

5.5.6   India

The telecommunication industry in India is expected to experience growth from 2005 to 2007. The total number of mobile subscribers is expect to increase from 49.1 million at the end of 2005 to 70.2 million at the end of 2007 while mobile penetration rate is expected to increase from 4.5% to 6.3% during the same period. The following table sets out the forecasted number of mobile phone subscribers in India from 2005 to 2007.

Year	2005	2006	2007
Mobile phone subscribers ('000)	49,060	63,778	70,155
Mobile penetration (%)	4.5	5.7	6.3
Mobile growth (%)	45	30	10

(Source: "Country Profile India" by Hot Telecom, June 2004)

5.6   Government Incentives for MSC Status Companies

Malaysia has offered a 10 point Bill of Guarantees. The Government of Malaysia has formally provided the following incentives to "MSC Status" companies, in order to facilitate and assist the development of a truly IT and multimedia environment:

(i)   Provide a world-class physical and information infrastructure;

(ii)   Allow unrestricted employment of local and foreign knowledge workers;

(iii)   Ensure freedom of ownership by exempting companies with MSC status from local ownership requirements;

(iv)   Give the freedom to source capital globally for MSC infrastructure and the right to borrow funds globally;

(v)   Provide competitive financial incentives including no income tax for up to 10 years or an investment tax allowance and no duties on the import of multimedia equipment;

5.   **INDUSTRY OVERVIEW** *(Cont'd)*

(vi)   Become a regional leader in intellectual property protection and cyberlaws;

(vii)   Ensure no Internet censorship;

(viii) Provide globally competitive telecommunications tariffs;

(ix)   Tender key MSC infrastructure contracts to leading companies willing to use the MSC as their regional hub; and

(x)   Provide an effective one-stop agency – MDC.

(Source: MSC website (www.msc.com.my) extracted on 17 June 2005)

5.7   Industry Players and Competition

To the best knowledge of our Directors, there are few major players in the mobile messaging solutions in Malaysia, Singapore, Indonesia and Thailand. The overall mobile content and messaging industry in each market is generally characterised by a few major players who focus on being a Service Provider or a Content Provider or a combination of both.

Among the major players, most position themselves as leading B2C Content Providers with the exception of one or two Service Providers, if any, involved in providing both applications services and platform technologies and have direct connection agreements with the telecommunication companies. As such, our Directors believe that our Group currently does not have to face keen competition from other major players.

As far as our management is aware, the major players in the mobile content and messaging industry in each of the Group's key markets is as set out below:

5.7.1   Malaysia

The telecommunication industry in Malaysia has experienced significant growth in recent years. The mobile content and messaging industry in Malaysia is characterised by a few players as set out below:

Malaysia	Category/Type	Products/Services	Market Focus
AKN Messaging Technology Berhad	Service Provider/Content Provider	• SMS Banking • SMS Tracking • SMS Securities • SMS Insurance • Mobile News, Games, Ringtones and Picture downloads	Corporate and Consumer B2C
UnrealMind Interactive Berhad	Content Provider	• Mobile News, Games, Ringtones and Picture downloads	Consumer B2C
Iguana Mobile Sdn Bhd	Content Provider	• Mobile News, Games, Ringtones and Picture downloads	Consumer B2C

5. **INDUSTRY OVERVIEW** *(Cont'd)*

Malaysia	Category/Type	Products/Services	Market Focus
MNC Wireless Bhd	Service Provider/Content Provider	• Mobile News, Games, Ringtones and Picture downloads	Corporate (All industries) and Consumer B2C

5.7.2 Singapore

The telecommunication industry in Singapore has experienced significant growth in recent years. The mobile content and messaging industry in Singapore is characterised by a few players as set out below:

Singapore	Category/Type	Products/Services	Market Focus
MobileWay Pte Ltd	Service Provider	• Distribution Services • Interoperatibility Services • Interactive Services • Reporting & Statistics • Mobile Marketing • Content Management • Integrated Clearing and Settlement	Corporate Mobile Operators, Mobile Marketers and Content Providers
ZingMobile Pte Ltd	Content Provider	• Mobile News, Games, Ringtones and Picture downloads	Consumer B2C
Efusion Pte Ltd	Content Provider	• Mobile News, Games, Ringtones and Picture downloads	Consumer B2C
Apic Systems Pte Ltd	Content Provider	• Mobile News, Games, Ringtones and Picture downloads	Consumer B2C

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5.   INDUSTRY OVERVIEW *(Cont'd)*

5.7.3   Indonesia

The telecommunication industry in Indonesia has experienced significant growth in recent years. The mobile content and messaging industry in Indonesia is characterised by a few players as set our below:

Indonesia	Category/Type	Products/Services	Market Focus
PT Iguana Technology	Content Provider	• Mobile News, Games, Ringtones and Picture downloads	Corporate and Consumer B2C
PT Boleh Net Indonesia	Content Provider	• Mobile News, Games, Ringtones and Picture downloads	Consumer B2C
PT Hyperlab Technologies	Content Provider	• Mobile News, Games, Ringtones and Picture downloads	Consumer B2C

5.7.4   Thailand

The telecommunication industry in Thailand has experienced significant growth in recent years. The mobile content and messaging industry in Thailand is characterised by a few major players as set out below:

Thailand	Category/Type	Products/Services	Market Focus
Samclick Co., Ltd	Content Provider	• Mobile News, Games, Ringtones and Picture downloads	Consumer B2C
Shineedot com Co., Ltd	Content Provider	• Mobile News, Games, Ringtones and Picture downloads	Consumer B2C

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5. **INDUSTRY OVERVIEW** *(Cont'd)*

5.7.5 MTB Group

Our Group's characterisation in each of the key markets is as set out below:

	Category/Type	Products/Services	Market Focus
mTouche Technology Berhad	Service Provider	Existing • mTouche™ Intelligent Short Messaging Platform • mTouche™ Content Provisioning Platform New • mTouche™ Multimedia Messaging Services (MMS) Platform • mTouche™ 3G Platform • mTouche™ 3G Mobile TV • mTouche™ 3G Mobile Radio • mTouche™ 3G Mobile Press	Corporate Vertical Key Industries are: • Television Broadcaster • Radio Broadcaster • Press/Printing Companies

Our Group focuses our marketing and R&D efforts in the corporate vertical key industries in Television broadcasting, Radio broadcasting and press/ printing companies and continuously work towards excelling and building up our mTouche™ products' brand name in these niche markets. This allows our Group to clearly differentiate ourselves from the current players in each market and positioning the Group as a major dedicated service provider player in these niche markets and at the same time, leveraging on our regional exposure and track record.

5.8 Relevant Laws and Regulations Governing the Industry and Peculiarities of the Industry

Save for the licences listed in Section 12.1 (iii) and (iv), our Board is not aware of any specific laws, regulations or peculiarities governing the mobile solutions and services provider industry in Malaysia, Singapore, Thailand and Indonesia.

5.9 Demand and Supply Conditions

Our Directors believe that the demand for our Group's mobile solutions and applications is encouraging due to various factors such as the following:

(i)   The continued growth of the mobile telecommunication users as set out in Section 5.3 of this Prospectus; and

5. **INDUSTRY OVERVIEW** *(Cont'd)*

(ii)   The improvement in mobile technologies, leading to greater demand for SMS services. Our Group is positioned to tap into future growth in demand of SMS services from mobile telecommunication consumers.

Supply of direct server connection messaging services for the ICT industry is mainly provided by major MNOs of each country. In this respect, we have signed major Co-operation Agreements, Direct Connection Agreements, Content Provider Agreements and Collaboration Agreements with major telecommunication companies such as MobileOne Ltd and StarHub Ltd in Singapore, DiGi Telecommunications Sdn Bhd and Celcom (Malaysia) Berhad in Malaysia, Indosat Multimedia Mobile, and PT. Satelit Palapa Indonesia in Indonesia and Total Access Communication Public Company Limited in Thailand.

5.10   **Structure of the Mobile Content and Messaging Industry**

Briefly, the structure of the mobile content and messaging industry that our Group operates in consist of four (4) major participants, where their roles and functions are as summarised below:

| Major Participants	Roles/Functions
(i) M-Consumers	Being the entire mobile end users i.e. mobile consumers who have subscribed either as a prepaid or postpaid user with the MNOs. M-consumers, may via their mobile telecommunication devices, through the MNOs, requests for mobile services such as paying bills, downloading of ringtones and pictures from content providers, participates in real-time voting conducted by the media owner, etc.

(ii) MNOs	Being the mobile network operators which provide and facilitate the telecommunication infrastructure for the provision of voice/data telecommunication services. Data telecommunication services are carried out via the connection with aggregators/service providers.
	
	MNOs in the respective countries where our Group is operating in is as follow:
	
	Malaysia : Malaysia Mobile Services Sdn Bhd;
	      Celcom (Malaysia) Berhad; and
	      DiGi telecommunications Sdn Bhd
	
	Singapore : MobileOne;
	      StartHub Ltd; and
	      Singapore Telekom Mobile Pte Ltd
	
	Indonesia Indosat Multimedia Mobile;
	      PT. Satelit Palapa Indonesia;
	      PT. Telekomunikasi Selular; and
	      PT. Excelcomindo Pratama
	
	Thailand Total Access Communication
	        Public Company Limited; and
	      Advanced Info Services

(iii) Aggregators/ Service Providers	Being the companies who have entered into direct connection agreements with the MNOs to provide external messaging services for third party providers such as content providers and media owners.

5.   INDUSTRY OVERVIEW *(Cont'd)*

Major Participants	Roles/Functions
	The aggregators/service providers in each country where our Group is operating in is as follow: Malaysia : AKN Messaging Technology Berhad; MNC Wireless Bhd; and MTB Singapore : Mobile Way Pte Ltd; and MTB Indonesia : MTB Thailand : MTB Our Group is a service provider which focus on our proprietary platforms namely the mTouche™ Intelligent Short Messaging Service Platform and mTouche™ Content Provisioning Platform and our interactive media applications (for television, radio and press) which was developed for the media owners (television broadcaster, radio broadcaster, press/printing companies).
(iv) Media Owners	Being the Television broadcasters, Radio broadcasters, press/publishing companies which conduct activities and services to attract the participation of M-consumers. Media owners which our Group has been working with are as follow: Malaysia : Television Broadcasters: - NTV7 - TV3 Radio Broadcaster: - Star RFM (Red104.9, 98.8) Singapore : Radio Broadcaster: - MediaCorp Radio Press/Publishing Companies: - MediaCorp Publishing

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5.   **INDUSTRY OVERVIEW** *(Cont'd)*

Major Participants	Roles/Functions
Content Providers	Being the companies that focus on continuous development of rich content and mobile applications for the M-consumers. Examples of such content include ringtones, graphics, horoscope information, etc.
	The content providers in each country where our Group is operating in is as follow:
	Malaysia : AKN Messaging Technology Berhad; UnrealMind Interactive Berhad; Iguana Mobile Sdn Bhd; and MNC Wireless Bhd;
	Singapore : ZingMobile Pte Ltd; Efusion Pte Ltd; and Apic Systems Pte Ltd;
	Indonesia : PT Iguana Technology; PT Boleh Net Indonesia; PT Hyperlab Technologies;
	Thailand : Samclick Co., Ltd; and Shineedotcom Co., Ltd;

In summary, the roles of each of the major participants of the mobile content and messaging industry that our Group operates is depicted below:-
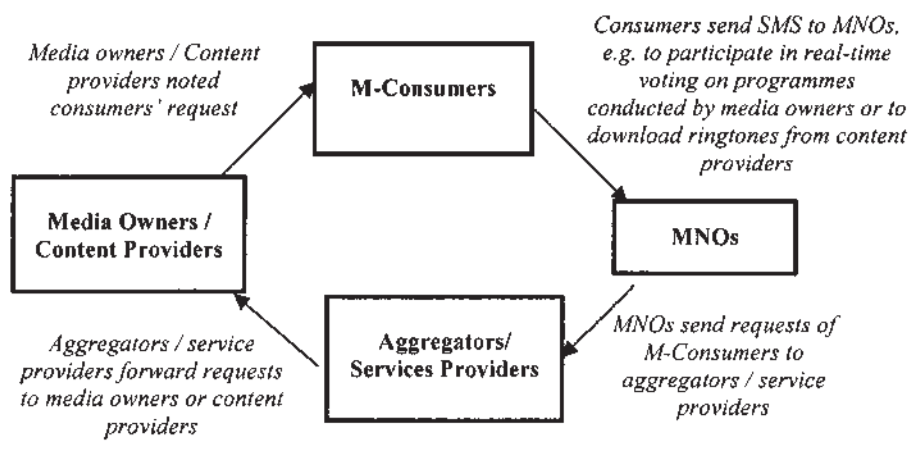
As depicted above, there is a continuous relationship and dependence of MNOs on our platforms to reach out to the mobile consumers via media owners.
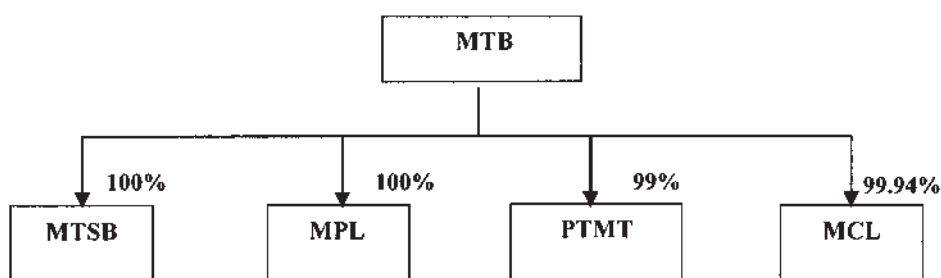
6.   **INFORMATION ON OUR GROUP**

6.1   History

We were incorporated as a private limited company in Malaysia under the Act on 17 June 2004. We have converted our Company to a public company on 7 July 2004 and assumed our present name, for the purposes of the Listing. We have commenced operations on 29 June 2005. As part of the Listing, we had on 24 June 2004 entered into a sale and purchase agreement with the MPL Vendors to acquire MPL's entire issued and paid-up share capital comprising 100,000 ordinary shares of SGD1.00 each for a total purchase consideration of RM3,733,056 which was satisfied by the issuance of 3,732,998 Shares at par.

The abovementioned acquisition was completed on 24 June 2004. Subsequently, we undertook an internal reorganisation of our group of companies aimed at further streamlining our business activities within the Group, which was fully completed on 25 June 2004. The internal reorganisation involved the acquisition of the entire equity interests of MTSB, 99% of the equity interest of PTMT and 99.94 % of the equity interest of MCL from MPL, for a total cash consideration of RM2,208,789 which was satisfied by cash.

We were granted MSC status by MDC on 1 July 2004. We currently have four (4) subsidiaries located in Malaysia, Singapore, Indonesia and Thailand namely, MTSB, MPL, PTMT and MCL.

The following chart illustrates our corporate structure:

```
                           ┌──────────┐
                           │   MTB    │
                           └────┬─────┘
                                │
        ┌───────────┬───────────┼───────────┬───────────┐
        │ 100%      │ 100%      │ 99%       │ 99.94%
     ┌──▼───┐    ┌──▼───┐    ┌──▼───┐    ┌──▼───┐
     │ MTSB │    │ MPL  │    │ PTMT │    │ MCL  │
     └──────┘    └──────┘    └──────┘    └──────┘
```

Our Group is involved in providing mobile messaging technologies such as mTouche™ interactive media application (which includes television, radio and press) and mTouche™ Content Provisioning Platform. Our Directors believe that, we are one of the leading providers of mobile messaging technologies, mobile content and interactive media applications in South-East Asia, with operations in Malaysia, Singapore, Indonesia and Thailand. Our Directors also believe that, currently, we are one of the mobile messaging technology service provider to have direct server connections to all major MNOs in all of these countries. We began deploying mobile messaging platform services along with other value-adding interactive media applications to South-East Asia via our Singapore operations in 2002.

6. **INFORMATION ON OUR GROUP** *(Cont'd)*

6.2 Principal Activities and Location of Operations

The principal activities and the location of the companies in our Group are as follows:

Company	Location	Principal Activities
MTB	C118, 1st Floor Block C SME Technopreneur Centre 2270 Jalan Usahawan 2 63000 Cyberjaya Selangor Darul Ehsan Malaysia	The Group's R&D centre. Research and development of mobile messaging technologies for the mobile telecommunication industry and investment holding.
MTSB	Suite 20-06 Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur Malaysia	The Group's head office. Provision of mobile messaging technologies primarily for the Malaysia market.
MPL	8 Temasek Boulevard #40-01A Suntec Tower 3 Singapore 038988	Provision of mobile messaging technologies primarily for the Singapore market.
PTMT	Komp. Ruko Roxy Mas Block D4, No 20 Jl. KH Hasyim Ashari Jakarta Pusat 10150 Indonesia	Provision of mobile messaging technologies primarily for the Indonesia market.
MCL	54 BB Building, Suite 1507 15th Floor Sukhumvit 21 (Asoke) Klongtoey Nue Wattana, Bangkok 10110 Thailand	Provision of mobile messaging technologies primarily for the Thailand market.

6.3 Share Capital

The authorised and issued and paid-up share capital of our Company as at 17 June 2005 are as follows:

Type	No. of Shares	Par value RM	Total RM
Authorised	100,000,000	0.10	10,000,000
Issued and paid-up	60,000,000	0.10	6,000,000

Upon the completion of the Public Issue, the enlarged issued and paid-up share capital of our Company will be increased to RM7,500,000 comprising 75,000,000 Shares.

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

6. INFORMATION ON OUR GROUP *(Cont'd)*

Date of allotment	No. of Shares	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
17 June 2004	2	1.00	Subscribers' Shares	2
24 June 2004	3,732,998	1.00	Acquisition	3,733,000
16 May 2005	2,267,000	1.00	Bonus Issue	6,000,000
17 May 2005	60,000,000	0.10	Share Split	6,000,000

6.4 Business Overview of our Group

6.4.1 Products and Services

Our Group is principally involved in providing mobile messaging technologies, mobile content and interactive media applications which is aimed at tapping into the rapidly expanding mobile messaging market. The SMS based value-added services and applications offered by our Group include the following:

- Interactive voting;
- Entertainment and gaming services;
- Instant messaging and information; and
- Transaction based services.

It is our Group's strategic intent to innovate rich and relevant content and services through a robust proprietary mobile platform to meet the changing lifestyle of our customers.

Currently, the principal markets for our Group's products and services include Malaysia, Singapore, Indonesia and Thailand, whereby our Group provides products and services through our various Subsidiaries in the respective country. For the financial year ended 31 December 2004, MTSB, MPL, PTMT and MCL has contributed 62%, 25%, 10% and 3% respectively to the Group's total revenue.

With the MSC status, our Company will be principally engaged in R&D activities which will focus on developing and distributing advanced 3G mobile technologies, applications and content services.

3G refers to near future developments in personal and business wireless technology for mobile communications. The introduction of 3G technologies will bring together with it an array of new products and features to mobile phone users such as interactive games, animated graphics and streaming music/videos. Specifically, 3G will allow capabilities and features such as:

- Enhanced multimedia services (voice, data, video and remote control);
- Usability on all popular communication modes (mobile phone, e-mail, paging, fax, video conferencing and web browsing); and
- Broad bandwidth and high speed (more than 2 Mbps).

6.   **INFORMATION ON OUR GROUP** *(Cont'd)*

(i)   **Description of products**

A brief summary of the products that we have developed and that are currently in the development process are as follows:

Products successfully developed

(a)   **mTouche™ Intelligent Short Messaging Platform**

The mTouche™ Intelligent Short Messaging Platform is a revolutionary core network platform that enables MNOs and third parties to offer SMS-based value-added services and applications to mobile users within and across networks. Value-added services enabled through this platform include interactive voting, entertainment and gaming services, instant messaging, information and transaction based services.

The mTouche™ Intelligent Short Messaging Platform is targeted at enabling MNOs to generate revenue while keeping operating costs low, to differentiate their service offerings and increase customer loyalty by offering new and value-adding services on their own or via third parties.

This revolutionary core network platform is compliant with telecommunication companies' standards and delivers unrivalled performance and availability by utilising built-in store and forward functionality.

Its key features include:
*   Enables cross network connectivity to applications.
*   High availability, scalable, resilient solution for receiving, storing and forwarding short messages (MO & MT).
*   Supports unlimited dedicated application mobile numbers.
*   Traffic recording and CDR generation.
*   Support for SNMP and logging facilities.
*   Proven high throughput performance.
*   Seamless integration into SS7 networks.
*   High-end intelligent network component.
*   Universal language support.
*   Comprehensive message logs - including delivery status, receipt notification, etc.
*   Flexible addressing - supporting local number.
*   Flexible CDR generation - for premium and content-based SMS billing.

(b)   **mTouche™ Content Provisioning Platform**

The mTouche™ Content Provisioning Platform offers third party service providers a superb channel to market their services. This platform is built in a modular infrastructure and encompasses all aspects needed for a scalable and reliable platform supporting a wide variety of content and needs analysis.

6.   INFORMATION ON OUR GROUP *(Cont'd)*

New products being developed

(a)   **mTouche™ Multimedia Messaging Services (MMS) Platform**

The mTouche™ MMS Platform is a scalable and highly available platform enabling end-users to create, store, access, share, subscribe and publish multimedia content on any device. The suite enables automatic integration and distribution of third party content to rapidly deploy revenue-generating multimedia services. It also benefits customers in terms of cost efficiency. For example, individually targeted mobile marketing activities and push-campaigns can be carried out with minimum manual overhead costs.

The engine of the MMS Platform is written using industry standard java language for extreme scalability. It is written to function on all popular computing platforms including all popular UNIX versions as well as Windows Operating System. This feature allows the platform to scale a delivery capacity of thousands of messages per second.

The components of the mTouche™ MMS Platform include amongst others the following:

- MMS Relay/Proxy Server;
- SMS Gateway;
- Billing Gateway;
- External Applications Connectors;
- Content Provisioning Module; and
- User Profile Manager.

(b)   **mTouche™ 3G Platform**

The mTouche™ 3G Platform is a comprehensive set of software products designed and optimised for mobile media creation, delivery and playback. It is set to be the foundation for our third generation mobile technologies which will feature advanced wireless technology for mobile communications.

The products in the suite have been designed to meet the needs and applications for the following users:

- Content/service providers looking to create content for mobile users;
- Mobile operators delivering to mobile devices; and
- Consumers looking for a high quality media experience on mobile devices.

6.   **INFORMATION ON OUR GROUP** *(Cont'd)*

The components of the mTouche™ 3G Platform include amongst others the following:

(i)   **mTouche™ Mobile Streaming Server**

The server is designed specifically to address the business and technical challenges of streaming audio and video over wireless data networks.

Together with the mTouche™ Universal Gateway, the mTouche™ Mobile Streaming Server is the core component of the mTouche™ 3G Platform. It is capable of delivering live and on-demand audio and video to consumer handsets, providing MNOs and content providers with a solid foundation for revenue-producing mobile media services.

(ii)   **mTouche™ Universal Gateway**

The mTouche™ Universal Gateway provides connectivity to MNOs. With smart adaptation to different network protocols and environment, it results in higher quality streaming, reduced latency, and minimal redundant connections.

(iii)   **mTouche™ Service Delivery Server**

The mTouche™ Service Delivery Server provides scalable technology to implement mobile multimedia to millions of subscribers. The server appeals to MNOs or content providers who want to deploy mobile multimedia to their customer base as they are assured of proven technology to implement business processes which are necessary in providing subscription service to millions of subscribers. It is a complete application suite which enables MNOs or content providers to implement multimedia streaming and download services which help accelerate time to market.

(iv)   **mTouche™ Content Producer**

This software-based audio and video encoder is specifically developed for the mobile market and supports 3GPP, 3GPP2, audio and video content creation. It can encode content for both live broadcast and on-demand delivery to mobile devices like Smart phones and Personal Digital Assistances.

6.   **INFORMATION ON OUR GROUP** *(Cont'd)*

(c)   **mTouche™ 3G Mobile TV**

mTouche™ 3G Mobile TV is an application targeted at niche market customers allowing mobile phone users to receive video content anytime anywhere. It also allows advertising for branding and tactical campaigns to be done on a more personal and traceable manner with interactive options from their targeted audiences. TV advertisers will be able to use the same TV commercial videos for mobile phones targeting at precise target audiences and track immediate response whereas TV broadcasters will be able to promote their upcoming programmes to draw more viewers to their programmes. Customised 3G applications to complement existing TV operations include Interactive Video Multi-casts TV games, Celebrities Download Console, Rich Infotainment Subscription Platform.

(d)   **mTouche™ 3G Mobile Radio**

mTouche™ 3G Mobile Radio offers short audio content for usage of the packet transmission network. High-speed packet transmission over the 3G network allows users to listen to news footage or sports-highlights and supports audio files (AMR) multiplexed into the Advance Streaming Formats. A user can personalise their device by downloading hit songs and amusing sounds (shouts and noises). The downloaded content can be used as ring tones, alarm sounds, or played back for enjoyment. Other examples include downloading of celebrity greetings and audio song dedications.

(e)   **mTouche™ 3G Mobile Press**

mTouche™ 3G Mobile Press allows users to be able to personalise, customise and analyse news feeds from various sources consolidated on the mTouche™ 3G Mobile Press Delivery Platform, hence having their own customised mobile press channel. Other complimentary services include classified advertisement placement services generating paid-inclusion services for press media owners.

(f)   **mTouche™ 3G Mobile Corporate Solutions**

mTouche™ 3G Mobile Corporate Solutions enable enterprises to use the mTouche™ infrastructure for SMS Gateway Service (i.e. sending short messages to a large number of mobile subscribers) to various domestic or foreign mobile network providers.

The basis for this service is the mTouche™ SMS Service Platform, which connects the vastly differentiated SMS Gateways of the network providers and the mobile subscribers.

6.   INFORMATION ON OUR GROUP *(Cont'd)*

Some of mTouche™ 3G Mobile Corporation Solutions include the following:

- mTouche™ 3G Corporate Video Conferencing;
- mTouche™ Corporate Messaging (text/ audio/ video broadcastings);
- mTouche™ E-Mail to SMS/MMS;
- mTouche™ Integrated CRM Messaging (video and audio support);
- mTouche™ Machine to Machine (M2M) Telemetry Solution; and
- mTouche™ Video Surveillance Solution.

(ii)   **Status of development of our products**

The status of development of our products are as follows:

Products to be developed	Expected date of commercialisation	Status of development
mTouche™ Multimedia Messaging Services (MMS) Platform	End of 2005	In the process of testing the product with the compatibility to one of the telecommunication companies before carrying out the connectivity testing
mTouche™ 3G Platform	End of 2005	Early stage of preliminary draft technical blueprint
mTouche™ 3G Mobile TV	End of 2005	Early stage of preliminary draft technical blueprint
mTouche™ 3G Mobile Radio	End of 2005	Early stage of preliminary draft technical blueprint
mTouche™ 3G Mobile Press	End of 2005	Early stage of preliminary draft technical blueprint
mTouche™ 3G Mobile Corporate Solutions	We are in the process of conducting a feasibility study on this product	The Group does not have a definite plan for the product at the moment.

6. **INFORMATION ON OUR GROUP** *(Cont'd)*

6.4.2 Technology Utilised

The technologies provided by our Group, namely mTouche™ Intelligent Short Messaging Platform and mTouche™ Content Provisioning Platform, were developed with Java technology that allows the MNOs and third parties to offer SMS-based value-added services and applications to mobile users within and across networks.

A brief summary of the technology utilised by mTouche™ Intelligent Short Messaging Platform and mTouche™ Content Provisioning Platform are listed below:

(i) **mTouche™ Intelligent Short Messaging Platform**

The mTouche™ Intelligent Short Messaging Platform is targeted at enabling MNOs to generate revenue while keeping low operation cost and increase customer loyalty by offering new and value-added services.

This Platform is also compliant with telecommunication companies' standards and delivers quality performance and availability by utilising built-in and forward functionality.

Our Group uses the technology indicated below to develop our respective products:

Development Platform

Client Server	:	Windows Server/Linux Platform
Web Modules	:	Windows Server/Linux Platform
Workflow Engine	:	Windows Server/Linux Platform
API	:	JAVA

Deployment Platform

Client Server	:	Windows Server/Linux Platform
Web Modules	:	Windows Server/Linux Platform
Database Support	:	MYSQL/SQL/ORACLE

(ii) **mTouche™ Content Provisioning Platform**

The mTouche™ Content Provisioning Platform is built in the modular infrastructure with scalable Java technology, covering all aspects needed for a scalable and reliable platform to support a wide variety of content and needs.

6.   INFORMATION ON OUR GROUP *(Cont'd)*

6.5   **Information on Subsidiaries**

Information on our Subsidiaries are set out below:

6.5.1   **Information on MPL**

(i)   **History and Business**

MPL was incorporated in Singapore on 19 July 2002 as a private limited company under the Laws of Singapore and commenced operations on 19 July 2002. MPL is principally involved in providing mobile messaging technologies such as interactive TV platform, interactive Radio platform and interactive Press platform. Our Directors believe that MPL is one of the leading providers of mobile messaging technologies, mobile content and interactive media applications in Singapore. Our Directors also believe that MPL is currently the only mobile platform technology service provider to have direct server connections to all major MNOs in Singapore. MPL began deploying mobile messaging platform services along with other value-adding interactive media applications in 2002.

(ii)   **Share Capital**

As at 17 June 2005, the authorised and issued and paid-up share capital of MPL is as follows:

Type	No. of shares	Par value SGD	Total SGD
Authorised	100,000	1.00	100,000
Issued and paid-up	100,000	1.00	100,000

Details of the changes in MPL's issued and paid-up share capital since its date of incorporation are as follows:

Date of allotment	No. of shares allotted	Par value SGD	Consideration	Cumulative issued and paid-up share capital SGD
19 July 2002	100	1.00	Subscribers' shares	100
31 May 2004	99,900	1.00	Cash	100,000

(iii)   **Substantial Shareholders**

As at 17 June 2005, we hold 100% equity interest in MPL.

(iv)   **Subsidiary and Associated Companies**

As at 17 June 2005, MPL does not have any subsidiary or associated companies.

6.   INFORMATION ON OUR GROUP *(Cont'd)*

6.5.2   Information on MTSB

(i)   History and Business

MTSB was incorporated in Malaysia on 27 May 2003 as a private limited company under the Act and commenced operations on 27 May 2003. MTSB is principally involved in providing mobile messaging technologies such as interactive TV platform, interactive Radio platform and interactive Press platform. Our Directors believe that MTSB is one of the leading providers of mobile messaging technologies, mobile content and interactive media applications in Malaysia.

(ii)   Share Capital

As at 17 June 2005, the authorised and issued and paid-up share capital of MTSB is as follows:

Type	No. of shares	Par value RM	Total RM
Authorised	500,000	1.00	500,000
Issued and paid-up	500,000	1.00	500,000

Details of the changes in MTSB's issued and paid-up share capital since its date of incorporation are as follows:

Date of allotment	No. of shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
27 May 2003	2	1.00	Subscribers' shares	2
22 November 2004	499,998	1.00	Cash	500,000

(iii)   Substantial Shareholders

As at 17 June 2005, we hold 100% equity interest in MTSB.

(iv)   Subsidiary and Associated Companies

As at 17 June 2005, MTSB does not have any subsidiary or associated companies.

6.5.3   Information on PTMT

(i)   History and Business

PTMT was incorporated in Indonesia on 19 November 2003 as a private limited company under the Laws of Indonesia and commenced operations on 19 November 2003. PTMT is principally involved in providing mobile messaging technologies such as Interactive TV platform, Interactive Radio platform and Interactive Press platform in Indonesia.

6.   **INFORMATION ON OUR GROUP** *(Cont'd)*

(ii)   **Share Capital**

As at 17 June 2005, the authorised and issued and paid-up share capital of PTMT is as follows:

Type	No. of shares	Par value USD	Total USD
Authorised	12,000	10.00	120,000
Issued and paid-up	3,000	10.00	30,000

Details of the changes in PTMT's issued and paid-up share capital since its date of incorporation are as follows:

Date of allotment	No. of shares allotted	Par value USD	Consideration	Cumulative issued and paid-up share capital USD
19 November 2003	3,000	10.00	Cash	30,000

(iii)   **Substantial Shareholders**

As at 17 June 2005, the substantial shareholders of PTMT are as follow:

Shareholders	Direct No. of shares	Direct %	Indirect No. of shares	Indirect %
MTB	2,970	99	-	-
Goh Eugene (Wu Eugene)	30	1	2,970	99
Tan Wee Meng (Chen Weiming)	-	-	2,970	99
Hendra Sie	-	-	2,970	99

(iv)   **Subsidiary and Associated Companies**

As at 17 June 2005, PTMT does not have any subsidiary or associated companies.

6.5.4   **Information on MCL**

(i)   **History and Business**

MCL was incorporated in Thailand on 16 February 2004 as a private limited company under the Laws of Thailand and commenced operations on 1 October 2004. MCL is principally involved in providing mobile messaging technologies such as interactive TV platform, interactive Radio platform and interactive Press platform in Thailand.

6.   INFORMATION ON OUR GROUP *(Cont'd)*

(ii)   Share Capital

As at 17 June 2005, the authorised and issued and paid-up share capital of MCL is as follows:

Type	No. of shares	Par value Baht	Total Baht
Authorised	10,000	100	1,000,000
Issued and paid-up	10,000	100	1,000,000

Details of the changes in MCL's issued and paid-up share capital since its date of incorporation are as follows:

Date of allotment	No. of shares allotted	Par value Baht	Consideration	Cumulative issued and paid-up share capital Baht
16 February 2004	10,000	100	Cash	1,000,000

(iii)   Substantial Shareholders

As at 17 June 2005, the substantial shareholders of MCL are as follow:

Shareholders	Direct No. of shares	Direct %	Indirect No. of shares	Indirect %
MTB	9,994	99.94	-	-
Goh Eugene (Wu Eugene)	-	-	9,994	99.94
Tan Wee Meng (Chen Weiming)	1	0.01	9,994	99.94
Hendra Sie	-	-	9,994	99.94

(iv)   Subsidiary and Associated Companies

As at 17 June 2005, MCL does not have any subsidiary or associated companies.

6.   **INFORMATION ON OUR GROUP** *(Cont'd)*

6.6   Major Customers

Our Group has formed strategic alliances with business partners such as MNOs and media owners in Malaysia, Singapore, Indonesia and Thailand which enabled us to gain a strong pool of clientele from the telecommunications, media and consumer goods industries. For the FYE 31 December 2004, our major customers (i.e. top ten (10) customers) are as follows:

Major Customers	Contribution to the Group's revenue as at 31 December 2004 (%)	Length of relationship as at 31 December 2004 (months)
Malaysian Mobile Services Sdn Bhd	32	14
Celcom (Malaysia) Berhad	16	12
DiGi Telecommunications Sdn Bhd	12	14
Singapore Telecommunications Ltd	11	18
StarHub Ltd	5	10
PT.Telekomunikasi Selular	5	17
MobileOne Ltd	4	8
PT. Indonesia Satelite Corporation Cellular	4	9
PT. Satelit Palapa Indonesia	3	8
Advance Info Service Public Co.Ltd	2	*

Note:

*   *Advance Info Service Public Co. Ltd is a major customer beginning December 2004.*

Our Group's business revenue derived from a particular customer may fluctuate from year to year. As such, our business is not dependent on any single customer or group of companies.

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6.   **INFORMATION ON OUR GROUP** *(Cont'd)*

6.7   Major Suppliers

Our major suppliers for the FYE 31 December 2004, (i.e. top ten (10) suppliers) are as follows:

Major Suppliers	Contribution to the Group's purchases as at 31 December 2004 (%)	Length of relationship as at 31 December 2004 (months)
Mediawise Singapore Pte Ltd	16	10
Singapore Telecommunications Ltd	12	10
Asatsu DK Singapore Pte Ltd	9	9
B&D Adv.	9	7
Ad Coverage	6	7
MediaBiz Marketing	6	2
StarHub Ltd	5	9
China Press Berhad	4	6
MediaCorp Radio Singapore Pte Ltd	2	12
MediaCorp Studios Pte Ltd	2	11

Our Group does not depend on any major supplier for resources/services required to enable us to carry out our business. However, we continuously ensure we establish relationships with more than one source of supply for each type of resources/services required.

6.8   Intellectual Properties

We have submitted applications for the registration of trademarks in relation to "mTouche" brand name in Malaysia, Singapore, Indonesia and Thailand. As at to-date, the applications for registration of trademarks are still pending approval.

To mitigate the risk of confidential information of our Group being divulged, our employees have undertaken and agreed in their respective letters of employment that they shall not during the course of their employment:

(i)   divulge (whether directly or indirectly) to any party any confidential information of our Group; and

(ii)   appropriate or duplicate any confidential information (whether partly or wholly) in any media by any means.

6.   **INFORMATION ON OUR GROUP** *(Cont'd)*

6.9   **R&D**

(i)   **Policy on R&D**

Our Company is the research and development arm of the Group and conducts the core R&D activities for the Group which comprises enhancement of our existing product features, development of new products, increase of product range and most importantly continuous quality control on existing products with special focus on our 3G products. We were accorded MSC status on 1 July 2004 and we are able to leverage on the series of incentives provided to MSC status companies by the Malaysian Government. These incentives include, inter-alia, ICT-driven infrastructure, corporate tax exemption, funding opportunities as well as incentives to recruit and retain knowledge workers, both abroad and locally.

One of the milestone achievements for our Group is the successful development of our Intelligent Short Messaging Platform which enables MNOs and third parties to offer cross network SMS based value-added services and applications. This development has overcome technical limitations, enabled operators to generate revenue, reduce operating costs and increase customer loyalty.

(ii)   **Experience and track record in 2G and 2.5G**

Our pioneer products and services in the areas of 2G namely, mTouche^{TM} Intelligent Short Messaging Platform and mTouche^{TM} TV platform was launch in December 2002 in the broadcasting industry. This was followed by the launch of mTouche^{TM} Radio platform which was used by fourteen (14) radio stations in Singapore and two (2) radio stations in Malaysia upon launching. By end of 2002, our Group had successfully launched its fourth product namely, mTouche^{TM} Press platform in the publication industry.

Our direct connection to all MNOs in Singapore has enabled us to establish a strong foundation in this industry within a short period.

By 2003, we have successfully upgraded our 2G platform to 2.5G MMS. As at the date of this Prospectus, our corporate customers include Star RFM Sdn Bhd, United Overseas Bank (Malaysia) Berhad, NatSeven TV Sdn Bhd, SPH Media Works Ltd, MediaCorp Publishing Pte Ltd and Blu Inc.

(iii)   **Amount spent on R&D since incorporation**

From the date of incorporation to 30 June 2003, the financial period ended 31 December 2003 and the FYE 31 December 2004, we have invested approximately RM26,307, RM44,231 and RM866,869 respectively in R&D activities and expect to invest approximately RM14,458,000 over the next five (5) years in R&D activities to keep our Group at the forefront of mobile messaging technologies regionally. Detailed amount spend on R&D activities since the date of incorporation to 30 June 2003, the financial period ended 31 December 2003 and the FYE 31 December 2004 are as follows:

	Financial Period from 19.07.2002 to 30.06.2003 RM	Financial Period from 01.07.2003 to 31.12.2003 RM	FYE 31.12.2004 RM
R&D expenditure	26,307	44,231	866,869
Revenue	3,548,985	3,851,655	15,978,748
%	0.7%	1.1%	5.4%

6.   INFORMATION ON OUR GROUP *(Cont'd)*

(iv)   **Personnel**

Our R&D team is headed by Hendra Sie, who is responsible for the R&D strategy formulation. As at 17 June 2005, he is assisted by a total of forty nine (49) R&D staff, which includes amongst others, the following:

No.	Position	No. of staff
1.	Product, Technologies & Technology Managers	3
2.	Senior Application Specialists	8
3.	Application Developers/Engineers	38
	Total	**49**

(v)   **R&D Facilities**

We are well equipped with the necessary facilities such as Research Laboratory, Development Room, Data Centre, Server Room and Internet Broadband Connection to carry out our R&D activities.

Notwithstanding the above, our investment in R&D over the next five (5) years will include the purchase of new hardware and software.

(vi)   **Future R&D Activities and Products**

The key to sustain our Group's growth is based on our R&D activities of future products. In view that the demand for our Group's mobile messaging technologies is driven by the need of MNOs to secure robust and proven infrastructure to deploy a host of successor messaging services, we plan to focus on developing and distributing the following products for the next two (2) years in order to meet the demand of MNOs:

FYE	Products to be developed	Development Plan
2005	mTouche™ Multimedia Messaging Services (MMS) Platform	• To develop MMS Relay/Proxy Server which is a virtual MMS that enables the delivery of MMS message directly to end-users • To develop comprehensive multiple application connectors to mTouche™ MMS Gateway
	mTouche™ 3G Mobile TV	• To release Version 2.0 that integrates MMS directly to interactive TV applications and broadcast system • To release Version 2.5 that integrates with mTouche™ Content Provisioning Platform to enable TV shows' theme songs, trailers and celebrity downloads
	mTouche™ 3G Mobile Radio	• To release Version 2.5 which integrates with mTouche™ Content Provisioning Platform to enable mobile users to download song themes, ring tones and other radio content

6.   **INFORMATION ON OUR GROUP** *(Cont'd)*

FYE	Products to be developed	Development Plan
2005 (Con't)	mTouche™ 3G Mobile Press	• To release Version 2.5 which incorporates WAP/MMS that allows rich multimedia message through various Pull and Push services
	mTouche™ Content Provisioning Platform	• To release Version 2.0 with intelligent on-the-fly content transcoding and adaptation to deliver high quality content that suit mobile user device • To release version 2.5 which integrates with mobile content producer platform that handles multimedia content creation, editing, compression and conversion as well as DRM copyright hint marking
2006	mTouche™ 3G Platform	• To develop a universal gateway platform that supports multiple 3G connections to different telecommunication companies in the region with smart adaptation to different network protocols and environments
	mTouche™ 3G Mobile TV	• To release Version 2.5 with 3G media streaming and delivery service that provides on-demand rich multimedia service like mobile TV commercial advertising and movie trailers • To release Version 2.8 with personalised video content delivery that allows mobile users to view TV/broadcast/trailer shows
	mTouche™ 3G Mobile Radio	• To release Version 3.0 with 3G personal radio that enables mobile users to listen on-demand short audio news footage or sports highlights
	mTouche™ 3G Mobile Press	• To release Version 3.0 with 3G media streaming and delivery service to provide on-demand multimedia press/news to mobile user
	mTouche ™ Content Provisioning Platform	• To release Version 2.7 with intelligent multi-channel delivery system that enables content providers, MNOs and media owners to deliver content seamlessly through mTouche™ Content Provisioning Platform using Web Services • To release Version 3.0 that enables 3G content creation and delivery using mTouche™ mobile streaming server

6.   **INFORMATION ON OUR GROUP** *(Cont'd)*

6.10   Quality Assurance Process

Our mTouche™ platforms and applications constitute a significant portion of R&D activities in our Group. It is therefore critical to ensure that the whole development cycle is managed properly with quality concept built into the process.

Our Group's quality control processes and procedures are encapsulated in the whole R&D life cycle including measuring the system performance, analysing the system components, isolating and improving the problem areas before implementing.

In order to deliver consistent quality to our customers, we ensure that training and improvement on personnels' skills is carry out amongst our R&D team.

6.11   Strategies and Future Plans

6.11.1   R&D Strategies and Road Map

In view of the dynamism of the telecommunications industry, our Group intends to conduct R&D into advanced mobile content functionalities, features and uses to support the new generation of mobile devices introduced by manufacturers and the R&D of technologies by MNOs. We want to ensure that we will remain competitive and is capable of developing and distributing advanced mobile applications and content services as we mature and reach the critical mass levels in the market. In conducting R&D activities for the provision of 3G technology content and services by applying our own technology know-how, our Group does not rely on foreign technologies for the development of content and services. This speeds up time to market, increases scalability, reduces cost and allows us to react faster to market changes.

Our Group intends to recruit additional experienced and creative R&D staff to further develop unique and innovative mobile messaging technologies, content and services. In doing so, our Group will also be able to shorten the development cycle and introduce new content to the market at a faster pace. Our Group will provide staff with training and development programs through on-the-job training and in-house training programs.

Our Group is constantly looking into the development of new vertical industry products to complement our existing products and services. The diversity of products will ensure continuous demand for our applications and content services. We also understand that different markets have different maturity cycles, thus consumers in different markets will have various levels of mobile phone sophistication resulting in different degrees of acceptance for mobile application and content services. Moving forward, our Group intends to continue enhancing the existing products and services, and develop world-class technologies that will provide significant advantages to customers.

6.11.2   Marketing Strategies

We believe that with the constant introduction of innovative products and services for mobile phone users, will allow the integration of mobile phones with customer relationship systems and allow marketers to reach their customers in an intuitive and pervasive manner.

As our Group falls within a sub-sector of the mobile telecommunications market, its growth rate will be dependent on the growth of the overall subscriber base of the MNOs in various countries.

6.   **INFORMATION ON OUR GROUP** *(Cont'd)*

In light of the above, we intend to position ourselves to capture market opportunities by becoming a major player in developing new and innovative products and services in Malaysia and the Asia Pacific region.

In the course of the next five (5) years, we have set out the following marketing programs to achieve our Group's objectives:

- **Leveraging on existing partnerships** with the major MNOs in Singapore, Malaysia, Indonesia and Thailand. This paves the way for us to offer these MNOs successor content and applications without us carrying the high cost of hiring marketing personnel. In addition, we can exploit these partnerships to open new accounts and/or markets.

- **Strong reference sites** as a result of our partnerships with the major MNOs in Singapore, Malaysia, Indonesia and Thailand. Our direct servers connections to all these MNOs provide valuable testimonies of the robustness and scalability of our in-house proprietary platform in reaching out to more than 53 million subscribers within this region.

- **Strong sales and marketing team** who is well versed with our technologies and applications offerings to reach out to existing and potential clients. We are also constantly looking out for new business partners to expand our corporate clientele base as well as to exploit new markets.

- **Participate in industry exhibitions and conferences** both locally and internationally to increase our profile as well as to create awareness of our technologies and applications offerings. We will also incorporate activities such as workshops and seminars in our marketing and promotional programs.

- We are actively seeking **strategic alliances and joint ventures** with key industry players for synergistic businesses. Such alliances comprise distributorship and partnership arrangements with selected industry players for the Group's technologies and applications, enabling us to rapidly multiply and reach out to a wider market in a short span of time. These alliances will enhance our ability to market and distribute our products over a wider geographical reach and at the same time, minimise the cost of market penetration.

We also intend to acquire synergistic businesses in the region which could contribute to our revenue and profits in addition to providing an economy of scale advantage as well as strong localised technology to support our R&D centre in Malaysia.

6.12   Competition

The mobile messaging market is competitive and rapidly changing. More so is the market for content and application services and technology enabling which is characterised by rapid technological innovation and ongoing regulatory change.

It is reasonable to expect that some of our Group's competitors will have comparatively greater resources in terms of finance, technical and human resource. They may have the ability to devote greater resources to the development, promotion, sales and service of their products and services.

6. **INFORMATION ON OUR GROUP** *(Cont'd)*

Nonetheless, with the established relationships between our Group and all MNOs in Malaysia, Singapore, Indonesia and Thailand as well as major corporations, our Group will be able to maintain a competitive edge in the industry.

Our Group's competitive advantages as compared to our competitors are as follows:

- **Proven, robust and scalable proprietary back-end system** has helped our Group in gaining recognition in terms of achieving outstanding track record in developing applications and delivering results. This has become one of our Group's major selling points to potential clients and business partners.

  The features of our back-end system include an international hub with capacity for future technology advancement which consists of multiple server clusters housed in leading data centers. This hub is flexible in that it allows connectivity to multiple MNOs around the world. Its multiple server clusters support each MNO's connection, providing for operations and applications redundancy as well as transactional data backup, thereby having the ability to handle millions of transactions daily.

- Our Group's **modular infrastructure** based on a plug and play approach in connectivity to MNOs shortens the development connection time to subsequent MNOs, therefore providing faster time to market. Our Group is able to connect to each additional MNO's network within a month of connection including testing compared to competitors' development connection which normally requires a timeframe of three (3) to six (6) months. Our infrastructure also allows for upgrading for future technologies up to 3G compliant standards, thus providing a one-stop platform enabling solution.

- Our Group's **investment of time and effort on R&D activities** has enabled us to keep up with the latest trends and demand of content and applications as well as recognising the avenues available to be exploited with new technologies.

- Currently, our Group is the **only mobile platform technology service provider to have direct servers connections to all MNOs in Malaysia, Singapore, Indonesia and Thailand.**

- Our Group adopts a **marketing policy** whereby we target popular media owners thus ensuring that our customers are aware of our technologies, content and applications.

- Our Group has **good customer service** to assist in addressing all issues and problems faced by our customers on the use of our technologies, content and applications.

In light of the above, the local and regional market will offer us a breadth of opportunities for further expansion and growth.

6.13 Growth Strategies and Future Prospects

Our Group aims to be a leading provider for mobile messaging technologies, mobile content and interactive media applications. In this regard, our Group has embarked on the following key strategies to ensure future growth:

(i)   Continuous Investment in R&D

The possession of strong R&D capabilities is crucial to the future growth of our Group. We are actively engaged in R&D activities to research and develop our in-house proprietary telecommunication technologies. In particular, to further explore the area of 3G as well as to continually develop new content and services catered to the latest mobile devices and technologies.

6.   INFORMATION ON OUR GROUP *(Cont'd)*

Our R&D team in Malaysia is expected to comprise intellectual talents from various countries. This is to facilitate the interactions of creative talents in developing innovative and multiple countries oriented technologies, while tapping the Malaysian IT resources for technology development.

Our Group also intends to form strategic alliances with technology partners with applications which may be incorporated and integrated with our technology platform.

(ii)   **Marketing Advantage**

We aim to replicate our successful provisioning of telecommunication services using our technology and proven business model to countries where the telecommunications market is at the stages of semi-deregulation.

Our Group has identified the following markets:

(a)   Telecommunication companies;
(b)   Media owners such as TV, radio and print; and
(c)   Corporations or enterprises in sectors such as financial institutions, fast moving consumer goods companies and advertising agencies.

The types of business that our technologies targeted at the different market segments may be analysed as follows:

Market	Business Segment
Telecommunication Companies MNOs	• Group Messaging Services • Mobile Content Development • Interactive Media Applications • Messaging Gateway Services • Applications Content Development
Media Owners TV, radio and print	• Interactive Media Applications • Messaging Gateway Services • Applications Content Development • Mobile Content Development
Corporation / Enterprises Institutions Financial Institutions Fast moving consumer goods companies Advertising agencies	• Messaging Gateway Services • Mobile Content Development

Besides expanding our market share in Malaysia, Indonesia and Thailand and maintaining our market share in Singapore, we plan to expand our operations rapidly in China and India by leveraging on our proven business model and experience as well as expertise in the existing countries of operations. Our Group aims to be the leading and largest messaging provider in the Asia Pacific region providing a reach out to more than 300 million mobile subscribers by virtue of direct connections to all the MNOs in Asia Pacific region.

6.   **INFORMATION ON OUR GROUP** *(Cont'd)*

6.14   Key Milestones and Achievements of our Group

Our Group's key milestones are as follows:

Date	Event
17 July 2003	Signed Agreement for Content Provider Access with Digi Telecommunications Sdn Bhd
6 August 2003	Signed SMS Content Provider Agreement with Celcom (Malaysia) Berhad
19 August 2003	Signed Content Agreement with Indosat Multimedia Mobile
10 November 2003	Signed Collaboration Agreement with PT. Satelit Palapa Indonesia
1 January 2004	Signed License to Use Agreement with PT. Telekomunikasi Selular
1 February 2004	Signed Agreement with Singapore Telecom Mobile Pte Ltd
	Signed Licence-Agreement with Yayasan Karya Cipta Indonesia
18 February 2004	Signed Content Provider Access Agreement with Total Access Communication Public Company Limited
1 March 2004	Signed Licence-Agreement with Music Authors' Copyright Protection
1 March 2004	Signed Digital Download Ringtones Licensing Agreement with PT. Aquarius Pustaka Musik
8 March 2004	Signed Ringtones License Agreement with PT. Publisherindo Musik Utama
10 March 2004	Signed Ringtones License Agreement with PT. Suara Publisindo
29 March 2004	Signed Collaboration Agreement dated with PT. Excelcomindo Pratama
16 April 2004	Signed Agreement for External Content Provider Aggregator with Malaysian Mobile Services Sdn Bhd *(formerly known as TimeCel Sdn Bhd)*
1 June 2004	Signed Letter of Intent in respect of ring tone copyright licensing with PT. Sony Music Entertainment Indonesia
28 June 2004	Signed a Ring Tone License Agreement with BMG Music Publishing Singapore Pte Ltd
1 July 2004	Awarded MSC status by MDC
1 July 2004	Signed Agreement with EMI Music Publishing Malaysia Sdn Bhd

6.   **INFORMATION ON OUR GROUP** *(Cont'd)*

Date	Event
25 August 2004	Signed Agreement for value added service with Advanced Info Service Public Co., Ltd

6.15   Major Licences and Permits Obtained

Our Group holds the following licences:

(i)   Service-based Operator (Class) Licence For Audiotex Services dated 27 December 2002 issued by Infocomm Development Authority of Singapore to conduct audiotex services;

(ii)   Service-based Operator (Class) Licence For Store-and-Retrieve Value-added Network Services dated 14 April 2003 issued by Infocomm Development Authority of Singapore to conduct services in relation to SMS; and

(iii)   Applications Service Provider Class Licence dated 1 June 2004 issued by Malaysian Communications and Multimedia Commission to conduct any one or all the application services as stipulated under Regulation 30 of the Communication and Multimedia (Licensing) Regulation 2000 (as amended) such as audiotext hosting services provided on an opt-in basis, directory services, internet access services, messaging services, private payphones service, telegram services, or such other applications services which are not exempt or subject to an individual licence.

6.16   Management and Employees

Our Group operates in a highly "knowledge based" environment whereby the continued success and future of our Group is dependent upon the skills, quality and experience of our employees, and our Group's ability to retain our employees.

Our Group's business is supported by competent personnel with sound industry knowledge, and hands-on experience and expertise. The key personnels in our Group are from diverse technical disciplines that encompass engineering, sales and marketing, telecommunication and business administration and have accumulated considerable wealth of experience for the success of our Group in this industry.

Presently, we provide in-house and on-the-job training to ensure that our employees are updated on the latest technology.

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6.   INFORMATION ON OUR GROUP *(Cont'd)*

As at 17 June 2005 we have 68 employees including Executive Directors, none of which are employed on a contractual or temporary basis. Details of our employees are as follows:

	No. of employees	Average number of years of service
Executive Directors	3	2
Management	4	1
R&D	49	1
Business Development	5	1
Consultancy	-	-
Total Knowledge Workers	61	-
Finance and Administrative	7	1
Total Workforce	68	-

* *The average number of years of services of our employees is low in view that our Group was only in operation since July 2002.*

Our employees do not belong to any union and our management maintains a cordial and amicable relationship with our employees. To date, there has not been any disputes between our management and our employees.

Our Group plans to expand our work force over the next four (4) FYE 31 December 2005 to 2008 as follows:

	<------------------31 December---------------->			
	2005	2006	2007	2008
Executive Directors	3	3	3	3
Management	4	4	4	4
R&D	50	54	61	66
Business Development	5	9	12	12
Consultancy	2	3	3	3
Total Knowledge Workers	64	73	83	88
Finance and Administrative	7	8	11	11
Total Workforce	71	81	94	99
Percentage increase in the total number of employees (%)	92	14	16	5
Percentage of knowledge workers to total staff (%)	90	90	88	89

6.17   **Interruptions on Operations**

There have been no interruptions in our business or operations which had a significant effect on our Group during the past twelve (12) months.

6.18   Dividend Policy

Our Directors expect to declare and pay dividends to our shareholders provided there are funds legally available for such distribution. The declaration and payment of any future dividend, and the timing and amount of any dividend, will be at the discretion of our Board based on the following factors:

(i)   Our Group's future earnings, operations, capital requirements, cash flow and financial conditions;

(ii)   General business conditions;

(iii)   Legal and contractual restriction as may apply from time to time; and

(iv)   Other factors deemed relevant by our Directors.

Any dividend declared and paid by our subsidiaries to us will be repatriated back to Malaysia.

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