

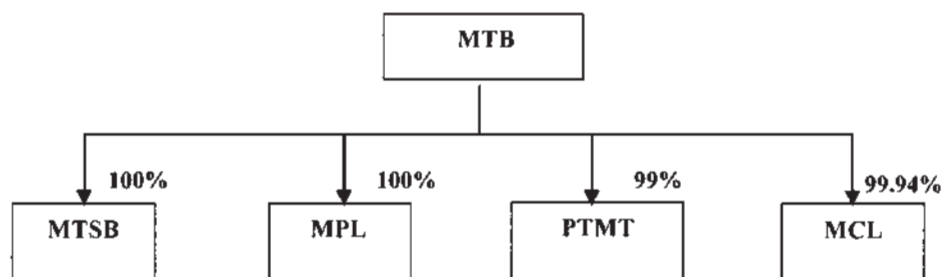
## 2. INFORMATION SUMMARY

*This section is only a summary of the salient information about us and the IPO and is extracted from the full text of this Prospectus. You should read and understand the whole Prospectus before you decide whether to invest in our Shares.*

### 2.1 History and Business

Our Company was 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 on the MESDAQ Market of Bursa Securities. We were granted MSC status on 1 July 2004 by MDC. Our Company currently has four (4) subsidiaries located in Malaysia, Singapore, Indonesia and Thailand namely, MTSB, MPL, PTMT and MCL.

The following chart illustrates our corporate structure:



Our Group was founded in 2002 by Goh Eugene (Wu Eugene), Tan Wee Meng (Chen Weiming) and Hendra Sie who are also our Company's Chief Executive Officer, Chief Operating Officer and Chief Technology Officer respectively. As at 17 June 2005, we have 68 employees. Our Group is led by a strong management team with backgrounds in operations, mobile technology, wireless communications technology, marketing and product development.

Our Group began deploying mobile messaging platform services along with other value-adding interactive media applications to the South-East Asia via our Singapore operations in 2002.

Our Group has successfully tapped into the rapidly expanding market by offering our customers with network platform technology along with content and applications services. This new and unique service enables MNOs and third parties to offer their customers SMS across networks regardless of their customers' chosen network. Our Group's other SMS-based value-added services and applications offered include interactive voting, entertainment and gaming services, instant messaging and information and transaction based services. It is our strategic intent to innovate and monetise rich and relevant content and services through a robust proprietary mobile platform to meet the changing lifestyle of the M-Generation.

---

2. INFORMATION SUMMARY (Cont'd)

---

Presently, our Group is involved in providing mobile messaging technologies such as mTouche™ Intelligent Short Messaging Platform 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 (which includes television, radio and press) 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 providers who have direct server connections to all major MNOs in these countries.

The advantages of the direct connections are as follows:

- One-stop shop for customers who need a regional product reach-out to Malaysia, Singapore, Indonesia and Thailand;
- Internally controlled system scalability, availability and reliability;
- Knowledge and understanding the direct server connectivity to the MNOs and speed to market and implementation of new system upgrades at the MNOs; and
- Direct billing relationship with the telecommunication companies.

Currently, many players use aggregators who connect to the MNOs instead of directly connecting to the MNOs, thus losing out on the flexibility and reliability that a direct server connection enjoys.

New mobile devices and technologies are constantly being rolled out in the mobile telecommunication industry. The introduction of 3G technologies will bring with it an array of new content-rich products and features to mobile phone users such as interactive games, animated graphics and streaming music/videos.

We plan to expand our operations regionally, especially in China and India, by leveraging on our proven business model and experience as well as expertise in the existing countries of operations. We aim to be the leading mobile messaging provider in the Asia Pacific region providing unrivalled reach to more than 300 million mobile subscribers by virtue of our direct connections to all the MNOs in Asia Pacific.

Our plan is to focus on our efforts in Asia Pacific first before moving into other markets.

Please refer to Section 6 of this Prospectus for further information on our Group.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## 2. INFORMATION SUMMARY (Cont'd)

## 2.2 Ownership and Management

## 2.2.1 Promoters

The table below sets forth our Promoters and their interests in our Shares before and after the Public Issue based on our Register of Members as at 17 June 2005, being the latest practicable date prior to the issuance of this Prospectus:

Name	Designation	Before the Public Issue				After the Public Issue			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Goh Eugene (Wu Eugene)	Chief Executive Officer/ Executive Director	26,325,000 <sup>②</sup>	43.88	-	-	26,845,000*	35.79	-	-
Tan Wee Meng (Chen Weiming)	Chief Operating Officer/ Executive Director	17,325,000 <sup>②</sup>	28.88	-	-	17,825,000*	23.77	-	-
Hendra Sie	Chief Technology Officer/ Executive Director	7,938,000 <sup>②</sup>	13.23	-	-	8,138,000*	10.85	-	-

Notes:

<sup>②</sup> Being the date of completion of the Bonus Issue and Share Split.

\* On the assumption that the respective individuals will subscribe all their entitlements of the proposed Pink Form allocation.

## 2. INFORMATION SUMMARY (Cont'd)

## 2.2.2 Substantial Shareholders

The table below sets forth our substantial shareholders and their interests in our Shares before and after the Public Issue based on our Register of Members as at 17 June 2005, being the latest practicable date prior to the issuance of this Prospectus:

Name	Designation	Before the Public Issue				After the Public Issue			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Goh Eugene (Wu Eugene)	Chief Executive Officer/ Executive Director	26,325,000 <sup>@</sup>	43.88	-	-	26,845,000*	35.79	-	-
Tan Wee Meng (Chen Weiming)	Chief Operating Officer/ Executive Director	17,325,000 <sup>@</sup>	28.88	-	-	17,825,000*	23.77	-	-
Hendra Sie	Chief Technology Officer/ Executive Director	7,938,000 <sup>@</sup>	13.23	-	-	8,138,000*	10.85	-	-

Notes:

<sup>@</sup> Being the date of completion of the Bonus Issue and Share Split.

\* On the assumption that the respective individuals will subscribe all their entitlements of the proposed *Prink Form* allocation.

## 2. INFORMATION SUMMARY (Cont'd)

## 2.2.3 Directors

The table below sets forth our Directors and their interests in our Shares before and after the Public Issue based on our Register of Members as at 17 June 2005, being the latest practicable date prior to the issuance of this Prospectus:

Name	Designation	Before the Public Issue				After the Public Issue			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Goh Eugene (Wu Eugene)	Chief Executive Officer/ Executive Director	26,325,000 <sup>@</sup>	43.88	-	-	26,845,000*	35.79	-	-
Tan Wee Meng (Chen Weiming)	Chief Operating Officer/ Executive Director	17,325,000 <sup>@</sup>	28.88	-	-	17,825,000*	23.77	-	-
Hendra Sie	Chief Technology Officer/ Executive Director	7,938,000 <sup>@</sup>	13.23	-	-	8,138,000*	10.85	-	-
Ng Joo How	Independent Non-Executive Director	-	-	-	-	200,000*	0.27	-	-
Lai Teik Kin	Independent Non-Executive Director	1,689,000 <sup>@</sup>	2.82	-	-	1,889,000*	2.52	-	-

Notes:

<sup>@</sup> Being the date of completion of the Bonus Issue and Share Split.

\* On the assumption that the respective individuals will subscribe all their entitlements of the proposed Pink Form allocation.

## 2. INFORMATION SUMMARY (Cont'd)

## 2.2.4 Key Management and Key Technical Personnel

The table below sets forth our key management and key technical personnel and their interests in our Shares before and after the Public Issue based on our Register of Members as at 17 June 2005, being the latest practicable date prior to the issuance of this Prospectus:

Name	Designation	Before the Public Issue			After the Public Issue				
		Direct		Indirect	Direct		Indirect		
		No. of Shares	%	No. of Shares	%	No. of Shares	%		
Goh Eugene (Wu Eugene)	Chief Executive Officer/ Executive Director	26,325,000 <sup>@</sup>	43.88	-	-	26,845,000*	35.79	-	-
Tan Wee Meng (Chen Weiming)	Chief Operating Officer/ Executive Director	17,325,000 <sup>@</sup>	28.88	-	-	17,825,000*	23.77	-	-
Hendra Sie	Chief Technology Officer/ Executive Director	7,938,000 <sup>@</sup>	13.23	-	-	8,138,000*	10.85	-	-
Low Keng Fei	Senior Manager - Head of Products Development & Operation (Malaysia)	-	-	-	-	200,000*	0.27	-	-
Onny Robert	Senior Manager - Head of Products Development & Operation (Indonesia)	-	-	-	-	100,000*	0.13	-	-
Poramate Rummyakul	Senior Manager - Head of Products Development & Operation (Thailand)	-	-	-	-	50,000*	0.07	-	-
Lau Bik Yung	Group Finance Manager	-	-	-	-	150,000*	0.20	-	-
Tan Choong Leong	Technical Manager	-	-	-	-	100,000*	0.13	-	-

Notes:

<sup>@</sup> Being the date of completion of the Bonus Issue and Share Split.

\* On the assumption that the respective individuals will subscribe all their entitlements of the proposed Pink Form allocation.

Please refer to Section 10 of this Prospectus for further information of our Promoters, substantial shareholders, Directors, key management and key technical personnel and their respective shareholdings in our Company.

## 2. INFORMATION SUMMARY (Cont'd)

### 2.3 Products and Services

Our Group provides a wide range of mobile messaging technologies that support advertisers in their promotional activities, charity organisations in their awareness campaigns and media owners in interactive activities, providing information on demand as well as gaining feedback from audience. We are well established to facilitate the commercialisation of our applications and services, with the availability of 3G handsets to support higher bandwidth for video and multimedia and stable 3G network for smooth transmission of 3G related content.

Our technologies can be categorised into platform technologies and vertical industry specific applications. Platform technologies are designed to support group messaging services and mobile content development while vertical industry specific applications are designed for interactive media applications, messaging gateway services and content development. Our range of mobile messaging technologies can be generally summarised as follows:

Products	Brief Description
<b>(1) PLATFORM TECHNOLOGIES</b>	Our platform technologies is able to support the following: <ul style="list-style-type: none"> <li>• Group Messaging Services</li> <li>• Mobile Content Development</li> </ul>
mTouche™ Intelligent Short Messaging Platform (Commercialised in 2002)	A revolutionary core network platform that enables MNOs and third parties to offer cross network SMS based on value-added services and applications. Our Intelligent Short Messaging Platform overcomes technical limitations, enables operators to generate revenues and reduce operating costs, differentiate service offerings and increases customer loyalty by offering new value-added services.
mTouche™ Multimedia Messaging Services (MMS) Platform (Expected to commercialise by end of 2005)	A scalable 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. Individual targeted mobile marketing activities and push-campaigns can be realised with minimum manual overhead.
mTouche™ 3G Platform (Expected to commercialise by end of 2005)	A comprehensive set of software products designed and optimised for mobile media creation, delivery and playback. The platform provides end-to-end support for mobile media businesses. The products in the suite have been designed to meet the needs and applications for: <ul style="list-style-type: none"> <li>• Content/service providers looking to create content for mobile phone users;</li> <li>• Mobile operators delivering to mobile devices; and</li> </ul>

## 2. INFORMATION SUMMARY (Cont'd)

Products	Brief Description
	<ul style="list-style-type: none"> <li>• Consumers looking for a high quality media experience on mobile devices.</li> </ul>
<b>(2) APPLICATIONS AND SERVICES</b>	<p>Our applications and services are developed in the following areas:</p> <ul style="list-style-type: none"> <li>• Interactive Media Applications;</li> <li>• Messaging Gateway Services; and</li> <li>• Content Development.</li> </ul>
mTouche™ Content Provisioning Platform (Commercialised in 2002)	<p>A platform built in a modular infrastructure covering all aspects needed for a scalable and reliable platform supporting a wide variety of content and needs analysis such as a billing module, message delivery mechanism, customer care management, content management module, content collection agent, subscribers profiling management. The platform also offers third party service providers a channel to market products like ring tones, pictures, chat, Java games, etc.</p>
mTouche™ 3G Mobile TV (Expected to commercialise by end of 2005)	<p>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 phone 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:</p> <ul style="list-style-type: none"> <li>• Interactive Video Multi-casts TV games;</li> <li>• Celebrities Download Console; and</li> <li>• Rich Infotainment Subscription Platform.</li> </ul>
mTouche™ 3G Mobile Radio (Expected to commercialise by end of 2005)	<p>Our Radio DJ Interactive Console is specially tailored for radio stations to integrate live SMS services with radio operations. Allows 3G network users to listen to news footage or sports highlights and supports audio files (AMR) multiplexed into the ASF file formats. Users can personalise their devices by downloading hit songs such as ring tones, alarm sounds, etc.</p>
mTouche™ 3G Mobile Press (Expected to commercialise by end of 2005)	<p>Allows users to personalise, customise and analyse news feeds from various sources consolidated on our 3G Mobile Press Delivery Platform, hence having their own customised mobile press channel.</p>



**2. INFORMATION SUMMARY (Cont'd)**

Products	Brief Description
mTouche™ 3G Mobile Corporate Solutions (We are in the process of conducting a feasibility study on this product)	Enables enterprises to use our infrastructure for SMS Gateway Services (i.e. sending short messages to a large number of mobile subscribers) through various domestic or foreign mobile network providers.

Please refer to Section 6.4.1 of this Prospectus for further information of our products and services.

**2.4 R&D**

Our Group is primarily involved in R&D activities to provide continuous enhancement of our existing technologies and applications and to develop new products to keep up with the changing demand in the mobile technology industry.

Our R&D team is headed by Hendra Sie, who possesses a wide experience in mobile technology.

Our involvement in R&D has made technology-led innovation the key pillar of our Group's success. Since the establishment of MPL in 2002, we have garnered several reputable clients in Malaysia, and Singapore in the area of 2G and 2.5G. Our interactive media applications for radio are currently being used by major radio stations in Singapore and Malaysia.

We are spearheading R&D in the area of 3G after having gained considerable experience and track record in the area of 2G and 2.5G. Our mTouche™ 3G platform is a comprehensive set of software products designed and optimised for mobile media creation, delivery and playback.

One of our milestone achievements is the successful development of the mTouche™ Intelligent Short Messaging Platform which enables MNO and third parties to offer cross network SMS based value-added services and applications. This development has overcome technical limitations, enables operators to generate revenues and reduce operating costs and increases customer loyalty.

Please refer to Section 6.9 of this Prospectus for further information of the R&D carried out by our Group.

**THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

---

## 2. INFORMATION SUMMARY (Cont'd)

---

### 2.5 Technology Utilised

Our 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

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.

We use the following technology 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

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

Please refer to Section 6.4.2 of this Prospectus for further information of the technology utilised by our Group.

### 2.6 Intellectual Properties

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

Please refer to Section 6.8 of this Prospectus for further information of the intellectual properties of our Group.

**2. INFORMATION SUMMARY (Cont'd)****2.7 Proforma Consolidated Income Statements**

Set out below is a summary of the proforma consolidated income statements of our Group for the financial period commencing from the date of incorporation to 30 June 2003, the financial period ended 31 December 2003 and the FYE 31 December 2004. The summary has been prepared based on the assumption that the current structure of our Group has been in existence throughout the financial periods/year under review.

	<b>Financial Period from 19.07.2002 to 30.06.2003 RM</b>	<b>Financial Period from 01.07.2003 to 31.12.2003 RM</b>	<b>FYE 31.12.2004 RM</b>
Revenue	3,548,985	3,851,655	15,978,748
Profit before interest expense and depreciation	298,545	1,260,733	3,833,974
Depreciation	(14,590)	(23,628)	(101,644)
Interest expense	-	-	-
Exceptional items	-	-	-
PBT	283,955	1,237,105	3,732,330
Taxation	(40,153)	(318,849)	94,725
PAT	243,802	918,256	3,827,055
Extraordinary items	-	-	-
Minority interests	-	-	932
PAT and minority interests	243,802	918,256	3,827,987
Gross EPS <sup>#</sup>	0.08*	0.66*	1.00
Net EPS <sup>#</sup>	0.07*	0.49*	1.03
Dividend rate (%)	-	-	-

*Notes:*

\* Based on annualised PBT and PAT to achieve a fairer comparison for illustration purpose only.

# Based on issued and paid-up share capital as at 31 December 2004.

The proforma results of our Group have been extracted from and should be read together with the notes included in the Accountants' Report set out in Section 13 of this Prospectus.

The financial statements of our Group have been reported by our auditors without any qualification for the financial periods/year under review, except for the disclosure in the auditors' report for the financial period ended 31 December 2004 of MCL, of which the financial statements have been prepared as a going concern on the assumption of continued financial support from our Company.

## 2. INFORMATION SUMMARY (Cont'd)

### 2.8 Proforma Consolidated Balance Sheets as at 31 December 2004

Set out below is a summary of the proforma consolidated balance sheets of our Group as at 31 December 2004, which has been prepared based on the audited consolidated balance sheets of our Company as at 31 December 2004. The summary has been prepared for illustrative purposes only to include the effects of the Bonus Issue, the Share Split, the Public Issue and the utilisation of proceeds from the Public Issue assuming these transactions were completed on 31 December 2004.

	←----- PROFORMA GROUP -----→			
	As at 31 December 2004	Proforma I Bonus Issue	Proforma II After Proforma I and Share Split	Proforma III After Proforma II and Public Issue
	RM	RM	RM	RM
PROPERTY, PLANT AND EQUIPMENT	294,377	294,377	294,377	294,377
DEFERRED TAX ASSETS	143,731	143,731	143,731	143,731
<b>CURRENT ASSETS</b>				
Trade receivables	6,266,851	6,266,851	6,266,851	6,266,851
Other receivables	981,957	981,957	981,957	981,957
Cash and bank balances	462,240	462,240	462,240	2,712,240
	<u>7,671,048</u>	<u>7,671,048</u>	<u>7,671,048</u>	<u>9,921,048</u>
<b>CURRENT LIABILITIES</b>				
Trade payables	1,482,358	1,482,358	1,482,358	1,482,358
Other payables	490,942	490,942	490,942	490,942
Tax payable	38,645	38,645	38,645	38,645
	<u>2,011,945</u>	<u>2,011,945</u>	<u>2,011,945</u>	<u>2,011,945</u>
<b>NET CURRENT ASSETS</b>	<u>5,659,103</u>	<u>5,659,103</u>	<u>5,659,103</u>	<u>7,909,103</u>
	<u>6,097,211</u>	<u>6,097,211</u>	<u>6,097,211</u>	<u>8,347,211</u>
<b>SHARE CAPITAL</b>	3,733,000	6,000,000	6,000,000	7,500,000
<b>RESERVES</b>	2,364,211	97,211	97,211	847,211
	<u>6,097,211</u>	<u>6,097,211</u>	<u>6,097,211</u>	<u>8,347,211</u>
<b>NO. OF SHARES IN ISSUE</b>	3,733,000	6,000,000	-	-
<b>NO. OF SHARES IN ISSUE</b>	-	-	60,000,000	75,000,000
<b>NTA PER SHARE (SEN)</b>	163	102	10	11

## 2. INFORMATION SUMMARY (Cont'd)

Notes:

- (i) Proforma I : Bonus Issue
- (ii) Proforma II : After Proforma I and Share Split
- (iii) Proforma III : After Proforma II and Public Issue

The proforma consolidated balance sheets have been extracted from and should be read together with the notes and assumptions included in the proforma consolidated balance sheets set out in Section 14 of this Prospectus.

### 2.9 Principal Statistics Relating to the Public Issue

	RM
<i>Authorised</i>	
100,000,000 Shares	10,000,000
<i>Issued and fully paid-up as at the date of this Prospectus</i>	
60,000,000 Shares	6,000,000
<i>To be issued pursuant to the Public Issue</i>	
15,000,000 Shares	1,500,000
<i>Enlarged share capital upon listing</i>	
75,000,000 Shares	7,500,000
<b>Public Issue price per Share</b>	<b>0.60</b>

We only have one (1) class of shares, namely ordinary shares of RM0.10 each, all of which rank equally with one another. The Public Issue Shares will upon allotment and issue, rank equally in all respects with the other existing issued and paid-up ordinary shares including voting rights and rights to all dividends and distributions, the entitlement date of which is subsequent to the date of their allotment.

Please refer to Section 3.3 of this Prospectus for further information on the number and class of securities.

### 2.10 Proposed Utilisation of Proceeds Raised from the Public Issue

We expect the gross proceeds of approximately RM9,000,000 from the Public Issue to be utilised in the following manner:

	RM'000	Expected timeframe for utilisation
Overseas expansion	3,500	Within 3 years from the date of our listing
R&D	1,500	Within 2 years from the date of our listing
Working capital	2,250	Within 2 years from the date of our listing
Listing expenses	1,750	Within 1 year from the date of our listing
<b>Total</b>	<b>9,000</b>	

---

## 2. INFORMATION SUMMARY *(Cont'd)*

---

Please refer to Section 3.8 of this Prospectus for further information on the proposed utilisation of proceeds raised from the Public Issue.

### 2.11 Risk Factors

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks and investment considerations set out below. The following is only a summary of the risks and investment considerations and is not an exhaustive list of challenges that we currently face or may develop in the future. Additional risks, whether known or unknown, may in future have a material adverse effect on our Shares or our Company.

Risks relating to our business and Shares are as follows:

#### 2.11.1 Risks in relation to our Shares and the IPO

- (i) There has been no prior trading market for our Shares within and outside Malaysia and a market for our Shares may not develop;
- (ii) There may be a delay or failure in our listing; and
- (iii) Our substantial shareholders will retain majority control over our Group upon listing.

#### 2.11.2 Risks Relating to the business of our Group

- (i) We are exposed to operational risks;
- (ii) We rely on the continued employment and performance of our Directors, key management and key technical personnel;
- (iii) We may face increasing competition in the future;
- (iv) Our efforts to achieve our future growth may not succeed;
- (v) Our success is dependent on our ability to adapt to rapid technological changes/product changes;
- (vi) We may face uncertainty in implementing our five (5)-year Business Plan;
- (vii) Our success is dependent on the continuing demand for our products and services;
- (viii) We might not be able to retain our MSC status;
- (ix) We may not be able to protect our intellectual property;
- (x) Our network systems and hardware infrastructure are managed by and placed with external data centres;
- (xi) We are dependent on the MNOs contractual agreements;
- (xii) Our revenue is dependent on revenue sharing agreements with the MNOs;
- (xiii) We are dependent on the MNOs' telecommunications infrastructure; and
- (xiv) Our operating history and track record are limited.

---

## 2. INFORMATION SUMMARY (Cont'd)

---

### 2.11.3 Financial Risks

- (i) We may have future capital need which will require additional financing and fund raising;
- (ii) Our overseas expansion involves investment risk;
- (iii) Our overseas expansion involves financial and operation risks; and
- (iv) We are exposed to foreign exchange risk.

### 2.11.4 Risks Relating to the Business Environment

- (i) Our operations and operating results could be affected by changes in the political, economic, regulatory and social conditions;
- (ii) Our success is dependent on the market acceptance and development of 3G infrastructures; and
- (iii) We are subject to government regulations relating to telecommunications services and business.

Please refer to Section 4 of this Prospectus for further information concerning the abovementioned risk factors.

### 2.12 Working Capital, Borrowings, Material Capital Commitments, Contingent Liabilities and Material Litigation

#### (i) Working Capital

Our Directors are of the opinion that, after taking into consideration the cash flow forecast, the banking facilities available and the net proceeds from the Public Issue, we will have adequate working capital for our present foreseeable requirements and in any case for a period of twelve (12) months from the date of issuance of this Prospectus.

#### (ii) Borrowings

As at 17 June 2005, being the latest practicable date prior to the issuance of this Prospectus, we do not have any interest bearing borrowings.

#### (iii) Material Capital Commitments

As at the date of this Prospectus, we have not incurred any material commitments for capital expenditure or known to be incurred, which may have a material impact on the financial position of our Group.

#### (iv) Contingent Liabilities

As at the date of this Prospectus, there are no contingent liabilities incurred by our Group, which may have a material impact on the financial position of our Group.

---

2. INFORMATION SUMMARY (Cont'd)

---

(v) **Material Litigation**

As at the date of this Prospectus, save as disclosed below, we are not engaged in any litigation or arbitration, either as plaintiff or defendant which has a material effect on the financial performance and position of our Group and our Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group:

(a) **Kuala Lumpur High Court Civil Suit No. D4-22-1739-2004**

A legal proceeding for copyright infringement has been commenced against Celcom (Malaysia) Berhad ("Celcom") by Goodsound Music Publishing Sdn Bhd and eight (8) others ("the Plaintiffs"). In the said suit, the Plaintiffs alleged that Celcom has converted and reproduced certain songs owned by them collectively and made the same available to the general public in the form of downloadable ringtones from Celcom's website, without any authority, licence or permission of the Plaintiffs. Our Company has subsequently received a letter from Celcom dated 17 March 2005 informing us of the said legal proceeding. Celcom's solicitors, Messrs Bustaman has via a letter dated 9 May 2005 informed us of Celcom's intention to issue a third party notice to MTB for clarification of the alleged copyright infringement by the Plaintiffs. As at the date hereof, Celcom has not issued any third party notice to us.

Our subsidiary, namely MTSB has converted six (6) songs allegedly owned by four (4) of the Plaintiffs, namely Rock Records (M) Sdn Bhd, Suwah Music Publishing Sdn Bhd, Touch Music Publishing (M) Sdn Bhd and Peermusic (S.E.Asia) Limited (collectively the "Publishers"). The said conversion and uploading were duly legitimized and licensed under the relevant licence agreements and/or supplemental agreements entered into with the Publishers. Based on the legal opinion by Messrs Wong Jin Nee & Teo, our Board are of the view that there is no legal basis for Celcom to pursue the third party notice against us or MTSB in view of the execution of the said licence agreements and/or supplemental agreements.

Please refer to Section 8.3 of this Prospectus for further information on the above.



---

### 3. INTRODUCTION AND PARTICULARS OF THE PUBLIC ISSUE

---

This Prospectus is dated 30 June 2005.

We have registered a copy of this Prospectus with the SC. We have also lodged a copy of this Prospectus, together with the application forms with the Registrar of Companies who takes no responsibility for the contents of this Prospectus.

We have received the approval from the SC for the Public Issue on 18 April 2005. We have also on 14 June 2005 obtained the approval-in-principle from Bursa Securities for admission to the Official List of Bursa Securities and for permission to deal in and the listing of and quotation for our entire enlarged issued and paid-up ordinary shares on the MESDAQ Market.

Our Shares will be admitted to the Official List of the MESDAQ Market and official quotation will commence upon receipt of confirmation from Bursa Depository that all the CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all the successful applicants. Bursa Securities and the SC assume no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. Admission to the MESDAQ Market is not to be taken as an indication of the merits of our Company and our subsidiaries or our Shares.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed our Shares as a prescribed security. Therefore, we will deposit the Public Issue Shares directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the aforesaid Act and Rules of Bursa Depository.

You must have a CDS account to apply for the Public Issue Shares. If you are using Application Forms, you should state your CDS account number in the space provided in the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS account to MIH/us for the purpose of crediting the Public Issue Shares allotted to you into your CDS account. In the case of an application by way of Electronic Share Application, only an applicant who is an individual can make an Electronic Share Application and the applicant shall furnish his CDS account number to the Participating Financial Institution by way of keying in his CDS account number if the instructions on the ATM screen at which he enters his Electronic Share Application require him to do so. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application.

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

Pursuant to paragraph 2.9 of the MMLR, our Company needs to have at least 25% but not more than 49% of the total number of shares for which listing is sought in the hands of the public and a minimum number of 200 public shareholders at the time of our admission to the MESDAQ Market. We are expected to achieve this at the point of our admission to the MESDAQ Market. If we do not meet the above requirement, we may not be allowed to proceed with our listing plan. In such an event, we will return in full without interest, monies paid in respect of all application.

### 3. INTRODUCTION AND PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

You should rely only on the information contained in this Prospectus. We or our adviser have not authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus.

This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the Public Issue Shares in any jurisdiction and in any circumstances in which such an invitation is not authorised or lawful, or to any person to whom it is unlawful to make such an invitation.

**You should rely on your own evaluation to assess the merits and risks of the Public Issue and an investment in us. In considering the investment, if you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers.**

#### 3.1 Opening and Closing of Application

The Application will open at 10.00 a.m. on 30 June 2005 and will remain open until 5.00 p.m. on 8 July 2005 or for such further period or periods as our Directors in their absolute discretion and our Underwriter may mutually decide.

#### 3.2 Dates of Special Events

Event	Date
Opening Date	30 June 2005
Closing Date	7 July 2005
Tentative Balloting Date	11 July 2005
Despatch Notice of Allotment	20 July 2005
Tentative Listing Date	21 July 2005

These dates are tentative and are subject to changes which may be necessary to facilitate the implementation procedures. Application for the Public Issue Shares will be accepted from 10.00 a.m. on 30 June 2005 to 5.00 p.m. on 7 July 2005. Our Directors and our Underwriter may mutually decide, at their absolute discretion, to extend the closing date and time for applications to any later date or dates.

We will announce any extension in a widely circulated daily English and Bahasa Malaysia newspaper within Malaysia. If the closing date of the application is extended, the dates for the allotment of the Public Issue Shares and our listing will be extended accordingly.

#### 3.3 Number and Class of Securities to be Issued

	RM
<i>Authorised</i> 100,000,000 Shares	<u>10,000,000</u>
<i>Issued and fully paid-up as at the date of this Prospectus</i> 60,000,000 Shares	6,000,000
<i>To be issued pursuant to the Public Issue</i> 15,000,000 Shares	1,500,000
<i>Enlarged share capital upon listing</i> 75,000,000 Shares	<u>7,500,000</u>

---

### 3. INTRODUCTION AND PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

---

The Public Issue price of RM0.60 per Share is payable in full on application.

We only have one (1) class of shares, namely ordinary shares of RM0.10 each, all of which rank equally with one another. The Public Issue Shares will upon allotment and issue, rank equally in all respects with the other existing issued and paid-up ordinary shares including voting rights and rights to all dividends and distributions, the entitlement date of which is subsequent to the date of their allotment.

Subject to any special rights attaching to any shares that may be issued by us in the future, the shareholders of ordinary shares in our Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by us as dividends, distributions and the whole of any surplus in the event of liquidation of our Company in accordance with our Articles of Association.

Each shareholder shall be entitled to vote in person or by proxy or by attorney, and on a show of hands at our general meeting. Every person present who is a shareholder or representative or proxy or attorney to a shareholder shall have one vote and shall have one vote for each ordinary share held on a poll. A proxy may but need not be a member of our Company and the provision of Section 149(1)(b) of the Act shall not apply to our Company.

#### 3.4 Purposes of the Public Issue

The purposes of the Public Issue are as follows:

- (i) To raise funds for the our operations and expansion, details of which are elaborated in Section 3.8 below;
- (ii) To achieve listing status for our Company to enhance our business, profile and future prospects;
- (iii) To enable us to have access to the capital markets to raise funds to pursue future expansion and growth; and
- (iv) To provide an opportunity for Malaysian investors and institutions, eligible Directors and employees of our Group to participate in our equity and future performance.

#### 3.5 Details of the Public Issue

The Public Issue of 15,000,000 Shares at an issue price of RM0.60 per Share is payable in full on application subject to the terms and conditions of this Prospectus.

Upon acceptance, the Public Issue Shares will be allocated in the following manner:

- (i) **Malaysian Public**  
2,000,000 of the Public Issue Shares will be made available for application by the Malaysian Public.
- (ii) **Eligible Directors and Employees**  
3,000,000 of the Public Issue Shares will be reserved for application by the eligible Directors and employees of our Group.

**3. INTRODUCTION AND PARTICULARS OF THE PUBLIC ISSUE (Cont'd)****(iii) Private Placement**

10,000,000 of the Public Issue Shares will be made available for application by way of private placement to selected investors.

All the Public Issue Shares listed in (i) and 1,780,000 Shares in respect of (ii) above are underwritten. The identified eligible Directors, namely Goh Eugene (Wu Eugene), Tan Wee Meng (Chen Weiming) and Hendra Sie have given irrevocable undertakings to subscribe for their entitlements, totalling 1,220,000 Shares in respect of (ii) above. Details on the brokerage and underwriting commission relating to the Public Issue are set out in Section 3.10 of this Prospectus.

The undersubscribed Public Issue Shares in respect of paragraph (i) and (ii) will be made available for subscription by the placees referred to in paragraph (iii) above.

Thereafter, any Public Issue Shares not subscribed for as set out in paragraphs (i) and (ii) above, will be made available for subscription by the Underwriter as specified in the Underwriting Agreement dated 13 June 2005. The minimum level of subscription in respect of the Public Issue Shares shall be 15,000,000 MTB Shares.

The basis of allocation to be determined shall take into account the desirability of distributing the Public Issue Shares to a reasonable number of applicants with a view of broadening the shareholding base of our Company to meet the public spread requirements and to establish a liquid and an adequate market in the Shares. To ensure compliance with the MMLR, the final allocation to any single applicant shall not breach 5% or more of our enlarged share capital upon listing, regardless of the amount of Shares applied for. Applicants will be selected in a manner to be determined by our Directors.

**3.6 Allocation of Shares to our Eligible Directors and Employees**

The Public Issue Shares in respect of Section 3.5 (ii) above, have been reserved for allocation to the eligible Directors and employees of our Group and have been allocated based on their respective positions and length of service with our Group.

**(i) Eligible Directors**

Our Directors have been allocated with the following Shares in respect of the Public Issue:

<b>Name</b>	<b>Designation</b>	<b>Number of new Shares allocated</b>
Eugene Goh (Wu Eugene)	Chief Executing Officer (Executive Director)	520,000
Tan Wee Meng (Chen Weiming)	Chief Operating Officer (Executive Director)	500,000
Hendra Sie	Chief Technology Officer (Executive Director)	200,000
Ng Joo How	Independent Non-Executive Director	200,000
Lai Teik Kin	Independent Non-Executive Director	200,000
<b>Total</b>		<b>1,620,000</b>

### 3. INTRODUCTION AND PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

#### (ii) Eligible Employees

A total of 1,380,000 new Shares will be allocated to 27 eligible employees.

Eligible employees must be at least 18 years of age and must be confirmed in service, with a service period of at least three (3) months on the date of allocation.

#### 3.7 Pricing of the Public Issue Shares

There has been no prior trading market for our Shares. The issue price of RM0.60 per Public Issue Share was determined and agreed upon by our Company and our Underwriter. Among the factors considered in determining the issue price, in addition to prevailing market conditions, were our estimates of business growth potential and revenue prospects, an assessment of our Group's management, investments made and the consideration of the above factors in relation to market valuation of companies in similar businesses.

However, you should also note that the market price of our Shares upon listing on the MESDAQ Market, are subject to the vagaries of market forces and other uncertainties, which may affect the price of our Shares when they are traded.

#### 3.8 Proposed Utilisation of Proceeds

We expect the gross proceeds of the Public Issue will amount to RM9,000,000. The proceeds shall accrue to us and we shall bear all expenses relating to the listing of and quotation for our Shares on the MESDAQ Market. We propose to utilise the proceeds from the Public Issue in the following manner:

	Note	RM'000	Expected timeframe for utilisation
Overseas expansion	(i)	3,500	Within 3 years from the date of our listing
R&D	(ii)	1,500	Within 2 years from the date of our listing
Working capital	(iii)	2,250	Within 2 years from the date of our listing
Listing expenses	(iv)	1,750	Within 1 year from the date of our listing
		<u>9,000</u>	

Notes:

#### (i) Overseas Expansion

*This amount is expected to be fully utilised within 3 years from the date of our listing. We have identified two (2) areas for expansion, which are as follows:*

#### (a) Expansion of our solutions and services

*In light of the competitive and dynamic environment of the mobile communication market, we intend to expand our range of solutions and services in order to meet our customer demand and exploit new technologies to optimise our business. Whilst we have the capability to develop these solutions in-house, in order to speed up development as well as to increase cost effectiveness, our strategy is to form strategic alliances with partners and establish sales and support operations offices in Asian countries, in order to offer a diverse range of solutions and services. In addition, we intend to acquire local and/or foreign companies with such complementary solutions to accelerate our product expansion plans.*

**3. INTRODUCTION AND PARTICULARS OF THE PUBLIC ISSUE (Cont'd)****(b) Geographical expansion**

*We intend to expand our customer base by pursuing markets in Asia. At present, we have identified two (2) areas for expansion namely China and India. In order to establish market presence in this region, we will form strategic alliances with media partners and establish and strengthen our sales and operations offices in Malaysia, Singapore, Indonesia, Thailand, China (Guang Dong, Shanghai, Beijing and Hong Kong) and India. We also intend to pursue strategic acquisition of companies in countries where we are operating in to tap into new markets with our solutions.*

*We are constantly exploring opportunities and have identified a potential candidate in Hong Kong, which upon successful completion, is likely to enable us to expand into the Chinese market. We have earmarked RM3.5 million for these purposes. We will seek approval for extension of time from the relevant authorities and shareholders if we are unable to utilise the RM3.5 million for such strategic acquisitions within the proposed time frame. Meanwhile, the RM3.5 million will be placed in fixed deposit accounts until eventually utilised for the overseas expansion.*

**(ii) R&D**

*We will spearhead the R&D activities of our Group in the area of 3G, to provide continuous enhancement of our existing solutions and applications. The mTouche™ 3G Platform is a comprehensive set of software products designed and optimised for mobile media creation, delivery and playback. The estimated proceeds of RM1,500,000 are expected to be utilised over a two (2)-year period from the date of our listing, which includes hiring of up to eighty three (83) full-time knowledge workers and purchases of hardware and software.*

*Our R&D activities will focus on the development of new products to stay on the mobile messaging technology. Our products earmarked for the R&D activities are mTouche™ 3G Platform, mTouche™ 3G Mobile Corporate Solutions, mTouche™ 3G Mobile Radio, mTouche™ 3G Mobile TV, mTouche™ 3G Mobile Press, mTouche™ Content Provisioning Platform. Please refer to Section 6.9 of this Prospectus for further information on the R&D carried out/ to be carried out by our Group.*

**(iii) Working Capital**

*The allocation of RM2,250,000 as working capital is necessary to enable us to secure new contracts and to support our existing business operations which include financing our operating expenses.*

**(iv) Listing Expenses**

*Expenses incidental to the proposed listing of our Company are estimated at RM1,750,000 which include professional fees, underwriting commission, brokerage fees, placement fees, authorities' fees and other costs associated with our IPO.*

**We expect to utilise the abovementioned proceeds of RM9,000,000 within three (3) years from the date of our listing. Any difference arising from the proposed utilisation will be adjusted accordingly in working capital requirements.**

---

**3. INTRODUCTION AND PARTICULARS OF THE PUBLIC ISSUE (Cont'd)**


---

**3.9 Listing Expenses**

We have estimated the listing expenses to be as follows:

	<b>RM'000</b>
Professional fees	600
Fees to authorities	80
Issuing house fee and disbursement	80
Brokerage, underwriting commission and placement fees	210
Advertisement and printing	300
Miscellaneous	480
<b>Total</b>	<b><u>1,750</u></b>

**3.10 Brokerage, Underwriting Commission and Placement Fees**

The Underwriter and Placement Agent for our Public Issue are set out in Section I of this Prospectus.

**(i) Brokerage**

Our Company will bear the brokerage relating to the Public Issue Shares at the rate of 1.0% of the issue price of RM0.60 per Share in respect of successful applications by the Malaysian Public bearing the stamps of either PMBB, member companies of MESDAQ, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

**(ii) Underwriting commission**

Our Company has entered into a conditional Underwriting Agreement with PMBB on 13 June 2005 to underwrite 3,780,000 Public Issue Shares which are available for application by the Malaysian Public and our eligible Directors and employees.

The underwriting commission is payable by our Company at the rate of 2.0% of the issue price of RM0.60 for each of the Public Issue Share underwritten.

**(iii) Placement fees**

Our Company will bear the Placement fees payable to the Placement Agent at a rate of 2.0% of the Public Issue Price of RM0.60 per Share in respect of the 10,000,000 Public Issue Shares to be issued by way of private placement.

**3.11 Salient Terms of the Underwriting Agreement**

The following are extracts of some of the salient terms contained in the conditional Underwriting Agreement dated 13 June 2005.

---

**3. INTRODUCTION AND PARTICULARS OF THE PUBLIC ISSUE (Cont'd)**


---

The terms, clauses and references set out in the remainder of this section are in respect of those set out in the Underwriting Agreement.

**3.5 (a) Breaches & Termination:** *In the event of*

- (i) *any breach of the warranties or representations set out herein; or*
- (ii) *failure on the part of the Company to perform any of the obligations herein contained; or*
- (iii) *any change rendering any of the said warranties or representations inaccurate in any respect; or*
- (iv) *if any material information has been withheld and coming to the notice of the Underwriter prior to the Closing Date; or*
- (v) *the coming into force of any laws, regulations or directive which has or is likely to involve a prospective material and adverse change in the condition (financial or otherwise) of the Company or any of its subsidiaries (if any) from that set forth in the Prospectus; or*
- (vi) *the Underwriter is of the opinion that there has been an adverse change in the business and/or the condition of the Company or any of its subsidiaries (if any) from that set forth in the Prospectus; or*
- (vii) *the Underwriter is of the opinion that there has been such a change in national or international monetary, financial, political or economic conditions or in exchange control or in currency exchange rates as would in their reasonable opinion be likely to prejudice materially the success of the IPO and the distribution of the Public Issue Shares (whether in the primary market or in respect of dealings in the secondary market) or in event of war or the declaration of a state of national emergency; or*
- (viii) *the approval-in-principle of Bursa Securities for the listing of and quotation for the Public Issue Shares on the MESDAQ Market of Bursa Securities is withdrawn; or*
- (ix) *the success of the IPO is seriously jeopardised by the Kuala Lumpur Composite Index falling below six hundred and fifty (650) points and remaining below six hundred and fifty (650) points for three (3) consecutive Market Days at any time between the effective date of this Underwriting Agreement and the Closing Date;*

*the Underwriter shall be entitled to treat such breach, failure or change as releasing or discharging it from its obligations hereunder and will be entitled to terminate this Agreement by giving a written notice to the Company.*

- (b) **Consequences of termination:** *On delivery of the notice under Clause 3.5(a), this Agreement will terminate and thereafter each party's rights and obligations will cease and none of the parties will have any claim against each other, except for the liability of the Company under Clauses 3.5(c), 10.1 and 14.1.*



---

**3. INTRODUCTION AND PARTICULARS OF THE PUBLIC ISSUE (Cont'd)**

---

- (c) **Indemnity:** Without prejudice to the other rights and remedies of the Underwriter, the Company undertakes with the Underwriter that it will hold the Underwriter harmless and keep the Underwriter fully and effectually indemnified from and against any and all losses, liabilities, costs (including legal costs on a solicitors and client basis), claims, charges, actions, proceedings, damages, expenses and demands which the Underwriter may incur or may become subject to under any statute, at common law or otherwise, and reimburse the Underwriter for any legal or other expenses (including the cost of any investigation and preparation) reasonably incurred by it in disputing or defending any claim or action or other proceeding in connection with any litigation, whether or not resulting in any liability, insofar as such losses, claims, damages, liabilities or litigation arising out of, or are based upon, any untrue statement or alleged untrue statement or a material fact contained in the Prospectus or any omission or alleged omission to state therein a material fact required or necessary to be stated therein or to make the statements therein misleading or any misrepresentation or breach or alleged breach of any of the aforesaid representation, warranties or undertakings by the Company and such indemnity shall extend to include all costs (including legal costs on solicitor and client basis), charges and expenses which the Underwriter may reasonably pay or incur in disputing or defending any claim or action or other proceeding in respect of which indemnity may be sought against the Company.

**4.1 Conditions Precedent for Underwriting**

The several obligations of the Underwriter under this Agreement shall further be conditional upon:

- (a) **Execution of Agreement:** this Agreement being signed by all parties herein and duly stamped;
- (b) **Placement Letter:** that the Placement Letters (or Application Forms for subscription of the Public Issue Share) be signed and given to the Underwriter, being the Placement Agent for by the respective placees according to the terms and conditions in the Placement Letter with regards to the Public Issue Shares in Recital D(c) before the Closing Date;
- (c) **Registrar of Companies & SC:** the lodgment and acceptance for registration with the Registrar of Companies and the SC respectively of the Prospectus together with copies of all documents required under Section 42 of the Companies Act prior to the issuance of the Prospectus to the public;
- (d) **Issue of Prospectus:** the issuance of the Prospectus to the public (including advertisement of the Prospectus and all other procedures, requirements, letters and documents required under the Listing Requirements) have been complied with within three (3) months from the date hereof or such extension as consented by the Underwriter;
- (e) **Approvals:** all necessary approvals and consents required in relation to the IPO including but not limited to governmental approvals having been obtained and are in full force and effect;

---

**3. INTRODUCTION AND PARTICULARS OF THE PUBLIC ISSUE (Cont'd)**

---

- (f) **Payment of Expenses:** *the Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 14;*
- (g) **Resolutions:** *the delivery to the Underwriter prior to the date of registration of the Prospectus of:- (aa) a copy certified as true copy by an authorised officer of the Company of all the resolutions of the directors of the Company and the shareholders in general meeting approving this Agreement, the Prospectus, the IPO and authorising the execution of this Agreement and the issuance of the Prospectus; and (bb) a certificate dated the date of the Prospectus signed by duly authorised officers of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in Clause 4.1(e);*
- (h) **Report & Confirmation:** *the delivery to the Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the board of directors of the Company as the Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of this Agreement that will adversely affect the performance or financial position of the Company or its subsidiary (if any); and*
- (i) **Admission to the official list of the MESDAQ Market of Bursa Securities:** *The Underwriter being satisfied that the Company will, following completion of the IPO be admitted to the official list and its entire enlarged ordinary share capital listed and quoted on the MESDAQ Market of Bursa Securities without undue delay.*

**4.2 Non-Fulfillment of Conditions Precedent**

*In the event any of the conditions set forth in Clause 4.1 are not satisfied, the Underwriter shall, subject as mentioned below, thereupon be entitled to terminate this Agreement by notice given to the Company not later than one (1) day after the Closing Date and upon such termination, the liabilities of the Company and the Underwriter shall become null and void and none of the parties shall have a claim against the other save that each party shall return any and all moneys paid to the other or others (without interest) under this Agreement within seventy two (72) hours of the receipt of such notice (except for monies paid by the Company for the payment of the expenses as provided in Clause 14). The Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriter's rights under this Agreement.*

---

**4. RISK FACTORS**

---

Before investing in our Shares, you should pay particular attention to the fact that we, and to a large extent of our activities, are subject to legal, regulatory and business environment in Malaysia and Asia. Our business is subject to a number of factors, many of which are beyond our control. Prior to making an investment decision, you should carefully consider, along with the other matters in this Prospectus, the risks and investment considerations set out below. The risks and investment considerations set out below are not an exhaustive list of the challenges that we currently face or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on our Shares or us.

**4.1 Risks in relation to our Shares and the IPO****4.1.1 There has been no prior trading market for our Shares within and outside Malaysia and a market for our Shares may not develop**

There is currently no prior trading market for our Shares within or outside Malaysia. There can be no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell their Shares or the price at which holders would be able to sell their Shares. While the SC has approved the IPO and given approval for our listing, there can be no assurance that our Shares will be accepted for listing and quotation on the anticipated date. If our Shares are not admitted to the Official List, we will endeavour to return the monies paid in respect of any application for Shares without interest.

Our Underwriter and ourselves have determined the issue price of RM0.60 per Public Issue Share. The determination of the issue price is dependent on many factors, including prevailing economic, political and financial conditions in Malaysia and Asia, our operating results, estimates of our business growth potential, revenue prospects and the markets for similar securities. Neither we nor our Underwriter have any obligation to make a market for our Shares. Consequently, there can be no assurance that we will be able to maintain our listing status on the MESDAQ Market indefinitely.

**4.1.2 There may be a delay or failure in our listing**

The occurrence of any one or more of the following events (which may not be exhaustive) may cause a delay in or abortion of the Listing:

- (i) Our Underwriter fails to honour its obligations under the Underwriting Agreement; or
- (ii) We are unable to meet the public spread requirement, that is, at least 25% but not more than 49% of the total number of shares for which listing is sought is in the hands of the public and a minimum number of 200 public shareholders at the time of our admission to the MESDAQ Market.

Our Directors will endeavour to ensure compliance of the various listing requirements, including, the public spread requirement imposed by the SC and Bursa Securities, for the successful Listing. However, no assurance can be given that the abovementioned factors will not cause a delay in or abortion of the Listing.

---

**4. RISK FACTORS (Cont'd)**

---

**4.1.3 Our substantial shareholders will retain majority control over our Group upon listing**

Following the Public Issue, our Company will be controlled by three (3) substantial shareholders, namely Goh Eugene (Wu Eugene), Tan Wee Meng (Chen Weiming) and Hendra Sie, who will collectively control 70.41% of the enlarged issued and paid-up share capital of Shares. As a result, the said shareholders will be able to effectively control the outcome of certain matters requiring the vote of our shareholders including the constitution of our Board and thus, the direction and future operations of our Group, decisions regarding acquisitions and other business opportunities, the declaration of dividends and the issuance of additional shares and other securities, unless they are required to abstain from voting by law and/or the relevant authorities.

Nonetheless, we have appointed Ng Joo How and Lai Teik Kin as Independent Directors and an audit committee was set up as a step towards good corporate governance of our Group to ensure that any future transactions including related parties, if any, are entered into on arms-length terms.

**4.2 Risks relating to the business of our Group****4.2.1 We are exposed to operational risks**

We cannot be assured that our Group will be profitable in the future, or that we will achieve increasing or consistent levels of profitability. Our revenue and operating results are difficult to forecast and could be adversely affected by many factors. These include, amongst others, changes in our operating expenses, the ability of our Group to develop and market new products and services to control costs, market acceptance of the new products and services and other business risks common to our Group's going concerns.

Our Directors believe that we should be able to maintain our profitability record. While we have devoted substantial management and financial resources to launch our products and grow our operations in the new market, we cannot be assured that the new ventures will be successful and able to generate significant revenue. Nevertheless, we have adopted a prudent cash flow management policy, which includes, inter-alia, regular monitoring of receivables position, sustaining long-term relationships with our customers and business partners and careful consideration of any proposed capital expenditure or borrowings which would affect our Group.

**4.2.2 We rely on the continued employment and performance of our Directors, key management and key technical personnel**

Our continued success will depend to a significant extent upon the abilities and continued efforts of our Executive Directors and senior management. The loss of any number of Directors or key members of our Group's senior management could adversely affect our Group's continued ability to compete and perform. Furthermore, our planned expansion could place a significant strain on our key personnel, the services and support operations, the sales and administrative personnel and other resources. We are grooming junior members of our management team to take over from the senior management to ensure a smooth transition. They will be provided with the necessary experience and exposure in the management team should changes occur in order to maintain our continued ability to compete.

---

**4. RISK FACTORS (Cont'd)**

---

It is our practice to retain the services of these Directors and senior management wherever possible and to also attract and retain experienced personnel by providing a conducive working environment with emphasis on positive working cultures and a reward system.

**4.2.3 We may face increasing competition in the future**

The mobile technology industry is highly competitive and changing rapidly. We expect to face more intense competition from existing competitors and new entrants into the market in the future. Our Directors believe that our ability to compete depends on many factors both within and outside our control. Amongst others, the principal elements of competition include technical competence, delivery cycle, pricing, quality, scalability, conformity with industry standards, reliability, brand name and customer service.

Our competitors vary in size and in the scope and breadth of the services and products offered. Although we strive to remain competitive in providing our services and products, we cannot be assured that we will be able to maintain our existing market share in the region.

Our Group focus on providing highly reliable technology that is able to handle high capacities and also invest in product innovation to ensure our competitiveness in capturing market share and garnering market acceptance. However, we cannot assure that our Group will be able to maintain our competitiveness against current and future competitors or that the competitive pressures will not materially and adversely affect our business, operating results and financial condition.

In view of the competition, we intend to sharpen our competitive edge by continually looking into and monitoring closely factors such as pricing, quality, distribution, branding and customer satisfaction.

**4.2.4 Our efforts to achieve our future growth may not succeed**

Our Group's potential expansion may strain the Group's management, financial, customer support, operational and other resources. In order to achieve our growth mission targets as set out in the Five (5)-Year Business Plan in Section 9 of this Prospectus, our management would need to adopt the sales and business development plan. However, we cannot assure that our management would be successful in implementing the plan or that the plan would not give rise to other problems.

Our Group's proposed future plan will be dependent upon, among others, our ability to enter into strategic marketing or other arrangements on a timely basis and on favourable terms, hire and retain skilled management, financial, technical and marketing personnel, successfully manage growth which includes monitoring of operations and controlling of costs and obtaining adequate financing when needed. However, we cannot assure that our Group will be able to successfully implement our business plan or that unanticipated expenses, problems or technical difficulties will not occur which would result in material delays in the implementation of or deviation from the original plans.

---

**4. RISK FACTORS (Cont'd)**

---

**4.2.5 Our success is dependent on our ability to adapt to rapid technological changes/product changes**

Our ability to keep pace with rapid technological development in the telecommunications industry will affect our revenues and profits. The mobile technology industry is characterised by rapid technological changes due to changing market trends, evolving industry standards, new technologies and emerging competition. Future success will be dependent upon our ability to enhance existing software products and services and introduce new products and services to respond to the constantly changing technological environment.

The timely development of new and enhanced services or products is a complex and uncertain process. Although we believe that we have sufficient knowledge and skills to implement our business plan, we are unable to provide assurance that our Group will continue to have sufficient resources to successfully manage long development cycles. Our Group may also experience design, marketing and other difficulties that could delay or prevent the development, introduction and marketing of our new or enhanced products and services.

We are actively engaged in R&D activities to enhance our in-house proprietary solutions. However, we cannot assure that such activities will enable us to develop new products and services to enhance our existing products on a timely and cost effective basis, or if our new products and services fail to achieve market acceptance, or if one or more of our competitors introduce products and services that better address customers' needs, our business, operating results and financial condition would be affected.

**4.2.6 We may face uncertainty in implementing our Five (5)-Year Business Plan**

The success of our Group's business plan will be largely dependent upon the market of the mobile technology industry, as well as our ability to maintain a cost efficient structure and further develop and market our products and services. In addition, our future plans and prospects will be dependent upon, amongst others, our Group's ability to respond to market changes, competitively price our products and services, hire and retain skilled management and successfully manage operational, financial and other internal systems.

We cannot assure that we will be able to successfully implement our business plan or that anticipated changes in the market force or financial constraints will not occur which would result in material delays in our implementation or even deviation from our original plans. Moreover, we cannot assure that we will have sufficient capacity to satisfy any increased demand for growth resulting from the implementation of our Five (5)-Year Business Plan.

---

**4. RISK FACTORS (Cont'd)**

---

**4.2.7 Our success is dependent on the continuing demand for our products and services**

Our Group's future results will substantially depend on market acceptance of our products and services. The markets for mobile applications and solutions in the Asian countries which we are operating in, namely Malaysia, Singapore, Indonesia and Thailand are evolving rapidly and characterised by an increasing number of market entrants. A reduction in demand or an increase in competition in these markets for the products and services, or our other existing or future products and services, will have a material effect on our business, results and financial condition. We cannot assure that we will be able to develop and introduce new products and services or enhancements in a timely manner in response to changing market conditions or client requirements or that process will not encounter unforeseen problems.

As a mitigating factor, we will be working towards having contracts with all major telecommunication companies in the targeted countries of operations and continue to develop applications and platforms enabling solutions for a wider customer base. Our Directors believe that having a direct relationship with the telecommunication companies would be an advantage to us compared to any new market entrants.

**4.2.8 We might not be able to retain our MSC status**

We were accorded with MSC status on 1 July 2004 by MDC. Presently, all MSC status companies are granted financial and non-financial incentives. MDC is the body responsible for monitoring all MSC designated companies. We cannot assure that we will continue to retain our MSC status or that we will continue to enjoy the MSC incentives granted to all MSC status companies, all of which could materially affect our business, operating results and financial condition.

MDC is the body responsible for monitoring all MSC designated companies. MDC has the right to withdraw any company's MSC status at any time. Although MTB believes that it will continue to be able to fulfil the conditions for MSC status and to ensure that it remains in the same line of business, there can be no assurance that MTB will continue to enjoy or not experience delays in enjoying the MSC incentives outlined above, all of which could materially and adversely affect the Group's business, operating results and financial condition.

**4.2.9 We may not be able to protect our intellectual property**

We have intellectual property rights over our softwares and platforms, in which protection is accorded by copyright law and at common law, including the Copyright Act, 1987. We have also applied for the trade mark registration of the "mTouche" brand name in Singapore, Malaysia, Indonesia and Thailand which we have relied on to establish our brand name.

We cannot assure that we will be able to protect our Group's intellectual property rights under the existing laws against unauthorised third party copying, use or exploitation, any of which could have an effect on our business, operating results and financial condition.

However, the risk of intellectual property rights infringement is substantially reduced in view that our software is mostly sold as customised software, which is tailored to the specific needs of our customers.

---

**4. RISK FACTORS (Cont'd)**

---

**4.2.10 Our network systems and hardware infrastructure are managed by and placed with external data centres**

Our network systems and hardware infrastructure which consist of multiple server cluster are housed in SingTel Expan Data Centre in Singapore, which is sufficient to provide our Group with 99.99% system uptime and enable our Group to conduct daily data back up to ensure our services are being restored immediately in the event of downtime.

SingTel Expan Data Centre is a chain of data network centres, owned, built and operated by Singapore Telecommunication Ltd ("SingTel") which is a leading communications company in Asia. SingTel Expan Data Centre is backed by its telecommunication infrastructure which assures that our data integrity is protected and available at all times.

However, we cannot assure that SingTel Expan Data Centre will not experience any system disruption in the future. To mitigate the risks of system disruption, our Group has set up a secondary data centre in Malaysia with NTT MSC Sdn Bhd for dual-country data centre redundancy.

**4.2.11 We are dependent on the MNOs contractual agreements**

We are dependent on the continuous gateway connections to the MNOs through the contractual agreements signed by our Group with all the MNOs in the respective countries where we are operating. If our relationship with the MNOs are terminated, curtailed or renewed on terms that may be unfavourable to us, including the reduction of fees or revenue sharing, our financial condition and operation will be affected adversely.

Our Group mitigates the risk by maintaining a good working relationship with the MNOs and by responding effectively and strategically to any changes which may affect our financial condition and operation.

**4.2.12 Our revenue is dependent on revenue sharing agreements with the MNOs**

Our Group's revenue is dependent on the revenue sharing agreements with the MNOs and the terms thereof. As a mitigating factor, we have contracts with twelve (12) MNOs across the countries that we are currently operating in. There is no assurance that we will be able to continue with the current revenue sharing ratio or obtain a more favourable revenue sharing ratio. The reduction of revenue sharing would affect our financial condition and operation. However, our Group mitigates the risk by providing quality services and ensure continuous compliance with all the service level agreements with MNOs to maintain a good working relationship with the MNOs.

**4.2.13 We are dependent on the MNOs' telecommunications infrastructure**

Our Group is dependent on the MNOs' telecommunications infrastructure, the technology level of the MNOs' telecommunications infrastructure and the future direction of the MNOs' technology development. We cannot assure that any changes in the MNOs telecommunications infrastructure and technology would not have an impact on our efficiency in delivering our products and services.



---

**4. RISK FACTORS (Cont'd)**

---

As a mitigating factor, we have maintained a close relationship with all the MNOs where our Group is operating. In addition, our R&D team maintains continuous communication with the technology team of all the MNOs, to keep ourselves abreast with their developments and directions including platform testing and trial run.

**4.2.14 Our operating history and track record are limited**

Our Company was incorporated as a private limited company under the Act on 17 June 2004. We have converted our Company to a public company on 7 July 2004. As our Company has a limited operating history and our business is still evolving, we may encounter risk and difficulties normally encountered by any new company.

However, prior to the commencement of our business, our platform technologies and applications were previously carried out by MPL, which has been in operation since July 2002. MPL is a company that was previously owned by several of our Directors and substantial shareholders namely, Goh Eugene (Wu Eugene), Tan Wee Meng (Chen Weiming) and Hendra Sie. As further described in Section 6.1 herein, our Company took over MPL's business operations by acquiring MPL on 24 June 2004.

As such, our past financial data may not provide a meaningful basis upon which investors may evaluate us in respect of our future prospects and performance. Although our Group's profitability has been on an upward trend, there is no assurance that we can sustain profitability or avoid losses in the future.

As a mitigating factor, we have maintained a close relationship with all the MNOs and media partners where our Group is operating to ensure continuous demand for our products and services.

**4.3 Financial risks**

**4.3.1 We may have future capital need which will require additional financing and fund raising**

Our Directors opined that the net proceeds of the Public Issue, together with cash flow from operations and other existing sources of liquidity will be sufficient to meet our Group's projected working capital and other cash requirements for at least twelve (12) months after the date hereof. However, subsequent to this offering, we may need to raise substantial additional capital to fund the ongoing development and expansion of our business, including our R&D, marketing and sales efforts and attain profitability, the amount of which cannot be quantified at this juncture. We are unable to provide assurance that any additional funds needed will be available to us on favourable terms, or at all. Although based on assumptions that our Group considers reasonable, there is also no assurance that our estimate of the anticipated liquidity needs is accurate or that new business developments or other unforeseen events will not occur, resulting in the need to raise additional funds.

Nevertheless, our Directors believe that, upon our listing on the MESDAQ Market, we would have the option of tapping the debt capital market or further raising equity capital, if required. As such, there would be the availability of further funding options upon our successful listing on the MESDAQ Market to meet our requirements. However, it is probable that raising additional funds via equity issues will result in a substantial dilution and reduction in returns, if any, to investors.

---

**4. RISK FACTORS (Cont'd)**

---

**4.3.2 Our overseas expansion involves investment risk**

As our Group is progressively expanding into new markets throughout Asia, it may be subject to various risks inherent in investing in this venture where we do not have prior history. Although our Group seeks to limit the investment risks through prudent investment strategies, and thorough feasibility assessments and reviews, there can be no assurance that the investments intended to be undertaken may improve our future profitability.

However, the exposure to the risks can be minimised with the set-up of an experienced management in the respective countries, appropriate business plan and prudent cost control.

**4.3.3 Our overseas expansion involves financial and operation risks**

As we are expanding into new markets throughout Asia, we expect to incur costs in expanding our overseas presence. Sales from these new operations may prove inadequate to cover the expenses of establishing and maintaining these overseas offices and their operations.

In addition to the uncertainty as to our ability to generate adequate sales from overseas operations and expand our overseas presence, there are certain risks inherent in doing business overseas, such as unexpected changes in laws and regulations or the interpretation thereof, as well as changes in foreign business ownership restrictions, currency control policies, taxation and import and export restrictions.

The changes may have a material impact on our business, financial performance and condition. The implementation of foreign ownership business restrictions in a particular foreign market may constrain our ability to set up business operations in that foreign market. The implementation of currency control policies may also affect our ability to remit our profit back to Malaysia and unfavourable taxation and import and export policies may affect the pricing and competitiveness of our platforms and applications.

**4.3.4 We are exposed to foreign exchange risk**

Our Group's historical and current revenue base is mainly generated from Malaysia and Singapore. However, of recent years, we have begun to market our products and services in the South-East Asia region such as Thailand and Indonesia, by setting up a subsidiary in each of the country. All our contract entered into with the MNOs are based on the respective local currency. As such, the revenue and cost incurred by our respective Subsidiaries will be dominated in the local currency. Hence, our Group will not be exposed to foreign exchange risk due to our regional expansion.

However, we will be exposed to the foreign exchange risk in the event when we repatriate profit from other countries to Malaysia. As such, our Group may, as a mitigating factor, use various hedging techniques to mitigate this risk in the future. However, we cannot assure that any future significant fluctuation in exchange rates and financial crisis will not have an impact on our revenue and earnings.

---

**4. RISK FACTORS (Cont'd)**

---

**4.4 Risks relating to the business environment**

**4.4.1 Our operations and operating results could be affected by changes in the political, economic, regulatory and social conditions**

Like all other business entities, adverse developments in political, economic, regulatory and social conditions in Malaysia and other countries in which our Group has direct business links could materially affect our financial and business prospects. Other political uncertainties that could unfavourably affect us include changes in political leadership, war, economic downturn financial crisis, expropriation, nationalisation, re-negotiation or nullification of existing contracts, changes in interest rates and methods of taxation and currency exchange rules and contracts.

Whilst we strive to continue to take effective measures such as setting up local offices with experienced employees and adopt prudent financial management and efficient operating procedures, we cannot assure that adverse political and economic factors will not materially affect our Group.

**4.4.2 Our success is dependent on the market acceptance and development of 3G infrastructures**

Our Group's future products success in the area of 3G is dependent on the development of 3G infrastructures in the respective countries which we operate. Currently, Singapore and Malaysia are deploying 3G infrastructures while Indonesia, Thailand and India is expected to commence deployment of 3G infrastructures by the end of 2005. If the demand or the development of 3G infrastructures does not commence as scheduled, or develops more slowly than expected, the demand for our Group's products might be limited. However, our revenue does not depend solely on the 3G related products, whereby the 3G related products are expected to only contribute approximately 11% to 17% of the Group's total revenue from 2006 to 2008.

**4.4.3 We are subject to government regulations relating to telecommunications services and business**

We, our customers and suppliers are subject to laws and regulation applicable to telecommunications services and business. Laws and regulations with respect to telecommunications services may be modified or adopted which could affect pricing, distribution and quality of products and services. The modifications or adoption of any of these additional laws or regulations may adversely affect the expansion of telecommunications services, which could increase our cost of business or decrease the demand for our products and services.

The application of laws and regulations of jurisdiction where we plan to offer our platform and applications could also affect our business. For example, foreign jurisdictions may require us to meet certain requirements to qualify to conduct business as a foreign corporation, subject us to taxes and penalties, regulate or restrict our applications, and modify or enact new laws.