

#### 4. INFORMATION ON THE GROUP

##### 4.1 BACKGROUND

##### 4.1.1 Incorporation and Commencement of Business

KeyWest was incorporated in Malaysia under the Companies Act, 1965 on 20 February 2004 as a private limited company under the name of Key West Global Telecommunications Sdn Bhd. Subsequently, on 26 July 2004 it was converted to a public limited company and has since assumed its present name. KeyWest commenced operations on 28 July 2004.

KeyWest is principally an investment holding company. Its active subsidiaries are principally involved in the provision of network products and services to the entire value chain of the telecommunications industry (to Telcos as well as corporate and individual subscribers).

##### 4.1.2 Share Capital And Changes In Share Capital

The authorised share capital of KeyWest is RM50,000,000.00 comprising 500,000,000 ordinary shares of RM0.10 each. The present issued and paid up share capital of KeyWest is RM11,000,000 comprising 110,000,000 Shares of RM0.10 each.

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

| Date of Allotment | No. Of Ordinary Shares Allotted | Par Value (RM) | Consideration                       | Total Issued And Paid-up Share Capital (RM) |
|-------------------|---------------------------------|----------------|-------------------------------------|---|
| 20.02.2004        | 2                               | 1.00           | Subscribers' shares                 | 2.00  |
| 21.2.2005         | 20                              | 0.10           | Subdivision of shares               | 2.00  |
| 28.2.2005         | 56,035,096                      | 0.10           | Issued pursuant to the Acquisitions | 5,603,511.60                                |
| 22.7.2005         | 53,964,884                      | 0.10           | Issued pursuant to the Rights Issue | 11,000,000.00                               |

Upon completion of the IPO, the enlarged issued and paid up share capital of KeyWest will be RM22,500,000 comprising 225,000,000 Shares.

##### 4.1.3 Listing Scheme

In conjunction with, and as an integral part of the listing and quotation for the entire issued and paid-up share capital of KeyWest on the MESDAQ Market, the Company undertook/will undertake the Listing Scheme, which involved/involves the following:-

##### (i) Subdivision of Shares

KeyWest has subdivided the existing ordinary shares of RM1.00 each into ordinary shares of RM0.10 each on 21 February 2005.

Upon completion of the Subdivision of Shares, the issued and paid-up share capital of KeyWest has changed from RM2.00 comprising 2 ordinary shares of RM1.00 each to RM2.00 comprising 20 Shares at RM0.10 each.

**4. INFORMATION ON THE GROUP (Cont'd)****(ii) Acquisitions****a. Acquisition of KCI**

Pursuant to two conditional Share Sale Agreements dated 28 July 2004 and as supplemented by a Supplemental Agreement dated 26 February 2005, KeyWest has acquired the entire issued and paid-up share capital of KCI, comprising 10,000 common shares of USD1.00 each and a shareholder's advance from its existing shareholders ("Shareholder's Advance") for a purchase consideration of RM5,603,509.60 based on the unaudited consolidated NTA of KCI Group as at 31 January 2004 of RM779,709.60 and the Shareholder's Advance in USD of USD1,269,421.00 (RM4,823,800.00 based on an exchange rate of RM3.80:USD1.00). The purchase consideration of the shares and Shareholder's Advance was satisfied by the issuance of 56,035,096 new Shares in KeyWest.

The vendors' shareholdings in KeyWest after the Acquisition of KCI are as follows:-

| Shareholders              | No. of common shares held in KCI | Percentage interest in KCI | Purchase consideration | No. of KeyWest shares issued |
|---------------------------|----------------------------------|----------------------------|------------------------|------------------------------|
|                           |                                  | %                          | RM                     |                              |
| B-Network Co. Ltd.        | 9,750                            | 97.5                       | *5,584,615.30          | 55,846,153                   |
| Alexander Wong Shoon Choy | 250                              | 2.5                        | 18,894.30              | 188,943                      |
| <b>Total</b>              | <b>10,000</b>                    | <b>100.0</b>               | <b>5,603,509.60</b>    | <b>56,035,096</b>            |

\* Including a Shareholder's Advance of RM4,823,800.00 (based on an exchange rate of RM3.80 : USD1.00).

The Acquisition of KCI was completed on 28 February 2005.

AmMerchant Bank, as the Adviser, is of the opinion that the Acquisition of KCI which is based on the unaudited consolidated NTA of KCI Group as at 31 January 2004 of RM779,709.60 and the Shareholder's Advance of RM4,823,800.00 is fair and reasonable.

The legal opinion on the enforceability of the conditional Share Sale Agreements in relation to the Acquisition of KCI is set out in Section 14 of this Prospectus.

**b. Acquisition of KNI**

Pursuant to a conditional Share Sale Agreement dated 28 July 2004, KeyWest has acquired the entire issued and paid-up share capital of KNI comprising 100 common shares without par value from its existing shareholder for a purchase consideration of RM2.00 based on the negative unaudited consolidated NTA of KNI Group of RM(34,373.00) as at 31 January 2004. The purchase consideration was satisfied by way of cash payment.

**4. INFORMATION ON THE GROUP (Cont'd)**

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The Acquisition of KNI was completed on 28 February 2005.

AmMerchant Bank, as the Adviser, is of the opinion that the Acquisition of KNI for a purchase consideration of RM2.00 based on the negative unaudited consolidated NTA of KNI Group of RM(34,373.00) as at 31 January 2004 is fair and reasonable.

The legal opinion on the enforceability of the conditional Share Sale Agreement in relation to the Acquisition of KNI is set out in Section 14 of this Prospectus.

**c. Acquisition of TTI**

Pursuant to a conditional Share Sale Agreement dated 28 July 2004, KeyWest has acquired the entire issued and paid-up share capital of TTI comprising 100,000 common shares without par value from its existing shareholders for a purchase consideration of RM2.00 based on the negative unaudited consolidated NTA of TTI Group of RM(846,379.00) as at 31 January 2004. The purchase consideration was satisfied by way of cash payment.

The Acquisition of TTI was completed on 28 February 2005.

AmMerchant Bank, as the Adviser, is of the opinion that the Acquisition of TTI for a purchase consideration of RM2.00 based on the negative unaudited consolidated NTA of TTI Group of RM(846,379.00) as at 31 January 2004 is fair and reasonable.

The legal opinion on the enforceability of the conditional Share Sale Agreement in relation to the Acquisition of TTI is set out in Section 14 of this Prospectus.

**d. Acquisition of KCB**

Pursuant to a conditional Share Sale Agreement dated 28 July 2004, KeyWest has acquired 99% of the issued and paid-up share capital of KCB, comprising 99 ordinary shares of BND1.00 each from one of its existing shareholders for a purchase consideration of RM2.00 based on the negative unaudited NTA of KCB of RM(5,915.00) as at 28 July 2004. The purchase consideration was satisfied by way of cash payment.

The Acquisition of KCB was completed on 28 February 2005.

AmMerchant Bank, as the Adviser, is of the opinion that the Acquisition of KCB for a purchase consideration of RM2.00 based on the negative unaudited consolidated NTA of KCB of RM(5,915.00) as at 28 July 2004 is fair and reasonable.

The legal opinion on the enforceability of the conditional Share Sale Agreement in relation to the Acquisition of KCB is set out in Section 14 of this Prospectus.

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**4. INFORMATION ON THE GROUP (Cont'd)**


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**e. Acquisition of KCSB**

Pursuant to a conditional Share Sale Agreement dated 28 July 2004, KeyWest has acquired the entire issued and paid-up share capital of KCSB comprising 2 ordinary shares of RM1.00 each from its existing shareholders for a purchase consideration of RM2.00 based on the negative audited NTA of RM(4,338.00) of KCSB as at 31 January 2004. The purchase consideration was satisfied by way of cash payment.

The Acquisition of KCSB was completed on 28 February 2005.

**f. Acquisition of VCSB**

Pursuant to a conditional Share Sale Agreement dated 28 July 2004, KeyWest has acquired the entire issued and paid-up share capital of VCSB comprising 2 ordinary shares of RM1.00 each from its existing shareholders for a purchase consideration of RM4,783.00 based on the audited NTA of RM4,783.00 of VCSB as at 31 January 2004. The purchase consideration was satisfied by way of cash payment.

The Acquisition of VCSB was completed on 28 February 2005.

Upon completion of the Acquisitions, the issued and paid-up share capital of KeyWest was increased to RM5,603,511.60 comprising 56,035,116 Shares in KeyWest of which 22.5%, or 12,598,558 Shares, were effectively owned by non-Malaysians.

**(iii) Transfer of Subscriber Shares**

On 8 April 2005, Tan Ai Ning and Raja Fateha bt Raja Azhar have transferred the 20 subscriber Shares to Alfred Yong Kah Soon.

**(iv) Rights Issue**

On 22 July 2005, KeyWest implemented a Rights Issue of 53,964,884 new ordinary shares in KeyWest at an issue price of RM0.10 per share on a pro-rata basis to its shareholders after the Acquisitions.

Upon completion of the Rights Issue, the issued and paid-up share capital of the Company has been increased from RM5,603,511.60 comprising 56,035,116 Shares to RM11,000,000.00 comprising 110,000,000 Shares.

**(v) Public Issue**

The Public Issue of 40,000,000 new ordinary shares at an issue price of RM0.37 are payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:-

**a. Public**

10,000,000 Public Issue Shares will be made available for application by individuals, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside, to the extent possible, to be allocated to Bumiputera individuals, companies, societies, co-operatives and institutions.

**4. INFORMATION ON THE GROUP (Cont'd)****b. Eligible Employees, Directors and/or Business Associates of the Group**

5,000,000 Public Issue Shares will be reserved for the eligible employees and directors of the Group as well as business associates (which include the suppliers, sales agents and customers) of the Group. The total number of persons eligible for the pink forms allocation is 238.

The shares have been allocated to eligible employees and directors of the Group based on the following criteria as approved by the Board of Directors:-

- (a) At least eighteen (18) years old;
- (b) Job position; and
- (c) Length of service.

The shares are also allocated to the business associates (which include the suppliers, sales agents and customers) of the Group who have contributed to the success of the Group.

Details of the directors' pink form allocation are as follows:-

| <b>Name of Directors</b>                  | <b>Designation</b>                     | <b>Pink Form Allocation</b> |
|---|--|-----------------------------|
| Alfred Yong Kah Soon                      | Chairman and Managing Director         | 250,000                     |
| Benjamin Wong                             | Director and Chief Operating Officer   | 250,000                     |
| Yong Chon Yew @<br>Yong Chon Yu           | Non-Independent Non-Executive Director | 250,000                     |
| Yong Chon Yee                             | Non-Independent Non-Executive Director | 250,000                     |
| Datuk Haji Mohamad<br>Amin bin Haji Satem | Independent Non-Executive Director     | 250,000                     |
| Alexander Wong<br>Shoon Choy              | Independent Non-Executive Director     | 250,000                     |
| <b>Total</b>                              |  | <b>1,500,000</b>            |

**c. Placees**

25,000,000 Public Issue Shares are reserved for private placement to investors, which have been identified.

In summary, the Public Issue Shares will be allocated and allotted in the following manner:-

|   | <b>Public Issue Shares</b> |
|---|----------------------------|
| Public  | 10,000,000                 |
| Eligible Employees, Directors and/or Business Associates of the Group | 5,000,000                  |
| Placees   | 25,000,000                 |
| <b>Total</b>  | <b>40,000,000</b>          |



**4. INFORMATION ON THE GROUP (Cont'd)**

All the Public Issue Shares to be made available for application by the public and the eligible employees, Directors and/or business associates of the Group are fully underwritten. The Public Issue Shares available for application by identified placees will not be underwritten.

The Placement Agent has received irrevocable undertakings from the identified placees to take up the Public Issue Shares available for application under the private placement.

Any Public Issue Shares which are not taken up by the eligible employees, Directors and/or business associates will be made available to the Public and/or identified placees via placement. Any shares not subscribed by the Public under the public offer will be available to identified placees. Any further Public Issue Shares not subscribed for will be made available for subscription by the Underwriters in the proportions specified in the Underwriting Agreement.

The 40,000,000 new Shares in KeyWest to be issued pursuant to the Public Issue shall rank pari passu in all respects with the existing ordinary shares of KeyWest then, except that they will not be entitled to any dividends, rights, allotments, and/or distributions, the entitlement date of which is prior to the date of allotment of the Public Issue Shares.

Upon completion of the Public Issue, the issued and paid-up share capital of KeyWest will be increased from RM11,000,000.00 comprising 110,000,000 Shares to RM15,000,000.00 comprising 150,000,000 Shares.

**(vi) Bonus Issue**

As part of the listing and an incentive to the shareholders of KeyWest, subsequent to the Public Issue, KeyWest will implement a Bonus Issue of 75,000,000 new Shares to be issued to all shareholders of KeyWest after the Public Issue on the basis of one (1) new Share for every two (2) Shares held in KeyWest. The Bonus Issue will be capitalised from the share premium arising from the Public Issue and completed prior to the listing of KeyWest on the MESDAQ Market.

Upon completion of the Bonus Issue, the issued and paid-up share capital of KeyWest will be increased from RM15,000,000.00 comprising 150,000,000 Shares to RM22,500,000.00 comprising 225,000,000 Shares. All Bonus Issue Shares shall rank pari passu in all respects with the existing ordinary shares of KeyWest then, except that they will not be entitled to any dividends, rights, allotments, and/or distributions, the entitlement date of which is prior to the date of allotment of the Bonus Issue shares.

**(vii) Listing**

Following the Bonus Issue, KeyWest is expected to be admitted to the Official List and the entire issued and paid-up share capital of KeyWest is proposed to be listed and quoted on the MESDAQ Market.

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**4. INFORMATION ON THE GROUP (Cont'd)****(viii) ESOS**

In conjunction with its proposed listing, KeyWest proposes to implement an ESOS involving up to 10% of the issued and paid-up share capital of KeyWest at any time during the existence of the ESOS, to the directors and eligible employees of the Group.

When enforced, the directors of the Company propose to grant up to 22,500,000 Options to directors and eligible employees of the Group ("Initial Grant"). The exercise price for all Options under the Initial Grant will be the Issue Price, as may be adjusted pursuant to the terms and conditions of the ESOS By-Laws as set out in Section 12 of this Prospectus.

In addition to the Initial Grant, the Board of Directors of the Company shall, within the duration of the ESOS, make offers to grant Options to the directors and eligible employees of the Group in accordance with the ESOS By-Laws set out in Section 12 of this Prospectus. The exercise price for Options granted which is not part of the Initial Grant will be the weighted average market price of the ordinary shares for the five (5) market days immediately preceding the date the Option is granted with a discount of not more than ten per cent (10%), as the directors of the Company shall decide at their discretion from time to time.

The ESOS shall be in force for a duration of five (5) years. However, the Options Committee shall have the discretion to extend the duration of the ESOS for up to another five (5) years immediately from the expiry of the initial five (5) years.

There will be two classes of Options, i.e., Class A and Class B Options. Class A Options are reserved for directors and senior management of the Group while Class B are reserved for the eligible employees of the Group. Class A Options and Class B Options are exercisable in the first and second year of the duration of the ESOS, with 50% of the Options exercisable at the beginning of each year.

All the new Shares to be issued pursuant to exercise of the Options will, upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of KeyWest then except that they will not be entitled to any dividends, rights, allotments, and/or distributions, the entitlement date of which is prior to the date of allotment of the said shares.

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**4. INFORMATION ON THE GROUP (Cont'd)**

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**4.2 BUSINESS**

**4.2.1 Overview**

The KeyWest Group is principally involved in the provision of network products and services to Telcos as well as corporate and individual subscribers.

The Group has built a robust, next generation network that is operated on a platform that combines both TDM and IP telecommunication technologies seamlessly. The Group owns POPs and network exchange facilities, whilst its core backbone infrastructure of IPLC and IP is leased from network vendors. Currently, the Group has activated POPs in 18 locations in 7 countries namely USA, Canada, South Korea, Taiwan, Philippines, Australia and Hong Kong, serving more than 100 Telcos and over 100,000 corporate and individual subscribers worldwide.

The Group also owns the intellectual property and proprietary rights to its OSS, network operations as well as routing systems. With its global network and proprietary technology, the Group offers an extensive range of products and services to its customers globally.

Presently, the KeyWest Group's network is managed and monitored via its NOC in Richmond, Canada, with plans to set up an additional NOC in Kuala Lumpur, Malaysia. The key function of the NOC is to ensure a 24X7 monitoring of the global network while managing least cost routing, voice quality, traffic congestion, network congestion, trouble tracking and problem resolution. The active and continuous monitoring is critical as telecommunications service is a 24 hours a day, 365 days a year service. The Group has a dedicated technical team to support the NOC to minimise downtime and outages, and perform tasks such as network provisioning, interconnections, maintenance and engineering. Apart from the core network operations, the Group has also customised solutions that integrate its network, and streamline and automate the administration aspects of its business. These proprietary solutions are developed by the R&D team of the KeyWest Group.

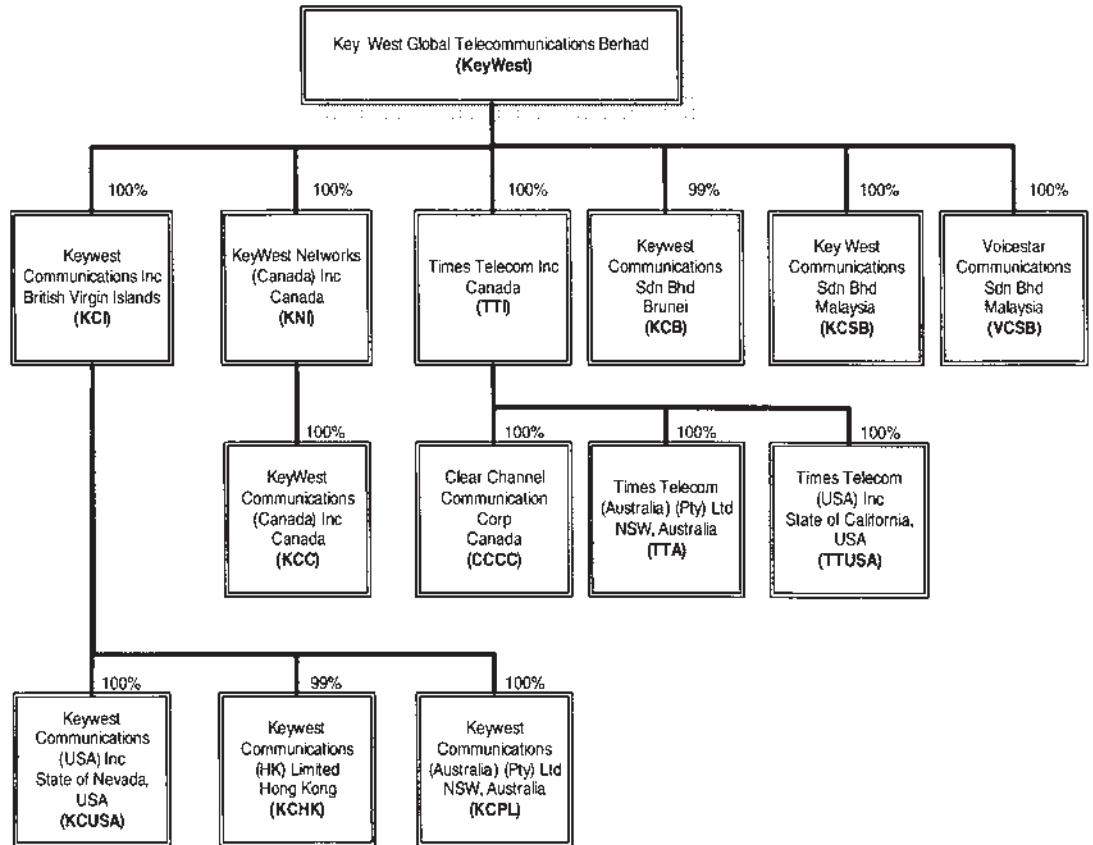
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4. INFORMATION ON THE GROUP (Cont'd)

4.2.2 Group Structure

An overview of the Group's structure is set out below:-



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## 4. INFORMATION ON THE GROUP (Cont'd)

Details of the subsidiaries of KeyWest are summarised below:-

| Corporation                    | Date/Place of Incorporation                | Issued and Paid-up Share Capital | Effective Equity Interest (%) | Principal Activities   |
|--------------------------------|--|----------------------------------|-------------------------------|--|
| <b>Subsidiaries of KeyWest</b> |  |                                  |                               |  |
| KCI                            | 20 February 2001<br>British Virgin Islands | USD10,000.00                     | 100%                          | The provisioning and wholesaling of telecommunication services       |
| KNI                            | 7 March 2001<br>Canada                     | CAD100.00                        | 100%                          | The wholesale of long distance services to Telcos                    |
| TTI                            | 25 June 2002<br>British Columbia, Canada   | CAD50,001.00                     | 100%                          | The retail of long distance services in Canada                       |
| KCB                            | 1 March 2004<br>Brunei                     | BND100.00                        | 99%*                          | Inactive   |
| KCSB                           | 30 August 2001<br>Malaysia                 | RM2.00                           | 100%                          | Inactive   |
| VCSB                           | 3 November 2003<br>Malaysia                | RM2.00                           | 100%                          | The provisioning of support services for telecommunication companies |
| <b>Subsidiaries of KCI</b>     |  |                                  |                               |  |
| KCUSA                          | 15 March 2001<br>Nevada, USA               | USD100.00                        | 100%                          | The wholesale of long distance services to Telcos                    |
| KCHK                           | 28 March 2001<br>Hong Kong                 | HKD100.00                        | 99%**                         | The wholesale of long distance services to Telcos                    |
| KCPL                           | 30 April 2003<br>Australia                 | AUD2.00                          | 100%                          | Inactive   |
| <b>Subsidiaries of KNI</b>     |  |                                  |                               |  |
| KCC                            | 7 March 2001<br>Canada                     | CAD1.00                          | 100%                          | Inactive   |

**4. INFORMATION ON THE GROUP (Cont'd)**

| Corporation                | Date/Place of Incorporation                          | Issued and Paid-up Share Capital | Effective Equity Interest (%) | Principal Activities                              |
|----------------------------|--|----------------------------------|-------------------------------|---|
| <b>Subsidiaries of TTI</b> |  |                                  |                               |   |
| TTUSA                      | 12 May 2003<br>California,<br>USA                    | USD100.00                        | 100%                          | Inactive  |
| CCCC                       | 5 November<br>1998<br>British<br>Columbia,<br>Canada | CAD1.00                          | 100%                          | Inactive  |
| TTA                        | 13 August<br>2003<br>Australia                       | AUD1.00                          | 100%                          | The retail of long distance services in Australia |

\* The remaining 1%, representing one (1) ordinary share of BND1.00 in KCB, is held by Alfred Yong Kah Soon (Promoter, Substantial Shareholder and Managing Director of KeyWest) on trust for KeyWest. The effective ownership of KeyWest in KCB is 100%.

\*\* The remaining 1%, representing one (1) ordinary share of HKD1.00 in KCHK is held by Alfred Yong Kah Soon (Promoter, Substantial Shareholder and Managing Director of KeyWest) on trust for KCI. The effective ownership of KeyWest in KCHK is 100%, as KCI is wholly owned subsidiary of KeyWest.

**4.2.3 Types of Products and/or Services**

The KeyWest Group provides network products and services built around its network to Telco, corporate and individual subscribers. The majority of the Group's products are designed and developed solely by the Group's in-house development team. The KeyWest Group has two categories of products and services tailored to the requirements of its two distinct groups of customers:-

- (a) Products for Telcos; and
- (b) Products for Corporate and Individual Customers.

**4.2.3.1 Present Products for Telcos**

The KeyWest Group currently offers several core products to its Telco customers:-

i) *CarrierT – Wholesale Long Distance – TDM solutions*

The KeyWest Group's wholesale long distance TDM services offer Telcos immediate access to a global network via traditional TDM technologies and enables Telcos to terminate international calls without substantial additional capital investments to their existing network infrastructure. Powered by the Group's proprietary NetX technology, the CarrierT solution provides flexible routing, high voice quality, quick interconnection time, and termination to any country in the world.

The wholesale of domestic and international long distance traffic termination services to Telcos and other forms of wholesale

#### 4. INFORMATION ON THE GROUP (Cont'd)

allows other telephony carriers (or other service providers or resellers) to purchase traffic from the KeyWest Group for resale to their own subscriber base.

Telcos that subscribe to this service are connected to the KeyWest Group's network at any one of the Group's global POPs. While domestic carriers are connected directly to a few international destinations, many are not and few, if any, are connected to all destinations. All carriers rely on wholesale providers, like the KeyWest Group, to terminate international traffic – either as a primary resource or for redundancy measures. This is the Group's flagship offering.

##### ii) *CarrierV – Wholesale Long Distance – VoIP solutions*

The KeyWest Group's CarrierV service is an extension of its traditional CarrierT service but using VoIP instead. It is offered on the same reliable NetX platform with extensions for VoIP. As VoIP garners even more momentum over in the future, the CarrierV service will become the more dominant wholesale service offering for the KeyWest Group.

CarrierV delivers enhanced quality voice over the Group's IP network through the use of careful network management and routing control. In future developments, CarrierV will be enhanced to offer lost packet recovery, enhanced jitter equalisation and innovative voice packetisation to enhance the quality of service for thin IP routes that are currently not suitable for VoIP service.

By sharing the same NetX platform as CarrierT, it is able to offer the flexibility of seamless inter-connectivity between traditional TDM and VoIP to its customers. Regardless of whether the customer is connected via CarrierT or CarrierV, both TDM and VoIP terminations can be offered. In addition to this, CarrierV can interoperate with VoIP equipment from all leading gateway vendors such as Cisco, Lucent, Audiocodes and Quintum.

By using KeyWest's CarrierV service, both next generation pure IP based carriers and traditional carriers venturing into IP based services can provide worldwide termination with minimum additional capital investment.

##### **4.2.3.2 Present Products for corporate and individual subscribers**

The present products for corporate and individual subscribers mainly comprise 'traditional' long distance telecommunication services (i.e. calling from a landline or wireless phone). All products for end-user subscribers are developed in-house to meet the specific needs of the markets served by the KeyWest Group.

The KeyWest Group markets its end-user products in Canada and Australia through its wholly owned subsidiaries, TTi and TTA, respectively.

**4. INFORMATION ON THE GROUP (Cont'd)**

The KeyWest Group currently offers various types of end-user products that cater to both corporations and individuals as summarised in the next table:-

| <b>Country</b> | <b>Product Offering</b>  |
|----------------|--|
| Canada         | Post Paid Dial up telephony solutions<br>Post Paid Direct Dial (Equal Access) telephony solutions<br>Prepaid Dial up telephony solutions<br>1-800 telephony solutions<br>Dial up Internet Service<br>ADSL Internet Service |
| Australia      | Post Paid Dial up telephony solutions<br>Prepaid Dial up telephony solutions<br>Post Paid Direct Dial (Single Stage Dialing (SSD)) telephony Solutions   |

*i) Post Paid Dial Up Telephony Solutions*

The KeyWest Group's Post Paid Dial Up telephony solutions is basically a domestic and international long distance call service that offers an effective and cost saving solution to corporations and individuals to manage their telecommunication costs. It allows subscribers to make high quality, discounted domestic and international calls. The subscribers are billed monthly.

To use this service, subscribers dial a local phone number (local access number) from a registered phone number, which is then recognised by the KeyWest Group's network as a registered and authorised user. They then dial the desired phone number. This service also allows subscribers to make calls from any fixed line or wireless phone.

Further, KeyWest Group's NetX platform enables real time credit control as well as fraud control. For example, in the credit control area, the subscribers will only be allowed to make a call if their monthly charges have been paid. In the fraud area, if the subscriber is using the service at home or at his office or from his mobile phone, and within an hour makes a call from another location, which the system determines is not within one hour's travel from the subscriber's home, the network will automatically detect this as a fraudulent call and disallow any further calls. The subscriber's call will automatically be routed to the KeyWest Group's customer service centre.

*ii) Post Paid Direct Dial or Equal Access ("EQA") Telephony Solutions*

Equal Access or Direct Dial long distance service is one of the post paid telephony solutions that the KeyWest Group offers to its customers as a way to save money on both their International and North American long distance phone calls from anywhere in Canada.

This method, also known as Direct Dialing, allows customers to simply dial as they have always dialed to the number they wish to call without any extra digits in order to access the KeyWest Group's international network, unlike the Post Paid Dial Up



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whereby a user has to dial a local access number followed by voice prompt and the international number. EQA allows subscribers to dial directly without having to change their calling habit i.e. without the use of a local access number.

Like the Post Paid Dial Up, it comes with a varied pricing plan that locks into a niche market.

##### iii) *Prepaid Dial Up*

The calling card services is a variant of the above long distance discount call services except that the services are paid for in advance via prepaid cards. The KeyWest Group's prepaid cards allow users to make high quality discounted domestic and international calls.

The KeyWest Group's prepaid card service is all about delivering the best value for every dollar spent by users on their telecommunications bills. The prepaid cards come in easy to use denominations and are available throughout the Group's extensive range of retailers. The KeyWest Group currently has a few brands of calling cards in the market.

##### iv) *1-800 Telephony solutions*

The KeyWest Group's 1-800 solutions enable customers to make toll-free calls from anywhere in the USA or Canada to any phone numbers in the world.

##### v) *Dial Up Internet Access*

This consists of a 56k Internet access service from any regular phone line. This service is only available in Canada.

##### vi) *ADSL Internet Access*

The KeyWest Group provides high speed 1.5 to 4.0 megabits per second high speed Internet access through TTI. The service is only available in Canada.

#### 4.2.4 Network and Network Technology

The KeyWest Group's network consist of both traditional TDM based SPC switches and IP based components like gateways and adjunct servers. In order to maintain its market position and serve new customer requirements, the KeyWest Group has foreseen the need to migrate to a full NGN.

To balance the needs between retaining existing capital investment in TDM switching equipment and increasing need of IP based equipment, the KeyWest Group has invested in the development of its network platform.

##### 4.2.4.1 Next Generation Network (NGN)

The KeyWest Group's NGN's scalability and cost-effectiveness plays a major role in improving its margins and capturing market share in competitive and deregulated markets. The KeyWest Group's NGN meets the industry's demand for robustness and flexibility. This enables the

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**4. INFORMATION ON THE GROUP (Cont'd)**

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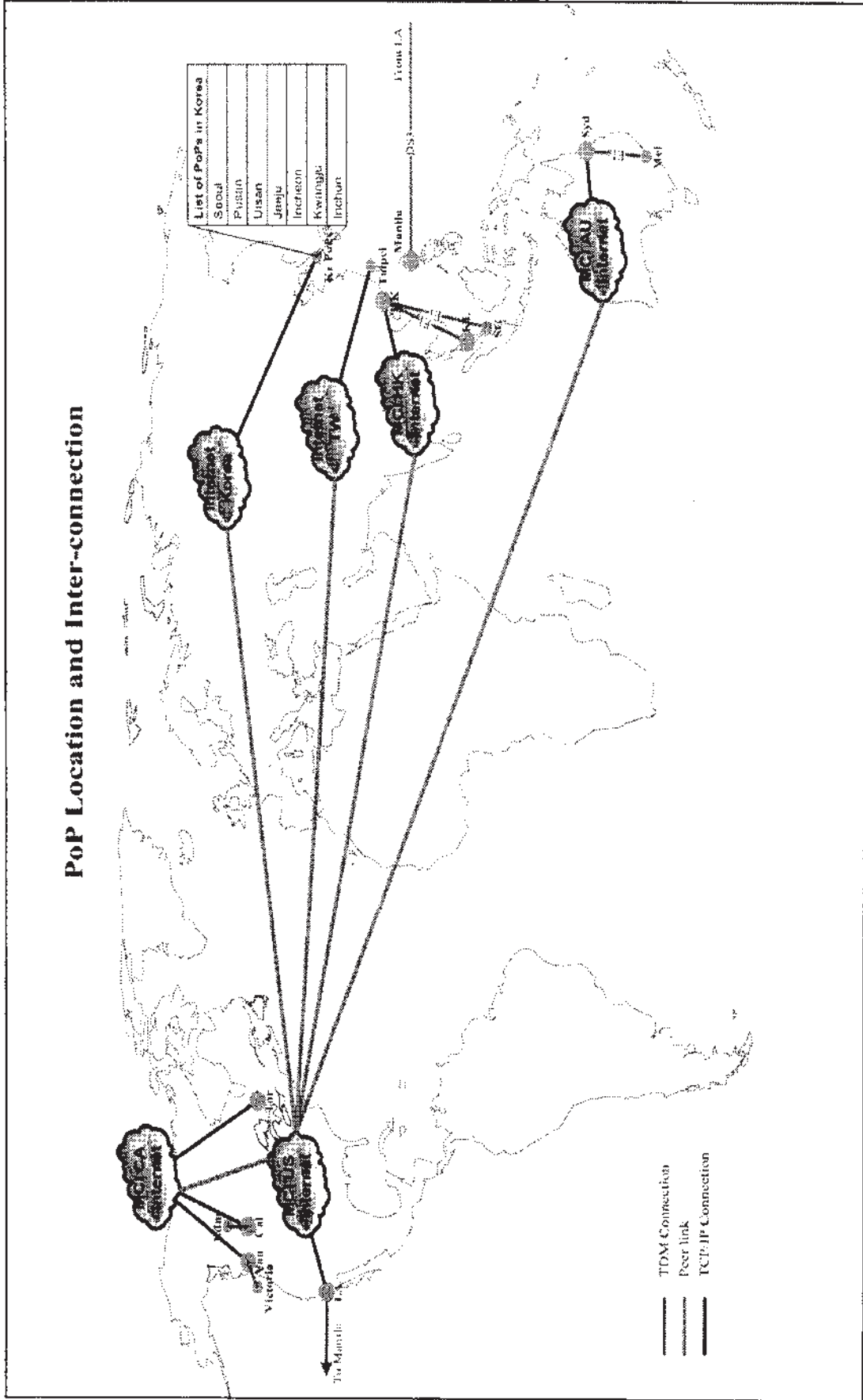
KeyWest Group to offer products not offered by others and at a reduced time-to-market.

The KeyWest Group's NGN is an IP based transmission and routing network. On the network edges are elements like VoIP gateways and TDM switches. These serves as customer access devices and in some cases, routing devices. In the network core is a series of distributed routing elements such as routers and session controllers. Collectively, these core elements provide the full meshing of nodes in a much simplified architecture than TDM meshing.

As seen from the following high-level systems diagram, the KeyWest Group's network uses a star topology with the core hub located in Los Angeles, California, USA. From this hub, there are routes reaching out to each of the KeyWest Group's POP for call delivery and interconnection. Interconnection to major carriers at the hub site is achieved via fiber connections.

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4. INFORMATION ON THE GROUP (Cont'd)



#### 4. INFORMATION ON THE GROUP (Cont'd)

Connections to the KeyWest Group's network are done at its POP. Currently the KeyWest Group has 11 direct owned POPs around the world. At these POPs, the KeyWest Group has direct tandem switching arrangements with some of the largest carriers worldwide like AT&T, MCI, Group Telecom, Sprint, PLDT, etc.

The Group has the capability to connect to its vendor and customers from as small as single T1/E1 circuits to OC3 fiber based circuits. At most POPs, the KeyWest Group has the ability to do termination grooming in order to achieve maximum efficiency before switching.

The Group's network operations are highly centralised for maximum efficiency and cost effectiveness. The KeyWest Group maintains a 24x7 NOC to ensure network quality and performance. The NOC is a high technology monitoring center equipped with specialized hardware and software tools and managed by dedicated support engineers.

Operating 24 hours a day, 7 days a week, the NOC is designed to monitor, identify and solve any kind of network irregularity as well as maintaining network quality, manage traffic congestion, routing control, trouble tracking and problem resolution. Because long distance business demands five nines (99.999%) reliability, the NOC has put in place mechanisms and procedures to ensure that there is minimal down time.

##### 4.2.4.2 NetX Platform

NetX is a softswitch based technology platform that is capable of handling both TDM- and IP-based traffic transparently and seamlessly. The platform consists of a softswitch (NetX core) and service applications (NetX extensions). Connected to the NetX Core are various hardware devices such as TDM switches and IP gateways. Together they make up the basis of the KeyWest Group's NGN platform.

By separating the core switching software, the service applications and the physical hardware, NetX provides scalability in traffic handling capacity. Separation of these components also makes it much easier to manage growth and expansion because they can grow independently.

##### 4.2.4.3 Streamworks

Streamworks is a custom designed pre- and post-paid telephony solution. Streamworks offers all the base functionalities of a typical telephony solution system. These features include:-

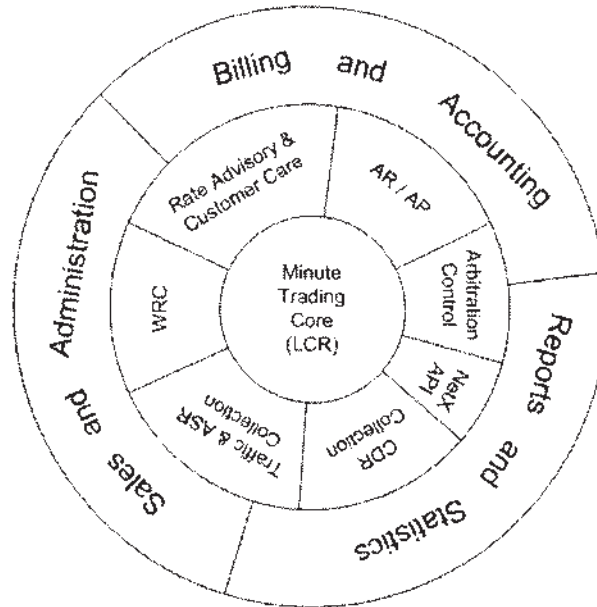
- i. Real-time billing;
- ii. Real-time credit control;
- iii. Accounts receivable reporting;
- iv. Traffic reporting;
- v. Daily and monthly profit and loss reporting;
- vi. Customer service interface;
- vii. CRM function like complaint tracking, account adjustment, etc;
- viii. Call detail records pre-processing;
- ix. Invoice printing

As an extension to Streamworks, a module for VoIP pre and post-paid telephony solution known as WiseX has been added to provide AAA function to IP gateways.

4. INFORMATION ON THE GROUP (Cont'd)

4.2.4.4 Telephony Business Operations & Support System ("TBOSS")

With the real time nature of the business and demand for extreme reliability, the management of the business requires instantaneous control of call routes with least cost, extensive statistics gathering, meaningful reporting of key matrixes and extensive sales tools to help manage both vendors and customers.



TBOSS is built around a Minute Trading Core that handle the LCR of calls. Surrounding the LCR are support functions that provides inputs for the decision-making and API to other sub-systems and functions. The Group's TBOSS system incorporates the following:-

- i. Least Cost Routing
- ii. Multiple route table
- iii. CDR collection and process
- iv. ASR collection
- v. Customer and Vendor rate management and scheduling
- vi. Near real-time call rating and profit reporting
- vii. Traffic analysis and reporting

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**4. INFORMATION ON THE GROUP (Cont'd)****4.2.5 Approvals, Major Licences and Permits Obtained**

Details of the approvals obtained by the Company for the Listing from the SC and Bank Negara Malaysia together with the conditions imposed by these authorities and statuses of compliance are set out in Section 6.1 of this Prospectus.

As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), the major licences, permits and registrations obtained by the Group are as follows:-

| <b>Company</b> | <b>Authority (Country)</b>                       | <b>Description</b>   | <b>Salient Conditions Imposed</b> | <b>Status of Compliance</b> |
|----------------|--|--|-----------------------------------|-----------------------------|
| KCUSA          | Federal Communications Commissions (USA)         | FCC214 - international carrier license                                 | None                              | Not applicable              |
| KNI            | CRTC (Canada)                                    | Registration with CRTC to provide long distance services within Canada | None                              | Not applicable              |
| TTI            | CRTC (Canada)                                    | Registration with CRTC to provide long distance services within Canada | None                              | Not applicable              |
| KCHK           | OFTA (Hong Kong)                                 | Public non-exclusive telecommunications service                        | Payment of annual renewal fees    | Complied                    |
| TTA            | Telecommunication Industry Ombudsman (Australia) | Registration with Telecommunication Industry Ombudsman Scheme          | None                              | Not applicable              |

On 1 July 2005, VCSB was registered with the MCMC to be an ASP Class licensee. This will enable VCSB to provide VoIP services in Malaysia. An annual registration fee of RM2,500 will be payable to the MCMC.

**4.2.6 Brand Names, Patents, Trade Marks, Licences, Technical Assistance Agreements, Franchises And Other Intellectual Property Rights**

Other than the following, the KeyWest Group does not have any patents, trademarks, technical assistance agreements, and franchises.

**Brand Names**

The Group uses the names KeyWest and Times Telecom for its Telco and subscriber businesses, respectively, in the countries where it operates. The brand names however are not registered with any authorities other than the authorities responsible for the incorporation of the respective companies.

**4. INFORMATION ON THE GROUP (Cont'd)**

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**Domain Names**

The Group has registered the following domain names which it uses in connection with its business:-

www.keywest.com.my  
www.voicestar.com.my  
www.keywestcommunications.com  
www.timestelecom.ca  
www.timestelecom.com.au

**Proprietary Technologies**

At present, the KeyWest Group owns intellectual property and proprietary rights in its network products and services as well as telephony business management system (TBOSS), network management solution (NetX) and pre- and post-paid telephony solution (Streamworks). Protection of the Group's intellectual property and proprietary rights is primarily via the Berne Convention for the Protection of Literary and Artistic Works, which essentially protects the rights of authors in their literary and artistic works. All the countries with which the Group currently transacts are parties to the Berne Convention and therefore enjoy the protection accorded by the provisions of the Berne Convention. In the instance of the British Virgin Islands and Brunei however, as they are not member countries to the Berne Convention, if the Group transacts with entities from these jurisdictions, protection of intellectual property and proprietary rights will not be available under the provisions of the Berne Convention. Notwithstanding this, the Group's intellectual property and proprietary rights will be protected via the local laws of BVI and Brunei respectively. A summary of such laws is set out in Section 13.

In addition, the Group has also taken steps to restrict access to information on intellectual property and proprietary rights to maintain confidentiality.

**4.2.7 Dependency On Patents, Licences, Commercial Or Financial Contracts****(a) Patents**

The Group is not dependent on any patents to operate. To date, the Group has not registered any patents.

**(b) Licences**

The KeyWest Group has procured the licences required for its operations as listed in Sections 1.3 and 4.2.5.

**(c) Commercial or financial contracts**

The Group is not dependent on any specific commercial or financial contracts to operate.

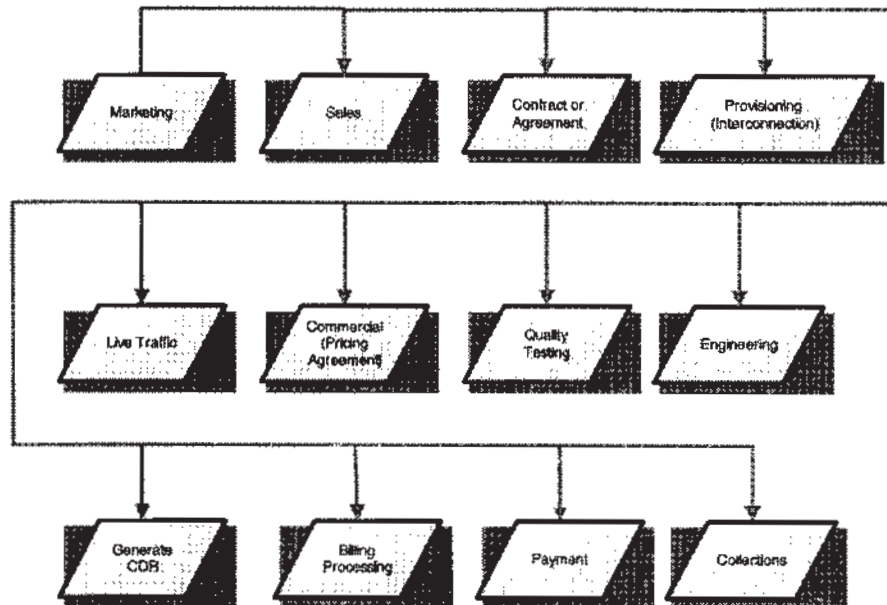
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#### 4. INFORMATION ON THE GROUP (Cont'd)

##### 4.2.8 Operating or Trading Mechanism

The KeyWest Group has implemented two separate business processes for its wholesale and retail businesses to suit the different nature of each. These processes are illustrated below.

##### Wholesale Process



The Telco customers are the target in the wholesale process. The wholesale process begins with the marketing of the KeyWest Group's services, which can be done at trade shows or via cold-calling followed by sales calls.

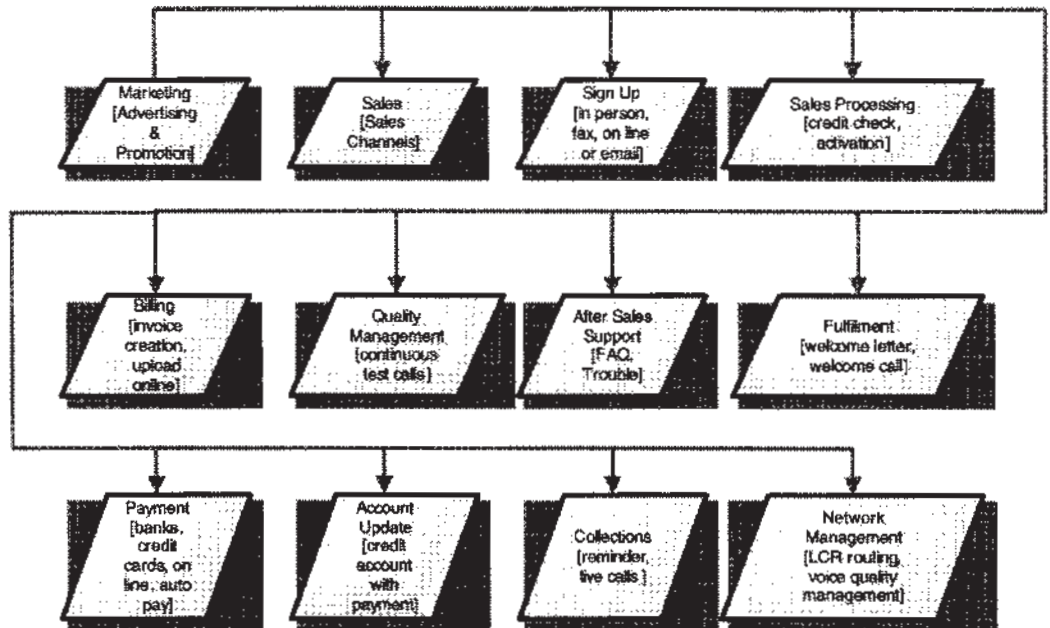
Sales calls are initiated, and rates, routes and references from existing customers are exchanged at this point. A contract is entered into based on, among others, the track record and reliability of the other party. At this point, the two parties will negotiate the terms of the agreement and pass it on to their respective legal and financial departments for review and approval. Upon the approval by the various departments, the contract is executed by both parties and the technical and engineering team gets involved in the interconnection of both parties' networks.

Once the two parties' networks are connected, a testing on the quality, connection time, and talk time (how long a conversation lasts) is done. Upon satisfactory testing, the two teams will then negotiate the final pricing of the route (for example – 2 cents per minute for China) and on an agreed price, the sending side will start sending traffic. After the traffic is sent, CDRs (call detail records which shows numbers called, the time and date of calls, and the duration of calls) are generated and bills or invoices are generated and sent for payment.

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4. INFORMATION ON THE GROUP (Cont'd)

Retail Process



The retail process differs from the wholesale process. In the retail process, corporate or individual subscribers are targeted.

Advertising and promotions are carried out to attract potential subscribers. Sales are then carried out through various sales channels. Subscribers sign up via several methods – in person at the office or through fax or email. The application is processed and the newly signed up account is activated. A welcome letter with the new account information and instruction is then mailed or emailed to the subscriber. At this point, the customer may begin using the service and make long distance calls.

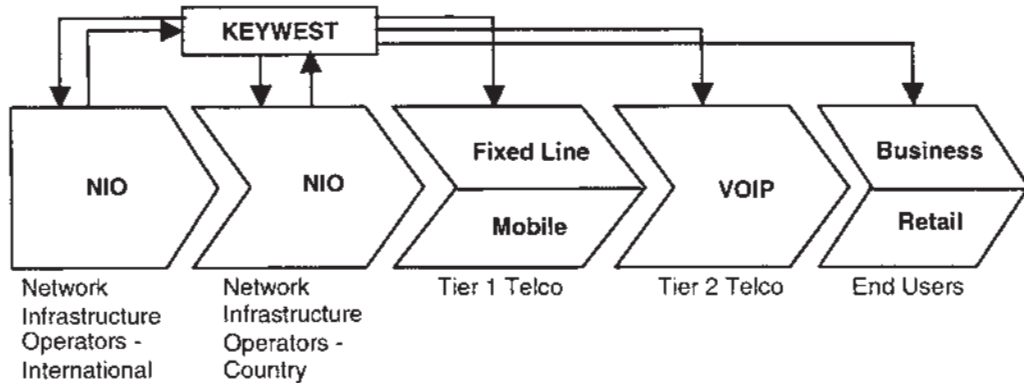
A customer service centre serves the customers and makes welcome calls to the customers and answer any questions that they have. At the end of every month, CDRs are generated and bills or invoices are generated and sent for payment.

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#### 4. INFORMATION ON THE GROUP (Cont'd)

##### 4.2.9 Estimated Market Coverage, Position and Share

The KeyWest Group is a fully integrated provider of network products and services to the entire value chain of the telecommunications industry as shown below.



The Group conducts business with more than 100 Telcos, including Malaysian Telcos such as Maxis, DiGi and Celcom as well as some of the world's largest Telcos from USA (AT&T, MCI, Qwest); Canada (Teleglobe, Sprint); Singapore (SingTel); Hong Kong (New World, MCIHK); Philippines (Philippine Long Distance Telephone Company, Digitel, Bayantel, Capwire); India (Data Access); France (France Telecom); Germany (T-Systems – Deutsche Telekom); China (China Telecom) and many others. The KeyWest Group also provides network products and services to over 100,000 corporate and individual subscribers in Canada and Australia.

The Directors of KeyWest believe that the Group is possibly one of very few, if not the only Malaysian Telco's carrier (a Telco supplier) that is able to count more than 100 Telco customers worldwide.

Based on its strong relationship with its existing customers and its solid in-house developed technologies, the management is confident that the KeyWest Group will be able to maintain its existing market share whilst expanding into new markets.

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**4. INFORMATION ON THE GROUP (Cont'd)**


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**4.2.10 New or Proposed Products**

With its global direct owned network and in-house technology, the Group is well positioned to offer an extensive range of products yet to be available in the market at a reasonable cost. The Group also plans to introduce, in the near future, more value added products that meet the specific needs of its users.

**Proposed Future Products for Telco Customers**

Over the next 5 years, the KeyWest Group plans to launch the following products:-

**(i) International Toll Free Service ("ITFS") – 1-800 Service**

Through the ITFS portfolio, the KeyWest Group offers a robust set of international inbound features to Telcos. This collection of services is capable of satisfying any Telco's customer's inbound voice calling needs from more than 65 countries.

The KeyWest Group's ITFS portfolio forms the foundation for a comprehensive international inbound voice solution for Telcos, which enhances both the Group's domestic and international product offerings.

**(ii) International Local Access Service ("ILAS")**

Through the ILAS portfolio, the KeyWest Group offers a robust set of international inbound features and value-added services. This collection of services is capable of satisfying any Telco's customer's inbound voice calling needs from more than 18 cities in 7 countries.

ILAS is differentiated from ITFS by the means of call origination. For ITFS, calls are typically originated via 1-800 numbers from anywhere within a country. For ILAS, calls are typically originated via local access numbers within a city.

**(iii) V-POP - Virtual POP Solution**

Most carriers, in particular Tier 1 carriers, would like to expand their network of "direct interconnections" to other carriers.

A major deterrent for this type of expansion is that there are more than 200 countries globally and potentially a large number carriers in each country. It is virtually impossible for any one Telco to interconnect directly with all other Telcos. Carriers face not only financial, capital and operational constraints for such an expansion, but they also face potential regulatory constraints.

The KeyWest Group's V-POP is a unique solution that is designed specifically to allow Telcos to interconnect to each other without incurring additional financial, capital or operational resources.

**(iv) V-IP - Virtual IP Access Solution**

Due to the fact that many VoIP calls are delivered over the open Internet, voice quality and call reliability can be a major issue. Like the V-POP solution, V-IP allows VoIP calls to be delivered over the KeyWest Group's private network, thereby ensuring quality.

**4. INFORMATION ON THE GROUP (Cont'd)**

V-IP addresses this issue with the use of Session Border Controller ("SBC") at the VoIP network edge. The KeyWest Group's V-IP service allows VoIP calls to be routed through the KeyWest Group's private network through the SBC. This allows V-IP to control voice quality through the use of Quality of Service ("QoS") and latency through careful network management.

V-IP is targeted at the carrier customer market as an extension to V-POP. It allows the "next-generation" IP carriers to offer services to locations where they normally have no presence through the KeyWest Group's V-IP POPs.

**(v) Switch Partitioning**

The KeyWest Group's carrier-independent gateway switching centers provide the physical environment and state-of-the-art equipment necessary for the successful operation of any international telecommunications network. The KeyWest Group's world-class facilities combine tandem and international gateway switches with all the same features and capabilities as switches operated by the largest international Telcos.

The KeyWest Group's gateway switch sites allow Telcos to establish an economic point of presence wherever the Group has a POP thus Telcos can:-

- i. Enter the market quickly;
- ii. Eliminate capital investments in switching, upgrades, technical support and network administration;
- iii. Reach virtually any market in the world from the KeyWest Group's switch sites.

The KeyWest Group offers T1 or E1 leased ports – with signaling, least cost routing, near real-time traffic reports and daily/hourly CDRs downloads. The switch partitioning services are scalable and customised to suit the specific needs of the Telco customers.

**(vi) 'T-Haul' - Traffic hauling solutions**

The KeyWest Group's T-Haul traffic hauling solution offers Telcos immediate access to a global network that enables Telcos to accept or terminate international calls without the need for point to point infrastructure or facilities.

Delivered on the KeyWest Group's NetX platform, Telcos can simply order the service online with the required parameters and receive service confirmation within 2 working days. With T-Haul, Telcos simply issue an order electronically to the KeyWest Group for provisioning and begin sending and receiving traffic in as little as 24 hours.

Since it is offered on the same NetX platform, the KeyWest Group can offer T-Haul with TDM or IP termination. NetX can either convert IP traffic back to TDM before hauling or simply re-route IP packets to the Telco's gateway connected somewhere within the KeyWest Group's T-Haul network.

T-Haul is differentiated from Switch Partitioning and V-POP in that the customer does not require access to or knowledge of the NetX platform or its network structure. Service provisioning, maintenance, operation support, physical interconnection are all handled by the KeyWest Group.

**4. INFORMATION ON THE GROUP (Cont'd)**

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**(vii) V-Bridge - Conference Bridge Services**

The KeyWest Group's Conference Bridge Service offers conference services that enable organisations to fully utilise the power of audio conferencing to stay connected with clients, business partners and staff at reasonable prices. The KeyWest Group's V-Bridge service is built on its NetX platform.

**Proposed Future Retail Products**

**(i) MY Personal Number**

The KeyWest Group's 'MY Personal Number' is a virtual number, a number unassigned specifically to any specific line or wireless phone. The number can be forwarded to any phone anywhere or simply to a voicemail that can be retrieved conventionally from any phone or forwarded to an email address (E-voicemail).

With this service, the subscriber just has to give out one number and need not provide separate home, office and mobile numbers. When a caller calls 'My Personal Number', the call will search for the receiving or called party at one of his or her numbers (home, office or mobile).

One unique feature of "My Personal Number" is the use of a country specific number. A subscriber may have a local "My Personal Number" wherever the KeyWest Group has a POP and offers this service. This allows the subscriber to maintain a local presence without it being tied to a specific wireline or wireless phone. Each number can be maintained by the subscriber independently or together in a single common profile.

The product is currently being tested in Vancouver (British Columbia, Canada).

**(ii) Follow-Me service**

The KeyWest Group's Follow-Me service is a flexible and innovative cost-saving solution that works by a user simply forwarding his/her phone number to any other assigned number. The forwarded number can be any number, anywhere in the world for as long as needed. The call forwarding can be changed from anywhere via any fixed line or wireless phone or via the web.

With this solution, a subscriber may call forward his or her personal number to any number anywhere in the world. For example, if the subscriber goes to London, he or she can simply forward the call to his or her London number (regardless of the number being a hotel or mobile number). This can bring huge cost savings to the subscriber over incoming calls via the hotel or international roaming.

The product is currently being tested in Vancouver (British Columbia, Canada).

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**4. INFORMATION ON THE GROUP (Cont'd)**

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**(iii) e-Voicemail**

The KeyWest Group's e-Voicemail is a software-centric voicemail system that does not require the use of any special hardware. The system works on any conventional telephone set, wireless phone, PDA or personal computers. With e-voicemail, personal voicemails can be forwarded to an email address in a wav file. The subscribers then simply listen to voicemail messages from any PC with Internet access without the need to call back to their home country to retrieve their voicemail.

**(iv) Just1**

The KeyWest Group's Just1 is a fully integrated communication solution. With Just1 there will no longer be any necessity to have separate home numbers, office numbers, mobile numbers, pager numbers and hotel numbers when travelling. All that is needed is just one number for life – a number to be used wherever, whenever wanted. For the user, there will be no boundaries between wireline and wireless phones, text and voice messages and devices and displays.

Just1 is an all-in-one service package offering the KeyWest Group's My Personal Number, Follow Me service and e-Voicemail service together with SMS and fax service. The Just1 number stays with the subscriber no matter how many times he or she moves or changes jobs, or even if the area code changes.

With Just1, callers do not have to guess which number to use: wireless phone; office phone; home phone; or fax machine. The caller calls the Just1 number and the system will track the subscriber's phone numbers and messaging devices. The system can also determine the correct type of device that is capable of receiving a particular type of messages such as SMS or fax.

The Just1 product is currently being tested.

**(v) International roaming**

The KeyWest Group's International Roaming service differentiates itself from other international roaming services in terms of superior call quality and lower rates. It allows a subscriber to make high quality, discounted calls from any fixed line phones within the KeyWest Group's network while he or she is abroad. This translates to huge savings as well as the convenience of being billed in one bill. In addition to that, the subscriber may also input the numbers of the countries from which he or she will be calling and enjoy the convenience of making calls without having to input any PINs.

**(vi) Voice over Network (VoN)**

The KeyWest Group's consumer VoN service allows subscribers to make calls with either PC or phone as long as they have access to an internet service. VoN service offers significant cost savings and portability compared to traditional wireline services.

Many large companies are already reaping the rewards of using VoIP and the convergence of single voice and data network. With the continued acceleration of broadband internet access deployment around



#### 4. INFORMATION ON THE GROUP (Cont'd)

the world, corporate and individual subscribers are now poised to benefit from this convergence as well.

The KeyWest Group's VoN service will span the full spectrum of network access technologies. Three (3) VoN products are planned for release, namely:-

- PC to PC
- PC to phone
- Second phone line

These products, which utilise state-of-the-art IP technologies, are being developed in-house by the Group's own R&D team. In addition to voice service, they can also offer enhanced services such as:-

- Local Phone number
- Voicemail
- Caller ID
- Conferencing
- Call Forward
- Call Transfer

##### (a) PC to PC ("PC2PC") VoN service

The KeyWest Group's PC2PC service will offer free calling between PC2PC subscribers. Based on the industry standard Session Initiation Protocol, PC2PC will also allow the KeyWest Group's subscribers the possibility of calling other PC phone subscribers for free.

Subscribers can gain access to the KeyWest Group's PC2PC service via the typical headset attached to the PC or via the use of one of the KeyWest Group's USB handsets. Using a USB headset not only allows the subscribers to eliminate the need to carry a headset but also add the convenience of dialing directly from the handset. The KeyWest Group will also offer a Wi-Fi handset for added wireless convenience.

A unique feature of the KeyWest Group's PC2PC service is the use of proprietary VoIP technologies to provide enhanced voice quality when calling within the KeyWest Group's network.

##### (b) PC to phone ("PC2T") VoN service

The KeyWest Group's PC2T service will be an extension of its PC2PC service that will allow subscribers to call any PSTN number in the world at very attractive per minute rates.

Both PC2PC and PC2T will offer subscribers the flexibility of making and receiving voice calls without being physically connected to the PSTN network. It can offer significant savings to travelers because they can now make and receive long distance call at the same low rate that they pay at home.

##### (c) Second phone line VoN service ("2Line")

The KeyWest Group's 2Line service will offer subscribers who already have broadband Internet access the convenience of a

#### 4. INFORMATION ON THE GROUP (Cont'd)

second phone line. By using the subscriber's existing broadband Internet access, 2Line offers all the features of a traditional phone line such as call waiting, call forwarding and voicemail at a much reduced cost.

Depending on the country of service, 2Line can offer subscribers unlimited local and domestic long distance calling with a single flat monthly charge.

Unlike the PC2PC service, 2Line is provided through a standalone Terminal Adaptor (TA) and does not require the use of a PC. The subscriber can attach any standard handset to the TA including cordless handsets.

Beyond the typical phone line features, 2Line also offers some additional unique features such as:-

- Multiple number appearance including overseas number(s)
- Distinctive ringing based on number called
- Interoperability and free calling to the KeyWest Group's PC2PC subscribers
- Controller-less PABX features for subscriber with multiple TAs (Virtual Centrex).

##### 4.2.11 Principal Markets for Products/Services

The principal markets for the KeyWest Group are in the North American and Asia Pacific regions.

The target customers for the KeyWest Group comprise the following segments.-

**Telcos:** Any company who wishes to provide long distance telecommunication services including network infrastructure operators, Tier 1 and Tier 2 Telcos, Mobile/Cellular companies, Prepaid Calling Card companies, Personal Communications Service providers, ISPs, CLECs and Long distance resellers.

**Subscribers:**

- **corporates** International and inter-corporate (intranet) for small-to-medium size enterprises, businesses with high international call volume and business travellers.
- **individuals** Students, immigrants and persons with ties overseas, as well as members of the general public who are either cost-conscious or are high-volume callers.

As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), there are more than 100 Telcos interconnected to the KeyWest Group and more than 100,000 corporate and individual subscribers. The top 10 Telco customers as at 31 January 2005 are shown in Section 4.5 of this Prospectus.



**4. INFORMATION ON THE GROUP (Cont'd)****Present Market Area**

The KeyWest Group's present market areas for the financial year ended 31 January 2005 are shown below:-

| Customer Segment     | Market Area            | % of Revenue |
|----------------------|------------------------|--------------|
| Telcos (Wholesale)   | Canada, USA, Hong Kong | 84.7         |
| Subscribers (Retail) | Canada, Australia      | 15.3         |

**4.2.12 Types, Sources and Availability of Inputs**

For its business, the KeyWest Group requires bandwidth (IPLC and IP), space (to store network equipment and to interconnect with other Telcos), various hardware (Switches and gateways) and software (network, billing, customer relationship management, etc) for its network and, network products and services (ability to terminate a voice call from one destination to another, etc).

Its core backbone infrastructure of IPLC and IP bandwidth are leased from network operators whilst its hardware and software requirements are purchased from various vendors based on product features, price competitiveness and after-sales service. Network products and services are developed in-house. Network Operating Support Systems are also developed in-house. The major suppliers to the Group are shown in Section 4.6 of this Prospectus.

The Group also requires customised system integration and solutions such as network management software, billing software and financial software to streamline and automate the administration and billing aspects of its operations. All of these are custom-developed in-house by the Group's R&D Team.

**4.2.13 Quality Control Procedures**

The KeyWest Group is committed to ensure that its products are of high quality and meet the requirements and expectations of its customers. The quality of the Group's products are measured by voice quality; post dial delay (the time that it takes from dialling a number to the moment a ring tone is heard); the answer seizure rate (the number of calls that is successfully connected versus the number of calls that are not connected); and the average call duration (the time from the moment a call is answered to the time the call ends).

The quality control procedures adopted by the Group are as follows:-

**1. High-End Equipment Selection**

The core requirements of a high quality Telco are addressed through the selection and fine-tuning of appropriate high-end equipment. The KeyWest Group's network is built with proven technology from world leaders in network equipment such as Lucent Technologies, Excel, ADS, FastComm, Adtran, Cisco, Quintum and others as well as its own solutions to integrate a total solution network.

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**4. INFORMATION ON THE GROUP (Cont'd)**


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**2. Network Design and Engineering**

In addition to system (equipment) selection, the backbone design and engineering of the network (IPLC, open internet and meshed frame relay service – a frame relay service guarantees bandwidth and ensures no congestion), together with 24x7 (round-the-clock) network monitoring ensures that voice quality of service is achieved.

**3. Round-the-Clock Network Monitoring**

Because long distance telecommunications services is a 24 hours a day, 365 days a year service, the KeyWest Group has put in place mechanisms and procedures to ensure that there is no or minimal down time. The 24x7 network monitoring is managed through the NOC, which in turn monitors and manages network congestion, traffic congestion, least cost routing, and quality management.

**4. Scheduled Preventive Maintenance and Redundancy Measures**

To ensure the reliability of its network, the Group also carries out scheduled preventive maintenance on all its equipment. Also, to further mitigate the risk of interruptions to its services, the Group incorporates redundancy measures (the ability to continue functioning despite a failure in part of its network) through inter-connections with providers such as AT&T, MCI, Group Telecom and Asia Netcom.

**4.2.14 Research and Development****(i) Policy on Research and Development**

In order to keep up with the constantly evolving technology, the KeyWest Group understands and emphasises the need for ongoing R&D. Within the Group, R&D is conducted in the following 3 key areas:-

- **Network management** – to enhance and improve the monitoring and billing solutions;
- **Operating Support System – Network technology** – to further improve the system by incorporating more of the latest IP-based technology; and
- **Product and service offerings** – to develop value-added products and services in line with the available technology and the KeyWest Group's capability.

The KeyWest Group's technology is highly focused in its own needs and competitive advantages. As a primary network operator, the KeyWest Group is always faced with the choice of build vs. buy in its network development and deployment.

Unlike many other carriers and network operator which tend to favor buy over build, the KeyWest Group has invested heavily in development in key technology areas. This is done deliberately to gain an advantage over its competitors.

**4. INFORMATION ON THE GROUP (Cont'd)**

The KeyWest Group, however, has to consider its resource limitations and achieve a fine balance between the costs of R&D with its advantages. The following criteria are used to determine if development can be justified:-

- Degree of difficulty / Technical barrier
- Technological advantage
- Innovative solution / new product capability
- Solution already a commodity in the market
- Efficiency gain / Return on Investment ("ROI")
- Customer satisfaction

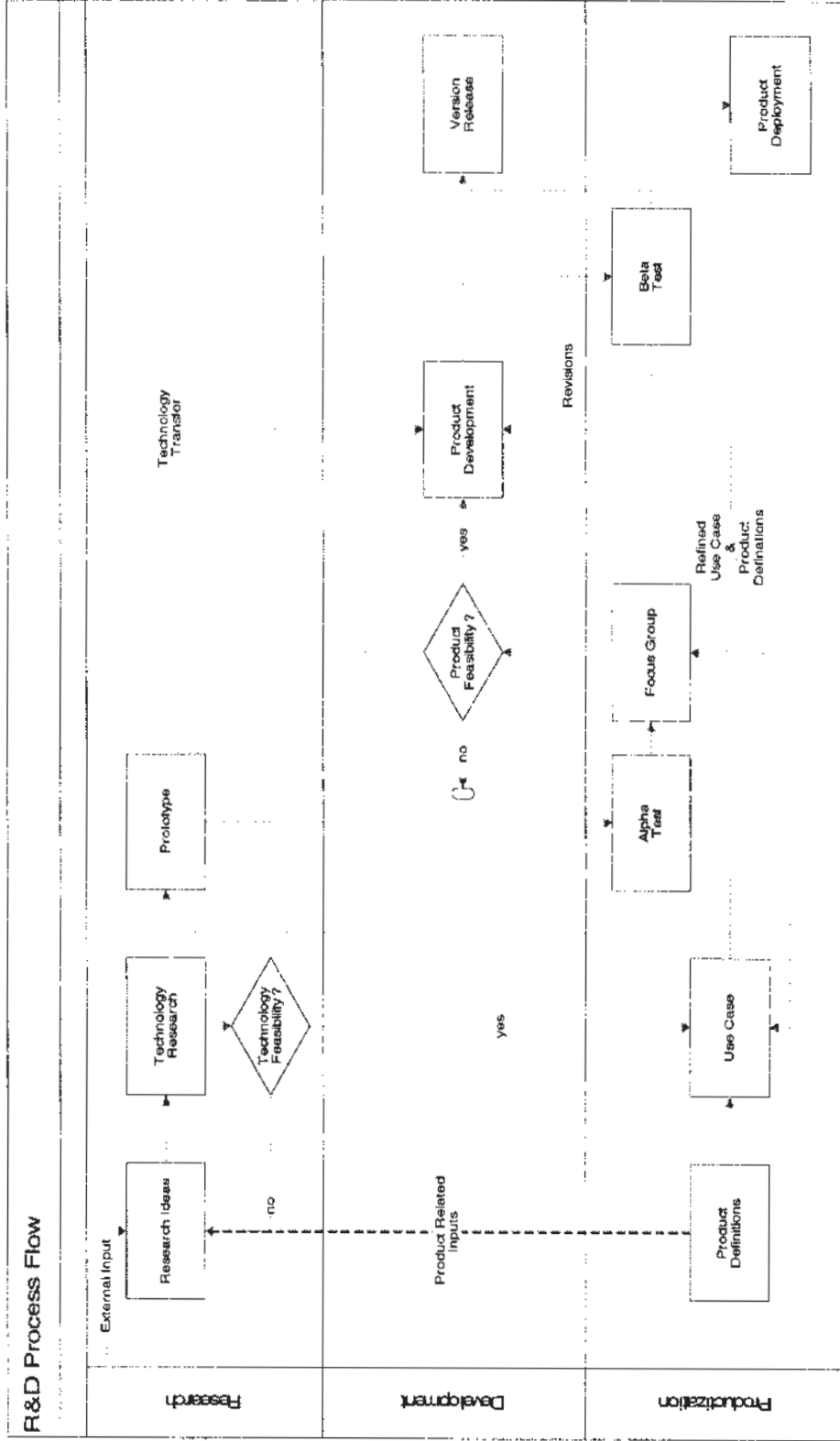
The KeyWest Group's R&D activities go through a stringent process as shown in the following charts.

For product and service offerings, the R&D process involves, among others, product feasibility studies, investigating alternative product designs, product design, and the testing of deliverables in both a lab and in a live environment.

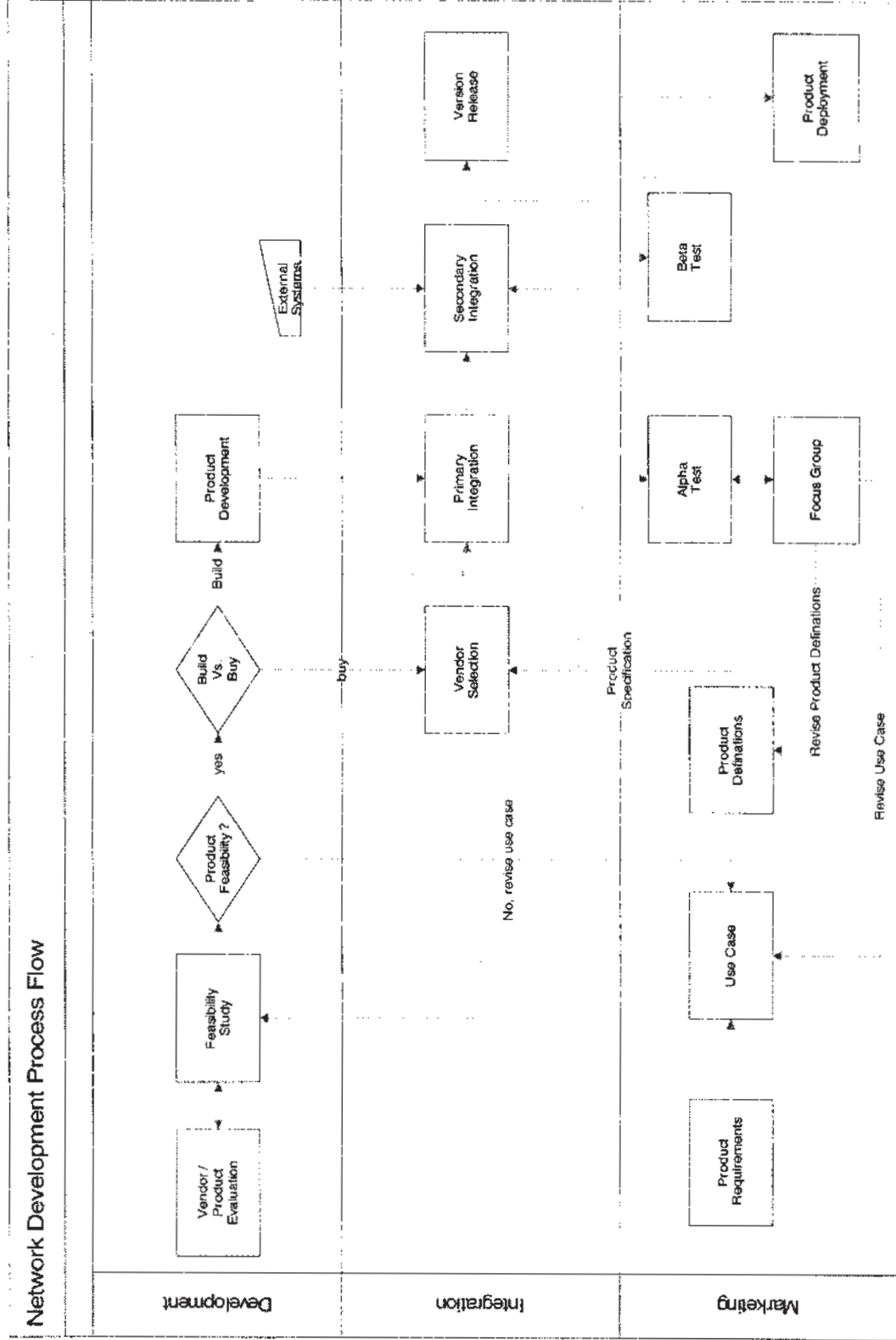
For network management and billing solutions, the R&D process involves, among others, attending system requirement studies and analyses, feasibility studies, system design, programming, and technically evaluating and enhancing systems. Whilst for network technology, the R&D process involves, among others, attending network requirement studies and analyses, and network design. The process flows for both are similar.

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4. INFORMATION ON THE GROUP (Cont'd)



4. INFORMATION ON THE GROUP (Cont'd)



**4. INFORMATION ON THE GROUP (Cont'd)****(ii) Research and Development Facilities and Personnel****R&D Team**

The KeyWest Group's current R&D team is based in Richmond, British Columbia, Canada. It comprises 6 persons and is led by KeyWest's Chief Technical Officer, Eric Chan Kwok Yin. The profile of Mr. Chan is set out in Section 5.5.2 of this Prospectus. The other members of the R&D team are software engineers, electronics engineers, and telecom specialist with between 5 to 25 years of experience in the information technology and telecommunication industries.

The Group plans to set up an R&D centre in Kuala Lumpur, Malaysia within 2006. It is estimated that, over a period of 5 years, approximately 8 to 20 suitably qualified Malaysians will be hired and trained to be based at the Malaysian R&D centre. Initially, Mr. Chan along with two other members of the current R&D team will be based in Malaysia for a period of 18 months to oversee the activities of the team.

Breakdowns of the tentative positions to be filled are listed below:-

| <b>Area of Expertise</b> | <b>Position Function</b>   | <b>No. of Personnel</b> |
|--------------------------|--|-------------------------|
| Engineering              | System design, network technology development, VoIP codec development, etc   | 2 – 3                   |
| Hardware                 | VoIP gateway / endpoint development  | 1 – 2                   |
| Software & Programming   | SCP application development, network monitoring tool development, billing & accounting application development, SS7 Sigtran control development, etc | 5 – 15                  |

**Facilities**

At present, the R&D facilities are based in Richmond, British Columbia, Canada. These facilities are equipped with the following:-

Hardware: PC's, Sun Servers, VoIP Gateways, etc  
 Software: Oracle, SQL, .net, UML tools, etc  
 Testing Tools: SS7 tester, TDM E1/T1 tester, VoIP tester, etc

Upon the setting up of the Malaysian R&D centre, all existing R&D infrastructure and facilities will be shifted to Malaysia, which will then be the base for all of the Group's R&D activities. The proposed relocation of the Group's R&D activities will allow the Group to take advantage of the lower cost of overheads in Malaysia.

The Group also plans to enhance its R&D department by using part of its listing proceeds to establish and staff the facilities described above. This is in line with the Group's fundamental philosophy of maintaining its competitive edge by focusing on R&D for the development of cutting-edge solutions.



**4. INFORMATION ON THE GROUP (Cont'd)**

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**(iii) Status of Research and Development**

Currently, the Group's R&D activities include the continued improvement and enhancement of the network solutions and technology which were developed in-house as well as development of new products and services.

On-going R&D activities include the following:-

**NetX**

A new phase of NetX implementation is now in production. This new phase consists of integration of call control for both TDM and VoIP by the same software on a single platform. The most significant advancement in this new phase is the seamless call switching between TDM and VoIP and the integration of CDR records.

**TBOSS**

The development of TBOSS is currently focused on the implementation of a new route control engine and a new GUI for data entry. When completed, this new GUI will allow control of routing tied directly to route pricing. This will further enhance selection of LCR on a daily basis without manual intervention.

**Just1**

The development of Just1 is being enhanced with the development of call control over SS7 network. This is a significant enhancement that will allow Just1 to operate much more efficiently with the same amount TDM circuits.

**(iv) Achievements in Research and Development**

Since the Group commenced its operations, the KeyWest Group's R&D team has developed and is continuing to develop key technologies and systems necessary to operate its systems efficiently. These developments are weighted against acquiring existing products on the market, if available, and has been determined that they offer a significant operational advantage if developed in-house.

Three systems developed in-house by the Group are described below.

- NetX - Network Management Solution
- Streamworks - Pre- and Post-Paid Telephony Solution
- TBOSS - Telephony Business Management System

Currently, these solutions are being applied in-house. The Group has plans to commercialise these solutions for resale to third parties in the future.

**4. INFORMATION ON THE GROUP (Cont'd)****(v) Future Plans and Timeline for Implementation**

The KeyWest Group's future R&D activities include developing the following network technology and product, which it hopes to bring on stream within the stated timeline:-

| Type               | Name                                   | Description   | Time Line      |
|--------------------|--|---|----------------|
| Network management | WRC                                    | • LCR assessment software                           | By end of 2006 |
| Network management | Percentage routing                     | • An LCR solution fully integrated with TBOSS       | By end of 2006 |
| Billing            | Accounts Payable / Accounts Receivable | • An accounting package fully integrated with TBOSS | By end of 2006 |

As the technology and market matures, the Group intends to develop new services using IP technology such as virtual private networks, Centrex services, telecommuting solutions, and multimedia collaboration and conferencing. Plans have been drawn up for the research and development of these services to be carried out in the near future.

**(vi) Investments Made for Research and Development**

The KeyWest Group has incurred approximately the following amount in terms of staff costs and other expenses for R&D for the past 3 years:-

|  | Financial Year Ended 31 January |         |         |
|--|---------------------------------|---------|---------|
|  | 2003                            | 2004    | 2005    |
| R&D Expenses*  | 182,273                         | 492,013 | 544,202 |
| Proportion of Total Selling, General and Administration Expenses | 4.41%                           | 4.47%   | 4.95%   |

\* Based on assumptions established by the management of the Company. The estimated operating expenses were arrived at by taking into account the approximate number of hours the staff have spent on R&D and R&D related work and multiplying that with the number of staff that worked on R&D and R&D related work throughout the year.

**4.2.15 Interruptions in Business for the Past Twelve (12) Months**

There have not been any interruptions in the form of trade disputes or major operational breakdown occurring within and outside the Group that had significantly impaired the Group's business performance during the past twelve (12) months.

**4. INFORMATION ON THE GROUP (Cont'd)****4.2.16 Employees**

The KeyWest Group has a vertical organisation structure separated into two distinct groups of employees that focus on either the Telco or the subscriber business.

As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), the KeyWest Group has 73 full-time employees and 11 part-time employees for a total of 84 employees, as illustrated below:-

| Category                              | No. of Employees | Average Years of Service |
|---------------------------------------|------------------|--------------------------|
| <b>Wholesale</b>                      |                  |                          |
| Management                            | 9                | 3                        |
| Sales and Marketing                   | -                | -                        |
| Network Management and Administration | 5                | 3                        |
| Finance and Administration            | 6                | 3                        |
| R&D and Technical Engineers           | 3                | 3                        |
| <b>Sub-Total</b>                      | <b>23</b>        |                          |
| <b>Retail</b>                         |                  |                          |
| Management                            | 13               | 2                        |
| Sales and Marketing                   | -                | -                        |
| Telesales                             | 12               | 1                        |
| Network and IT                        | 6                | 3                        |
| Finance and Administration            | 9                | 3                        |
| Customer Service                      | 21               | 1                        |
| <b>Sub-Total</b>                      | <b>61</b>        |                          |
| <b>Total</b>                          | <b>84</b>        |                          |

The 11 part-time employees are mainly employed by TTI. Most of the employees of the KeyWest Group are presently located in the Richmond, British Columbia and Kuala Lumpur offices.

As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), the KeyWest Group has 39 contractual employees in its call centres in China and the Philippines, as illustrated below:-

| Category                   | No. of Employees |
|----------------------------|------------------|
| <b>Retail</b>              |                  |
| Management                 | 2                |
| Sales and Marketing        | -                |
| Telesales                  | 27               |
| Network and IT             | -                |
| Finance and Administration | 6                |
| Customer Service           | 4                |
| <b>Total</b>               | <b>39</b>        |

The KeyWest Group recognises the importance of its employees and updates them regularly on the latest developments in the industry including sending them for courses to improve and update their knowledge in their areas of responsibility such as the customer relations management courses, switch management, billing, and many others.

#### 4. INFORMATION ON THE GROUP (Cont'd)

The KeyWest Group is a non-union company and its employees are not involved in any sort of union activities.

The management of the Group is of the opinion that its dedicated, efficient and trained employees are instrumental to its success. The management of the Group enjoys a good working relationship with the employees. As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), the Group has not been involved in any industrial disputes with any of its employees.

##### 4.2.17 Key Achievements/Milestones

Milestones of the KeyWest Group are as follows:-

|           |   |
|-----------|---|
| Apr 2001  | Licences awarded in USA and Canada  |
| May 2001  | Set up co-location in Los Angeles<br>Built Network between Shanghai and Los Angeles |
| Jun 2001  | Initiated live traffic between Shanghai and Los Angeles                             |
| July 2001 | Launched wholesale products - CarrierT and CarrierV                                 |
| Sep 2002  | The acquisition of the assets of Crystal Hill Technologies Inc. by TTI              |
| Dec 2002  | Licence awarded in Hong Kong  |
| Dec 2002  | The acquisition of the assets of International Calling Services by TTI              |
| July 2003 | Completed the development of version 1 of Streamworks                               |
| Oct 2003  | TTA initiated Australian operations   |
| Nov 2003  | Completed the development of version 1 of NetX                                      |
| Mar 2004  | Completed the development of version 1 of TBOSS                                     |

##### 4.2.18 Modes of Marketing/Distribution/Sales

The KeyWest Group's marketing strategy has proven to be very effective yet low cost.

The KeyWest Group markets its services to Telcos via the following:-

- i) Trade Shows
- ii) Direct Sales Channels i.e. via direct cold calling
- iii) Indirect Sales Channels i.e. via agents or referrals

Sales are conducted via major trade shows – such as the Pacific Telecom Council show held in Hawaii annually and the Global Telecommunications Meeting held in Washington annually.

**4. INFORMATION ON THE GROUP (Cont'd)**

The KeyWest Group uses in-house sales personnel and where it does not have a presence, agents. At the moment, three (3) regional carrier sales executives are responsible for sales within their regions, which are divided into three areas – North America (Canada and USA); North Asia (China, Hong Kong, Taiwan, South Korea, Japan); South and Southeast Asia (Malaysia, Singapore, Philippines, Brunei, Vietnam, Thailand, Indonesia, India, Pakistan, Bangladesh, Sri Lanka). These carrier sales executives are supported by sales assistants.

The KeyWest Group markets its services to corporate and individual subscribers via the following:-

- i) Telemarketing – in-house marketing and sales centres have been set up in Canada (Richmond, British Columbia) and Malaysia (Kuala Lumpur) and contract call centres in China and the Philippines, and in the future, there are plans to set up call centres in the USA as well
- ii) in-house sales – units are divided into several teams, 1) retail account sales, 2) corporate account sales, and 3) alliance account sales
- iii) Agents – commission-based agents have been appointed and a heavy weekly recruitment program has been put in place
- iv) Dealers or resellers – retailers of mobile phones are appointed as dealers or resellers as these offer both branding and low cost subscriber sign up
- v) Web – web-based marketing is also in place
- vi) Partners – the development of joint marketing programmes with partners such as chain stores or major retail outlets is a significant channel through which the KeyWest Group can quickly gain a large subscriber base.

The KeyWest Group's strategy in signing up new subscribers is simple – to achieve the highest level of brand awareness and whenever it launches a new product, to achieve the highest degree of product awareness among consumers via low cost ethnic advertising media and via the Group's own sales channels. Over the next few years, the Group plans to continue marketing its products and services via its various sales channels.

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**4. INFORMATION ON THE GROUP (Cont'd)****4.2.19 Network Capacities and Output**

The KeyWest Group's network is designed to meet demand. The Group's network capacity is measured by the number of ports and the number of minutes that these ports have the potential to carry. As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), the network capacity is as follows:-

| Country – City  | Wholesale ports | Traffic Capacity ( thousand minute/month) | Retail ports | Traffic Capacity ( thousand minute/month) |
|---|-----------------|---|--------------|---|
| USA – Los Angeles   | 478             | 107,550                                   | 0            |   |
| Canada – Toronto  | 8               | 1,800                                     | 24           | 5,400                                     |
| Canada – Vancouver  |                 |   | 124          | 27,900                                    |
| Canada – Victoria   |                 |   | 2            | 450                                       |
| Canada – Edmonton   |                 |   | 4            | 900                                       |
| Canada – Calgary  |                 |   | 4            | 900                                       |
| Australia – Sydney  |                 |   | 5            | 1,125                                     |
| Australia – Melbourne   |                 |   | 5            | 1,125                                     |
| Hong Kong   | 68              | 15,300                                    |              |   |
| Philippines – Manila  | 6               | 1,350                                     |              |   |
| Taiwan – Taipei   | 4               | 1,000                                     |              |   |
| South Korea – Seoul,<br>Pusan, Ulsan, Jaegu,<br>Incheon, Kwangju,<br>Inchun | 7 cities x 2    | 500                                       |              |   |
| <b>Total capacity</b>   |                 | <b>127,500</b>                            |              | <b>37,800</b>                             |

For wholesale, the Group is currently utilising about 35% of its theoretical maximum capacity or about 57% of its practical capacity.

The Group's network is built and designed for fast and robust expansion and has the following features:-

- Easily scalable
- High quality – Solid state equipment, not PC-based
- Flexible, multi-based architecture – Private Leased Lines, Managed VPN of Frame Relay, ISDN, satellite, open and dedicated Internet
- Requires short installation time

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#### 4. INFORMATION ON THE GROUP (Cont'd)

##### 4.2.20 Location of Business

The KeyWest Group's business requires the use of two specific types of locations, one for its offices and another for its equipment and/or interconnection points known as co-locations.

##### (a) Offices and retail outlets

Presently the Group's headquarters is located in Richmond, British Columbia, Canada. The Group intends to shift its headquarters for the global operations to Kuala Lumpur. The Malaysian office will also oversee all Asian regional operations.

The locations of the current offices of the Group and their functions are as follows:-

| Location                               | Function   | Address  |
|--|--|--|
| Kuala Lumpur, Malaysia                 | Global headquarters to oversee global operations                     | Unit 1010, Block E<br>Phileo Damansara 1<br>No. 9, Jalan 16/11<br>Off Jalan Damansara<br>46350 Petaling Jaya<br>Selangor Darul Ehsan<br>Malaysia |
| Richmond, British Columbia, Canada     | North American Headquarters - Oversees all North American operations | 400N-5811 Cooney Road,<br>Richmond, British Columbia,<br>Canada V6X 3M1  |
| Toronto, Ontario, Canada               | Sales and Customer Service   | Pacific Mall Heritage Town,<br>2nd Floor C1-215, 4300<br>Steeles Avenue East,<br>Markham, Ontario, Canada<br>L3R 0Y5                             |
| Los Angeles, California, USA           | Technical and engineering office                                     | Suite 915, 9 <sup>th</sup> floor, 611<br>Wilshire Blvd., Los Angeles,<br>California 90017, USA   |
| Hong Kong                              | Technical and engineering office                                     | Flat A2, 3/F, 40 Ma Tau Kok<br>Rd, Kowloon, Hong Kong,<br>People's Republic of China   |
| Sydney, Australia                      | Oversees the Australian and New Zealand operations                   | 283B Manse Road<br>Myocum, NSW 2482,<br>Australia  |
| Bandar Seri Begawan, Brunei Darussalam | Mailing Office   | Unit 109, Plaza Athirah<br>Jalan Tutong<br>Bandar Seri Begawan<br>Brunei Darussalam  |

The Company also plans to set up an office in London, United Kingdom to oversee the operations in the European market.

**4. INFORMATION ON THE GROUP (Cont'd)**

## (b) Co-locations

The KeyWest Group's network facilities are located in spaces that are leased where it keeps its own network hardware and software. It also leases undersea cables (known as IPLC) between cities as well as bandwidth (data bandwidth – both dedicated and non-dedicated) and virtual facilities (where it does not own any facilities but pays cost on a usage basis).

The Group has 18 POPs – direct and indirect – in 7 countries as follows:-

| No | Country – City           | Ownership | Type Of Equipment   |
|----|--------------------------|-----------|---|
| 1  | USA – Los Angeles        | D         | Tandem Switches - Excel<br>IP Gateways - Cisco, Lucent,<br>Clarent, Quintum |
| 2  | Canada – Toronto         | D         | IP Gateways - Lucent  |
| 3  | Canada – Vancouver       | D         | Tandem Switches - Excel<br>IP Gateways - Cisco, Lucent,<br>Quintum          |
| 4  | Canada – Victoria        | D         | IPLC  |
| 5  | Canada – Edmonton        | D         | IPLC  |
| 6  | Canada – Calgary         | D         | IP Gateways - Lucent  |
| 7  | Australia – Sydney       | D         | IP Gateways - Lucent  |
| 8  | Australia – Melbourne    | D         | IPLC  |
| 9  | Hong Kong                | D         | IP Gateways - Lucent, Cisco   |
| 10 | Philippines – Manila     | D         | IP Gateways - Clarent<br>IP Gateways - Quintum                              |
| 11 | Taiwan – Taipei          | D         | IP Gateways - Lucent  |
| 12 | South Korea – Seoul      | I         | IP Gateways - Lucent  |
| 13 | South Korea – Pusan      | I         | IP Gateways - Lucent  |
| 14 | South Korea – Ulsan      | I         | IP Gateways - Lucent  |
| 15 | South Korea – Jaeju      | I         | IP Gateways - Lucent  |
| 16 | South Korea –<br>Incheon | I         | IP Gateways - Lucent  |
| 17 | South Korea –<br>Kwangju | I         | IP Gateways - Lucent  |
| 18 | South Korea – Inchun     | I         | IP Gateways - Lucent  |

D: Direct ownership by the KeyWest Group

I: The Group does not have direct ownership but has control by virtue of agreements entered into with local carriers

**4.2.21 Single Purpose Corporation**

None of the corporations in the Group is a single purpose corporation.

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**4. INFORMATION ON THE GROUP (Cont'd)****4.3 SUBSIDIARY AND ASSOCIATED CORPORATIONS****4.3.1 KCI****(a) Background and History**

KCI was incorporated in the British Virgin Islands under the International Business Company Act (Cap 291) 1984 on 20 February 2001 as an international business corporation.

KCI commenced operations in March 2001. As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), Alfred Yong Kah Soon is the sole director of KCI.

**(b) Principal Activities and Products/Services**

The company is principally engaged in the provision and wholesale of telecommunication services.

**(c) Share Capital**

The authorised share capital of KCI is USD50,000 comprising 50,000 ordinary shares of USD1.00 each. The issued and paid up share capital is USD10,000 comprising 10,000 ordinary shares of USD1.00 each.

The changes in KCI's issued and paid up share capital since incorporation are as follows:-

| Date Issued | No. of shares allotted | Par value USD | Consideration USD | Cumulative issued and paid up share capital USD |
|-------------|------------------------|---------------|-------------------|---|
| 20.2.2001   | 100                    | 1.00          | 100.00            | 100.00  |
| 13.12.2001  | 250                    | 1.00          | 250.00            | 350.00  |
| 13.12.2001  | 9650                   | 1.00          | 9,650.00          | 10,000.00                                       |

**(d) Substantial Shareholder**

KCI is a wholly-owned subsidiary of KeyWest.

The substantial shareholders of KCI are as follows:-

| Name                    | Direct Interest<br>No. of Ordinary<br>Shares of<br>USD1.00 each | %   | Indirect Interest<br>No. of Ordinary<br>Shares of<br>USD1.00 each | %   |
|-------------------------|---|-----|---|-----|
| KeyWest                 | 10,000  | 100 | -   | -   |
| Alfred Yong Kah<br>Soon | -   | -   | 10,000*   | 100 |
| B-Network Co. Ltd.      | -   | -   | 10,000*   | 100 |

Note:-

\* Deemed interest by virtue of shareholding of not less than 15% in KeyWest pursuant to Section 6A of the Act

**4. INFORMATION ON THE GROUP (Cont'd)****(e) Subsidiary/Associated Corporations**

KCI has three (3) subsidiary corporations but does not have any associated corporations. Details of KCI's subsidiary corporations are as follows:-

**(i) KCUSA****(a) Background and History**

KCUSA was incorporated in USA under the Laws of the state of Nevada on 15 March 2001 as a private limited company.

KCUSA commenced operations in April 2001. As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), Yip Kwai Fong and David Batrick are the directors of KCUSA.

**(b) Principal Activities and Products/Services**

The company is principally engaged in the wholesale of long distance services to Telcos.

**(c) Share Capital**

The authorised share capital of KCUSA is 25,000,000 common stock of USD0.001 each. The issued and paid up share capital is USD100.00 comprising 100,000 common stock of USD0.001 each.

The changes in KCUSA's issued and paid up share capital since incorporation are as follows:-

| <b>Date Issued</b> | <b>No. of shares allotted</b> | <b>Par value USD</b> | <b>Consideration USD</b> | <b>Cumulative issued and paid up share capital USD</b> |
|--------------------|-------------------------------|----------------------|--------------------------|--|
| 17.3.2001          | 100,000                       | 0.001                | 100.00                   | 100.00   |

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**4. INFORMATION ON THE GROUP (Cont'd)****(d) Substantial Shareholder**

KCUSA is a wholly-owned subsidiary of KCI.

The substantial shareholders of KCUSA are as follows:-

| <b>Name</b>             | <b>Direct Interest<br/>No. of Ordinary<br/>Shares of<br/>USD0.001 each</b> | <b>%</b> | <b>Indirect Interest<br/>No. of Ordinary<br/>Shares of<br/>USD0.001 each</b> | <b>%</b> |
|-------------------------|--|----------|--|----------|
| KCI                     | 100,000  | 100      | -  | -        |
| KeyWest                 | -  | -        | 100,000*   | 100      |
| Alfred Yong<br>Kah Soon | -  | -        | 100,000*   | 100      |
| B-Network<br>Co. Ltd.   | -  | -        | 100,000*   | 100      |

Note:-

- \* Deemed interest by virtue of shareholding of not less than 15% in KCI pursuant to Section 6A of the Act

**(e) Subsidiary/Associated Corporations**

KCUSA has no subsidiary or associated corporations.

**(ii) KCHK****(a) Background and History**

KCHK was incorporated in Hong Kong under the Companies Ordinance on 28 March 2001 as a private limited company.

KCHK commenced operations in April 2001. As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), Alfred Yong Kah Soon and Multichannel Co. Ltd. (a company solely owned by Alfred Yong Kah Soon) are the directors of KCHK.

**(b) Principal Activities and Products/Services**

The company is principally engaged in the wholesale of long distance services to Telcos.

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**4. INFORMATION ON THE GROUP (Cont'd)****(c) Share Capital**

The authorised share capital of KCHK is HKD10,000 comprising 10,000 ordinary shares of HKD1.00 each. The issued and paid up share capital is HKD100.00 comprising 100 ordinary shares of HKD1.00 each.

The changes in KCHK's issued and paid up share capital since incorporation are as follows:-

| <b>Date Issued</b> | <b>No. of shares allotted</b> | <b>Par value HKD</b> | <b>Consideration HKD</b> | <b>Cumulative issued and paid up share capital HKD</b> |
|--------------------|-------------------------------|----------------------|--------------------------|--|
| 9.5.2001           | 100                           | 1.00                 | 100.00                   | 100.00   |

**(d) Substantial Shareholder**

KCHK is a majority-owned subsidiary of KCI.

The substantial shareholders of KCHK are as follows:-

| <b>Name</b>             | <b>Direct Interest<br/>No. of Ordinary<br/>Shares of<br/>HKD1.00 each</b> | <b>%</b> | <b>Indirect Interest<br/>No. of Ordinary<br/>Shares of<br/>HKD1.00<br/>each</b> | <b>%</b> |
|-------------------------|---|----------|---|----------|
| KCI                     | 99  | 99       | -   | -        |
| KeyWest                 | -   | -        | 99*   | 99       |
| Alfred Yong<br>Kah Soon | -   | -        | 99*   | 99       |
| B-Network<br>Co. Ltd.   | -   | -        | 99*   | 99       |

Note:-

\* Deemed interest by virtue of shareholding of not less than 15% in KCI pursuant to Section 6A of the Act

**(e) Subsidiary/Associated Corporations**

KCHK has no subsidiary or associated corporations.

**(iii) KCPL****(a) Background and History**

KCPL was incorporated in Australia under the Corporations Act, 2001 on 30 April 2003 as a private limited company.

As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), Carlos Alberto Gutierrez and Yip Kwai Fong are the directors of KCPL.



**4. INFORMATION ON THE GROUP (Cont'd)****(b) Principal Activities and Products/Services**

The company is currently in start up stage and has not commenced operations. It will be principally engaged in the wholesale of long distance services in Australia.

**(c) Share Capital**

The authorised share capital of KCPL comprises 2 ordinary shares of AUD1.00 each. The issued and paid up share capital is AUD2.00 comprising 2 ordinary shares of AUD1.00 each.

The changes in KCPL's issued and paid up share capital since incorporation are as follows: -

| <b>Date Issued</b> | <b>No. of shares allotted</b> | <b>Par value AUD</b> | <b>Consideration AUD</b> | <b>Cumulative issued and paid up share capital AUD</b> |
|--------------------|-------------------------------|----------------------|--------------------------|--|
| 30.4.2003          | 2                             | 1.00                 | 2.00                     | 2.00   |

**(d) Substantial Shareholder**

KCPL is a wholly-owned subsidiary of KCI.

The substantial shareholders of KCPL are as follows:-

| <b>Name</b>             | <b>Direct Interest<br/>No. of Ordinary<br/>Shares of<br/>AUD1.00 each</b> | <b>%</b> | <b>Indirect Interest<br/>No. of Ordinary<br/>Shares of AUD1.00<br/>each</b> | <b>%</b> |
|-------------------------|---|----------|---|----------|
| KCI                     | 2   | 100      | -   | -        |
| KeyWest                 | -   | -        | 2*  | 100      |
| Alfred Yong<br>Kah Soon | -   | -        | 2*  | 100      |
| B-Network<br>Co. Ltd.   | -   | -        | 2*  | 100      |

Note:-

\* Deemed interest by virtue of shareholding of not less than 15% in KCI pursuant to Section 6A of the Act

**(e) Subsidiary/Associated Corporations**

KCPL has no subsidiary or associated corporations.

**4. INFORMATION ON THE GROUP (Cont'd)****4.3.2 KNI****(a) Background and History**

KNI was incorporated in Canada under the Canada Business Corporations Act on 7 March 2001 as a private limited company.

KNI commenced operations in April 2001. As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), Benjamin Wong is the sole director of KNI.

**(b) Principal Activities and Products/Services**

The company is principally engaged in the wholesale of long distance services to Telcos.

**(c) Share Capital**

KNI's authorised share capital is:-

- (a) unlimited number of Class A shares without par value;
- (b) unlimited number of Class B shares without par value;
- (c) unlimited number of Class C preference shares without par value; and
- (d) unlimited number of Class D preference shares without par value.

The issued and paid up share capital is CAD100.00 comprising 100 Class A shares without par value.

The changes in KNI's issued and paid up share capital since incorporation are as follows:-

| Date Issued | No. of shares allotted | Par value CAD | Consideration CAD | Cumulative issued and paid up share capital CAD |
|-------------|------------------------|---------------|-------------------|---|
| 7.3.2001    | 100                    | No par value  | 100.00            | 100.00  |

**(d) Substantial Shareholder**

KNI is a wholly-owned subsidiary of KeyWest.

The substantial shareholders of KNI are as follows:-

| Name                 | Direct Interest<br>No. of Ordinary Shares | %   | Indirect Interest<br>No. of Ordinary Shares | %   |
|----------------------|---|-----|---|-----|
| KeyWest              | 100                                       | 100 | -   | -   |
| Alfred Yong Kah Soon | -   | -   | 100*  | 100 |
| B-Network Co. Ltd.   | -   | -   | 100*  | 100 |

Note:-

\* Deemed interest by virtue of shareholding of not less than 15% in KeyWest pursuant to Section 6A of the Act

**4. INFORMATION ON THE GROUP (Cont'd)****(e) Subsidiary/Associated Corporations**

KNI has one (1) subsidiary corporation but does not have any associated corporations. Details of KNI's subsidiary corporation are as follows:-

**(i) KCC****(a) Background and History**

KCC was incorporated in Canada under the Canada Business Corporations Act on 7 March 2001 as a private limited company.

As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), Benjamin Wong is the sole director of KCC.

**(b) Principal Activities and Products/Services**

As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), the company has yet to commence operations and is currently inactive.

**(c) Share Capital**

KCC's authorised share capital is:-

- (a) unlimited number of Class A shares without par value;
- (b) unlimited number of Class B shares without par value;
- (c) unlimited number of Class C preference shares without par value; and
- (d) unlimited number of Class D preference shares without par value.

The issued and paid up share capital is CAD1.00 comprising 1 Class A share without par value.

The changes in KCC's issued and paid up share capital since incorporation are as follows:-

| <b>Date Issued</b> | <b>No. of shares allotted</b> | <b>Par value CAD</b> | <b>Consideration CAD</b> | <b>Cumulative issued and paid up share capital CAD</b> |
|--------------------|-------------------------------|----------------------|--------------------------|--|
| 7.3.2001           | 1                             | No par value         | 1.00                     | 1.00   |

**4. INFORMATION ON THE GROUP (Cont'd)****(d) Substantial Shareholder**

KCC is a wholly-owned subsidiary of KNI.

The substantial shareholders of KCC are as follows:-

| Name                    | Direct Interest        |     | Indirect Interest      |     |
|-------------------------|------------------------|-----|------------------------|-----|
|                         | No. of Ordinary Shares | %   | No. of Ordinary Shares | %   |
| KNI                     | 1                      | 100 | -                      | -   |
| KeyWest                 | -                      | -   | 1*                     | 100 |
| Alfred Yong<br>Kah Soon | -                      | -   | 1*                     | 100 |
| B-Network<br>Co. Ltd.   | -                      | -   | 1*                     | 100 |

Note:-

\* Deemed interest by virtue of shareholding of not less than 15% in KNI pursuant to Section 6A of the Act

**(e) Subsidiary/Associated Corporations**

KCC has no subsidiary or associated corporations.

**4.3.3 TTI****(a) Background and History**

TTI was incorporated in Canada under the laws of the Province of British Columbia, Canada on 25 June 2002 as a private limited company.

TTI commenced operations in July 2002. As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), Yong Chon Yew @ Yong Chon Yu and Liaw Yueh Hwa @ Liao Yueh Hwa are the directors of TTI.

**(b) Principal Activities and Products/Services**

The company is principally engaged in the retail of long distance services in Canada.

**(c) Share Capital**

The authorised share capital of TTI is 10,000,000 common shares without par value as follows:-

- a) 5,000,000 Class A
- b) 5,000,000 Class B

The issued and paid up share capital is CAD50,001.00 comprising 100,000 common shares of Class A.

**4. INFORMATION ON THE GROUP (Cont'd)**

The changes in TTI's issued and paid up share capital since incorporation are as follows:-

| Date Issued | No. of shares allotted | Par value CAD | Consideration CAD | Cumulative issued and paid up share capital CAD |
|-------------|------------------------|---------------|-------------------|---|
| 25.6.2002   | 100                    | No par value  | 1.00              | 1.00  |
| 31.10.2003  | 49,950                 | No par value  | 25,000.00         | 25,001.00                                       |
| 31.10.2003  | 49,950                 | No par value  | 25,000.00         | 50,001.00                                       |

**(d) Substantial Shareholder**

TTI is a wholly-owned subsidiary of KeyWest.

The substantial shareholders of TTI are as follows:-

| Name                 | Direct Interest        |     | Indirect Interest      |     |
|----------------------|------------------------|-----|------------------------|-----|
|                      | No. of Ordinary Shares | %   | No. of Ordinary Shares | %   |
| KeyWest              | 50,001                 | 100 | -                      | -   |
| Aifred Yong Kah Soon | -                      | -   | 50,001*                | 100 |
| B-Network Co. Ltd.   | -                      | -   | 50,001*                | 100 |

Note:-

\* Deemed interest by virtue of shareholding of not less than 15% in KeyWest pursuant to Section 6A of the Act

**(e) Subsidiary/Associated Corporations**

TTI has three (3) subsidiary corporations but does not have any associated corporations. Details of TTI's subsidiary corporations are as follows:-

**(i) TTUSA****(a) Background and History**

TTUSA was incorporated in the State of California, USA on 12 May 2003 as a private limited company.

As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), Yong Chon Yew @ Yong Chon Yu and Liaw Yueh Hwa @ Liau Yueh Hwa are the directors of TTUSA.

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**4. INFORMATION ON THE GROUP (Cont'd)****(b) Principal Activities and Products/Services**

As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), the principal activity of the company is any lawful act or activity for which a corporation may be organised under the General Corporation Law of California other than the banking business, the trust company business or the practice of profession permitted to be incorporated by the California Corporations Code. As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), the company has yet to commence operations and is currently inactive.

**(c) Share Capital**

The authorised share capital of TTUSA is 100 common shares without par value. The issued and paid up share capital is USD100.00 comprising 100 common shares without par value.

The changes in TTUSA's issued and paid up share capital since incorporation are as follows:-

| Date Issued | No. of shares allotted | Par value USD | Consideration USD | Cumulative issued and paid up share capital USD |
|-------------|------------------------|---------------|-------------------|---|
| 12.5.2003   | 100                    | No par value  | USD100.00         | 100.00  |

**(d) Substantial Shareholder**

TTUSA is a wholly-owned subsidiary of TTI.

The substantial shareholders of TTUSA are as follows:-

| Name                 | Direct Interest                         |     | Indirect Interest                       |     |
|----------------------|---|-----|---|-----|
|                      | No. of Ordinary Shares of USD0.001 each | %   | No. of Ordinary Shares of USD0.001 each | %   |
| TTI                  | 100                                     | 100 | -                                       | -   |
| KeyWest              | -                                       | -   | 100*                                    | 100 |
| Alfred Yong Kah Soon | -                                       | -   | 100*                                    | 100 |
| B-Network Co. Ltd.   | -                                       | -   | 100*                                    | 100 |

Note:-

\* Deemed interest by virtue of shareholding of not less than 15% in TTI pursuant to Section 6A of the Act

**(e) Subsidiary/Associated Corporations**

TTUSA has no subsidiary or associated corporations.



**4. INFORMATION ON THE GROUP (Cont'd)****(ii) CCCC****(a) Background and History**

CCCC was incorporated in Canada under the laws of the Province of British Columbia, Canada on 5 Nov 1998 as a private limited company.

As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), Yong Chon Yew @ Yong Chon Yu and Liaw Yueh Hwa @ Liau Yueh Hwa are the directors of CCCC.

**(b) Principal Activities and Products/Services**

As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), the company has yet to commence operations and is currently inactive.

**(c) Share Capital**

The authorised share capital of CCCC is 10,000,000 common shares without par value. The issued and paid up share capital is CAD1.00 comprising 100 common shares without par value.

The changes in CCCC's issued and paid up share capital since incorporation are as follows:-

| <b>Date Issued</b> | <b>No. of shares allotted</b> | <b>Par value CAD</b> | <b>Consideration CAD</b> | <b>Cumulative issued and paid up share capital CAD</b> |
|--------------------|-------------------------------|----------------------|--------------------------|--|
| 5.11.1998          | 1                             | No par value         | 0.01                     | 0.01   |
| 5.11.1998          | 99                            | No par value         | 0.01                     | 1.00   |

**(d) Substantial Shareholder**

CCCC is a wholly-owned subsidiary of TTI.

The substantial shareholders of CCCC are as follows:-

| <b>Name</b>             | <b>Direct Interest</b>        |          | <b>Indirect Interest</b>      |          |
|-------------------------|-------------------------------|----------|-------------------------------|----------|
|                         | <b>No. of Ordinary Shares</b> | <b>%</b> | <b>No. of Ordinary Shares</b> | <b>%</b> |
| TTI                     | 100                           | 100      | -                             | -        |
| KeyWest                 | -                             | -        | 100*                          | 100      |
| Alfred Yong<br>Kah Soon | -                             | -        | 100*                          | 100      |
| B-Network<br>Co. Ltd.   | -                             | -        | 100*                          | 100      |

Note:-

\* Deemed interest by virtue of shareholding of not less than 15% in TTI pursuant to Section 6A of the Act

**4. INFORMATION ON THE GROUP (Cont'd)****(e) Subsidiary/Associated Corporations**

CCCC has no subsidiary or associated corporations.

**(iii) TTA****(a) Background and History**

TTA was registered in Australia under the Corporations Act, 2001 on 13 August 2003 as a private limited company. TTA commenced operations in November 2003.

As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), Carlos Alberto Gutierrez is the sole director of TTA.

**(b) Principal Activities and Products/Services**

The company is principally engaged in the retail of long distance services in Australia.

**(c) Share Capital**

The authorised share capital of TTA comprises 1 ordinary share of AUD1.00 each. The issued and paid up share capital is AUD1.00 comprising 1 ordinary share of AUD1.00 each.

The changes in TTA's issued and paid up share capital since incorporation are as follows:-

| Date Issued | No. of shares allotted | Par value AUD | Consideration AUD | Cumulative issued and paid up share capital AUD |
|-------------|------------------------|---------------|-------------------|---|
| 13.8.2003   | 1                      | 1.00          | 1.00              | 1.00  |

**(d) Substantial Shareholder**

TTA is a wholly-owned subsidiary of TTI.

The substantial shareholders of TTA are as follows:-

| Name                 | Direct Interest                        |     | Indirect Interest                      |     |
|----------------------|--|-----|--|-----|
|                      | No. of Ordinary Shares of AUD1.00 each | %   | No. of Ordinary Shares of AUD1.00 each | %   |
| TTI                  | 1                                      | 100 | -                                      | -   |
| KeyWest              | -                                      | -   | 1*                                     | 100 |
| Alfred Yong Kah Soon | -                                      | -   | 1*                                     | 100 |
| B-Network Co. Ltd.   | -                                      | -   | 1*                                     | 100 |

Note:-

\* Deemed interest by virtue of shareholding of not less than 15% in TTI pursuant to Section 6A of the Act

**4. INFORMATION ON THE GROUP (Cont'd)****(e) Subsidiary/Associated Corporations**

TTA has no subsidiary or associated corporations.

**4.3.4 KCB****(a) Background and History**

KCB was incorporated in Brunei under the Companies Act (Cap 39) 1957 on 1 March 2004 as a private limited company.

As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), Alfred Yong Kah Soon and Batrisyia bt Abdullah are the directors of KCB.

**(b) Principal Activities and Products/Services**

As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), the company has yet to commence operations and is currently inactive.

**(c) Share Capital**

The authorised share capital of KCB is BND100,000 comprising 100,000 ordinary shares of BND1.00 each. The issued and paid up share capital is BND100.00 comprising 100 ordinary shares of BND1.00 each.

The changes in KCB's issued and paid up share capital since incorporation are as follows:-

| Date Issued | No. of shares allotted | Par value BND | Consideration BND | Cumulative issued and paid up share capital BND |
|-------------|------------------------|---------------|-------------------|---|
| 21.7.2004   | 2                      | 1.00          | 2.00              | 2.00  |
| 28.7.2004   | 98                     | 1.00          | 98.00             | 100.00  |

**(d) Substantial Shareholder**

KCB is a majority-owned subsidiary of KeyWest.

The substantial shareholders of KCB are as follows:-

| Name                    | Direct Interest<br>No. of Ordinary<br>Shares of BND1.00<br>each | %  | Indirect Interest<br>No. of Ordinary<br>Shares of BND1.00<br>each | %  |
|-------------------------|---|----|---|----|
| KeyWest                 | 99  | 99 | -   | -  |
| Alfred Yong Kah<br>Soon | -   | -  | 99*   | 99 |
| B-Network Co. Ltd.      | -   | -  | 99*   | 99 |

Note:-

\* Deemed interest by virtue of shareholding of not less than 15% in KeyWest pursuant to Section 6A of the Act

**4. INFORMATION ON THE GROUP (Cont'd)****(e) Subsidiary/Associated Corporations**

KCB has no subsidiary or associated corporations.

**4.3.5 KCSB****(a) Background and History**

KCSB was incorporated in Malaysia under the Act on 30 August 2001 as a private limited company.

As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), Doris Tan Lian Fah and Alfred Yong Kah Soon are the directors of KCSB.

**(b) Principal Activities and Products/Services**

As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), the company has yet to commence operations and is currently inactive.

**(c) Share Capital**

The authorised share capital of KCSB is RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid up share capital is RM2.00 comprising 2 ordinary shares of RM1.00 each.

The changes in KCSB's issued and paid up share capital since incorporation are as follows: -

| Date Issued | No. of shares allotted | Par value RM | Consideration RM | Cumulative issued and paid up share capital RM |
|-------------|------------------------|--------------|------------------|--|
| 30.8.2001   | 2                      | 1.00         | 2.00             | 2.00   |

**(d) Substantial Shareholder**

KCSB is a wholly-owned subsidiary of KeyWest.

The substantial shareholders of KCSB are as follows:-

| Name                    | Direct Interest<br>No. of Ordinary<br>Shares of RM1.00<br>each | %   | Indirect Interest<br>No. of Ordinary<br>Shares of RM1.00<br>each | %   |
|-------------------------|--|-----|--|-----|
| KeyWest                 | 2  | 100 | -  | -   |
| Alfred Yong Kah<br>Soon | -  | -   | 2*   | 100 |
| B-Network Co. Ltd.      | -  | -   | 2*   | 100 |

Note:-

\* Deemed interest by virtue of shareholding of not less than 15% in KeyWest pursuant to Section 6A of the Act

**4. INFORMATION ON THE GROUP (Cont'd)****(e) Subsidiary/Associated Corporations**

KCSB has no subsidiary or associated corporations.

**4.3.6 VCSB****(a) Background and History**

VCSB was incorporated in Malaysia under the Act on 3 November 2003 as a private limited company.

As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), Doris Tan Lian Fah and Alfred Yong Kah Soon are the directors of VCSB.

**(b) Principal Activities and Products/Services**

The company provides support services for telecommunication companies.

**(c) Share Capital**

The authorised share capital of VCSB is RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid up share capital is RM2.00 comprising 2 ordinary shares of RM1.00 each.

The changes in VCSB's issued and paid up share capital since incorporation are as follows:-

| Date Issued | No. of shares allotted | Par value RM | Consideration RM | Cumulative issued and paid up share capital RM |
|-------------|------------------------|--------------|------------------|--|
| 3.11.2003   | 2                      | 1.00         | 2.00             | 2.00   |

**(d) Substantial Shareholder**

VCSB is a wholly-owned subsidiary of KeyWest.

The substantial shareholders of VCSB are as follows:-

| Name                    | Direct Interest<br>No. of Ordinary<br>Shares of RM1.00<br>each | %   | Indirect Interest<br>No. of Ordinary<br>Shares of RM1.00<br>each | %   |
|-------------------------|--|-----|--|-----|
| KeyWest                 | 2  | 100 | -  | -   |
| Alfred Yong Kah<br>Soon | -  | -   | 2*   | 100 |
| B-Network Co. Ltd.      | -  | -   | 2*   | 100 |

Note:-

\* Deemed interest by virtue of shareholding of not less than 15% in KeyWest pursuant to Section 6A of the Act

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**4. INFORMATION ON THE GROUP (Cont'd)**

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**(e) Subsidiary/Associated Corporations**

VCSB has no subsidiary or associated corporations.

**4.3.7 Associated Corporations**

KeyWest does not have any associated corporations.

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#### 4. INFORMATION ON THE GROUP (Cont'd)

#### 4.4 INDUSTRY OVERVIEW

##### 4.4.1 Overview of the Global Economy

The IMF in the latest World Economic Outlook report 2004 recorded a global growth of 4.6% in 2004. In Industrialised nations, the growth rate was 3.5%, and expectations for these nations in 2005 are 3.1% growth. A more optimistic outlook is expected for developing nations with a growth of 5.9% expected for 2005. In the world's largest economy, the US economy experienced a growth of 4.6% in 2004, but this is expected to decrease to 3.9% in 2005.

*(Source: IDC Market Research Report)*

##### 4.4.2 Overview of the Telecommunications Industry

The worldwide market for telecommunications services is seeing a growth of between 2% to 10% depending on the region. This is based on IDC's worldwide telecommunications research on retail fixed and wireless voice and data services. The table below highlights IDC's expectations for the various regions throughout the world in 2005 and beyond.

**TABLE 1**

Total Telecommunications Services Market by Region 2003-2008 (Retail revenues in USD million)

| Region                 | 2003*     | 2004*     | 2005      | 2006      | 2007      | 2008      | CAGR (%) |
|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|----------|
| Asia/Pacific           | 259,226   | 280,959   | 302,446   | 322,116   | 339,318   | 356,536   | 6.6      |
| Central Eastern Europe | 41,240    | 47,305    | 52,943    | 57,587    | 61,851    | 66,035    | 9.9      |
| Latin America          | 66,747    | 71,299    | 76,191    | 81,530    | 87,503    | 94,467    | 7.2      |
| Middle East Africa     | 45,559    | 51,476    | 57,160    | 63,015    | 68,126    | 72,975    | 9.9      |
| North America          | 333,376   | 339,252   | 345,395   | 351,680   | 357,643   | 363,166   | 1.7      |
| Western Europe         | 275,095   | 283,733   | 292,417   | 300,887   | 305,958   | 307,942   | 2.3      |
| Worldwide              | 1,021,242 | 1,074,024 | 1,126,552 | 1,176,814 | 1,220,398 | 1,261,122 | 4.3      |

\*Actual figures

Source: IDC Telecom Black Book, v4 2004

As seen from the table above, the areas of growth are clearly where the economies are expanding and in more developing nations. These are also nations where progressive deregulation is taking place, in some areas quicker than others.

*(Source: IDC Market Research Report)*

**4. INFORMATION ON THE GROUP (Cont'd)****4.4.3 The Segments/Sectors of the Telecommunications Industry**

The telecommunications industry is comprised of two main segments: fixed line and wireless. These are then further segmented into fixed line voice and fixed line data, and wireless voice and wireless data, respectively.

**4.4.4 Performance and Future Growth of the Industry**

Based on IDC's Telecom Black Book (v4 2004), which tracks worldwide telecommunications spending, the market is a USD1,074 billion market in 2004. Table 2 below shows the markets of fixed and wireless services growth around the world.

**TABLE 2**

Telecommunications Services by Fixed and Wireless Market Segments, 2003-2008 (Retail revenues in USD million)

| Segment        | 2003*   | 2004*   | 2005    | 2006    | 2007    | 2008    | CAGR (%) |
|----------------|---------|---------|---------|---------|---------|---------|----------|
| Total Fixed    | 606,154 | 615,454 | 626,667 | 637,818 | 647,593 | 655,281 | 1.6      |
| Total Wireless | 415,089 | 458,569 | 499,885 | 538,997 | 572,805 | 605,841 | 7.9      |

\*Actual figures

Source: IDC Telecom Black Book, v4 2004

**Key Trends in the Telecommunications Industry**

- (i) IP Data allows more value added services to be added such as voice

Numerous new technologies are gaining traction in the market. Multi Packet Layer Switching (MPLS)- based IP VPN offerings have been rolled out by many major telecommunications services providers, and interest among end-users is strong. Features such as voice and video classes of services, as well as IP telephony hold the appeal of converged voice and data solutions. Unified messaging is another technology that is working hard to prove itself in today's market. Given the current economic constraints, customers want to enjoy the cost savings promised by these solutions, as well as guarantees related to service level quality. Broadband rollouts, such as DSL and metro Ethernet Internet access, are also gaining momentum, bringing high-speed data services to an even greater number of consumers and small businesses.

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**4. INFORMATION ON THE GROUP (Cont'd)****(ii) Progressive deregulation of Telecom markets bring opportunity**

The global regulatory environment also continues to foster greater telecom liberalization and competition. One of the most notable events has been China's entrance to the WTO. Service providers are eager to make inroads into this largely untapped market and are encouraged by continued foreign investment opportunities. The United States is also in the process of reviewing its regulatory framework, particularly in the area of local service competition. In Europe, regulations governing 3G licensing have been up for debate, and talk regarding infrastructure sharing and licenses term extensions continues.

Markets where telecommunications are not fully deregulated yet are very suitable for the KeyWest Group to venture in, these are in Eastern Europe, Asia/Pacific and Middle East and Africa.

*(Source: IDC Market Research Report)*

**Worldwide Fixed Line Market**

Worldwide voice revenue is segmented into local, domestic long distance, international long distance, connection/access/subscription, and "other." Worldwide, over the forecast period, fixed voice (retail) revenues will hit USD92.1 billion in Asia/Pacific, USD20.7 billion in Central Eastern Europe, USD55 billion in Latin America, USD18.8 billion in Middle East and Africa, USD135.6 billion in North America, and USD90.8 billion in Western Europe by the year 2008.

While retail voice revenues worldwide are at a CAGR of -1.4%, the opportunities remain very large (totalling USD438.6 billion in 2004). This is because the North America region has half the worldwide share and is declining by -5.3% CAGR. This is not a reflection of minutes of use but on the declining prices of voice calls, as the price per minute is getting cheaper during the forecast period. However IDC do not publish minutes of use.

The rate of price decline has slowed in North America and Western Europe compared with trends displayed over the past few years. Also driving declines in voice revenue in markets such as the USA is bundling of local and long distance service, which will drive down prices and eventually blur the distinction between these two segments.

Because Asia/Pacific encompasses countries at various stages of telecom deregulation, pricing trends vary greatly in the region. In countries that have been slow to deregulate and are just opening their markets now, pricing declines are expected to be high, similar to the declines displayed in North America and Western Europe over the past several years. However, in other markets, such as Singapore, where the international calling rate are already low, pricing declines will be less dramatic.

Additionally, landline voice services, such as local and long distance calling, will continue to be replaced by wireless alternatives. The effects of this will be felt most sharply in areas where access line penetration is high and users have traditionally had ready access to landline phone service. Hampering the transition to wireless service in developed markets is the demand for dial-up Internet access and DSL service. In regions where access line penetration is lower, such as Latin America and parts of Asia, wireless service can often be less expensive than landline service, with users opting for wireless service

**4. INFORMATION ON THE GROUP (Cont'd)**

instead of wireline service. Here, fixed line revenue will also feel the impact of wireless alternatives, but the declines will not be felt as strongly because they are offset by the development of the fixed line infrastructure.

Globally, the cost of fixed line data service is expected to experience continued downward pricing pressure. Commoditization of products such as frame relay and ATM services and competition among providers to woo high-usage customers will lead to greater pricing flexibility in this market. While some carriers report that price declines have stabilized in certain key markets, overall, declining prices are expected to dampen the potential revenue growth created by increased demand as the economy recovers. Frame relay, which currently makes up a large part of the business networking market, will start to lose ground to new IP VPN alternatives.

Amidst the various developments in the telecommunications industry, several key fundamentals prevail, demand from consumer and business for quality type of telecommunications technology are strong, minutes-of-use is increasing.

Currently, IDC observed a scenario where wholesalers and retailers are increasing rates through offering better service level agreements (SLA), quality of voice and network connectivity as minutes of usage continues to increase at a healthy rate.

*(Source: IDC Market Research Report)*

**Worldwide Wireless Market**

Wireless services continue to be the bright spot in the telecom market. The market in most developed countries is moving towards the end of the growth stage and moving into maturity as penetration levels are remains high. Wireless data services were thought to be the salve that would bolster wireless revenue as wireless voice revenue plateau. However, usage of wireless data services by mobile phone users has not yet been high enough to offset voice-pricing declines. This trend is expected to turn around during the forecast period. Other wireless technologies, such as wireless LAN and wireless hotspots are expected to drive revenue growth in this market going forward.

Several issues stand out as key concerns in the mobile market today. First forecast is the declining growth in wireless subscribers. Many markets, especially in Western Europe, have reached, or are close to reaching, maturity of wireless usage. High-end users and early adopters already have their mobile phone subscriptions. Therefore, new subscribers will tend to be laggards who are likely low-volume users that generate minimal incremental revenue. As a result, revenue growth must come from driving increases in average revenue per customer ("ARPU") from existing subscribers.

Complicating this strategy is the declining price of voice calling in most markets. Stiff competition has led to fierce pricing pressure in developed markets. Even in developing countries that have low wireless penetration, governments are looking to create greater competition in the wireless space by licensing new operators. Consumers benefit from these lower costs and greater selection, but wireless carriers must be constantly looking for ways to drive revenue growth and generate increased usage to offset pricing declines.

Mobile data services were long thought to be the solution that would offset voice pricing declines and boost ARPU. However, the killer data application is yet to be found. Nonetheless, wireless carriers have seen a growing portion of their wireless revenue coming from data services, with SMS messaging service

**4. INFORMATION ON THE GROUP (Cont'd)**

proving to be a successful market driver. Other promising data services include gaming, MMS, email, location-based services, adult content, and downloads that include ring tones and logos.

Despite the hype regarding mobile data services, one of the most important findings is that worldwide, voice will continue to bring in the bulk of mobile revenue. Despite declines in ARPU, wireless voice revenue will continue to grow. This means that even though carriers are focused on data offerings, they should continue to pay close attention to the voice portion of the market.

KeyWest network services apply to both the fixed line and wireless services markets.

*(Source: IDC Market Research Report)*

**Growth in Selected Countries where the KeyWest Group operates in**

Table 3 below shows the telecommunications markets in selective countries where the KeyWest Group operates in. These are retail revenues and include fixed and wireless voice and data revenues. The largest opportunities are in USA, Canada and Australia.

**TABLE 3**

Total Telecommunications Services Market by Selected Countries  
2003-2008 (Retail revenues in USD million)

| Country       | 2003*   | 2004*   | 2005    | 2006    | 2007    | 2008    | CAGR (%) |
|---------------|---------|---------|---------|---------|---------|---------|----------|
| Australia     | 15,968  | 17,226  | 17,851  | 18,482  | 19,310  | 20,272  | 4.9      |
| Hong Kong     | 3,937   | 4,229   | 4,428   | 4,611   | 4,774   | 4,963   | 4.7      |
| Malaysia      | 4,426   | 4,909   | 5,324   | 5,784   | 6,313   | 6,973   | 9.5      |
| Canada        | 21,062  | 24,062  | 25,232  | 26,593  | 28,004  | 29,313  | 6.8      |
| United States | 312,314 | 315,190 | 320,163 | 325,087 | 329,639 | 333,853 | 1.3      |

\*Actual figures

Source: IDC Telecom Black Book, v4 2004

*(Source: IDC Market Research Report)*

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**4. INFORMATION ON THE GROUP (Cont'd)****4.4.5 Players and Competition**

A wholesale carrier is defined as a wholesale telecommunications service provider that offers domestic or international network capacity and services to other carriers, which in turn serve end users. The customers for these wholesale services can include public telephone operators, ISPs, call centers, datacenters, and other service providers. In the telecommunications industry, these wholesale telecommunications service providers are AT&T, MCI, Level 3 and Savvis/Cable & Wireless. In Asia, the wholesale business is largely driven by the public telephone operators (PTOs) in their domestic markets such as SingTel, CAT (Communications Authority of Thailand), Optus and even Telekom Malaysia. These players will serve as a potential partner, customer and even competitor to the KeyWest Group.

It is without a doubt that competition in the market is high in developed countries or totally deregulated markets. In an semi-regulated market it becomes easier to differentiate, with cost differentiation or service differentiation. In this complicated industry, the risk of forward and backward integration from their suppliers and buyers, have blurred the line in the entire telco industry's value chain. The case of the industry suppliers and buyers being their competitors is something common.

Although the competition might be stiff, the KeyWest Group is able to mitigate these risks through a number of measures. As stated earlier, product differentiation and customer retention is an important factor of success in this industry. KeyWest is able to provide a differentiated product, with a niche geographical coverage hence leading to a high switching cost of their users

The Group may be able to further strengthen its positioning by entering into partnerships with other incumbent wholesalers, allowing the company to expand their network coverage while spreading the risk amongst their partners.

*(Source: IDC Market Research Report)*

**4.4.6 Laws and Regulations**

The worldwide telecommunication industry has been undergoing a period of deregulation in the last few years. With deregulation, there is more than one player in the industry and there is no longer any monopoly. Leading the call for worldwide deregulation are the USA and the World Trade Organisation ("WTO"). In the USA, Hong Kong, Singapore, Japan, South Korea, United Kingdom, most of Western Europe and Canada, telecommunication is fully deregulated. Most other Asian countries are partly deregulated except for Vietnam, Laos, Myanmar, Brunei Darussalam, India and Pakistan. The ASEAN region comprising several East Asian Countries has agreed to fully deregulate telecommunications by the year 2005.

The KeyWest Group has applied and secured the licences required for its operations as set out in Sections 1.3 and 4.2.5 of this Prospectus.

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**4. INFORMATION ON THE GROUP (Cont'd)**

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**4.4.7 Demand and Supply****Demand**

The wholesale market is positioned to grow by a Compound Annual Growth Rate of 15% (as at latest IDC Asia/Pacific forecasts in July 2004).

The telecommunications market globally is faced with many exciting new developments taking place, despite pockets of economically related conditions. Businesses and consumers have far more options to choose from than before and enjoy some of the lowest prices for voice and data service ever offered. The Internet and wireless connectivity have brought communication and information to countless hard-to-reach communities around the world, and demand for these services continues to be strong.

*(Source: IDC Market Research Report)*

**Supply**

In the wholesale industry, IDC has identified 3 major suppliers to the wholesale industry. They are classified as follows:

- (i) Public Telephone Operators (PTOs) or incumbent telecommunications operators

Minutes-of-use are an integral part of this industry's business. Wholesalers will enter into agreements to utilize minutes-of-use from incumbent Telcos throughout the world, to be traded with their customers. A large portfolio of minutes-of-use from different incumbents will signify the coverage and capabilities of any wholesalers in the industry. In the case of KeyWest, the company has a significantly large proportion of minutes-of-use agreement with Philippines Long Distance Telephone Co. allowing the KeyWest Group the capacity to terminate a large proportion of traffic into the Philippines.

- (ii) Infrastructure Owners

These are global physical infrastructure owners, which represent part of the industry's key suppliers. These suppliers have a relatively strong bargaining power of suppliers over wholesalers, as there are only a few global infrastructure owners in the industry. They allow wholesalers to effectively transport traffic for termination with incumbent, whom they have agreements of minutes-of-use with.

- (iii) Technology Owners

Technology owners are identified as IT hardware and software and network equipment vendors such that is utilized by this industry. Network equipment vendors such as Cisco, Nortel, Alcatel and 3Com largely provide hardware and software to manage these networks. These technology vendors will lead the forefront in emerging technologies in the market, which will then dictate the equipment utilized by these wholesalers.

In totality, these suppliers are an integral input for a wholesaler. They will effectively determine the quality, cost and capability of wholesalers, which will define the reputation and strength of any wholesaler in the industry.

**4. INFORMATION ON THE GROUP (Cont'd)**

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The KeyWest Group's main geographical coverage is mainly in Asia Pacific and North America. These 2 areas are well covered by most global physical infrastructure providers, connecting within the region and between both regions. Furthermore, the wholesale market is a commoditised one, which allows the Group the ability to source from a number of service provider without fear of jeopardizing their product lineup.

*(Source: IDC Market Research Report)*

**4.4.8 Substitute Products/Services**

The threat of substitutes in the wholesale industry is low. On the technological front, there are few emerging technologies that is able to rival the technology utilised by this industry. A possible substitute technology is the Internet itself with 'free' Internet voice calls. On the consumer end, the existence of peer-to-peer VoIP such as Yahoo Voice conferencing, MSN Netmeeting and recently launched Skype poses a threat to conventional telephony services. These p2p (peer to peer) telephony allows Internet users to make a phone call to other Internet users at no cost. However this service is limited in terms of call quality, reliability and is only accessible to users with Internet access, Personal Computers, microphone and speakers.

*(Source: IDC Market Research Report)*

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**4. INFORMATION ON THE GROUP (Cont'd)****4.5 MAJOR CUSTOMERS**

For the financial year ended 31 January 2005, the top ten (10) customers (based on management records) of the Group are as follows:-

| <b>Name</b>                    | <b>% of total revenue</b> | <b>Business commencement date</b> |
|--------------------------------|---------------------------|-----------------------------------|
| Total Call International Inc.  | 29.11                     | 8 May 2001                        |
| Times Telecom Inc.*            | 10.35                     | 1 September 2002                  |
| United Communications Inc.     | 5.92                      | 20 May 2003                       |
| Teleglobe America Inc.         | 4.25                      | 9 June 2003                       |
| Arbinet – The Exchange         | 4.19                      | 13 April 2001                     |
| ITXC Corp.                     | 3.95                      | 16 July 2003                      |
| Asia Access Telecom            | 3.90                      | 29 January 2002                   |
| MCI Worldcom Asia Pacific Ltd. | 3.78                      | 5 April 2003                      |
| MCI Worldcom Network Services  | 3.72                      | 22 April 2003                     |
| Voicestar Communications Inc.  | 2.80                      | 2 January 2004                    |

\* This is within the KeyWest Group

As shown above, approximately 29% of the Group's revenue (based on management estimates) was derived from sales to one major customer. The Group has been transacting with this customer since it commenced its operations and has developed a strong relationship with the customer.

The KeyWest Group is actively expanding its network coverage and customer base thereby reducing reliance on any single customer.

**4.6 MAJOR SUPPLIERS**

For the financial year ended 31 January 2005, the top ten (10) suppliers of minutes (based on management records) for the Group are as follows:-

| <b>Name</b>                                 | <b>% of purchases</b> | <b>Business commencement date</b> |
|---|-----------------------|-----------------------------------|
| PLDT (US) Inc.                              | 21.08                 | 16 July 2001                      |
| Phillippine Long Distance Telephone Co.     | 7.26                  | 24 October 2002                   |
| UTSC Group Corporation                      | 6.65                  | 10 November 2003                  |
| PLDT (HK) Inc.                              | 6.62                  | 1 June 2002                       |
| Communications Wholesalers Inc.             | 6.13                  | 18 October 2004                   |
| CPT Asia Ltd.                               | 4.47                  | 21 March 2003                     |
| CM Tel (USA) LLC                            | 3.87                  | 9 April 2002                      |
| Teledirect Telecommunications Group Inc.    | 3.72                  | 11 December 2002                  |
| Qwest Communications Corporations           | 3.65                  | 21 October 2001                   |
| Vocom International Telecommunications Inc. | 3.65                  | 8 April 2003                      |

Based on the above table, over 20% of the KeyWest Group's total purchase was from one supplier. However, the Group is not solely dependent on this supplier, as the Group does have alternative suppliers which can provide the Group with identical or similar services if necessary. Due to the nature of the Group's business, some of the Telcos who sell to the KeyWest Group are also its customers thus creating a network of interdependency. The KeyWest Group has also developed strong relationships with these Telcos.

**4. INFORMATION ON THE GROUP (Cont'd)****4.7 FUTURE PLANS, STRATEGIES AND PROSPECTS****a) Future Plans**

The business development plans of the KeyWest Group over the next five (5) years are focused on expanding its network presence, introducing new products and services and increasing its existing base of Telco and end-user subscribers. In line with this, the Group plans to establish an additional 13 POPs in: Malaysia (10), Canada (2) and Europe (1) to achieve 31 POPs by 2007. The Group also aims to penetrate the future market areas as listed below:-

- i) Wholesale - Malaysia, Australia, Philippines, South Korea, Singapore, Indonesia, Brunei, United Kingdom
- ii) Retail - Malaysia, USA, Hong Kong, China

**b) Strategies****i) Continuous R&D activities**

The Group has drawn up plans for R&D activities to be carried out in the near future. These R&D activities include the continued improvement and enhancement of the solutions it has developed, as described in Section 4.2.14 of this Prospectus as well as new network technology and products, which it hopes to bring on stream as the technology and market matures.

**ii) Technical and strategic alliances**

The KeyWest Group has important alliances with industry leaders including several telephony product manufacturers and network operators. The KeyWest Group's technology, network and marketing alliances include Excel, Lucent Technologies, ADS, Cisco, MCI, Group Telecom, and others. These provide access to their expertise and experience. As a result, the KeyWest Group will continue to achieve growth and market penetration in both the wholesale and retail arena.

**(iii) Partnership with customers**

The Group will continue to position itself around its flagship service offering of network products and services. The Group has an established reputation as a provider of value added services through its past dealings with its customers and this has enabled it to cement a strong partnership with its customers.

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**4. INFORMATION ON THE GROUP (Cont'd)**

c) Prospects

As set out in Section 4 (4.4.1 – 4.4.6), the global telecommunications market is significant at more than USD1,074 billion annually (in 2004) and is expected to show continued growth at 4.3% CAGR from 2003 to 2008 (Source: IDC Market Research Report). The KeyWest Group's current regional focus is on the Asia Pacific and North American regions, with a population exceeding 3 billion people. The KeyWest Group believes it will be able to increase its penetration of this region and at the same time expand its presence globally.

Although the industry is a highly challenging and competitive one, the Group believes that with its global network presence and technology, its intellectual property and proprietary rights, management expertise and strategic alliances, it will be able to compete successfully in the industry and further steer the growth of its business.

**4.8 VALUE PROPOSITION TO MALAYSIA**

The KeyWest Group plans to set up an R&D centre and NOC in Malaysia by 2006 to capitalise on the lower overhead and operational costs offered by the country. A CSC in Kuala Lumpur has begun operations since December 2004.

The Group currently has an R&D team in Richmond, British Columbia, Canada headed by the Group's Chief Technical Officer, Eric Chan. With the setup of the Malaysian R&D centre, the current development facility will be replicated in the R&D centre. In addition, KeyWest plans to use part of its listing proceeds to enhance the R&D centre with additional equipment and tools. This is in line with KeyWest's fundamental philosophy of maintaining its competitive edge by focusing on R&D to develop cutting-edge solutions.

Presently, the KeyWest Group's network is managed and monitored via its NOC in Richmond, Canada. The Group intends to operate a second NOC in Malaysia which will complement the current NOC in Canada. The two NOCs will serve as backup to each other. The key function of the NOC is to ensure a 24x7 monitoring of the global network while managing least cost routing, voice quality, traffic congestion, and network congestion. Personnel for the Malaysian NOC are currently undergoing training.

The KeyWest Group currently has a CSC in Richmond to cater to the Group's corporate and individual subscribers. The CSC in Kuala Lumpur currently employs more than 20 staff. It is estimated that, over a period of 5 years, between 140 and 200 customer service representatives will be hired and trained to run the Malaysian CSC. The Malaysian CSC will cater to the Group's Telco, corporate and individual customers worldwide.

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