

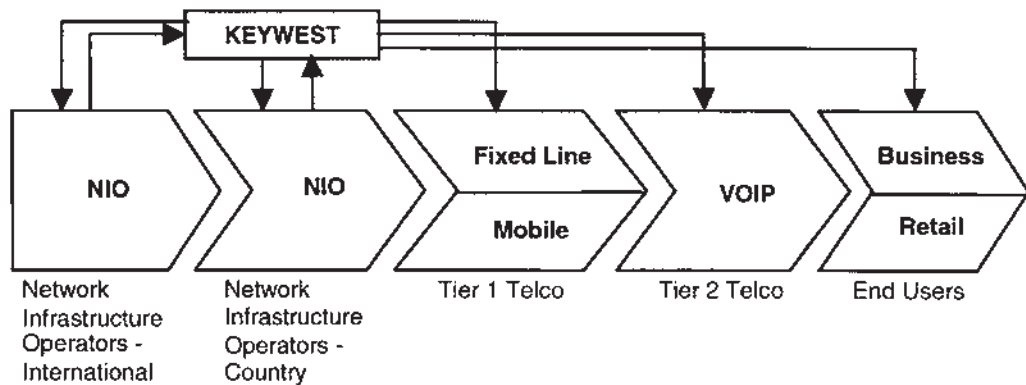
1. INFORMATION SUMMARY

THE INFORMATION SUMMARY IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE GROUP AND INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN THE SHARES OF THE COMPANY. THE INFORMATION SUMMARY SET OUT BELOW IS DERIVED FROM THIS PROSPECTUS AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS.

1.1 HISTORY AND 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) as shown below:-



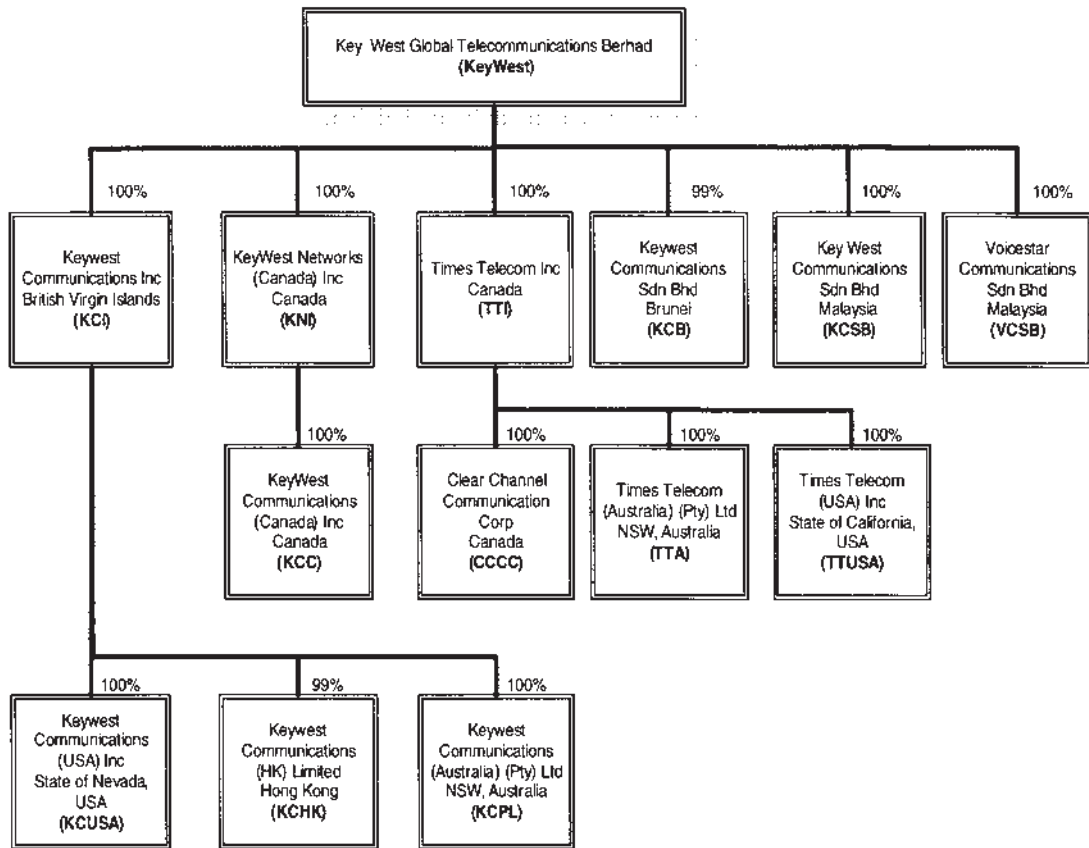
The Group conducts business with more than 100 Telcos, including Malaysian Telcos such as Maxis, DiGi and Celcom as well as some of the world's largest Telcos from USA (AT&T, MCI, Qwest); Canada (Teleglobe, Sprint); Singapore (SingTel); Hong Kong (New World, MCIHK); Philippines (Philippine Long Distance 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.

KeyWest owns a total of 13 subsidiaries, directly and indirectly, in 7 countries, namely Malaysia, British Virgin Islands, Canada, USA, Hong Kong, Australia and Brunei.

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1. INFORMATION SUMMARY (Cont'd)

The present corporate structure of the Group is depicted as follows:-



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1. INFORMATION SUMMARY (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
Subsidiaries of KeyWest				
KCI	20 February 2001 British Virgin Islands	USD10,000.00	100%	The provisioning and wholesaling of telecommunication services
KNI	7 March 2001 Canada	CAD100.00	100%	The wholesale of long distance services to Telcos
TTI	25 June 2002 British Columbia, Canada	CAD50,001.00	100%	The retail of long distance services in Canada
KCB	1 March 2004 Brunei	BND100.00	99%*	Inactive
KCSB	30 August 2001 Malaysia	RM2.00	100%	Inactive
VCSB	3 November 2003 Malaysia	RM2.00	100%	The provisioning of support services for telecommunication companies
Subsidiaries of KCI				
KCUSA	15 March 2001 Nevada, USA	USD100.00	100%	The wholesale of long distance services to Telcos
KCHK	28 March 2001 Hong Kong	HKD100.00	99%**	The wholesale of long distance services to Telcos
KCPL	30 April 2003 Australia	AUD2.00	100%	Inactive
Subsidiaries of KNI				
KCC	7 March 2001 Canada	CAD1.00	100%	Inactive

1. INFORMATION SUMMARY (Cont'd)

Corporation	Date/Place of Incorporation	Issued and Paid-up Share Capital	Effective Equity Interest (%)	Principal Activities
Subsidiaries of TTI				
TTUSA	12 May 2003 California, USA	USD100.00	100%	Inactive
CCCC	5 November 1998 British Columbia, Canada	CAD1.00	100%	Inactive
TTA	13 August 2003 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.

Further details on the history and business of the Group are set out in Section 4.

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1. INFORMATION SUMMARY (Cont'd)

1.2 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL OF THE KEYWEST GROUP

The direct and indirect shareholdings of the promoters, substantial shareholders, directors, key management and technical personnel of the Group are as follows:-

Name	Designation	No. of Ordinary Shares Held After Bonus Issue			No. of Ordinary Shares Held Assuming Full Exercise of ESOS ⁽²⁾		
		Direct	%	Indirect	Direct	%	Indirect
Promoters							
Alfred Yong Kah Soon ⁽³⁾	Chairman and Managing Director	^50,834,100	22.6	⁽¹⁾ 50,974,731	22.7	^53,084,100	21.5
B-Network Co. Ltd.	Shareholder	50,974,731	22.7	-	-	50,974,731	20.6
Benjamin Wong ⁽⁴⁾	Director and Chief Operating Officer	^19,051,851	8.5	-	-	^21,301,851	8.6
Substantial Shareholders							
Alfred Yong Kah Soon ⁽³⁾	Chairman and Managing Director	^50,834,100	22.6	⁽¹⁾ 50,974,731	22.7	^53,084,100	21.5
B-Network Co. Ltd.	Shareholder	50,974,731	22.7	-	-	50,974,731	20.6
Benjamin Wong ⁽⁴⁾	Director and Chief Operating Officer	^19,051,851	8.5	-	-	^21,301,851	8.6
Directors							
Alfred Yong Kah Soon ⁽³⁾	Chairman and Managing Director	^50,834,100	22.6	⁽¹⁾ 50,974,731	22.7	^53,084,100	21.5
Benjamin Wong ⁽⁴⁾	Director and Chief Operating Officer	^19,051,851	8.5	-	-	^21,301,851	8.6
Yong Chon Yew @ Yong Chon Yu ⁽⁵⁾	Non-Executive Non-Independent Director	^8,325,372	3.7	-	-	^10,575,372	4.3
Yong Chon Yee ⁽⁶⁾	Non-Executive Non-Independent Director	^375,000	0.2	-	-	^375,000	0.2
Datuk Haji Mohamad Amin bin Haji Satem	Non-Executive Independent Director	^375,000	0.2	-	-	^375,000	0.2
Alexander Wong Shoon Choy	Non-Executive Independent Director	^931,358	0.4	-	-	^1,156,358	0.5

1. INFORMATION SUMMARY (Cont'd)

Name	Designation	No. of Ordinary Shares Held After Bonus Issue			No. of Ordinary Shares Held Assuming Full Exercise of ESOS ⁽²⁾		
		Direct	%	Indirect	Direct	%	Indirect
Key Management and Technical Personnel							
Alfred Yong Kah Soon ⁽³⁾	Managing Director	^50,834,100	22.6	⁽¹⁾ 50,974,731	22.7	^53,084,100	21.5
Alan Yong Kah Kee ⁽⁷⁾	Group President	^337,500	0.2	-	-	^2,587,500	1.1
Benjamin Wong ⁽⁴⁾	Chief Operating Officer	^19,051,851	8.5	-	-	^21,301,851	8.6
Eric Chan Kwok Yin ⁽⁶⁾	Chief Technical Officer	^375,000	0.2	-	-	^1,612,500	0.7
Herman Ho Chi Sum	President, Retail	^300,000	0.1	-	-	^525,000	0.2
David Mew	Vice President, Finance	^337,500	0.2	-	-	^1,575,000	0.6

Notes:-

- ^ Including their respective entitlement for the pink form share allocation pursuant to the IPO
- (1) By virtue of his substantial shareholding in B-Network Co. Ltd., which in turn has a substantial shareholding in KeyWest.
- (2) The ESOS is 10% of the enlarged issued and paid-up share capital upon listing
- (3) Persons/Entities connected to Alfred Yong Kah Soon namely Doris Tan Lian Fah, Yong Chon Yew @ Yong Chon Yu, Liaw Yueh Hwa @ Liau Yueh Hwa, Alan Yong Kah Kee, Alice Yong, Select Factor Sdn Bhd and Lyrics Mystic Sdn Bhd collectively hold 25,490,031 Shares after Bonus Issue and 34,940,031 Shares assuming full exercise of ESOS.
- (4) Persons/Entities connected to Benjamin Wong namely Rich Paradise Ltd. and Pat Wong Tsan For collectively hold 5,926,664 Shares after Bonus Issue and 8,176,664 Shares assuming full exercise of ESOS.
- (5) Persons/Entities connected to Yong Chon Yew @ Yong Chon Yu namely Liaw Yueh Hwa @ Liau Yueh Hwa, Alfred Yong Kah Soon, Doris Tan Lian Fah, Alan Yong Kah Kee, Alice Yong, Yong Chon Yee, Select Factor Sdn Bhd and Lyrics Mystic Sdn Bhd collectively hold 68,373,760 Shares after Bonus Issue and 77,823,760 Shares assuming full exercise of ESOS.
- (6) Persons/Entities connected to Yong Chon Yee namely Yong Chon Yew @ Yong Chon Yu, Liaw Yueh Hwa @ Liau Yueh Hwa, Select Factor Sdn Bhd and Lyrics Mystic Sdn Bhd collectively hold 23,492,740 Shares after Bonus Issue and 27,992,740 Shares assuming full exercise of ESOS.
- (7) Persons/Entities connected to Alan Yong Kah Kee namely Yong Chon Yew @ Yong Chon Yu, Liaw Yueh Hwa @ Liau Yueh Hwa, Alfred Yong Kah Soon, Doris Tan Lian Fah, Alice Yong, Select Factor Sdn Bhd and Lyrics Mystic Sdn Bhd collectively hold 75,986,631 Shares after Bonus Issue and 85,436,631 Shares assuming full exercise of ESOS.
- (8) Person connected to Eric Chan namely Ip Siu Kwan holds 2,225,436 Shares after Bonus Issue and 2,225,436 Shares assuming full exercise of ESOS.

Details of the Promoters, substantial shareholders, directors, key management and technical personnel of the KeyWest Group are set out in Section 5.

1. INFORMATION SUMMARY (Cont'd)

1.3 TECHNOLOGY, INTELLECTUAL PROPERTY AND LICENCES

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). The solutions are as described in the next table.

Technology	Description
TBOSS	<p>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.</p> <p>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:-</p> <ul style="list-style-type: none"> i. LCR 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
NetX	<p>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.</p> <p>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</p>
Streamworks	<p>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:-</p> <ul style="list-style-type: none"> 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 <p>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.</p>

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

1. INFORMATION SUMMARY (Cont'd)

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.

The major operating licences and permits obtained by the Group are as follows:-

Company	Authority (Country)	Description	Salient Conditions Imposed	Status of Compliance
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.

Further details on the Group's technology, intellectual property and licences are set out in Section 4.

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1. INFORMATION SUMMARY (Cont'd)**1.4 FINANCIAL HIGHLIGHTS**

The following table sets out a summary of the proforma consolidated results of the Group for the past four (4) financial period/years ended 31 January 2002, 2003, 2004 and 2005 (proforma) prepared on the assumption that the Group has been in existence throughout the period under review. The proforma consolidated results are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 9.

Financial period/years ended 31 January	2002 (RM'000)	2003 (RM'000)	2004 (RM'000)	2005 (RM'000)
Revenue	25,070	103,655	108,067	115,174
Cost of sales	(23,695)	(98,274)	(94,523)	(100,476)
Gross Profit	1,375	5,381	13,544	14,698
Foreign exchange gain	81	46	24	116
Other income	-	-	-	34
R & D expenses	-	(182)	(492)	(544)
Other operating expenses	(1,255)	(3,963)	(10,545)	(10,459)
Profit before depreciation, amortisation, interest and taxation	201	1,282	2,531	3,845
Depreciation	(484)	(1,077)	(1,166)	(1,152)
Amortisation	-	(26)	(71)	(75)
Finance income	1	14	115	104
Finance expenses	-	#	-	(7)
(Loss)/profit before taxation and before exceptional item	(282)	193	1,409	2,715
Exceptional item	-	-	-	(190)
(Loss)/profit before taxation and after exceptional item	(282)	193	1,409	2,525
Taxation	-	(179)	(417)	(915)
(Loss)/profit after taxation	(282)	14	992	1,610
No. of ordinary shares of RM0.10 each assumed in issue throughout the period ('000) ^	110,000	110,000	110,000	110,000
Gross (loss)/earnings per share (sen) ^x	(0.26)	0.18	1.28	2.30
Net (loss)/earnings per share (sen) ^{xi}	(0.26)	0.01	0.90	1.46

Less than RM1,000 (Actual amount = RM339)

^ Based on the issued and paid-up share capital of KeyWest after the Acquisitions and Rights Issue but before Public Issue

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1. INFORMATION SUMMARY (Cont'd)

Notes:-

- (i) The proforma financial results of the respective companies of the Proforma Group cover the following period:-

Company/ Group	< ----- Period ended 31 January ----- >			2005
	2002	2003	2004	
KeyWest	N/A	N/A	N/A	11 months
KCI Group	11 months *	12 months	12 months	12 months
KNI Group	11 months *	12 months	12 months	12 months
KCSB	5 months^	12 months^	12 months^	12 months
TTI Group	N/A	7 months #	12 months	12 months
VCSB	N/A	N/A	3 months	12 months
KCB	N/A	N/A	N/A	11 months

* Although the financial statements for the period ended 31 January 2002 covered a 11 month period, the relevant companies, KCI only commenced commercial operations on March 2001 (only 10 months of operations) whilst KCUSA, KCHK and KNI only commenced commercial operations on April 2001 (only 9 months of operations).

Although the financial statements for the period ended 31 January 2003 covered a 7 month period, the relevant company, TTI only commenced commercial operations on July 2002 (only 6 months of operations).

^ Although the audited financial statements for the period ended 28 February 2003 covered an 18 month period, the results during this period which consist of only a loss of RM3,340 have not been segregated and are reflected in the proforma consolidated results for the financial year ended 31 January 2003. Similarly, the audited results for the period ended 31 January 2004 comprising loss of RM1,000 has been reflected in the proforma consolidated results for the financial year ended 31 January 2004.

- (ii) Revenue of the Group is mainly derived from the wholesale and retail sales of telecommunications services. The wholesale segment essentially involves the supply of telecommunications traffic minutes and other value-added services to telecommunications carriers, providers and resellers for resale to their own subscriber base. The wholesale segment covers the KCI Group, KNI Group, KCB and KCSB. Whereas, the retail business segment involves the provision of domestic and international telecommunication and internet services, targets both corporate and individual/ residential end-users. The companies under the retail segment are TTI Group and VCSB. VCSB has no retail sales and only provides support services for telecommunication companies in the retail sector.

- (iii) The wholesale segment represents the main revenue generator for the Group whereby it accounts for 100%, 96%, 85% and 85% of the total revenue for the financial period/ years ended 31 January 2002, 2003, 2004 and 2005 respectively. The retail segment only commenced operations in July 2002.

- (iv) The cost of sales for the Group comprise of two (2) main items:-

- **Traffic minutes cost** – actual minutes purchased from the vendors/ suppliers for resale through the wholesale and retail segments; a variable cost which is closely correlated to revenue (based on the rate charged by the vendors/ suppliers).
- **Network/ Facilities cost** – network facilities and services directly related to sales such as space rental for housing telecommunication equipment, circuit lease, internet bandwidth and etc; a step-variable cost that will remain constant over range of sales.

- (v) The foreign exchange gains are from exchange differences arising from:-

- foreign currencies transactions; and

1. INFORMATION SUMMARY (Cont'd)

- translation of financial statements of foreign operations in KCI Group and TTI Group using the temporal method (whereby the foreign operations are regarded as integral to the operations of the reporting enterprise) in accordance with MASB 6 – The Effects of Changes in Foreign Exchange Rates.
- (vi) The Group's taxation comprise the consolidation of the taxation provided at the individual groups and companies level which encompassed various tax treatments and jurisdictions due to the different countries of operation. As such, it will be more appropriate to discuss about taxation at the respective individual groups and companies level as contained in the relevant sections hereinafter.
- (vii) The exceptional item relates to the write down of the carrying value of investment in Vietnam Telecom Investments Limited ("VTIL") amounting to HKD390,000 (approximately RM190,000) by KCHK in 2005 as the operations of VTIL no longer exists and the company has been struck off the registry in the British Virgin Islands.
- (viii) There were no extraordinary items in the relevant periods/years under review.
- (ix) The research and development expenses are provided by management and comprise staff costs, rent, equipment lease and other expenses incurred in relation to research and development activities. The increase in the research and development expenses is attributable to more research and development activities undertaken over the years under review.
- (x) The gross (loss)/earnings per share of the Group are calculated based on the (loss)/profit before taxation and after exceptional item over the 110,000,000 ordinary shares of RM0.10 each in KeyWest assumed in issue after the Acquisitions and Rights Issue but before the Public Issue throughout the relevant periods/ years under review.
- (xi) The net (loss)/earnings per share of the Group are calculated based on the (loss)/profit after taxation over the 110,000,000 ordinary shares of RM0.10 each in KeyWest assumed in issue after the Acquisitions and Rights Issue but before the Public Issue throughout the relevant periods/ years under review.

The financial statements of the KeyWest Group for the years under review were not subjected to any audit qualification.

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1. INFORMATION SUMMARY (Cont'd)

1.5 PROFORMA CONSOLIDATED BALANCE SHEETS OF KEYWEST AS AT 31 JANUARY 2005

The Proforma Consolidated Balance Sheets as at 31 January 2005 set out below has been prepared for illustrative purposes only to show the effects on the audited balance sheet of the KeyWest Group, had the Listing Scheme been effected on that date.

Proforma Balance Sheet as at 31 January 2005	RM'000	⁽¹⁾ Proforma I RM'000	⁽²⁾ Proforma II RM'000	⁽³⁾ Proforma III RM'000	⁽⁴⁾ Proforma IV RM'000	⁽⁵⁾ Proforma V RM'000
NON-CURRENT ASSETS						
Plant and equipment	-	5,091	5,091	5,091	15,091	15,091
Research and development costs	-	-	-	-	2,700	2,700
Goodwill	-	988	988	988	988	988
	-	6,079	6,079	6,079	18,779	18,779
CURRENT ASSETS						
Expenses carried forward	956	956	956	956	-	-
Amount due from related parties	-	365	365	365	365	365
Other receivables	-	732	732	732	732	732
Trade receivables	-	9,715	9,715	9,715	9,715	9,715
Cash and bank balances	*	1,147	6,543	21,343	7,366	12,991
	956	12,915	18,311	33,111	18,178	26,503
CURRENT LIABILITIES						
Provision for liabilities	-	693	693	693	693	693
Deferred tax liability	-	64	64	64	64	64
Amount due to related companies	956	-	-	-	-	-
Amount due to related parties	-	1,417	1,417	1,417	1,417	1,417
Other payables and accruals	3	1,729	1,729	1,729	1,729	1,729
Trade payables	-	5,862	5,862	5,862	5,629	5,629
Loan payable	-	494	494	494	494	494
Tax payable	-	1,381	1,381	1,381	1,381	1,381
	959	11,640	11,640	11,640	11,407	11,407
NET CURRENT ASSETS	(3)	1,275	6,671	21,471	6,771	12,396
	(3)	7,354	12,750	27,550	25,550	31,175
FINANCED BY:-						
Share capital	*	5,604	11,000	15,000	22,500	24,750
Share premium	-	-	-	10,800	1,300	4,675
Reserve on consolidation	-	1,754	1,754	1,754	1,754	1,754
(Accumulated losses)	(3)	(4)	(4)	(4)	(4)	(4)
	(3)	7,354	12,750	27,550	25,550	31,175
Net tangible (liabilities)/assets per ordinary share (RM)	(1,500)	0.11	0.11	0.18	0.11	0.12

* The paid-up capital is RM2.00 comprising 2 ordinary shares of RM1.00 each. On 21 February 2005, KeyWest subdivided the paid-up share capital into 20 ordinary shares of RM0.10 each.

- Notes:-
- (1) Proforma I – Incorporates the Subdivision of shares and Acquisitions.
 - (2) Proforma II – Incorporates Proforma I and the Rights Issue of 53,964,884 Shares at an issue price of RM0.10 per share on a pro-rata basis to its shareholders after the Acquisitions
 - (3) Proforma III – Incorporates Proforma II and the Public Issue of 40,000,000 Shares at an Issue Price of RM0.37 per share.
 - (4) Proforma IV – Incorporates Proforma III, the Bonus Issue of 75,000,000 Shares of RM0.10 each via the capitalisation of the share premium account arising from the Public Issue and utilisation of proceeds arising from the Rights Issue and Public Issue. The listing expenses of RM2 million are set off against the share premium account.
 - (5) Proforma V – Incorporates Proforma IV and assumes that the ESOS of 22,500,000 Shares is fully exercised at an exercise price equivalent to the Issue Price of RM0.25 per Share.

1. INFORMATION SUMMARY (Cont'd)

Detailed Proforma Consolidated Balance Sheets and the Reporting Accountants' Report thereon are set out in Sections 8.5 and 8.9, respectively.

1.6 RISK FACTORS

Prospective investors, prior to making an investment in the Company, should carefully consider the risk factors inherent in and affecting the business of the Group and this offering. In addition, this Prospectus contains forward-looking statements that involve risks and uncertainties. Prospective investors are cautioned that such statements are only predictions and the Group's actual results could differ substantially from those disclosed hereon. Factors that could cause or contribute to such differences include, but are not limited to, those disclosed in Section 3 and throughout this Prospectus.

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

Item	Risk factors
(a)	Business Risks
(b)	New Investment Activity Risks
(c)	New Products and Services
(d)	Time-to-Market
(e)	Industry Life-cycle
(f)	Dependence on Major Suppliers
(g)	Dependence on Major Customers
(h)	Agreements with Telcos
(i)	Dependence on Particular Markets and Geographical Locations
(j)	Foreign Operations / Currency Risk
(k)	Dependence on Key Personnel
(l)	Dependence on Protection of Intellectual Property
(m)	Force Majeure Events and Other Emergencies
(n)	Insurance Coverage on Assets
(o)	Rapid Technological Change
(p)	Competitive Risks
(q)	Control by Promoters
(r)	Government Control or Regulation Considerations
(s)	Security and Systems Disruptions
(t)	Material Litigation/Legal Uncertainties

1. INFORMATION SUMMARY (Cont'd)

Item	Risk factors
(u)	Financial Risks
(v)	Uncertainty in the Proposed 5-Year Business Development Plan
(w)	Disclosure Regarding Forward-Looking Statements
(x)	Additional Financing Requirements
(y)	Related Party Transactions/ Conflict of Interest
(z)	No Prior Market for KeyWest's Shares and Possible Volatility of the Share Price
(aa)	Failure/Delay In the Listing

Details of the above risk factors are set out in Section 3.

1.7 PROFORMA GROUP NTA AS AT 31 JANUARY 2005

	⁽¹⁾ Proforma Group NTA (RM'000)	NTA per ordinary Share (RM)
After adjusting for the Public issue	26,562	0.18
After adjusting for the Bonus Issue	24,562	0.11

Note:-

(1) After deducting the estimated listing expenses of RM2,000,000. Please refer to Section 2.7 for details on the estimated listing expenses.

The above proforma consolidated NTA is based on the enlarged issued and paid-up share capital of 150,000,000 Shares after the Public Issue and 225,000,000 Shares after the Bonus Issue, respectively.

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1. INFORMATION SUMMARY (Cont'd)**1.8 PRINCIPAL STATISTICS RELATING TO THE IPO****1.8.1 SHARE CAPITAL**

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

	Par value	Number of KeyWest shares	Share capital (RM)
AUTHORISED SHARE CAPITAL	RM0.10	500,000,000	50,000,000
ISSUED AND PAID UP SHARE CAPITAL	RM0.10	110,000,000	11,000,000
New ordinary shares to be issued			
• Pursuant to the Public Issue	RM0.10	40,000,000	4,000,000
• Pursuant to the Bonus Issue	RM0.10	75,000,000	7,500,000
ENLARGED SHARE CAPITAL UPON LISTING		225,000,000	22,500,000
New ordinary shares to be issued pursuant to full exercise of the ESOS	RM0.10	22,500,000	2,250,000
ENLARGED SHARE CAPITAL AFTER ESOS		247,500,000	24,750,000

The Issue Price is RM0.37 per Share payable in full upon application, subject to the terms and conditions.

1.8.2 CLASS OF SHARES

There is only one class of shares in the Company namely ordinary shares of RM0.10 each, all of which rank pari passu with one another. The IPO Shares rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

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1. INFORMATION SUMMARY (Cont'd)**1.9 PROPOSED UTILISATION OF PROCEEDS**

The total gross proceeds arising from the Rights Issue and the Public Issue will be utilised by the Group in the following manner:-

Purpose	Time Frame	RM'000
Capital expenditure	24 months from the listing date	10,000
R & D expenses	24 months from the listing date	2,700
Working capital	24 months from the listing date	5,496
Estimated listing expenses	Upon listing	2,000
Total proceeds		20,196

Further details of the utilisation are set out in Section 2.7.

1.10 WORKING CAPITAL, MATERIAL LITIGATION, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENT**(i) Working Capital**

The directors of KeyWest are of the opinion that, after taking into consideration the cashflow position and the net proceeds from the Rights Issue and the Public Issue, the KeyWest Group will have adequate working capital for a period of not less than twelve (12) months.

(ii) Material Litigation

As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), the Group is not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of the Group and the directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of KeyWest or its subsidiaries.

(iii) Borrowings

As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), the Group has no borrowings in the form of term loans, trust receipts, letters of credit, banker's acceptance and hire-purchase financing save for the following:

- a) KCSB having a Bank Guarantee Facility of up to USD70,000 to be used as security for the international Telecommunications Services Agreement between Maxis International Sdn Bhd and KCHK. As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), KCSB has utilised USD30,000 of this Bank Guarantee Facility.
- b) On 21 January 2005, KCUSA borrowed USD130,000 from one of its customers, Total Call International Inc. The loan was repayable in full on 15 April 2005 and bears interest at 6% per annum. Total Call International Inc. has agreed to repayment of the loan by way of offsetting receivables amounting to USD10,000 (RM38,000) a week, commencing 15 April 2005, payable weekly for 13 weeks until the loan is fully repaid. As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), only USD10,000 (out of the total amount of USD130,000 borrowed) remain outstanding.

1. INFORMATION SUMMARY (Cont'd)

(iv) Contingent Liabilities

There is no contingent liabilities incurred by the KeyWest Group as at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus).

(v) Material Commitments

As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus) there are no material commitments for capital expenditure incurred or known to be incurred by the Group, which may have a substantial impact on the financial position of the Group.

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2. PARTICULARS OF THE IPO

This Prospectus is dated 29 July 2005.

A copy of this Prospectus has been registered with the SC and lodged with the ROC who takes no responsibility for its contents.

The SC has approved the IPO vide its letter dated 7 February 2005 and the approval shall not be taken to indicate that the SC recommends the IPO. Investors should rely on their own evaluation to assess the merits and risks of the investment. In considering the investment, investors who are in any doubt as to the action to be taken should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The SC shall not be liable for any non-disclosure on the part of KeyWest and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

Bursa Securities shall not be liable for any non-disclosure on the part of KeyWest and takes no responsibility for the contents of this Prospectus, makes no representation as to its correctness or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. Admission to the Official List is not to be taken as an indication of the merits of KeyWest or of its securities.

Pursuant to the Listing Requirements, at least 25% but not more than 49% of the issued and paid up share capital of the Company must be held by a minimum number of 200 public shareholders at the time of the admission to the MESDAQ Market. In the event that the above requirement is not met pursuant to the IPO, the Company may not be allowed to proceed with its listing on the MESDAQ Market. In the event thereof, monies paid in respect of all Applications will be returned if the said permission is not granted.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the Shares of the Company as a prescribed security. In consequence thereof, the IPO Shares offered through this Prospectus will be deposited directly with the Bursa Depository and any dealings in these Shares will be carried out in accordance with the aforesaid Act and the Rules of Bursa Depository.

Following the above, in accordance with Section 29 of Securities Industry (Central Depositories) Act, 1991, all dealings in the securities of KeyWest including the Public Issue Shares will be by book entries through CDS accounts. No share certificates will be issued to successful applicants.

Application has been made to Bursa Securities for admission of KeyWest to the Official List and for the listing of and quotation for the issued and fully paid-up share capital of KeyWest on the MESDAQ Market of Bursa Securities. The Shares will be admitted to the Official List on the MESDAQ Market of Bursa Securities and official quotation will commence upon receipt of confirmation from Bursa Depository that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of applications for the Public Issue Shares will be conditional upon permission being granted by Bursa Securities to deal in and for the quotation of the entire enlarged issued and fully paid-up Shares of KeyWest on the MESDAQ Market of Bursa Securities. Accordingly, monies paid in respect of any application accepted from the IPO will be returned in full without interest if the said permission for listing is not granted within six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC) provided that the Company is notified by or on behalf of Bursa Securities within the aforesaid timeframe.

2. PARTICULARS OF THE IPO (Cont'd)

Persons submitting applications by way of Application Forms or by way of Electronic Share Applications must have a CDS Account. In the case of an application by way of Application Form, an applicant should state his CDS Account number in the space provided in the Application Form. In a case of an application by way of Electronic Share Application, the applicant shall furnish his CDS account number to the Participating Financial Institutions by way of keying his CDS Account if the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application.

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

The distribution of this Prospectus and the making of the IPO in certain other jurisdictions outside Malaysia may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the IPO Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

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2. PARTICULARS OF THE IPO (Cont'd)**2.1 SHARE CAPITAL**

	Par value	Number of KeyWest shares	Share capital (RM)
AUTHORISED SHARE CAPITAL	RM0.10	500,000,000	50,000,000
ISSUED AND PAID UP SHARE CAPITAL	RM0.10	110,000,000	11,000,000
New ordinary shares to be issued			
• Pursuant to the Public Issue	RM0.10	40,000,000	4,000,000
• Pursuant to the Bonus Issue	RM0.10	75,000,000	7,500,000
ENLARGED SHARE CAPITAL UPON LISTING		225,000,000	22,500,000
New ordinary shares to be issued pursuant to full exercise of the ESOS	RM0.10	22,500,000	2,250,000
ENLARGED SHARE CAPITAL AFTER ESOS		247,500,000	24,750,000

The Issue Price is RM0.37 per ordinary share payable in full upon application, subject to the terms and conditions of this Prospectus.

There is only one class of shares in the Company, namely, ordinary shares of RM0.10 each, all of which rank *pari passu* with one another. The IPO Shares will rank *pari passu* in all respects with the other existing issued ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

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

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorized representative shall have one vote for each ordinary share held.

2.2 OPENING AND CLOSING OF APPLICATIONS

The Applications for the IPO will open at 10.00 a.m. on 29 July 2005 and will remain open until 5.00 p.m. on 10 August 2005 or for such further period or periods as the directors and/or Promoters of KeyWest together with the Managing Underwriter in their absolute discretion may decide. Late applications will not be accepted.

2. PARTICULARS OF THE IPO (Cont'd)**2.3 CRITICAL DATES OF THE IPO**

Events	Tentative Date
Opening Date of the IPO	29 July 2005
Closing Date of the IPO *	10 August 2005
Tentative Balloting Date	12 August 2005
Tentative Listing Date	24 August 2005

- * The Closing Date of the IPO may be extended for further period or periods as the directors and/or Promoters together with the Managing Underwriter in their absolute discretion may decide, subject to the approval of Bursa Securities. Should the closing date of the application be extended, the dates of the listing of and quotation for the entire enlarged issued and paid-up share capital of KeyWest on the MESDAQ market will be extended accordingly.

Any extension of the abovementioned dates will be advertised in widely circulated Bahasa Malaysia and English newspapers.

2.4 BASIS OF ARRIVING AT THE ISSUE PRICE

The Issue Price of RM0.37 per ordinary share was determined and agreed upon by KeyWest and AmMerchant Bank based on various factors including the following:-

- (i) The Group's financial operating history and conditions and financial position as outlined in Section 8;
- (ii) The prospects of the industry in which the Group operates as outlined in Section 4.4;
- (iii) An assessment of the Group's capabilities in technology; and
- (iv) The prevailing market conditions.

Investors should note that the market price of shares of KeyWest upon listing on the MESDAQ Market are subject to the vagaries of market forces and other uncertainties which affect the price of the shares being traded.

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2. PARTICULARS OF THE IPO (Cont'd)**2.5 DETAILS OF THE IPO****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:-

(i) 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.

(ii) 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 the 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 Company's 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:-

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

(iii) Places

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

2. PARTICULARS OF THE IPO (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.

2.6 PURPOSES OF THE IPO

The purposes of the IPO are as follows:-

- (i) To provide the opportunity for the eligible employees and directors of the Group and/or the business associates of the Group and the Malaysian investing public and institutions to participate in the equity and continuing growth of the Group;
- (ii) To enable the Group to gain recognition and certain stature through its listing status and further enhance its corporate reputation and assist the Group in expanding its customer base;
- (iii) To provide additional funds to meet the present and future working capital requirement of the Group;
- (iv) To enable the Group to gain access to the capital market to raise funds for future expansion, diversification, modernisation and continued growth of the Group; and
- (v) To facilitate the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the MESDAQ Market.

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2. PARTICULARS OF THE IPO (Cont'd)

2.7 UTILISATION OF PROCEEDS

The Rights Issue and the Public Issue is expected to raise gross proceeds of RM20,196,488 which shall accrue to the Company.

The total gross proceeds will be utilised by the Group in the following manner:-

	Purpose	Time Frame	RM'000
(i)	Capital expenditure	24 months from the listing date	10,000
(ii)	R & D expenses	24 months from the listing date	2,700
(iii)	Working capital	24 months from the listing date	5,496
(iv)	Estimated listing expenses	Upon listing	2,000
	Total proceeds		20,196

More than 50% of the above proceeds will be utilised in Malaysia as explained below.

The Company will bear all expenses and fees incidental to the listing of and quotation for the entire issued and paid-up share capital of KeyWest on the MESDAQ Market which include underwriting commission, placement fees, brokerage, professional fees, authorities fees, advertising and other fees. The aggregate is estimated to be RM2.0 million.

Notes:-

(i) Capital Expenditure

The allocation of RM10,000,000 will be applied towards the following types of equipment:-

Description	RM'000
Telecom and Network Equipment	6,500
Computers and Servers	1,500
Construction of Network Monitoring Centre in Malaysia	800
Office Equipment	200
Miscellaneous	1,000
Total	10,000

Out of the above amount, RM4,100,000 will be utilised in Malaysia.

(ii) R&D Expenses

The KeyWest Group is currently developing its new version of NetX, Streamworks and TBOSS and intends to allocate RM2,700,000 to R&D expenses including the R&D staff salary and office expenses. The entire amount will be incurred in Malaysia.

(iii) Working Capital

The utilisation of approximately 27% of the listing proceeds for working capital purposes is consistent with the nature and requirements of the Group's business. In order to achieve its sales and profit target, the Group would need to increase its sales and debtors and would therefore need additional working capital to fund these items. Approximately RM3,000,000 will be utilised in Malaysia.

2. PARTICULARS OF THE IPO (Cont'd)**(iv) Estimated Listing Expenses**

The estimated listing expenses for the listing of and quotation for the enlarged share capital of 225,000,000 Shares on the MESDAQ Market are as follows:-

Estimated listing expenses	RM
Fees to authorities	68,000
Professional fees ⁽¹⁾	1,000,000
Underwriting and brokerage fees, etc	499,500
Printing, advertising and other miscellaneous expenses ⁽²⁾	432,500
Total	2,000,000

Notes:-

- (1) Include fees for the merchant bank, reporting accountants, solicitors and other professional advisors. Approximately RM800,000 will be incurred in Malaysia.
- (2) Any unutilised amount shall be used for working capital purposes of the Group.

2.8 FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS

The utilisation of the proceeds by the Group is expected to have a financial impact on the Group as follows:-

(i) Enhancement in operations

The employment of new and enhanced software and MIS system will enable the KeyWest Group to enhance the network features, and increase web-based automation in its operational support system resulting in enhancement in the Group's operations.

(ii) Increase revenue

The increase in working capital will enable the Group to extend existing creditworthy customers with the comparable credit terms that they normally get from other vendors. With the increase in working capital, the KeyWest Group believes that it will pick up unearned revenue which it previously was not able to due to limited cashflow.

(iii) Increase customer base

The KeyWest Group will extend its network coverage and thus reach a wider and more diverse market.

(iv) Increase future products and services offering

By investing in R&D, the Group will be able to offer more innovative and flexible products and services to meet customers' demands.

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2. PARTICULARS OF THE IPO (Cont'd)**2.9 UNDERWRITING COMMISSION AND BROKERAGE**

The Underwriters as mentioned in the Corporate Directory, have agreed to underwrite the 15,000,000 Public Issue Shares to be issued to the Public, the eligible employees, directors and/or business associates of the Group. Underwriting commission is payable by the Company in respect of the Public Issue at the rate of 2.0% of the total underwritten shares of 15,000,000 at the Issue Price of RM0.37 per Share to the respective Underwriters.

Brokerage is payable by the Company in respect of the 15,000,000 Public Issue Shares at the rate of 1.0% of the Issue Price of RM0.37 per Share in respect of successful applications which bear the stamp of AmMerchant Bank, member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

2.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

Note: Unless stated, all capitalised terms shall bear the same meanings as prescribed in the Underwriting Agreement.

The following are some of the Clauses of the Underwriting Agreement dated 15 July 2005 ("Agreement"), including clauses which may allow the underwriters to withdraw from obligations under the agreement after the opening of the offer:-

Clause 3.1 Conditions precedent

The obligations of each Underwriter under this Agreement are conditional upon:-

- a) Bursa Securities, having given approval-in-principle prior to or after the date of the Prospectus to the listing of and quotation for (on terms acceptable to the Underwriters) the entire issued and paid-up share capital of the Company on the MESDAQ Market of Bursa Securities or the Underwriters being reasonably satisfied that such listing and quotation will be granted after the application for the Public Issue Shares have been accepted and the Issue Shares are deposited in or transferred to the relevant securities accounts maintained by the entitled shareholders under the Securities Industry (Central Depository) Act 1991;
- b) the approval from the SC in respect of the Prospectus and registration of the Prospectus with the SC pursuant to the SC Act and lodgement of the Prospectus with the ROC together with copies of all documents required by the SC Act and the issue by the SC of the relevant certificate of registration;
- c) the issuance of the Prospectus within one (1) month from the date of this Agreement or such other date as the Managing Underwriter may extend;
- d) the issue of the Public Issue Shares having been approved by the shareholders of the Company in an extraordinary general meeting;
- e) all approvals of the SC, FIC and other relevant authorities (if any) in connection with the Public Issue and/or the Listing remain in full force and effect on the Closing Date or the Managing Underwriter being reasonably satisfied that the same will be in force on the Closing Date and the Managing Underwriter being reasonably satisfied that all conditions of the same (to the extent that can be complied with prior to the Closing Date) have been complied with;
- f) the issuance of and subscription for the Public Issue Shares pursuant to and in accordance with the provisions of this Agreement and in the Prospectus not being prohibited by any statute, order, rule, regulation, directive or

2. PARTICULARS OF THE IPO (Cont'd)

- guideline (whether or not having the force of law) promulgated or issued by any agency, legislative, executive or regulatory body or authority of Malaysia (including without limitation, the SC and Bursa Securities);
- g) the Underwriters having been satisfied that arrangements have been made by the Company to ensure payment of all expenses payable pursuant to Clause 8 of this Agreement;
- h) the delivery to the Managing Underwriter:-
- i) prior to the date of issuance of the Prospectus, of a certified true copy by an authorised officer of the Company of all the resolutions of the directors of the Company and the shareholders in general meeting approving this Agreement, the Prospectus, the IPO and authorising the execution of this Agreement and the issuance of the Prospectus;
 - ii) on the Closing Date, of a certificate in the form or substantially in the form contained in Schedule 3 dated on the Closing Date signed by the duly authorised officer of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence of any event which makes any of the representations and warranties referred to in Clause 4 of the Agreement being untrue or incorrect in any material adverse respect as at the Closing Date; and
 - iii) the delivery to the Managing Underwriter on the Closing Date or Extended Closing Date of such reports and confirmations from the board of directors of the Company as the Managing Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of this Agreement that will adversely affect the performance or financial position of the Company or its subsidiaries.

Clause 3.2 Non fulfilment of any of the conditions precedent

If any of the conditions set forth in Clause 3.1 are not satisfied on or before the Closing Date or the Extended Closing Date, as the case may be, the Underwriters shall, subject as mentioned in this Clause 3.2, be entitled to forthwith terminate this Agreement by giving notice in writing to the Company and the Managing Underwriter (or in the case where the Underwriter is also the Managing Underwriter, by giving notice to the Company only) whereupon the following shall take place within 72 hours of the receipt of such notice:-

- a) the Company shall pay the Underwriting Commission to each of the Underwriters; and
- b) each party shall return all other monies (in the case of the Underwriters, after deducting the Underwriting Commission due and owing to the Underwriters under this Agreement) paid to the other under this Agreement (except for monies paid by the Company for the payment of the expenses as provided in this Agreement),

and thereafter, this Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches provided that any of the Underwriters may at its discretion with respect only to its own obligations waive compliance with any of the provisions of 3.1.

2. PARTICULARS OF THE IPO (Cont'd)

Clause 6 Termination/Lapse of Agreement

- 6.1 Notwithstanding anything herein contained, the Underwriters may by notice in writing to the Company given at any time before the Closing Date or Extended Closing Date, as the case may be, terminate and cancel and withdraw its commitment to underwrite the Underwritten Shares if:-
- a) there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 4 of this Agreement, which, if capable of remedy, is not remedied within such number of days as stipulated in the notice, which shall be not less than fourteen (14) days, after notice of such breach has been given to the Company, which, in the opinion of the Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Public Issue Shares; or
 - b) there is withholding of information of a material nature from the Underwriters, which is required to be disclosed pursuant to this Agreement which, if capable of remedy, is not remedied within such number of days as stipulated in the notice after notice of such breach shall be given to the Company, which, in the opinion of the Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Public Issue Shares; or
 - c) there is a failure on the part of the Company to perform any of its material obligations herein contained; or
 - d) in the opinion of the Managing Underwriter, there shall have occurred, or happened any material and adverse change in the business or financial condition of the Company.
- 6.2 Upon any such notice(s) being given pursuant to Clause 6.1, the Underwriters shall be released and discharged from their obligations hereunder whereupon this Agreement shall be of no further force or effect and no party shall be under any liability to any other in respect of this Agreement, save and except that the Company shall remain liable for the payment of the Underwriting Commission and in respect of its obligation and liabilities under Clause 8 without limitation for the payment of costs and expenses already incurred prior to or in connection with such termination and for the payment of any taxes, duties or levies, and for any antecedent breach.
- 6.3 The obligations of the Underwriters herein shall lapse after the expiry of three (3) months from the date of this Agreement unless the Underwriter(s) has consented to an extension of time beyond such period.

Clause 8 Costs and expenses

- 8.1 The Company shall bear and pay all costs, charges and expenses of and incidental to the Listing and all costs, charges and expenses relating to the Public Issue Shares (including the Underwriting Commission), the issue and allotment of the Public Issue Shares to the successful applicants thereof (including, if applicable, the Underwritten Shares or any part thereof to the Underwriter or their nominee(s) including but without limitation, to (i) the costs, charges and expenses incurred in the transfer and registration of the Public Issue Shares, (ii) the charges payable to the Depository, and (iii) the stamp costs, if any, incurred thereof). Each Party shall bear its own costs, charges and expenses that may be incurred in connection with the negotiation and execution of this Agreement (including the solicitors' costs).

2. PARTICULARS OF THE IPO (Cont'd)

- 8.2 All costs and expenses referred to herein shall be payable notwithstanding that all or any Underwriters are released or discharged pursuant to the terms of this Agreement or that the conditions precedent specified in Clause 3 are not satisfied or in the event of termination as specified in Clause 6 of this Agreement.

Clause 10 Extension of Closing Date

Any extension of the Closing Date shall require the prior approval of the each of the Underwriters, which shall not be unreasonably withheld, who may agree to the same subject to the payment by the Company of all costs, charges and expenses of and incidental to the extension of the Closing Date (if any) as shall be payable to each of the Underwriters. If the Parties agree to extend the Closing Date, this Agreement shall be correspondingly extended.

Clause 12 Force Majeure

Notwithstanding anything herein contained the Underwriters may (subject to the agreement of the Managing Underwriter) at any time before the Closing Date be entitled to terminate their obligations under this Agreement with a notice in writing delivered to the Company on the occurrence of all or any of the matters stated in this Clause 12 before the Closing Date if the success of the IPO is, in the opinion of the Managing Underwriter (whose opinion is final and binding), seriously jeopardised by:-

- a) any Government requisition or other occurrence of any nature whatsoever which in the opinion of the Managing Underwriter (whose opinion is final and binding) seriously affects or will seriously affect the business and/or financial position of the Company; or
- b) any change or any development involving a prospective change in national or international monetary, financial, political or economic conditions or in market condition (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regards to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or exchange control legislation or regulations or currency exchange rates as would in the reasonable opinion of the Managing Underwriter prejudice materially the success of the IPO and its distribution or sale (whether in the primary or in respect of dealings on the secondary market); or
- c) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, which in the opinion of the Managing Underwriter (whose opinion is final and binding) has or is likely to have a material adverse effect on the condition, financial or otherwise, or the earnings, business affairs or business prospects (whether or not arising in the ordinary course of business) of the Company; or
- d) any event or series of events beyond the reasonable control of the Company or the Managing Underwriter (including without limitation national disorder, outbreak of war, the declaration of a state of national emergency, acts of government, strikes, lockouts, fire, explosion, flooding, civil commotion, acts of war, sabotage, acts of God or accidents) which has or is likely to have the effect of making any material part of this Agreement incapable of performance with its terms or which prevents the processing of application, crediting of accounts and/or payments pursuant to the IPO or pursuant to the underwriting hereof; or

2. PARTICULARS OF THE IPO (Cont'd)

- e) the imposition of any moratorium, suspension or material restriction on trading in securities generally in Bursa Securities due to exceptional financial circumstances or otherwise.

On delivery of such a notice by the Managing Underwriter to the Company and confirmation of such a notice by facsimile or by hand, this Agreement shall be terminated and the obligations of the Underwriters under this Agreement shall be discharged accordingly. In the event of any such termination under this Clause 12, the Company shall remain liable for the payment of the Underwriting Commission and shall further bear all costs and expenses incurred under this Agreement including but not limited to those stated in Clause 8 of this Agreement.

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3. RISK FACTORS

In evaluating an investment in the IPO Shares, prospective applicants should carefully consider all information contained in this Prospectus including but not limited to the general and specific risks of the following investment considerations:-

(a) Business Risks

The KeyWest Group is subject to certain general risks inherent to the telecommunications industry. These may include introduction of alternative technologies, shortage in skilled workforce, increase in cost of workforce and operating cost, disruption in continued supply of electricity, network disruption in respect of the provision of telecommunication services, adverse changes in general economic, business and credit conditions and adverse changes in government regulations and policies.

The Group has taken steps to mitigate the risks through continuous effort to maintain and source for quality telecommunication professionals and experts, effective network operation and management via a 24x7 NOC as well as reliable network equipment and system. The Group also tracks and embraces new technology to continuously improve its products and services to meet customers' demand and expectations.

However, no assurance can be given that the operation of the KeyWest Group will not be adversely affected by these risks should they eventuate.

(b) New Investment Activity Risks

If the appropriate opportunities present themselves, the Group may acquire businesses, products or technologies or enter into synergistic joint ventures that the Group believes will be in the interest of its shareholders.

There can be no assurance that the Group will be able to successfully identify, negotiate or finance such acquisitions and joint ventures, or to integrate such acquisitions and joint ventures with its current business. Acquisitions and joint ventures may cause the Group to seek additional capital, which may or may not be available on satisfactory terms. The Group plans to mitigate this risk, together with other possible ventures risks in the future by exercising due care in the evaluation of such ventures. Nevertheless, there can be no assurance that such ventures, if any, will yield positive returns to the Group.

(c) New Products and Services

The markets for the Group's products and services are characterised by rapid technological developments, evolving industry standards, swift changes in customer requirements, and frequent new product introductions and enhancements. The Group's future performance depends substantially upon its ability to continuously fulfil the expectations of its clients and end-users as they look for higher quality and value-added products and services at the most competitive prices. The Group is currently focusing on developing numerous network products and services directed at Telcos, corporate and individual consumers such as international local access service, international toll free service, V-POP, V-IP and many others.

However, there can be no assurance that the KeyWest Group's products and services offerings will gain widespread commercial acceptance or that the adoption of such products and services will continue to result in profitable operations.

3. RISK FACTORS (Cont'd)

(d) Time-to-Market

The timely development of new or enhanced products and services is a complex and uncertain process. Although the Group believes that it will have the funding to implement its business plan, there can be no assurance that the Group will continue to have sufficient resources to successfully and accurately anticipate technological and market trends, or to successfully manage long development cycles. The Group may also experience design, marketing and other difficulties that could delay or prevent the development, introduction or marketing of its products and services, as well as new products and services and enhancements. The Group may also be required to incorporate new technology to develop products and services and may not be able to do so on a timely and cost-effective basis, if at all.

If the Group is not able to develop new products and services or enhancements to its existing products and services on a timely and cost-effective basis, or if one or more of the Group's competitors introduce products and services that better address customer needs or for any reason first gain market share, the Group's business, operating results and financial position will be adversely affected.

(e) Industry Life-Cycle

2004 is a year where the winds of change for the better of the global telecommunications market came around.

Based on IDC's Telecom Black Book (v4 2004), which tracks worldwide telecommunications spending, the market in 2004 was USD1,074 billion. Fixed voice revenue still accounts for the majority of the market. Growth is strongest in wireless and IP data services, with these markets making up a growing portion of the overall market during 2003 – 2008.

(Source: IDC Market Research Report)

Nonetheless, there can be no assurance that the above factors will not change and adversely affect the performance of the Group.

(f) Dependence on Major Suppliers

For the year ended 31 January 2005, as mentioned in Section 4.6, 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 developed strong relationships with these Telcos.

Nevertheless, there is no certainty that the Group can continue to maintain its wide network of Telcos for the supply of long distance minutes.

(g) Dependence on Major Customers

For the financial year ended 31 January 2005, out of more than 100 Telco customers, 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.

3. RISK FACTORS (Cont'd)

There is no assurance that the risk will not continue and that it will not materially affect the business of the Group.

(h) Agreements with Telcos

The KeyWest Group currently has agreements with other Telcos such as AT&T, MCI, Teleglobe, DiGi, Singtel, Phillipine Long Distance Telephone Company, Maxis, Celcom and many others. The agreements provide for automatic renewal unless otherwise terminated within the termination provisions. There can be no assurance that these agreements will not be terminated. As mentioned in risks (f) and (g), the KeyWest Group is not solely dependent on any major suppliers or customers, since the Group has entered into agreements with a wide network of Telcos.

(i) Dependence on Particular Markets and Geographical Locations

Presently, the Group's primary market is the USA. In addition, it also has operations in other countries including Malaysia, Canada, Hong Kong and Australia.

Under its proposed expansion plan, the KeyWest Group will increase its operations in North America and move into new countries in Asia and Europe.

Should any market in which the Group has operations experience a downturn, no assurance can be given that the Group itself will not suffer a reduction in its turnover and overall profitability.

(j) Foreign Operations / Currency Risk

The Group has international operations and currently operates in five different countries. Under its proposed expansion plan, the Group expects to expand into other countries. Accordingly, the operations of KeyWest will be subjected to the policies on foreign investment of the respective foreign countries. In addition, the ability of KeyWest's foreign subsidiary companies to repatriate the profits arising from KeyWest's investment abroad will largely depend on the relevant legislation relating to the repatriation of profits prevailing at the point of repatriation. There can be no assurance that any change in the policies of the foreign governments with respect to foreign investment and repatriation of profits will not materially and adversely affect the rights and/or performance of KeyWest with respect to its investment abroad. The experts' report pertaining to policies on foreign investments and repatriation of profits are set out in Section 13 of this Prospectus.

The Group is also subject to additional risks including political/country risks, changes in the regulatory requirements, adverse economic conditions, foreign exchange controls, and other adverse business conditions in the various countries.

Under its present operation, the Group faces exposure to foreign currency fluctuations. In terms of its wholesale operation, the Group is mitigated from foreign exchange risks as the settlement for the long distance minutes and the bulk of its costs are both in USD. The revenue from its retail business is earned mainly in CAD whilst the Group's costs are incurred substantially in USD. The Group constantly monitors foreign exchange exposure and adjusts its pricing accordingly.

However, there is no assurance that any fluctuation in the exchange rates will not adversely affect the KeyWest Group.

3. RISK FACTORS (Cont'd)

(k) Dependence on Key Personnel

The Group is headed by a dedicated and dynamic management team and board of directors with almost all of its key personnel having been in the industry for more than 10 years. They are experienced and possess relevant knowledge and skills to continue identifying and managing the right business opportunities, which can provide synergy and growth to the Group.

The Group believes that its continued success will depend to a significant extent upon the abilities and continued efforts of its existing board of directors and key management as well as its technical, marketing and sales personnel. There is no assurance that the Group will be able to retain the services of its current personnel or procure additional or replacement personnel with the requisite experience and capabilities, and failure to do so may have an adverse effect on the Group's business and operation.

As a mitigating factor, the Group will strive to continue attracting and retaining skilled personnel to support its business operation and has made efforts to train its staff. The Group believes that by increasing its profile through the listing of KeyWest on the MESDAQ Market, the Group will be able to attract suitably qualified personnel to play an active role in the growth of the Group. Also, the Group currently enjoys a cordial relationship with its employees and they do not belong to any trade union.

(l) Dependence on Protection of Intellectual Property

The Group owns intellectual property and proprietary rights in its pre- and post-paid telephony software, network management software as well as telephony business management software. 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 also takes precautions to limit access to its proprietary know-how and source codes in order to protect the concepts, software and system relating to its proprietary technology. However, there can be no assurance that the Group will be able to protect its proprietary rights against unauthorised third party copying, use or exploitation, any of which could have a material adverse effect on the Group's business, operating results and financial position.

The Group's success depends to a certain extent on its ability to maintain and continue developing its network and system. Third parties may challenge or dispute the Group's intellectual property rights in terms of, amongst others, title and third party intellectual property rights infringement and the Group could incur substantial costs in defending or prosecuting any claims relating to its intellectual property rights. Issues relating to intellectual property rights can be complicated and there can be no assurance that disputes will not arise or that any disputes in relation to the Group's intellectual property will be resolved in the Group's favour. Moreover, any such disputes could be time consuming, cause delays in introducing new or improved products and services or require that the Group discontinue using the challenged technology, and could have a material adverse effect on the Group's reputation, business, operating results and financial position.

3. RISK FACTORS (Cont'd)

(m) Force Majeure Events and Other Emergencies

The Group's daily operations may be affected by events of emergency such as explosion, fire, flooding, energy crisis, war or acts of God. The Group invested in disaster recovery plans such as fire protection systems; off-site backups with review and validation processes and a duplicate copy of critical applications and data is kept at a secure location. In addition, a simulation test on the data and critical applications restoration is carried out on a pre-scheduled basis to ensure that back-up data is validated and useable.

Furthermore, the Group's global infrastructure encompasses POPs, network exchange facilities, and IP network, which are located in several countries. Currently its NOC is in Richmond, Canada. The Group is in the process of setting up its Malaysian NOC. When its NOC in Malaysia is fully operational, its Canadian NOC will be maintained as a secondary centre.

However, there can no assurance that the occurrence of emergency events will not result in an adverse impact on the Group's operation.

(n) Insurance Coverage on Assets

The Group is aware of the adverse consequences arising from inadequate insurance coverage that could hinder its business operation. In ensuring such risks are kept at a minimum, the Group reviews and ensures adequate coverage for its assets on a continuous basis.

Presently, KNI has an insurance policy in place with Lloyd's through Metrotown Insurance Services Ltd. which insures against loss of property; owners', landlords', and tenants' liability and tenants' legal liability in two locations. The coverage limits are CAD50,000 and CAD20,000 for property loss in 5811 Cooney Road, 4th Floor, Richmond, BC V6X 3M1 (as "location 1") and 2100-555 West Hastings Street, Vancouver BC V6B 4N6 (as "location 2") respectively, CAD2,000,000 for owners', landlords' and tenants' liability (includes bodily injury and property damage) in both locations and CAD250,000 and CAD10,000 in location 1 and location 2 respectively for tenants' legal liability. The policy was renewed for one year on 2 July 2005 which will expire on 2 July 2006 and will continue to be renewed annually.

The Group is in the midst of securing the necessary insurance coverage on assets in other locations.

(o) Rapid Technological Change

The telecommunication industry is characterised by rapid technological developments. Presently, the KeyWest Group provides international long distance utilising traditional as well as some VoIP.

In order to keep up with the constantly evolving technologies, the KeyWest Group understands and emphasises the need to continuously develop its network as well as products and services. In this regard, the in-house R&D team has been set up on the onset to carry out these tasks as described in Section 4.2.14. As technologies and market matures, the KeyWest Group intends to introduce new services using IP. Such services may include virtual private networks, Centrex services, telecommuting solutions, and multimedia collaboration and conferencing.

If the Group is not able to improve its network or develop new product and services to keep up with the technological changes in a timely and cost-effective manner, the Group's business, operating results and financial condition will be adversely affected.

3. RISK FACTORS (Cont'd)

(p) Competitive Risks

The KeyWest Group operates in competitive markets which can be significantly influenced by the marketing and pricing decisions of all industry participants. The Group's competition includes many of the major Telcos who possess greater financial resources than the KeyWest Group.

In mitigation, the Group by virtue of owning a global network, is able to provide high-quality network products and services at competitive prices. The Group has also established credibility in the market and built strong relationships with its existing customers.

Nonetheless, there can be no assurance that the Group's competitors will not be more competitive than the Group and that the Group will be able to maintain and/or expand its market share in its existing and potential operations and markets. The occurrence of these events will have material adverse impact on the Group's business.

(q) Control by Promoters

After the IPO, the Promoters, as set out in Section 5.1 will collectively control 53.8% of KeyWest's enlarged issued and paid up capital. As a result, these Promoters will be able to exercise some extent of influence on the outcome of certain matters requiring the vote of the Company's shareholders unless they are required to abstain from voting by law, covenants and/or by the relevant authorities.

As a step towards good corporate governance, the Group has appointed independent directors and put in place an audit committee to ensure that all future transactions involving related parties, if any, are entered into on arms-length terms.

(r) Government Control or Regulation Considerations

The KeyWest Group is operating in several countries and is thus subject to the telecommunication as well as Internet regulations in the respective countries. Presently it has secured the appropriate licences for its existing operations as specified in Sections 1.3 and 4.2.5. The Group will ensure that it will procure the necessary licences under the relevant jurisdiction for its proposed expansion plan.

International telecommunications is a rapidly developing industry with emerging technology and, as such, governments around the world are frequently looking into new laws, rules and regulations to regulate the industry. Moreover, future legislation and regulations could be imposed in the industry at any time causing additional expenses, capital expenditures, restrictions and delays in, or perhaps severe impact on, the commencement or continuation of the KeyWest Group's proposed business plans.

In most jurisdictions, the laws governing activities over the Internet are still being developed. In particular, in many jurisdictions, the extent to which traditional (non-Internet) laws apply to Internet activities are still uncertain. Until case law develops, the application of the law to the Internet is, to some extent, speculative. In addition, many jurisdictions have adopted, or are in the process of adopting, new laws to regulate activities over the Internet.

The extent to which future legislation and/or regulations might affect the Group cannot be predicted and there is no assurance that the KeyWest Group's profitability and its future business operations will not be adversely affected.

3. RISK FACTORS (Cont'd)

(s) Security and Systems Disruptions

The success of the Group's business will depend on the continuous development and enhancement of its network infrastructure. The KeyWest network may experience outages arising from damage or failure at any part of its infrastructure. These outages could frustrate customers using the Group's products and services, which could curtail future use of the same and adversely affect the revenue of the Group.

Although KeyWest has implemented security measures, such measures could be circumvented in the future. Rectifying problems caused by computer viruses or other inappropriate uses or security breaches may require interruptions, delays or cessation in service to Group's customers as well as may be prohibitively expensive, which could have a material adverse effect on KeyWest's business, financial condition position and results of operations.

(t) Material Litigation/Legal Uncertainties

The Group's agreements with its customers typically contain provisions designed to limit the Group's exposure to potential product / service liability claims. To date, the Group has not experienced any material product / service liability claims. It is possible, however, that the limitation of liability provisions contained in the Group's customer agreements may not be effective as a result of existing or future laws or unfavourable judicial decisions. As the Group has not purchased any product liability insurance, there is a risk that the Group's interests will not be adequately protected in the event of litigation.

As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), the Group is not engaged either as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of the Group.

(u) Financial Risks

Borrowings

Save as disclosed in Section 1.10 and Section 8.4, as at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), the Group has no other borrowings in the form of term loans, trust receipts, letters of credit, banker's acceptance and hire-purchase financing. As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), the Group has utilised its Bank Guarantee facility in the amount of USD30,000 and has outstanding borrowings of USD10,000.

The Group's working capital requirements are met mainly from internally generated funds and shareholders' advances. Given that the Group may incur borrowings in the form of overdraft/trade facilities or other facilities and the payment of the facilities is dependent on interest rate, future fluctuations of the interest rate can have material effects on the Group's financial position.

Material Commitments

As at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), there are no material commitments for capital expenditure incurred or known to be incurred by the Group, which may have a substantial impact on the financial position of the Group.

Nonetheless, there can be no assurance that the Group will not have any material commitments in the future.

3. RISK FACTORS (Cont'd)

(v) Uncertainty in the Proposed 5-Year Business Development Plan

Under its expansion plans, the Group is looking to offer its range of services in new markets within Asia and Europe.

The Group's proposed future plan and prospects will be dependent upon, among other things, the Group's ability to enter into strategic marketing or other arrangements on a timely basis and on favourable terms; hire and retain skilled management as well as financial, technical, marketing and other personnel; successfully manage growth (including monitoring operations, controlling costs and maintaining effective quality and service controls); and obtain adequate financing as and when needed. As a mitigating factor, the Group has a management team with wide-ranging experience in the industry. Nevertheless, there can be no assurance that the Group will be able to successfully implement its business plan or that unanticipated expenses or problems or technical difficulties will not occur which would result in material delays in its implementation or even deviation from its original plans. In addition, the actual results may deviate from the business plan due to rapid technological changes, market as well as competitive pressures.

(w) Disclosure Regarding Forward-Looking Statements

Certain statements in this Prospectus are based on historical data, which may not be reflective of the future results, and any forward-looking statements in nature are subject to uncertainties and contingencies. All forward-looking statements are based on forecasts and assumptions made by the KeyWest Group, and although believed to be reasonable, are subject to unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements express or implied in such forward-looking statements. Such factors include, inter-alia, general economic and business conditions, competition and the impact of new laws and regulations affecting the Group. In light of these and other uncertainties, the inclusion of any forward-looking statements in this Prospectus should not be regarded as a representation of the Company or its adviser that the plans and objectives of the Group will be achieved.

(x) Additional Financing Requirements

The net proceeds of the Rights Issue and the Public Issue, together with the cash flow from its operations will, in the opinion of the directors of the Group, be sufficient to meet the Group's projected capital, working capital and other cash requirements in the immediate future. However, additional capital will be required subsequently to fund future network development and other costs. No assurance can be given that additional financing will be available or that such financing will be obtainable on terms favourable to the Group. The Company's shareholders could potentially be faced with a dilution of their shareholdings should there be an offer of additional equity or other forms of convertible securities to prospective shareholders of the Company.

(y) Related Party Transactions/ Conflict of Interest

Save as disclosed in Section 7, as at 30 June 2005 (being the latest practicable date prior to the issuance of this Prospectus), there are no other related-party transactions involving the directors and substantial shareholders and/or persons connected with the directors or substantial shareholders of KeyWest.

None of the Promoters, directors and/or substantial shareholders of KeyWest have interests in a company carrying on similar businesses as the Group. To mitigate any potential conflict of interest, the Promoters, directors and substantial shareholders will ensure that they will not be involved in any new business in the future, which will give rise to competition / conflict with the current business of the Group.

3. RISK FACTORS (Cont'd)

(z) No Prior Market for KeyWest's Shares and Possible Volatility of the Share Price

Prior to this Public Issue, there has been no public market for KeyWest's shares. There can be no assurance that an active market for KeyWest's shares will develop and continue to develop upon or subsequent to its listing on the MESDAQ Market or, if developed, that such a market will be sustained.

The Issue Price was arrived at based upon several factors and may not be an indication of the market price of the Shares after the Public Issue. There can be no assurance that the Issue Price will correspond to the price at which KeyWest's shares will trade on the MESDAQ Market upon or subsequent to its listing. The Group believes that a variety of factors could cause the price of the Shares to fluctuate, including sales of substantial amounts of Shares in the public market in the immediate future; announcements of developments relating to the Group's business; fluctuations in the Group's operating results and sales levels; general industry conditions or the world-wide economy.

(aa) Failure/Delay In The Listing

The success of the listing exercise is also exposed to the risk that it may fail or be delayed should any of the following event occurs:

- (i) The eligible directors, employees as well as business associates of the Group fail to subscribe the IPO Shares allocated to them;
- (ii) The placees under the private placement fail to subscribe the IPO Shares allocated to them; and
- (iii) KeyWest is unable to meet the public spread requirements i.e. at least 25% of the issued and paid-up capital of KeyWest must be held by a minimum of 200 public shareholders holding no less than 100 ordinary shares in KeyWest each.

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