

PROSPECTUS



NEXTNATION

NEXTNATION COMMUNICATION BERHAD

(Company No.: 660055-H)

(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE OF 32,000,000 NEW ORDINARY SHARES OF RM0.10 EACH IN NEXTNATION COMMUNICATION BERHAD ("NEXTNATION") AT AN ISSUE PRICE OF RM0.78 PER ORDINARY SHARE COMPRISING:-

- 4,800,000 NEW ORDINARY SHARES OF RM0.10 EACH FOR APPLICATION BY THE ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES OF NEXTNATION AND ITS SUBSIDIARIES;
- 24,000,000 NEW ORDINARY SHARES OF RM0.10 EACH BY WAY OF PRIVATE PLACEMENT TO THE IDENTIFIED INVESTORS; AND
- 3,200,000 NEW ORDINARY SHARES OF RM0.10 EACH FOR APPLICATION BY THE PUBLIC

AND

BONUS ISSUE OF 126,000,000 NEW ORDINARY SHARES OF RM0.10 EACH IN NEXTNATION TO BE CREDITED AS FULLY PAID-UP TO ALL SHAREHOLDERS OF NEXTNATION ON THE BASIS OF ONE (1) NEW ORDINARY SHARE OF RM0.10 EACH FOR EVERY ONE (1) EXISTING ORDINARY SHARE OF RM0.10 EACH HELD IN NEXTNATION AFTER THE PUBLIC ISSUE

IN CONJUNCTION WITH THE LISTING OF NEXTNATION ON THE MESDAQ MARKET OF BURSA MALAYSIA SECURITIES BERHAD

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" IN SECTION 4 HEREIN

WWW.NEXTNATIONNET.COM

Adviser, Sponsor, Underwriter and Placement Agent

 **AFFINMERCHANT BANK**
AFFIN MERCHANT BANK BERHAD (9999-V)

Underwriters



MIDF SISMA SECURITIES SDN BHD
(423833-U)



AFFIN SECURITIES
AFFIN SECURITIES SDN BHD (431338-P)

THIS PROSPECTUS IS DATED 9 AUGUST 2005

This Prospectus has been seen and approved by the Directors and Promoters of Nextnation Communication Berhad ("Nextnation" or "Company") and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.

Affin Merchant Bank Berhad, being the Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Public Issue (as defined herein).

The Securities Commission ("SC") has approved the Public Issue and the approval shall not be taken to indicate that the SC recommends the Public Issue.

The SC and Bursa Malaysia Securities Berhad ("Bursa Securities") shall not be liable for any non-disclosure on the part of Nextnation and its subsidiaries ("Nextnation Group") and take no responsibility for the contents of this Prospectus, 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. Admission to the Official List of the MESDAQ Market of Bursa Securities is not to be taken as an indication of the merits of the Public Issue, Nextnation Group or of its securities. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, THE 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.**

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus, together with the form of application, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Characteristics of the MESDAQ Market of Bursa Securities:-

Investors should be aware that the MESDAQ Market of Bursa Securities is a distinct market from the Main and Second Boards of Bursa Securities in many respects. In particular, companies listed on the MESDAQ Market of Bursa Securities are subject to different quantitative and qualitative requirements, which have been primarily designed to accommodate high-growth and/or technology companies. Companies that are listed on the MESDAQ Market of Bursa Securities may not have an operating history or any profit track record prior to listing. As such, whilst potential investment returns may be relatively high, companies listed on the MESDAQ Market of Bursa Securities may be of higher investment risk. The regulatory philosophy underlying the MESDAQ Market of Bursa Securities is that the market should be allowed to determine the merits of the securities/instruments in a particular company. Hence, as with all investments, prospective investors should be aware of all potential risks in investing in such companies and should make the decision to invest after due and careful consideration by referring to, amongst others, this Prospectus, latest financial statements and corporate announcements. In this respect, advice from a securities professional/adviser is strongly recommended.

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any of the persons set out in Section 45 of the Securities Commission Act 1993, e.g. directors and advisers, are responsible.

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com.

The contents of an Electronic Prospectus (as defined herein) are as per the contents of the copy of this Prospectus registered by the SC. A copy of this Prospectus so registered is available on the website of CIMB Securities Sdn Bhd at www.eipocimb.com and Malayan Banking Berhad at www.maybank2u.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com).

The applicant is advised that the Internet (as defined herein) is not a fully secure medium, and that an Internet share application is subject to the risks of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institution (as defined herein), which risks cannot be borne by the Internet Participating Financial Institution. Any applicant in doubt concerning the validity or integrity of an Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, the Adviser or the Issuing House. In the event of any discrepancies arising between the contents of an Electronic Prospectus and the contents of the paper/printed copy of this Prospectus for any reason whatsoever, the contents of the paper/printed copy of this Prospectus which are identical to the copy of the prospectus registered with the SC shall prevail.

In respect of any reference in this Prospectus to third party Internet sites (such Internet sites are hereinafter referred to as "Third Party Internet Sites"), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, the applicant acknowledges and agrees that:-

- (i) The Company does not endorse and is not affiliated in any way with the Third Party Internet Site referred to in this Prospectus and is not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites, and that the applicant bears all risks associated with the access to or use of the Third Party Internet Sites;
- (ii) The Company is not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of the applicant's agreements in connection with the Third Party Internet Sites, if any, and any loss or damage or costs that the applicant may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites and the use of or reliance on any data, information, files or other material provided thereon; and
- (iii) Any data, information, files or other material downloaded from the Third Party Internet Sites is done at the applicant's own discretion and risk. The Company shall bear no responsibility, liability or obligation whatsoever in respect of any damage to the applicant's computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institution, applicants are advised that:-

- (i) The liability of the Internet Participating Financial Institution in respect of the integrity of the contents of an Electronic Prospectus is only to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institution which may be viewed via the applicant's web browser or other relevant software. The Internet Participating Financial Institution shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institution and thereafter communicated or disseminated in any manner to applicants or other parties.
- (ii) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the Internet is not a fully secure medium.

The Internet Participating Financial Institution shall not be subject to any liability whatsoever (whether in tort or contract or otherwise) for any loss, damage or costs whatsoever suffered or incurred by an applicant or any other person due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on an applicant's or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institution, and/or problems occurring during data transmission; which may result in inaccurate or incomplete copies of information being downloaded or displayed on an applicant's personal computer.

TENTATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for Nextnation's entire enlarged issued and paid-up share capital on the MESDAQ Market of Bursa Securities is set out below:-

EVENT	TENTATIVE TIMETABLE
Opening of application	9 August 2005
Closing of application	16 August 2005
Tentative balloting date	18 August 2005
Tentative date of despatch of notices of allotment to successful applicants	25 August 2005
Tentative listing date	26 August 2005

Note:-

This timetable is tentative and is subject to changes which may be necessary to facilitate implementation procedures. The application for the Public Issue will open and close at the time and date as stated above or such later date as the Directors of Nextnation together with the Underwriters may in their absolute discretion mutually decide.

In the event that the Directors of Nextnation and the Underwriters decide to extend the closing date of the application, the notice of extension will be advertised in widely circulated daily newspapers within Malaysia, comprising one (1) Bahasa Malaysia and one (1) English newspapers, prior to the original closing date of the application. Following this, the dates for the balloting, despatch of notices of allotment and listing of and quotation for the entire issued and paid-up share capital of Nextnation on the MESDAQ Market of Bursa Securities would be extended accordingly.

Late applications will not be accepted.

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DEFINITIONS

Except where the context requires otherwise, words and expressions below shall apply throughout this Prospectus:-

“Act”	:	Companies Act 1965, of Malaysia as amended from time to time and any re-enactment thereof for the time being in force made thereunder
“Acquisition of NN”	:	Acquisition by Nextnation of 3,000,000 ordinary shares of RM1.00 each in NN, representing the entire equity interest in NN, from the shareholders of NN for a purchase consideration of RM9,399,998 satisfied by the issuance of 9,399,998 ordinary shares of RM1.00 each in Nextnation
“ADA”	:	Authorised Depository Agent
“ADA Code”	:	ADA (Broker) Code
“Affin Merchant” or “Sponsor” or “Placement Agent”	:	Affin Merchant Bank Berhad (Company No. 9999-V)
“ATM”	:	Automated Teller Machine
“Application”	:	Application for the Public Issue Shares by way of Application Form, Electronic Share Application or Internet Share Application
“Application Form”	:	Application for the Public Issue Shares by way of a printed application form
“Affin Securities”	:	Affin Securities Sdn Bhd (Company No. 431338-P)
“Authorised Financial Institutions”	:	The authorised financial institutions participating in the Internet Share Application, with respect to payments for the Public Issue
“Baht”	:	Thailand Baht
“Board” or “Board of Directors”	:	Directors of the Company as at the date of this Prospectus
“Bonus Issue”	:	The bonus issue of 126,000,000 new Nextnation Shares to be issued to the existing shareholders of Nextnation on the basis of one (1) new Nextnation Share for every one (1) existing Nextnation Share held after the Public Issue
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
“Bursa Securities” or “Exchange”	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
“CAGR”	:	Compounded annual growth rate
“CDS”	:	Central Depository System
“Celcom”	:	Celcom (M) Berhad (Company No. 167469-A)
“Celcos”	:	Generic name given to companies or organisations that provide the telecommunications service to customer
“Central Depositories Act”	:	Securities Industry (Central Depositories) Act 1991, or any statutory modification, amendment or re-enactment thereof for the time being in force made thereunder
“Confirmation Screen”	:	The Confirmation Screen referred to in Section 17.9 (i) of this Prospectus
“CW”	:	Code Wireless Pte Ltd (Company No. 200412398H)
“DiGi”	:	DiGi Telecommunications Sdn Bhd (Company No. 201283-M)
“DM”	:	Dubaitech Marketing Sdn Bhd (Company No. 667617-P)
“DP”	:	Divamas Promotions Sdn Bhd (Company No. 669496-M)
“EBIDTA”	:	Earnings before interest, depreciation, taxation and amortisation

DEFINITIONS (Cont'd)

“Electronic Prospectus”	:	A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs or floppy disks
“Electronic Share Application”	:	Application for the Public Issue Shares through a Participating Financial Institution’s ATM (as disclosed in Section 17.7 of this Prospectus)
“EPS”	:	Earnings per share
“GDP”	:	Gross Domestic Products
“GI”	:	Godynamic Investments Limited (International Business Company No. 604393)
“GM”	:	Gang Media Sdn Bhd (Company No. 680124-A)
“ICT”	:	Information and Communication Technology
“IDC”	:	IDC Market Research (M) Sdn Bhd (Company No. 392772-T)
“IDC Report”	:	Independent Market Research Report prepared by IDC dated 9 August 2004
“Internet Participating Financial Institutions”	:	The institutions participating in the Internet Share Applications
“Internet Share Application”	:	The application for the Public Issue Shares through online share application service provided by Internet Participating Financial Institutions
“Issues”	:	The Public Issue and Bonus Issue, collectively
“Issue Price” or “Public Issue Price”	:	Issue price of RM0.78 per Public Issue Share
“IT”	:	Information Technology
“KE”	:	Kotaemas Edaran Sdn Bhd (Company No. 667623-T)
“LAT”	:	Loss after taxation
“Latest Practicable Date”	:	25 July 2005, being the latest practicable date prior to the registration of this Prospectus with the SC
“LBT”	:	Loss before taxation
“Lilo”	:	Lilo Media Sdn Bhd (Company No. 506402-X)
“Listing”	:	The admission and the listing of and quotation for the entire enlarged issued and paid-up share capital of RM25,200,000 comprising 252,000,000 Nextnation Shares on the Official List of the MESDAQ Market
“Listing Requirements”	:	The Listing Requirements of Bursa Securities for the MESDAQ Market
“Macro Kiosk”	:	Macro Kiosk Berhad (Company No. 236716-T)
“Maxis”	:	Malaysian Mobile Services Sdn Bhd (Company No: 73315-V)
“MCMC”	:	Malaysian Communications and Multimedia Commission
“MDC”	:	Multimedia Development Corporation Sdn Bhd (Company No. 389346-D)
“MESDAQ Market”	:	MESDAQ Market of Bursa Securities
“MIDF Sisma Securities”	:	MIDF Sisma Securities Sdn Bhd (Company No. 423833-U)

DEFINITIONS (Cont'd)

“MIH”	:	Malaysian Issuing House Sdn Bhd (Company No. 258345-X)
“MSC”	:	Multimedia Super Corridor
“NC”	:	Nextnation Collections Sdn Bhd (Company No. 646457-A)
“Nextnation” or “Company”	:	Nextnation Communication Berhad (Company No. 660055-H)
“Nextnation Group” or “Group”	:	Nextnation Communication Berhad and its subsidiaries
“NI”	:	Nextnation Interactive Sdn Bhd (<i>formerly known as Trident Magic Sdn Bhd</i>) (Company No. 666886-P)
“NN”	:	Nextnation Network Sdn Bhd (Company No. 511886-H)
“Nextnation Shares” or “Shares”	:	Ordinary shares of RM0.10 each in Nextnation
“NTA”	:	Net tangible assets
“OP”	:	Ozura Pte Ltd (Company No. 200416978R)
“Participating Financial Institutions”	:	Refers to the participating financial institutions for Electronic Share Application as set out in Section 17.8(xv) of this Prospectus
“Partners”	:	Organizations associated with the Nextnation Group as joint principals in carrying on a business or project for the purpose of enjoying a joint profit or revenue
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“PE multiple”	:	Price earnings multiple
“Pink Form Allocation”	:	4,800,000 Public Issue Shares reserved for subscription by the eligible Directors, employees and business associates of the Group
“PO”	:	Pudong Oversea Capital Sdn Bhd (Company No. 667614-V)
“Promoters”	:	Promoters of the Group, namely Tey Por Yee, See Poh Yee, Tey Por Chen and Smart Tower
“Public Issue” or “IPO”	:	Public issue of 32,000,000 new Nextnation Shares at the Issue Price, to the eligible Directors, employees and business associates of the Nextnation Group and the public, subject to the terms and conditions of this Prospectus
“Public Issue Shares”	:	32,000,000 new Nextnation Shares to be issued pursuant to the Public Issue
“R&D”	:	Research and development
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“ROC”	:	Registrar of Companies
“Rules”	:	Rules of Bursa Depository
“SC”	:	Securities Commission
“SGD”	:	Singapore Dollar
“Share Split”	:	Subdivision of the par value of each ordinary share of RM1.00 each to 10 ordinary shares of RM0.10 each
“Smart Tower”	:	Smart Tower Sdn Bhd (Company No. 654508-D)
“Sphinx”	:	Sphinx Episode Sdn Bhd (Company No. 682078-V)
“SW”	:	Siamtouch Wireless Ltd (Company No. 0108654719652)

DEFINITIONS (Cont'd)

“TAFU”	:	Taffu Media Sdn Bhd (Company No. 656838-V)
“Underwriters”	:	Affin Merchant, Affin Securities and MIDF Sisma Securities, collectively
“US”	:	United States of America
“USD”	:	United States Dollar
“USAPE”	:	Usape Nelson Wireless Sdn Bhd (Company No. 656854-U)
“%”	:	Per centum or percentage
“24/7”	:	Twenty-four (24) hours a day and seven (7) days a week

Words importing the singular shall, where applicable, include the plural and vice-versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice-versa. Reference to persons shall include corporation. Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

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DEFINITIONS (Cont'd)**Technical Definitions**

“2G/2.5G”	:	Second Generation Mobile Telecommunication System
“3G”	:	Third Generation Mobile Telecommunication System
“3G Subscriber”	:	A 3G subscriber is defined as one who subscribes to the 3G network
“AI”	:	Artificial Intelligence
“API”	:	Application Programming Interface
“ARPU”	:	Average Revenue Per User
“ASP”	:	Application Service Provider
“CDMA”	:	Code Division Multiple Access
“CSD”	:	Circuit Switch Data. Circuit-switched wireless data transmission for mobile users
“DRM”	:	Digital Rights Management
“EDGE”	:	Enhanced Data Rates for GSM Evolution
“EMS”	:	Enhanced Messaging Service
“GPRS”	:	General Packet Radio Services. It is a new non-voice value added service that allows information to be sent and received across a mobile telephone network. It supplements CSD and SMS
“GSM”	:	Global System for Mobile Communications. One of the leading digital cellular systems, GSM provides amongst others, integrated voicemail, high-speed data, fax paging and SMS capabilities
“Internet”	:	A global mesh of computer networks sharing a common software standard called transmission control protocol/Internet protocol. Its backbones are high-speed fibre trunk lines
“Java”	:	Java is a programming language expressly designed for use in the distributed environment of the Internet
“J2ME”	:	Java 2 Platform, Micro Edition, is a technology that allows programmers to use the Java programming language and related tools to develop programs for mobile wireless information devices such as cellular phones and PDAs. J2ME consists of programming specifications and a special virtual machine, the K Virtual Machine, that allows a J2ME-encoded program to run in the mobile device
“J2EE”	:	Java 2 Platform, Enterprise Edition, defines the standard for developing component-based multitier enterprise applications
“Linux”	:	A version of UNIX that has gained popularity because of its stability as an operating system for hosting web servers. Linux is open source software and is freely available over the Internet
“MMS”	:	Multimedia Messaging Service. It is similar to SMS and EMS, but allows the user to “push” images, videoclips, etc. to MMS enabled mobile phones
“MySQL”	:	MySQL DBMS (Database Management System)
“PDA”	:	Personal Digital Assistant
“SMS”	:	Short Messaging Service

DEFINITIONS (Cont'd)

- “SMS Revenue” : SMS revenue includes all revenue obtained by the mobile operator from the carriage and delivery of billable SMSs. This would only include person-to-person messaging but excludes information SMSs, mobile handset personalization SMSs and picture SMSs. In certain countries, while SMS may appear 'free' or bundled to the consumer, SMS charge is still applied to derive the overall SMS Revenue
- “SMS User” : A SMS user is defined as one who uses the billable SMS services at least once during a particular quarter. Users of 'free'/bundled SMS services will also be included as SMS users provide they use the service at least once during a particular quarter
- “VoIP” : Voice over Internet Protocol
- “WAP” : Wireless Access Protocol. It is a specification for a set of communication protocols to standardise the way that wireless devices, such as cellular telephones and radio transceivers, can be used for Internet access, including e-mail, the World Wide Web, newsgroups and Internet Relay Chat (IRC)
- “WCDMA” : Wideband Code Division Multiple Access

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