
5. INFORMATION ON THE GROUP

5.1 History and Background

Nextnation was incorporated in Malaysia under the Act on 20 July 2004 as an investment holding company. NN is the wholly-owned subsidiary of Nextnation and has been awarded with the MSC status by MDC on 26 May 2004. NN was established to pursue opportunities in the mobile multimedia ASP market with a particular focus on R&D for wireless value-added developer solutions and commercialised enterprise developer solutions with the objective to develop sophisticated and yet easy to use applications for both corporate and consumer markets.

Before the incorporation of NN, Tey Por Yee, See Poh Yee and Tey Por Chen appointed Lilo, which was owned by them, to carry out research, design and development of database management system and system integration activities, which has led to a successful establishment of the software foundation of MINDCEP™ and creation of the first and second generation of MINDCEP™ thereon.

The R&D team of Lilo also carried out the R&D to develop mobile application developer modules that are easy to use, flexible and low cost and thus created SOHOMOBILE™. NN initially launched SOHOMOBILE™ in June 2003 through a third party gateway provider to test the real-time workability, functionality and performance of MINDCEP™ and SOHOMOBILE™. NN has the sole right, title and interest in the results, findings, concepts and system developed. NN now owns the intellectual property of the MINDCEP™ platform and the SOHOMOBILE™ applications and is not dependent on any external service for the development of the platform and applications. It is also not dependent on any external provider with respect to its systems.

The Group's mobile multimedia ASP solutions work hand-in-hand with wireless carriers, developers, owners, providers, aggregators and resellers of content and applications to create more value into the multimedia ASP industry in a mutual beneficial manner. The Group is considered as one of the first web-enabled multi-lingual, multi-network, multiplayer and human interaction text message mobile interactive developer tools in Malaysia.

The first product developed and introduced to the market by the Group in second quarter of 2003 was MINDCEP™ with SOHOMOBILE™, a plug-n-play content and user management developer module which has built-in transparent billing infrastructure.

SOHOMOBILE™ enables:-

- the content/application owners or developers to easily develop their content and applications complying to the Group's platform requirements;
- the content/application owners, developers or providers to distribute their content and applications through the Group's platform; and
- resellers to customize their own web portal to resell mobile content and applications to the end users within a short period of time with minimal cost.

MINDCEP™ is a multimedia platform that enables customised mobile multimedia communications. It has been upgraded with the latest SMSJET™ - messenger API developer module, through which is capable of supplying, installing and custom designing of mobile applications and services. The SMSJET™ enables the software developers and corporate bodies to add "mobility" into their applications.

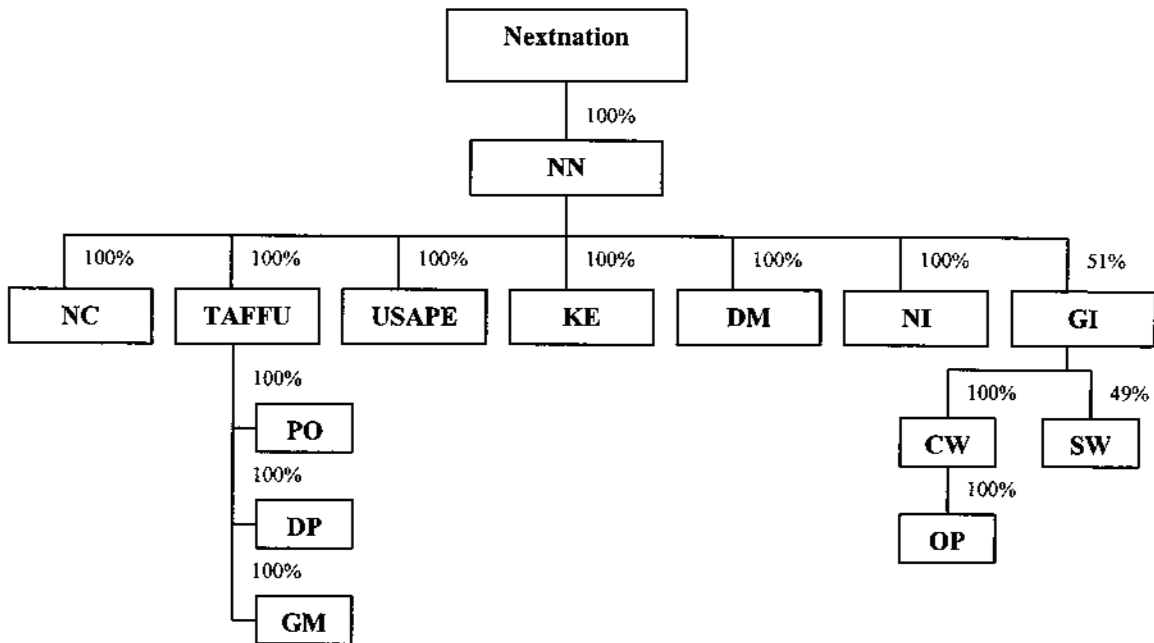
5. INFORMATION ON THE GROUP (Cont'd)

The Group's commercial enterprise developer solutions (mCommerce-Suit) are tailored towards the corporate and enterprise sectors through applications and software developers. The mCommerce-Suit is designed to guide the developers state-of-the-art applications and can be assessed by a wide variety of mobile devices including WAP phones, handheld PDA, symbol scanners, Internet devices, web browsers and micro browsers using dynamic business connectors.

For the Group's overseas business expansion, the Group has established strategic partnerships in Brunei and Indonesia to provide SOHOMOBILE™. The Group also has plans to expand its business to other countries in the Asia Pacific region.

As part of the Group's reorganisation and future expansion plan, the Group has incorporated and/or acquired more subsidiaries.

The Group's current corporate structure is as follows:-



Brief details of Nextnation's subsidiaries and associated company are set out as follows:-

Name of company	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest	Principal activities
<i>Subsidiary of Nextnation</i>				
NN (awarded MSC status on 26 May 2004)	20 April 2000 Malaysia	RM3,000,000	100%	Programming services, software development, Internet consulting and provision of information technology services.
<i>Subsidiaries of NN</i>				
NC	23 March 2004 Malaysia	RM1,000	100%	Development and distribution of retail mobile application solutions.

5. INFORMATION ON THE GROUP (Cont'd)

Name of company	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest	Principal activities
TAFU	22 June 2004 Malaysia	RM100,000	100%	Provision of media advertising, publishing and printing services.
USAPE	22 June 2004 Malaysia	RM2	100%	Content aggregator.
KE	28 September 2004 Malaysia	RM100,000	100%	Content aggregator.
DM	28 September 2004 Malaysia	RM100,000	100%	Content aggregator.
NI	23 September 2004 Malaysia	RM5,000	100%	Provision of business development and strategic partnership activities.
GI	2 July 2004 British Virgin Islands	USD100	51%	Investment holding company for overseas operations.
<i>Subsidiaries of TAFU</i>				
PO	28 September 2004 Malaysia	RM100,000	100%	Provision of media advertising, publishing and printing services.
DP	15 October 2004 Malaysia	RM100,000	100%	Provision of media advertising, publishing and printing services.
GM	31 January 2005 Malaysia	RM30	100%	Advertising and publishing activities.
<i>Subsidiary of GI</i>				
CW	28 September 2004 Singapore	SGD1,000	100%	Mobile application service provider.
<i>Associated company of GI</i>				
SW	1 October 2004 Thailand	100,000 ordinary shares of Baht10 each and 100,000 preference shares of Baht10 each	49%	Mobile application service provider.
<i>Subsidiary of CW</i>				
OP	31 December 2004 Singapore	SGD1,000	100%	Games and content development, aggregation and distribution.

5. INFORMATION ON THE GROUP (Cont'd)

5.2 Share Capital and Changes in Issued and Paid-up Capital

As at the Latest Practicable Date, Nextnation has an authorised share capital of RM200,000,000 comprising 2,000,000,000 ordinary shares of RM0.10 each and its issued and paid-up share capital is RM9,400,000 comprising 94,000,000 ordinary shares of RM0.10 each.

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

Date of allotment	No. of shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
20 July 2004	2	1.00	Subscribers' shares	2
28 April 2005	9,399,998	1.00	Issued pursuant to the Acquisition of NN	9,400,000
29 April 2005	94,000,000	0.10	Share Split	9,400,000

5.3 Listing Exercise

In conjunction with and as an integral part of the Listing, the Group implemented a listing scheme, which involved the following:-

(i) Acquisition of NN

On 6 August 2004, Nextnation entered into a conditional Share Purchase Agreement with Tey Por Yee, See Poh Yee, Tey Por Chen and Smart Tower for the acquisition of the entire issued and paid-up share capital of NN, comprising 3,000,000 ordinary shares of RM1.00 each in NN for a total purchase consideration of RM9,399,998 satisfied by the issuance of 9,399,998 ordinary shares of RM1.00 each in Nextnation at an issue price of RM1.00 each. On 5 March 2005, Tey Por Yee and Tey Por Chen collectively transferred 82,979 ordinary shares of RM1.00 each in NN to Sphinx with the consent of Nextnation. Subsequently on 27 April 2005, Nextnation entered into a Supplemental Share Purchase Agreement with Tey Por Yee, See Poh Yee, Tey Por Chen, Smart Tower and Sphinx for the Acquisition of NN. The Acquisition of NN was completed on 28 April 2005. The shareholders of NN, their respective shareholdings therein and the number of new ordinary shares of RM1.00 each in Nextnation issued to them pursuant to the Acquisition of NN are as follows:-

Name	No. of ordinary shares of RM1.00 each in NN held	%	No. of new ordinary shares of RM1.00 each in Nextnation issued as consideration
Tey Por Yee	647,872	21.60	2,029,998
See Poh Yee	238,085	7.94	746,000
Tey Por Chen	221,489	7.38	694,000
Smart Tower	1,809,575	60.32	5,670,000
Sphinx	82,979	2.76	260,000
Total	3,000,000	100.00	9,399,998

5. INFORMATION ON THE GROUP (Cont'd)

The purchase consideration of RM9,399,998 for the Acquisition of NN was arrived at on a willing buyer willing seller basis after taking into account the audited consolidated NTA of NN as at 30 April 2004 of RM2,076,360 and the net profit forecast of NN and its subsidiaries for the financial year ending 30 April 2005.

Tey Por Yee acquired the two (2) subscribers' shares of Nextnation at RM1.00 each on 28 April 2005.

(ii) Share Split

The Share Split involved a change in par value of Nextnation's ordinary shares of RM1.00 each to RM0.10 each, by way of sub-division of the par value for every existing ordinary shares in Nextnation.

Upon completion of the Share Split, the issued and paid-up share capital of Nextnation changed from RM9,400,000 comprising 9,400,000 ordinary shares of RM1.00 each in Nextnation to RM9,400,000 comprising 94,000,000 ordinary shares of RM0.10 each in Nextnation. The Share Split was completed on 29 April 2005.

(iii) Public Issue

To facilitate the Listing, Nextnation will undertake the Public Issue of a total of 32,000,000 new Nextnation Shares at the Public Issue Price of RM0.78 each as follows:-

(a) Eligible Directors, employees and business associates of the Nextnation Group

4,800,000 Public Issue Shares are reserved for the eligible Directors, employees and business associates of the Nextnation Group;

(b) Private Placement

24,000,000 Public Issue Shares are made available for application by the identified investors; and

(c) Public

3,200,000 Public Issue Shares are made available for application by the public.

(iv) Bonus Issue

As part of the Listing and an incentive to the shareholders of Nextnation subsequent to the Public Issue, Nextnation will implement a bonus issue of 126,000,000 new Nextnation Shares to all shareholders of Nextnation prior to the Listing on the basis of one (1) new Nextnation Share for every one (1) existing Nextnation Share held after the Public Issue and will be completed prior to the Listing. The Bonus Issue will be capitalised from the share premium account arising from the Public Issue.

Upon completion of the Bonus Issue, the issued and paid-up share capital of Nextnation will increase from RM12,600,000 comprising 126,000,000 Nextnation Shares to RM25,200,000 comprising 252,000,000 Nextnation Shares.

The new Nextnation Shares to be issued pursuant to the Bonus Issue shall rank *pari passu* in all respects with the existing Nextnation Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the allotment of the new Nextnation Shares pursuant to the Bonus Issue.

5. INFORMATION ON THE GROUP (Cont'd)

(v) Listing and Quotation

Upon completion of the Issues, the entire enlarged issued and paid-up share capital of Nextnation of RM25,200,000 comprising 252,000,000 Nextnation Shares will be listed on the MESDAQ Market.

5.4 Subsidiaries of Nextnation

The details of the subsidiaries and associated company of Nextnation are as follows:-

(i) NN

(a) History and Business

NN was incorporated on 20 April 2000 in Malaysia under the Act as a private limited company. It is principally involved in programming services, software development, Internet consulting and provision of information technology services. NN is a MSC status company, having been awarded the status on 26 May 2004. NN is the core operation of the Nextnation Group whereby the R&D, and IT divisions are situated.

(b) Share Capital

The authorised share capital of NN is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM3,000,000 comprising 3,000,000 ordinary shares of RM1.00 each.

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

Date of allotment	No. of shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
20.04.2000	2	1.00	Subscribers' shares	2
21.04.2000	24,998	1.00	Cash	25,000
15.01.2004	275,000	1.00	Cash	300,000
15.07.2004	1,200,000	1.00	Bonus issue	1,500,000
16.07.2004	1,500,000	1.00	Cash	3,000,000

(c) Substantial Shareholder

NN is a wholly-owned subsidiary of Nextnation.

(d) Subsidiary and Associated Company

The subsidiaries of NN as at the Latest Practicable Date are NC, TAFFU, USAPE, KE, DM, NI and GI. NN does not have any associated company as at the Latest Practicable Date.

5. INFORMATION ON THE GROUP (Cont'd)**(ii) NC****(a) History and Business**

NC was incorporated on 23 March 2004 in Malaysia under the Act as a private limited company. It is principally involved in development and distribution of retail mobile application solutions.

(b) Share Capital

The authorised share capital of NC is RM100,000 comprising 100,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM1,000 comprising 1,000 ordinary shares of RM1.00 each.

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

Date of allotment	No. of shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
23.03.2004	2	1.00	Subscribers' shares	2
27.04.2004	998	1.00	Capitalisation of advances	1,000

(c) Substantial Shareholder

NC is a wholly-owned subsidiary of NN.

(d) Subsidiary and Associated Company

As at the Latest Practicable Date, NC does not have any subsidiary or associated company.

(iii) TAFFU**(a) History and Business**

TAFFU was incorporated on 22 June 2004 in Malaysia under the Act as a private limited company. It is principally involved in provision of media advertising, publishing and printing services.

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5. INFORMATION ON THE GROUP (Cont'd)

(b) Share Capital

The authorised share capital of TAFU is RM100,000 comprising 100,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

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

Date of allotment	No. of shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
22.06.2004	2	1.00	Subscribers' shares	2
15.09.2004	99,998	1.00	Cash	100,000

(c) Substantial Shareholder

TAFU is a wholly-owned subsidiary of NN.

(d) Subsidiary and Associated Company

As at the Latest Practicable Date, TAFU has three (3) wholly-owned subsidiaries, namely PO, DP and GM. TAFU does not have any associated company.

(iv) USAPE

(a) History and Business

USAPE was incorporated on 22 June 2004 in Malaysia under the Act as a private limited company. It is principally engaged as a content aggregator.

(b) Share Capital

The authorised share capital of USAPE is RM100,000 comprising 100,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM2 comprising two (2) ordinary shares of RM1.00 each.

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

Date of allotment	No. of shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
22.06.2004	2	1.00	Subscribers' shares	2

5. INFORMATION ON THE GROUP (Cont'd)

(c) Substantial Shareholder

USAPE is a wholly-owned subsidiary of NN.

(d) Subsidiary and Associated Company

As at the Latest Practicable Date, USAPE does not have any subsidiary or associated company.

(v) KE**(a) History and Business**

KE was incorporated on 28 September 2004 in Malaysia under the Act as a private limited company. It is principally engaged as a content aggregator.

(b) Share Capital

The authorised share capital of KE is RM100,000 comprising 100,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

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

Date of allotment	No. of shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
28.09.2004	2	1.00	Subscribers' shares	2
27.12.2004	99,998	1.00	Cash	100,000

(c) Substantial Shareholder

KE is a wholly-owned subsidiary of NN.

(d) Subsidiary and Associated Company

As at the Latest Practicable Date, KE does not have any subsidiary or associated company.

(vi) DM**(a) History and Business**

DM was incorporated on 28 September 2004 in Malaysia under the Act as a private limited company. It is principally engaged as a content aggregator.

5. INFORMATION ON THE GROUP (Cont'd)

(b) Share Capital

The authorised share capital of DM is RM100,000 comprising 100,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

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

Date of allotment	No. of shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
28.09.2004	2	1.00	Subscribers' shares	2
20.12.2004	99,998	1.00	Cash	100,000

(c) Substantial Shareholder

DM is a wholly-owned subsidiary of NN.

(d) Subsidiary and Associated Company

As at the Latest Practicable Date, DM does not have any subsidiary or associated company.

(vii) NI

(a) History and Business

NI was incorporated on 23 September 2004 in Malaysia under the Act as a private limited company under the name of Trident Magic Sdn Bhd. It adopted its present name on 4 January 2005. It is principally involved in provision of business development and strategic partnership activities.

(b) Share Capital

The authorised share capital of NI is RM100,000 comprising 100,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM5,000 comprising 5,000 ordinary shares of RM1.00 each.

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

Date of allotment	No. of shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
23.09.2004	2	1.00	Subscribers' shares	2
22.04.2005	4,998	1.00	Cash	5,000

5. INFORMATION ON THE GROUP (Cont'd)

(c) **Substantial Shareholder**

NI is a wholly-owned subsidiary of NN.

(d) **Subsidiary and Associated Company**

As at the Latest Practicable Date, NI does not have any subsidiary or associated company.

(viii) **GI**

(a) **History and Business**

GI was incorporated on 2 July 2004 in the British Virgin Islands under the British Virgin Islands International Business Companies Act (Cap.291) as an International Business Company. It is principally an investment holding company for overseas operations.

(b) **Share Capital**

The authorised share capital of GI is USD50,000 comprising 50,000 ordinary shares of USD1.00 each whilst its issued and paid-up share capital is USD100 comprising 100 ordinary shares of USD1.00 each.

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

Date of allotment	No. of shares allotted	Par value USD	Consideration	Cumulative issued and paid-up share capital USD
02.07.2004	1	1.00	Subscribers' shares	1
07.10.2004	99	1.00	Cash	100

(c) **Substantial Shareholder**

GI is a 51%-owned subsidiary of NN.

(d) **Subsidiary and Associated Company**

As at the Latest Practicable Date, GI has a wholly-owned subsidiary, namely CW and an associated company, namely SW.

The details of the subsidiaries of TAFFU are as follows:-

(i) **PO**

(a) **History and Business**

PO was incorporated on 28 September 2004 in Malaysia under the Act as a private limited company. It is principally involved in provision of media advertising, publishing and printing services.

5. INFORMATION ON THE GROUP (Cont'd)

(b) Share Capital

The authorised share capital of PO is RM100,000 comprising 100,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

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

Date of allotment	No. of shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
28.09.2004	2	1.00	Subscribers' shares	2
24.12.2004	99,998	1.00	Cash	100,000

(c) Substantial Shareholder

PO is a wholly-owned subsidiary of TAFFU.

(d) Subsidiary and Associated Company

As at the Latest Practicable Date, PO does not have any subsidiary or associated company.

(ii) DP

(a) History and Business

DP was incorporated on 15 October 2004 in Malaysia under the Act as a private limited company. It is principally involved in provision of media advertising, publishing and printing services.

(b) Share Capital

The authorised share capital of DP is RM100,000 comprising 100,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

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

Date of allotment	No. of shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
15.10.2004	2	1.00	Subscribers' shares	2
28.12.2004	99,998	1.00	Cash	100,000

5. INFORMATION ON THE GROUP (Cont'd)

(c) Substantial Shareholder

DP is a wholly-owned subsidiary of TAFFU.

(d) Subsidiary and Associated Company

As at the Latest Practicable Date, DP does not have any subsidiary or associated company.

(iii) GM

(a) History and Business

GM was incorporated on 31 January 2005 in Malaysia under the Act as a private limited company. It is principally involved in advertising and publishing activities.

(b) Share Capital

The authorised share capital of GM is RM100,000 comprising 100,000 ordinary shares of RM1.00 each whilst its issued and paid-up share capital is RM30 comprising thirty (30) ordinary shares of RM1.00 each.

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

Date of allotment	No. of shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
31.01.2005	2	1.00	Subscribers' shares	2
04.03.2005	28	1.00	Cash	30

(c) Substantial Shareholder

GM is a wholly-owned subsidiary of TAFFU.

(d) Subsidiary and Associated Company

As at the Latest Practicable Date, GM does not have any subsidiary or associated company.

The details of the subsidiary and associated company of GI are as follows:-

(i) CW

(a) History and Business

CW was incorporated on 28 September 2004 in Singapore under the Companies Act of Singapore as a private limited company by shares. It is principally engaged as a mobile application service provider.

5. INFORMATION ON THE GROUP (Cont'd)

(b) Share Capital

The authorised share capital of CW is SGD100,000 comprising 100,000 ordinary shares of SGD1.00 each whilst its issued and paid-up share capital is SGD1,000 comprising 1,000 ordinary shares of SGD1.00 each.

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

Date of allotment	No. of shares allotted	Par value SGD	Consideration	Cumulative issued and paid-up share capital SGD
28.09.2004	1,000	1.00	Cash	1,000

(c) Substantial Shareholder

CW is a wholly-owned subsidiary of GI.

(d) Subsidiary and Associated Company

As at the Latest Practicable Date, CW has one (1) wholly-owned subsidiary, OP. CW does not have any associated company.

(ii) SW

(a) History and Business

SW was incorporated on 1 October 2004 in Thailand under the Companies Act of Thailand as a private limited company. It is principally engaged as a mobile application service provider.

(b) Share Capital

The authorised share capital of SW is Baht2,000,000 comprising 100,000 ordinary shares of Baht10.00 each and 100,000 preference shares of Baht10.00 each whilst its issued and paid-up share capital is Baht2,000,000 comprising 100,000 ordinary shares of Baht10.00 each and 100,000 preference shares of Baht10.00 each.

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

Date of allotment	No. of shares allotted	Par value Baht	Consideration	Cumulative issued and paid-up share capital Baht
<i>Ordinary shares</i>				
30.09.2004	100,000	10.00	Cash	1,000,000
<i>Preference shares</i>				
28.03.2005	100,000	10.00	Cash	1,000,000

5. INFORMATION ON THE GROUP (Cont'd)

(c) Substantial Shareholder

SW is a 49%-owned associated company of GI.

(d) Subsidiary and Associated Company

As at the Latest Practicable Date, SW does not have any subsidiary or associated company.

The details of the subsidiary of CW are as follows:-

(i) OP

(a) History and Business

OP was incorporated on 31 December 2004 in Singapore under the Companies Act of Singapore as a private limited company by shares. It is principally involved in games and content development, aggregation and distribution.

(b) Share Capital

The authorised share capital of OP is SGD100,000 comprising 100,000 ordinary shares of SGD1.00 each whilst its issued and paid-up share capital is SGD1,000 comprising 1,000 ordinary shares of SGD1.00 each.

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

Date of allotment	No. of shares allotted	Par value SGD	Consideration	Cumulative issued and paid-up share capital SGD
31.12.2004	1,000	1.00	Cash	1,000

(c) Substantial Shareholder

OP is a wholly-owned subsidiary of CW.

(d) Subsidiary and Associated Company

As at the Latest Practicable Date, OP does not have any subsidiary and associated company.

5.5 Business Overview

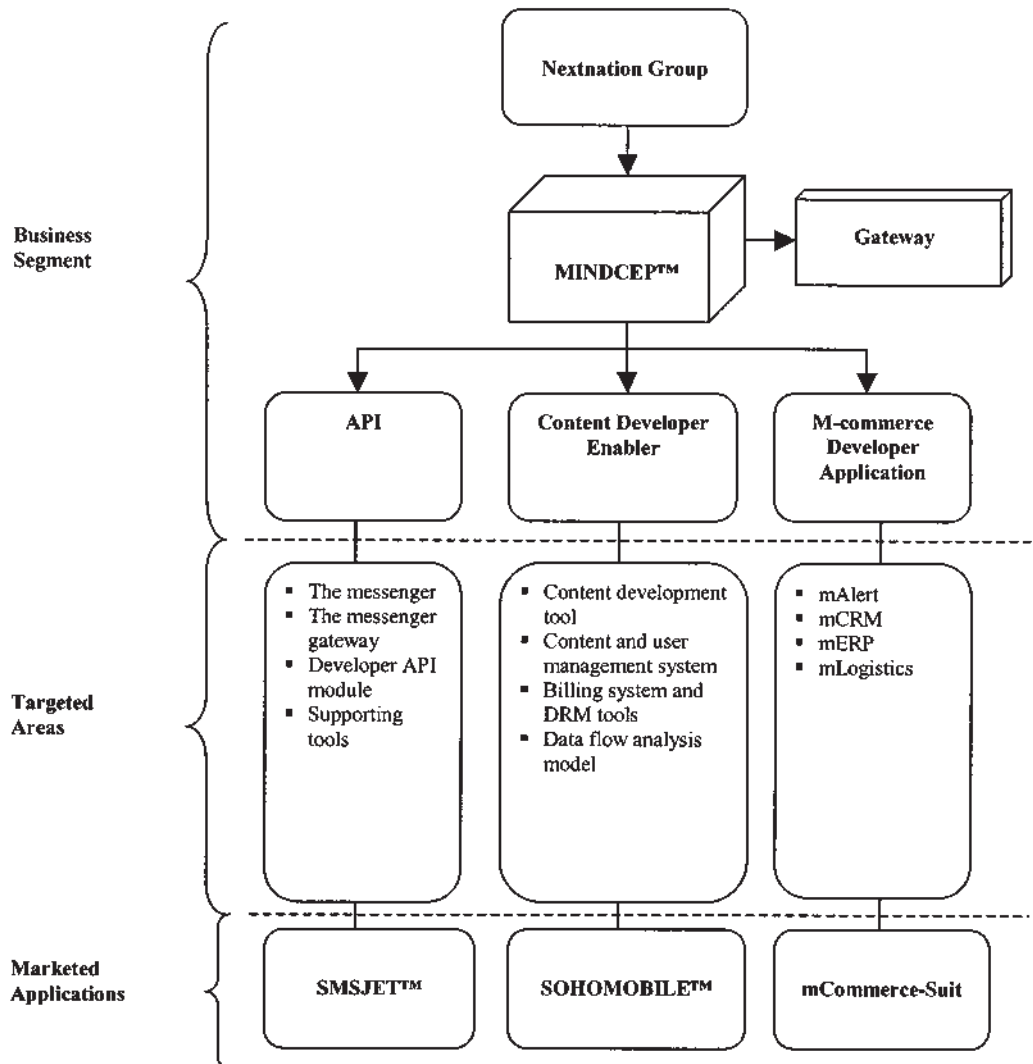
Following the array of business opportunities and the understanding of wireless technologies, the Group has developed a wide variety of wireless applications and services that are tailored towards the needs of both corporate (from small to large size businesses) and consumers.

The primary business activities of the Group are as follows:-

- Provision of development and supply of multimedia application platform services;
- Applications development; and
- Commercial enterprise solutions development.

5. INFORMATION ON THE GROUP (Cont'd)

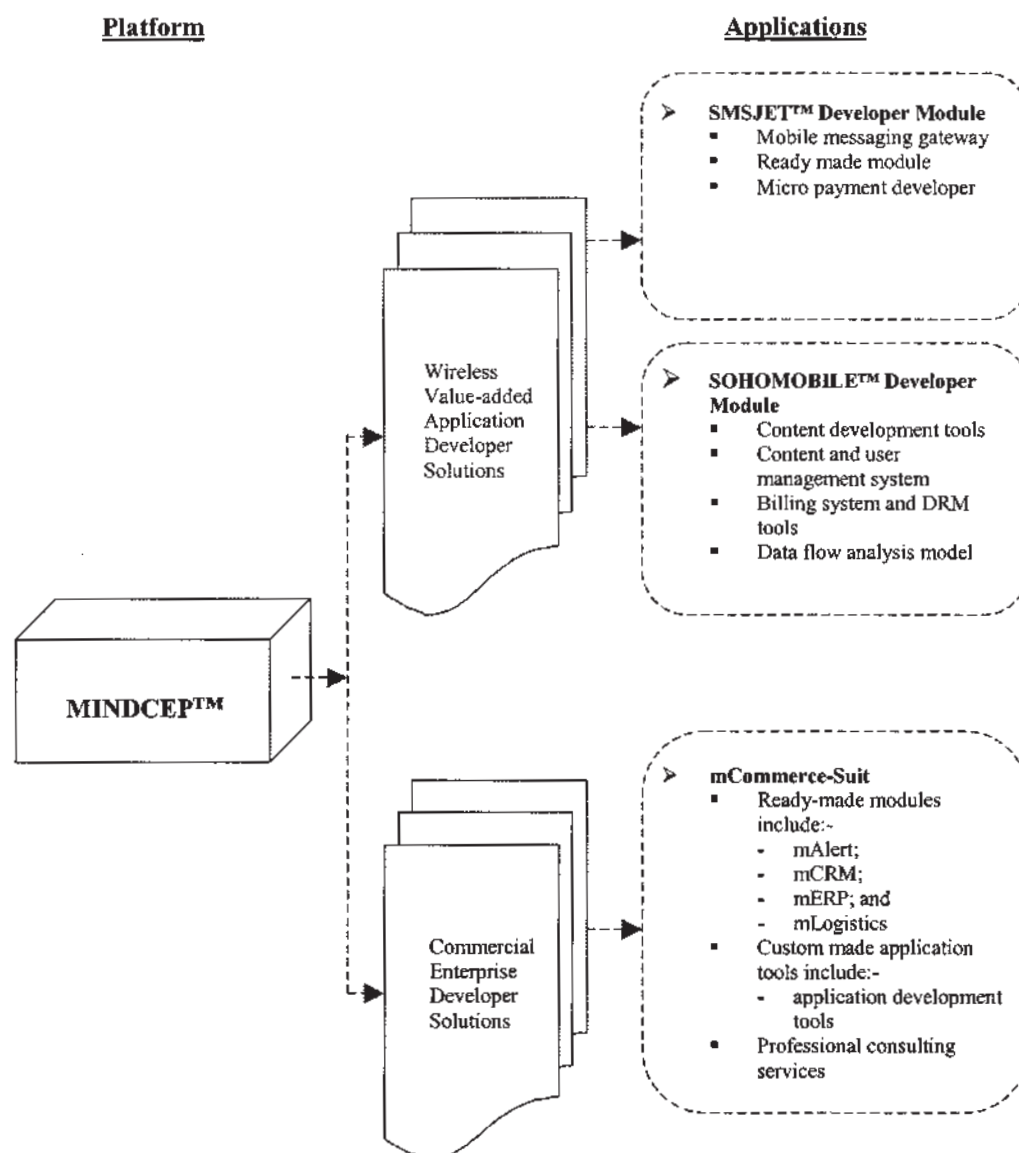
Principal Activities of the Group



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5. INFORMATION ON THE GROUP (Cont'd)

Products and Services Structure



The Group's services to its clients are as follows:-

- Provisioning of mobile development and deployment platform over the Internet (hosted solutions);
- Managing marketing, branding and customer relationships on the Internet on a revenue sharing basis; and
- Technical and business consultancy for mobile services and technology implementation.

As shown in the above diagram, the main products and services that are developed by the Group are categorized into the following two (2) main categories:-

- (i) Wireless value-added application developer solutions; and
- (ii) Commercial enterprise developer solutions.

5. INFORMATION ON THE GROUP (Cont'd)

(i) Wireless Value-added Application Developer Solutions

The Group serves the content and application provisioning industry by developing and providing multimedia application platform services and solutions to developers, aggregators, marketers, distributors and resellers of consumer wireless content and applications that are accessible by clients' mobile devices through the Celcos. The Group defines all these parties as "Partners" in business.

The Group's value-added solution comes with ready-made developer tools to enable the Partners to offer a diverse portfolio of fee-based SMS and MMS services distributed on the 2G and 3G mobile technology platform.

The following two (2) modules are developed by the Group under the wireless value-added service solutions:-

- SMSJET™ Developer Module; and
- SOHOMOBILE™ Developer Module.

(a) SMSJET™ Developer Module



The flagship development of the Group is its mobile messenger and developer kit licensed as a mobile multimedia ASP to customers. The module was commercially launched in May 2004 under the name of SMSJET™. This mobile messenger provides messaging solutions, application data collection, editing and removal using password protected secure web technology. Besides its stand-alone application feature, this module can be customized to develop applications to meet individual customer's needs. This application operates on various platforms, including all Microsoft Windows' platforms, Linux, Macintosh, and other platforms which support various programming languages.

The module allows automatic upgrades to incorporate the next generation mobile technology without any scripting changes by self-detecting the existing and new algorithms technologies. This advance auto update is capable of implementing a full-scale emulation of new technology compliances without going into massive infrastructure changes.

The key components of the messenger module of SMSJET™ developer solutions are as follows:-

Key components	Descriptions
The messenger	The messenger module provides managed messaging solutions, application data collection, editing and removal using password protected secure web technology.
The messaging gateway	Besides messaging solution, SMSJET™ is connected to more than 500 network operators from more than 170 countries through the Internet.
Customized application	The expertise in wireless application allows the Group to build and customize any application to suit customers' needs.
Developer API module	The customer can use the API module to develop applications to meet their own requirements. The new application can be operated on various platforms and most common use programming languages.
Ready made developer module	Ready-made developer tools are the key success of many application developers. Understanding this need, SMSJET™ is equipped with these functions: data submissions, data collection, query system, and statistic and reports modules to meet these immediate needs.

5. INFORMATION ON THE GROUP (Cont'd)

(b) SOHOMOBILE™ Developer Module



The SOHOMOBILE™ developer module was launched in July 2003. It is a content and user management system licensed to resellers, corporate and enterprise users. SOHOMOBILE™ is a completely plug-and-play developer module where the software developers can simply customise their own preferred features, multimedia information, tools and functions into the SOHOMOBILE™ system and sell immediately thereafter. It is capable of handling multimedia information such as music, graphics, games, text, subscription services and human interaction applications.

The key components of SOHOMOBILE™ are as follows:-

Key components	Descriptions
Content and user management system	Besides developer tools, SOHOMOBILE™ has a strong content and user base management system that provides instant launch of content based services for marketing oriented customers. The content and user base management system consists of databases and content auto-recoding tools for marketing purposes.
Built in billing system and DRM tools	Billing engine is the toughest challenge that is faced by developers. Therefore, the built-in real time reporting and billing system of SOHOMOBILE™ enable the developers to develop and launch new products within a short period of time and is therefore able to focus on marketing without worrying much on billing and collection. This system also enables the developers to view their up-to-minute sales performance through a web-based portal. The built-in DRM tools enable the content and application owner to keep track of their entitled licensing fees and royalties.
Data flow analysis model	Data flow analysis model is the strongest selling feature of SOHOMOBILE™. The model is built with real-time remote monitoring capabilities through central data management center which creates vital marketing decisions for time sensitive marketers, i.e. to decide what is best selling, when and how the content is sold, at what pricing, at what market segment. It demonstrates the up-to-date market demand and trends. This analysis model provides the details of 100 most commonly used content applications. It examines the workflows, audience characteristics, content needs, tracking needs, reporting needs, return on investment measures, and Database Management System demands of each of these applications. This report provides valuable insights into partners' content development, system selection and implementation, and deployment plans for corporate or consumer content needs.
Marketing tools	Ready made sales templates for marketers to choose, customize, design and start selling without worry much about starting from scratch.
User supporting tools – ask the expert	On top of reports and statistics, customer support is most important when dealing with end consumer applications services. SOHOMOBILE™ servers are 24/7 real-time monitored by professional network administrator through phone and a 24/7 on-site support.

5. INFORMATION ON THE GROUP (Cont'd)

(ii) Commercial Enterprise Developer Solutions – mCommerce-Suit



To date, the Group has developed an application module under its commercial enterprise developer solutions. The module is named mCommerce-Suit.

The Group's commercial enterprise developer solutions are tailored towards the corporate and enterprise sectors through application and software developers. The mCommerce-Suit is designed to guide the developer state-of-the-art applications and can be accessed by a wide variety of mobile devices including WAP phones, handheld PDA, symbol scanners, internet devices, web browsers and micro browsers using dynamic business connectors.

The mCommerce-Suit contains a business rules engine for mobile applications that is proven, real time, secure, scalable and extremely dynamic. The mCommerce-Suit enables corporate applications such as SAP, Oracle and other third party business solutions to be accessed through a dynamic third party controller. The mCommerce-Suit has been developed with the future in mind. The mCommerce-Suit supports the industry's standard programming languages such as WAP and Java. This results in a very strong integration between itself and the corporate backend systems.

The mCommerce-Suit can generate mobile and wireless applications in the following application areas:-

Application	Function and usage
mAlert	Provides entry and inquiry of time reporting, online reservations and/or status query such as check for bank transaction clearance, cheque clearance, bank balance and ticket reservation.
mCRM (Mobile Customer Relationship Management)	Provides real-time minute reviews and updates of client information, opportunities, products, and contact information. Also allows user to access customer database to analyse customer-buying pattern through mobile Internet.
mERP (Mobile Enterprise Resource Planning)	Provides real-time access to resource management such as procurement, financials and supply chain. Able to integrate with existing Enterprise Resource Planning/Material Resource Planning system to provide real time data and information, such as the outstanding goods and readiness of goods within stipulated time.
mLogistics	Provides instant access and updates for warehousing, inventory, field service, transport and delivery information as well as tracking of information on couriered documents, parcel, lost vehicle, child and items through mobile network.

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5. INFORMATION ON THE GROUP (Cont'd)

5.6 Technology Infrastructure



The core technologies used by the Group are its proprietary mobile and wireless communication gateway and mobile customization tools which are embedded into the applications. These embedded communication methodologies form a framework that allows the Group to provide state-of-the-art applications and services to the Partners. The products and the services offered by the Group are based around its MINDCEP™.

The Group is able to offer world class wireless value-added solutions and services using the state-of-the-art MINDCEP™ platform together with its Partners and strategic alliances both locally and internationally. MINDCEP™ is distinct in nurturing and sustaining its R&D capabilities and commercialisation of wireless value-added developer solution services. Being different from aggregators or gateway providers and as one of the pioneers in mobile multimedia ASP industry, the Group secured MINDCEP™ connectivity to its telecommunication customers to Celcos, namely Maxis, DiGi and Celcom and co-generated impressive return on investment within short period of time.

The main objective of MINDCEP™ is to provide the users either consumer, commercial or corporate with a set of modules to easily customize multimedia communications according to their communication needs without having to invest an extensive amount of time and investment in infrastructure, equipment, technology and human resource that is required to develop and support such an application. The platform is designed to cope with difficult and uncertain network conditions, which provide higher flexibility to the applications developer and user. The platform is able to multithread and multitask which can host multiple applications running concurrently.

The MINDCEP™ is capable of enabling communication with full multimedia functionalities over a range of communication formats such as SMS, MMS, GPRS and 3G, provided that the Celcos are ready.

This scalable and robust platform is suitable for any number of users and is convenient for small setups with just a few nodes and to large setups with additional nodes as need increases.

5.7 Intellectual Property Rights

The Group has applied for the registration of the following trade marks with the Registrar of Trade Marks:-

Trademark	Date of filing	Status of registration
"MINDCEP"	19 July 2004	In progress
"SOHOMOBILE"	19 July 2004	In progress
"SMSJET"	19 July 2004	In progress
"mCommerce"	19 July 2004	In progress

5. INFORMATION ON THE GROUP (Cont'd)

5.8 Operating Licences

NN, DM, and KE were registered with MCMC on 14 June 2004, 18 February 2005 and 26 February 2005, respectively, as the holders of ASP Class Licence. Such registrations are valid for one calendar year and must be renewed annually. NN, DM and KE will ensure that they will submit the relevant applications to renew their registrations with MCMC as the holders of ASP Class Licence every year. They are permitted to provide any one of or all of the application services set out in Rule 30 under the Communications and Multimedia (Licensing) Regulations 2000. NN, DM and KE are strictly prohibited to provide VoIP services.

CW was granted a Service-Based Operator (Class) Licence under the Telecommunications (Class Licences) Regulations with effect from 25 January 2005 for three (3) years by the Infocomm Development Authority of Singapore for the provision of store and retrieve value-added network services.

5.9 Marketing and Brand Building

In general, the marketing and brand building strategies of the Group are categorised into the following four (4) major strategies:-

- Product and service strategy;
- Pricing strategy;
- Distribution strategy; and
- Promotion strategy.

(i) Product and Service Strategy

(a) Unique Product Features

Through the unique product features, the Group's Partners can provide easy-to-use applications to their customers with content, information and community-oriented products, such as text, sound and audio, graphics, animations, collaborations and subscription services. Services can be bi-directional delivered between Internet portal and users on their mobile phones. Its users can try or order these products through either their mobile devices or client websites. In addition, Partners' users can order their products on a per-message basis or subscribe to community-based products on a monthly basis.

(b) Customer and Market Focus

With the powerful MINDCEP™ modules that are able to satisfy all market needs, one of the Group's strategies is to focus on developers and resellers in order to cover all market segments and strive to be a leader in the market in the next decade.

The principal markets focus of the Group for wireless value-added application developer solutions are mainly developers, content providers and resellers because end users and teenagers will still be the main contributors of the market revenue in mobile markets. Infotainment, entertainment and lifestyle services, instant messages services, video streaming and multiplayer mobile games are well suited to target this segment of market.

5. INFORMATION ON THE GROUP (Cont'd)

Judging from the current trends in Korea and Japan, teenagers are the driving force of the market. In Korea, for instance, although teenagers have lower disposable incomes than older age groups, they are spending around three times more per user on mobile data services. Whereas in Japan, video messaging has proven immensely popular among the teens. This implies that this age group easily catches on to new technology.

For commercial enterprise developer solutions, the target segments are corporate enterprises and software developers for them to focus on mobile professional workers, i.e. professionals who are on the move. The m-commerce and commercial mobile applications are well suited to target this segment of market.

As a complementary service to the Partners, the Group assists its Partners on integrated enterprise solutions in the area of added "mobility" into the system design for ordering, delivery, billing and administration and fee-based customer relationship management systems. As part of its integrated enterprise solutions, the Group assists its Partners in a variety of services, including assessment of computer hardware and software requirements, development and integration of software applications, and maintenance of such applications.

With its technical knowledge, the Group is capable of providing professional mobile solution services to the customers of mCommerce-Suit. The professional services team of the Group can be engaged to provide time-to-cost risk assessments and develop an appropriate mobile implementation policy according to customer data flow standards. The Group has recently incorporated a few intellectual properties of e-Commerce applications such as mAlert, mCRM, mERP and mLogistics.

These commercial enterprise developer solutions are geared towards commercial usage that are specialized and customized to market needs. With the Group's ability to deploy its mobile tools and applications over these enterprise applications, commercial transactions can now be conducted over the mobile devices and further enhance efficiency under a secure wireless infrastructure.

(c) Partners Feedback

Through its aggressive marketing campaigns, the Group is one of the first local mobile application service providers to introduce loyalty program based on revenue sharing schemes for Partners as part of their wireless value-added developer solution services.

As a result of the intense competitions in the ICT industry, the Group practices Partners feedback program that strives to improve the value and service propositions for its mobile solution services to its Partners.

(d) Variety of Advanced and Powerful Applications

Due to sophistication and fast moving wireless technology advancement today, the Group believes that it requires sound technical knowledge and methodologies to prepare applications and solutions for the next generation mobile services. The rapid change in technology makes it difficult and expensive for any single user or corporation to implement an effective, up-to-date and long term wireless infrastructure strategy.

5. INFORMATION ON THE GROUP (Cont'd)

The Group relies on the adoption of a variety of wireless technology and application development techniques to keep up with fast moving mobile technology trend. Through its intelligent MINDCEP™, a flexible and scalable platform that is connected to various Celcos, the Group is able to offer a variety of mobile applications technologies and infrastructure to suit customers' requirements.

(e) Licensing Program

In line with the evolving trend, the Group intends to capture a larger market share of the wireless value-added solution industry lead by SMSJET™, SOHOMOBILE™ and mCommerce-Suit. The Group intends to capture the majority market share by launching licensing program for each product.

With its strong credibility and technical know-how in the local mobile multimedia ASP market, the Group believes that it will also be able to capture a larger market share of mobile application solution services from foreign competitors.

(ii) Pricing Strategy

The revenue models of the Group are generally categorised as revenue sharing basis via reverse billing methodology with content developers, application developers, content providers and resellers after deducting the Celcos' fees regardless of products and services provided. The distributions are mainly by revenue sharing scheme mutually agreed between both parties after deducting the Celcos' fees.

(iii) Distribution Strategy

The Group's major distribution network consists of local resellers and international service providers through its service relationship built since its inception.

The Group's distribution of SOHOMOBILE™ is through local retail partners from various industries. SMSJET™ and mCommerce-Suit are marketed directly to corporate and software developers to establish a technical partnerships to provide "mobility-added" applications to the end users, corporations and small medium enterprises.

(iv) Promotion Strategy

The current marketing of SOHOMOBILE™ is through the Group's corporate website, product licensing reseller plan and advertisement. The promotion of SMSJET™ and mCommerce-Suit are carried out through public seminars targeted at all software developers as well as corporate enterprises.

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5. INFORMATION ON THE GROUP (Cont'd)

5.10 Competitive Strengths

The Board believes that the Group is well positioned to capture future growth opportunities in view of its following principal strengths:-

(i) Sound and Reliable Product Development Capabilities and Technology Platform

- Intelligent multimedia platform, flexible, secure, scalable and designed with server and storage redundancy, and minimum down time, provide state-of-the art network architectures connected to various Celcos in Malaysia and international.
- Developer API enables the application developers to understand the Group's platform requirements and integrate the "mobility" into their applications to perform m-commerce. Advisory and consultancy will be provided if necessary to assist the application developers to meet their customer requirements on mobility matters. The Group's strategy is to work hand-in-hand with all software developers to add "value" to the products and services provided by them.
- "Plug-n-Play" SOHOMOBILE™ to enable content developers to distribute their content to the end users through the platform.
- Being a one-stop wireless value-added solution application service provider, the Group has the ability to design and implement comprehensive tailor made wireless modules into existing network infrastructure of its customers. Its in-house technical and engineers ensure that customers only have to deal with a one-stop service provider, managing the entire project from start to completion. In many instances, customers prefer to deal with one party when planning and designing their wireless infrastructure. Customers can be ensured that the confidentiality of the project is safeguarded.
- To maintain leading position as a key competitive advantage, implementing a superior IT/open source software infrastructure to enable fast, flexible data and commerce-centric service creation, both in-house and via third party content providers and application developers is crucial.

(ii) Wireless Focus and Expertise

The Group focuses exclusively on offering wireless value-added developer solution services in Asia. The Group's wireless focus gives the Group a distinct competitive advantage in identifying market opportunities and developing, aggregating and marketing services.

The Group's core strength lies in its proprietary wireless developer tools and methodologies in its modular based architecture framework – MINDCEP™. The acquired technical knowledge has been gained through its years of operations specialising in handling multimedia connectivity, management and troubleshooting.

Due to the nature of the business, the key to the sustainable growth of the Group lies in its ability to continuously research and innovate on the latest wireless technologies and deployment knowledge over wireless platform infrastructure systems.

5. INFORMATION ON THE GROUP (Cont'd)

(iii) Diversified Services Portfolio and Economies of Scale

The Group offers a diversified portfolio, include wireless value-added developer solution services, application development platform and commercial enterprise developer solutions services. The Group has launched numerous next generation EMS, MMS, WAP, Java, audio-related services and J2ME which operate on GSM, GPRS, 2.5G and 3G technologies.

(iv) Proven Sales Capabilities and Operator Relationships

The Group has well established relationships with the mobile data divisions of Celcos in Malaysia. The Group's sales force enhances the relationships at both management and technical level, where pricing and important marketing, product placement and operational decisions are made. Currently, the Group is aggressively working with many incentive driven resellers from various industries.

(v) Track Record

Even though with its short operating history, the Group has experienced a rapid growth since its commercialisation of MINDCEPT™ and SOHOMOBILE™ in the wireless industry, from the revenue of RM2.9 million in the financial year ended 30 April 2004 to RM45.12 million in the financial year ended 30 April 2005. With the proven track record, the Group built itself a name within the wireless mobile multimedia ASP industry locally.

(vi) Qualitative Customer Understanding and Service

The Group has a dedicated customer research department that enhances the Group's understanding of end user preferences and ensures good customers satisfaction level and good knowledge of end users preferences.

As such, the Group emphasises to deliver effective wireless developer solutions to its customers. Being custom made oriented has allowed the Group to achieve this mission by understanding customers' requirement and understanding the business system processes.

(vii) Proven Ability to Establish and Maintain Partnerships with Leading Content Providers

The management of the Group believes that the Group is one of the first wireless value-added developer solution service providers in Malaysia with whom the content partners have partnered, which the Group believes is due largely to the Group's established position and experience in the market.

The Group's platform, consists of content and application development on its platforms in various languages, such as English, Malay and Chinese. To develop its online developer platform, the Group builds relationships with developers and distributors. The Group targets key industries including the entertainment, telecommunications, education and consumer goods industries, and caters to the young consumer group and more affluent market.

(viii) Experienced Management Team

The Group is led by entrepreneurial management team with extensive experience and strong technology expertise. The Group's domestically and internationally experienced team provides the Group with an in-depth understanding of market developments, strong local operator relationships, and access to partnerships with leading global content providers.

5. INFORMATION ON THE GROUP (Cont'd)

5.11 Market Coverage, Position and Share

With the advent of mobile data communications, applications and content developers have a need in partnering with a credible and knowledgeable firms to assist them in their ongoing mobile strategies. The Nextnation Group aims to be the provider of not only technology but also integrated marketing and consulting services to these firms.

The Nextnation's Group's customers can be:-

- Content aggregators;
- Celcos;
- Gateway providers;
- Corporate customers;
- Retailers; and
- Content developers.

The Group has expertise in mobile application design and development, enabling clients to deploy mobile consumer and enterprise solutions on the SMS platform. The Group has also developed EMS, MMS, WAP, Java, audio-related services, and J2ME compatible which operate on GSM, GPRS, 2.5G and 3G technologies.

The Group's main revenue source is the provisioning of its applications and content development and deployment platform as a hosted service. All of its revenue in the fiscal year 2004 came from Malaysia. The Group's marketing strategy is based on direct marketing, through the Internet and web based search engines. It is also using word-of-mouth marketing and its partnerships with content developers and retailers offer it a broad range of contacts.

At the end of 2004, other data users in Malaysia reached 1,279,792 and RM125.6 million in revenues. In 2004, the Nextnation Group contributed RM17 million to Celcos' other data income (based on revenue share agreements with Celcos and the Nextnation Group's financial statements). This translates to 13.5% of the Celcos' other data income. Hence, the content service providers who are using the Group's application platform do contribute to a sizable portion of the Celcos' other data income.

(Source: Executive summary of the IDC Report prepared for inclusion in this Prospectus as disclosed in Section 15)

5.12 Quality Management

The Group considers quality assurance ("QA") programmes as an important aspect of its R&D activities and operations especially in achieving the best quality of its products and services. The Group focuses on continual improvement on quality assurance process to ensure that all products and services of the Group will continue to meet the quality standards and benchmarks set by the Group in order to satisfy customers' requirements and needs. The implementations of the QA activities are based on defect prevention rather than detection concept and utilise systematic approach on testing, control and monitoring processes to ensure that the development meets the expected requirements and standards.

5. INFORMATION ON THE GROUP (Cont'd)

5.13 R&D**(i) R&D Objectives**

The R&D objectives of the Group are to achieve the following:-

- Improvements on communication architecture and methodologies;
- Enhancement of mobile and wireless solutions; and
- Product and service development and enhancements.

(ii) R&D Policies

Based on the R&D objectives, the Group has established the following R&D policies which must be implemented during all phases from idea creation to the end product creation:-

- Ensure the development process and product developed comply with legal and regulatory requirements, meeting market demand and defined specifications within stipulated time frame;
- Focus on defects prevention rather than detection methodology;
- Development shall consider object oriented and process approach, value-added, value engineering, scalability, maintainability and user friendliness; and
- Intellectual property rights shall be enforced.

(iii) R&D Strategies

Other than the continuous upgrade on the MINDCEP™ platform to suit the Celcos' requirements, the key R&D focus of the Group is to continuously maintain its forefront by developing advance wireless communication solutions through its skilled knowledge base in wireless communication. This will enable the Group to maintain its edge over its competitors. This process is through continuous research of new products and services, new methods to implement wireless communications procedures over existing and new infrastructure.

The objectives of these R&D enhancement activities are to do the following:-

- Understanding the needs and profiles of corporate and consumer communication needs, habits, processes and behavior;
- Studies on strings and APIs that denote user requests; and
- Information used to initiate response by MINDCEP™ modules to various request and queries by the users.

5. INFORMATION ON THE GROUP (Cont'd)

(iv) R&D Facilities and Personnel Involved

The R&D facilities involved include servers (inclusive of firewall facilities), switches, routers located in secured data center with leased line connectivity, as well as mobile handsets or wireless devices used for monitoring and testing activities.

The Nextnation Group has established a strong and committed R&D team towards enhancing its edge in mobile and wireless technologies. Up to 30 April 2005, the Group has invested more than RM2.75 million in the R&D activities.

The Group's R&D team is located at its offices in Petaling Jaya and Cyberjaya, Malaysia. The R&D team comprises sixty-one (61) full-time developers and engineers specialising in the area of platform development, developer module development, application developments and technology enhancements. The team is led by See Poh Yee and Tey Por Chen.

The Group is committed to provide continuous R&D efforts to keep abreast with new development and trends. The employees are given job training and are sent to various seminars, exhibitions and brainstorming sessions to enhance their knowledge of the industry and broaden their business network.

(v) Present R&D and Achievements

The Group has allocated funds for the Group's continuous R&D. As at the Latest Practicable Date, the Group's R&D has tested the first phase of Java application developer tools, mobile game platform and WAP developer module. The Group has commercialised the Java application and WAP portal in the first quarter of 2005. The Group will be focusing on improvements of the MINDCEP™ platform and developer module which relates to 3G applications for the next five (5) years.

(vi) Future R&D

The development plan of the Group for the next three (3) years is estimated to be as follows:-

Financial year ending 30 April	Development plan
2006	Introduce 4th Generation of MINDCEP™ Introduce 2nd Generation of SOHOMOBILE™ Introduce 2nd Generation mCommerce-Suit
2007	Introduce 5th Generation of MINDCEP™ Introduce 3rd Generation of SOHOMOBILE™ Introduce 3rd Generation mCommerce-Suit
2008	Introduce 6th Generation of MINDCEP™ Introduce 4th Generation of SOHOMOBILE™ Introduce 4th Generation mCommerce-Suit

The Group is expected to expand its R&D activities by employing additional capable and professional developers and engineers. This would enable the Group to further create enhancements to the existing platform and developer module and shorten the development cycle. The Group estimated that the engineering R&D staff force would increase to about one hundred and fifty (150) by the financial year ending 30 April 2008.

5. INFORMATION ON THE GROUP (Cont'd)

(vii) Investment In R&D since Incorporation

Up to 30 April 2005, the Group has invested more than RM2.75 million on the MINDCEP™ platform and the respective modules. The breakdown is as follows:-

	For the financial year ended 30 April			
	2002 RM'000	2003 RM'000	2004 RM'000	2005 RM'000
R&D cost	199	272	748	1,534
Revenue	9	2	2,897	45,125
% of revenue	2,211%	13,600%	26%	3.4%

The Group intends to allocate RM9.67 million from the proceeds of the listing exercise and internal generated funds to expand the resources of its MINDCEP™, SOHOMOBILE™ and mCommerce-Suit over the next five (5) years. The proceeds will be utilised to hire about one hundred (100) additional knowledge workers to conduct the research activities. The R&D team will be responsible for creating platform and application enhancements to keep abreast with global technology changes and development. The proposed utilisation of RM9.67 million is as follows:-

	Type of research (Enhancement)		
	MINDCEP™ RM'000	mCommerce-Suit RM'000	SOHOMOBILE™ RM'000
Proceeds from the Public Issue	1,300	1,600	1,900
Internal generated funds	3,370	1,500	-

5.14 Employees

The Group believes that continual staff training is vital in ensuring that the Group keeps abreast with technological changes and development to satisfy the ever-changing needs of the customers as well as to maintain operational efficiency and effectiveness.

As the Group is in the industry that is characterised as rapidly changing technology, the Group trains the staff on continuous basis to update them on the latest technologies, products and services in the industry. The staffs are sent for local and overseas trainings and seminars to build up their technical knowledge especially to pursue up-to-date technology and software development skills. The Group is also encouraging the staff to acquire relevant accreditation by professional bodies as this would give recognition of their field of endeavours.

There has been no material interruption or labour disagreement. None of the Group's employees is represented by a union.

5. INFORMATION ON THE GROUP (Cont'd)

As at the Latest Practicable Date, the Group has a total of one hundred and one (101) employees holding various job functions. The table below sets out the categorical breakdown of the number of the Group's employees:-

Category of employees	Number of employee	Average length of service (Month)
Managerial and professional	9	26
Technical and supervisory	61	7
Business development	22	6
Finance, human resource and administration	9	7
Total	101	

5.15 Milestones/Achievements

The summary of the key business development milestones of the Group are as follows:-

Date	Events
Mid 2001	<ul style="list-style-type: none"> Launched 1st generation of MINDCEPT™, the Multimedia Communication Developer Platform for SMS applications.
1 st Quarter 2002	<ul style="list-style-type: none"> Launched 2nd generation of MINDCEPT™, the Multimedia Communication Developer Platform for WAP applications.
2 nd Quarter 2003	<ul style="list-style-type: none"> Launched MINDCEPT™ platform and SOHOMOBILE™ module for Maxis, DiGi and Celcom. SOHOMOBILE™ is one of the early ASP providing mobile community tool, multi-network content and user management system, micro payment, multiplayer, multi-network and multi-language human interaction text message system and interactive management system in Malaysia.
4 th Quarter 2003	<ul style="list-style-type: none"> Signed a strategic partnership agreement with eDimension Sdn Bhd to provide SOHOMOBILE™ in Brunei market.
1 st Quarter 2004	<ul style="list-style-type: none"> Launched multi-lingual and enhanced MINDCEPT™ platform with enhanced SOHOMOBILE™ system. Launched web portal customization and enhanced MINDCEPT™ platform with enhanced SOHOMOBILE™ system.
2 nd Quarter 2004	<ul style="list-style-type: none"> Launched mCommerce-Suit - the commercial enterprise developer solutions are tailored towards the corporate and enterprise sectors. Launched SMSJET™ - the mobile messenger software developer kit with micro payment API with data submission, collection and query system with online statistics and report. Launched 3rd generation of MINDCEPT™ and further R&D on MMS, WAP and next generation applications. Signed strategic partnership with PT. Prima Lintas Utama Sentosa to provide SOHOMOBILE™ in the Indonesian market. Granted MSC status by MDC. Registered to MCMC as mobile multimedia ASP license holder.
3 rd Quarter 2004	<ul style="list-style-type: none"> Established joint venture company with Power Solution Group Limited for overseas expansion. Launched "TEXTLINE" - the 2-way messaging solutions powered by SMSJET™ and mCommerce-Suit for enterprise use.

5. INFORMATION ON THE GROUP (Cont'd)

Date	Events
4 th Quarter 2004	<ul style="list-style-type: none"> ▪ Established NI for potential strategic partnerships with media house, agencies, publishers, content providers/developers, application developers, and corporations. ▪ Established Singapore and Thailand companies for overseas expansion ▪ Started mobile multiplayer game platform development.
1 st Quarter 2005	<ul style="list-style-type: none"> ▪ Signed joint venture partnership agreement with PT. Semesta Tirta Antara Raya to penetrate Indonesia market. ▪ Launched WAP portal with upgraded MINDCEPTTM platform and SOHOMOBILETM system. ▪ Launched 1st mobile Java game using the upgraded MINDCEPTTM platform and SOHOMOBILETM system. ▪ Launched enhanced TEXTLINE with added feature and renamed TEXTLINE to mMessenger.

5.16 Other Information

(i) Approvals, Major Licences and Permits

Save as disclosed below, there are no other approvals, major licences and permits obtained by the Group:-

Company	Authorities	Date of issuance	Type of approval
NN	MDC	26 May 2004 (valid for five (5) years and renewable for another five (5) years upon expiry)	MSC status
NN	MCMC	14 June 2004 (renewable on a yearly basis and the license was renewed on 14 June 2005)	ASP Class Licence
DM	MCMC	18 February 2005 (renewable on a yearly basis)	ASP Class Licence
KE	MCMC	26 February 2005 (renewable on a yearly basis)	ASP Class Licence
CW	Infocomm Development Authority of Singapore	25 January 2005 (valid for 3 years)	Service-Based Operator (Class) Licence

The Group has complied with all the conditions for the above approvals, licenses and permits set by the authorities and will ensure its continuous compliance.

(ii) Principal Place of Business

The Group's operations are currently situated at First Floor, West Wing of NTT, No. 43000 Jalan APEC, 63000 Cyberjaya, Selangor and also at Unit 503, 605, 611, 706 and 909, Block F, Phileo Damansara 1, No. 9 Jalan 16/11, 46350 Petaling Jaya, Selangor.

(iii) Interruption to Operations

There has been no interruption to the Group's business or operations in the past twelve (12) months prior to the Latest Practicable Date.

5. INFORMATION ON THE GROUP (Cont'd)

(iv) Major Customers

For the financial year ended 30 April 2005, the major customers of the Group are as follows:-

Name	% of total sales	Length of relationship (Year)
Maxis	44	More than 1
Celcom	33	More than 1
DiGi	22	More than 1
Others	1	Less than 1

As most of the end customers of the Group are retail in nature, the Group does not have and is not dependent on any major end customers for its products and services. However, the Group treats the Celcos as its long term customers due to the contractual agreements with the Celcos for the billing system and their financial controlling power.

(v) Major Suppliers

The Group is not dependent on any major suppliers for its hardware and software that contributed ten percent (10%) or more of the Group's total cost of sales. Based on the results of the financial year ended 30 April 2005, the top ten (10) suppliers of the Group are as follows:-

Suppliers	Type of services	% of cost of sales	Length of relationship (Year)
Seribu Dinar Media Agency	Advertising	19	More than 1
Sin Chew Media Corporation Berhad	Advertising	15	More than 1
Lins Advertising & Marketing Sdn Bhd	Advertising	12	More than 1
The New Straits Times Press (M) Berhad	Advertising	6	More than 1
China Press Berhad	Advertising	5	Less than 1
Khatulistiwa Corporation Sdn Bhd	Advertising	4	More than 1
Abamon Technology Sdn Bhd	Lease Line	4	Less than 1
Triple Trinity Sdn Bhd	Advertising	3	Less than 1
Kumpulan Karangkraft Sdn Bhd	Advertising	3	More than 1
See Hua Marketing Sdn Bhd	Advertising	2	Less than 1

5. INFORMATION ON THE GROUP (Cont'd)**(vi) Summary of Properties**

As at the Latest Practicable Date, the properties owned by the Group are as follows:-

Beneficial owner/ location	Description/ existing use	Approximate age of building/ tenure	Built up area (sq.ft)	Net book value as at 30 April 2005 (RM)	Date of issuance of certificate of fitness	Existing encumbrances
NN/Unit 909, Block F, Phileo Damansara 1, No.9 Jalan 16/11, 46350 Petaling Jaya, Selangor	An office unit/ Office	more than 5 years (freehold)	2,181	484,182	18.7.2000	Charged to Hong Leong Bank Berhad via a deed of assignment dated 27 August 2004
NN/Unit 503, Block F, Phileo Damansara 1, No.9, Jalan 16/11, 46350 Petaling Jaya, Selangor	An office unit/ Office	more than 5 years (freehold)	2,167	505,850	18.7.2000	Charged to Hong Leong Bank Berhad via a deed of assignment dated 23 December 2004
NN/Unit 706, Block F, Phileo Damansara 1, No.9, Jalan 16/11, 46350 Petaling Jaya, Selangor	An office unit/ Office	more than 5 years (freehold)	2,181	495,343	18.7.2000	Charged to Hong Leong Bank Berhad via a deed of assignment dated 18 March 2005

(vii) Related Companies with Similar Trade

None of the Directors or substantial shareholders of the Company or its subsidiaries has any interest, direct/indirect interest, in any business carrying on a similar trade as the Company or its subsidiaries.

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