

9. PROMOTERS/SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL

9.1 Promoters/Substantial Shareholders

(i) Profiles

The profiles of Tey Por Yee and See Poh Yee are set out in Section 9.2 of this Prospectus. The profile of Tey Por Chen is set out in Section 9.4 of this Prospectus. The profile of Smart Tower is as follows:-

Smart Tower was incorporated in Malaysia as a private limited company under the Act on 1 June 2004 as an investment holding company.

The authorised share capital of Smart Tower is RM500,000 comprising 400,000 ordinary shares of RM1.00 each and 10,000,000 cumulative redeemable preference shares of RM0.01 each. The issued and fully paid-up share capital of Smart Tower as at the Latest Practicable Date is RM100,000 comprising 100,000 ordinary shares of RM1.00 each and 10,000,000 cumulative redeemable preference shares of RM0.01 each.

The details of the Directors and substantial shareholders of Smart Tower and their respective shareholdings are as follows:-

Directors/substantial shareholders	Nationality	No. of ordinary shares of RM1.00 each	No. of cumulative redeemable preference shares of RM0.01 each	Percentage of share capital %
Tey Por Yee	Malaysian	60,000	6,000,000	60.00
See Poh Yee	Malaysian	20,000	2,000,000	20.00
Tey Por Chen	Malaysian	20,000	2,000,000	20.00
Total		100,000	10,000,000	100.00

(ii) Promoters/Substantial Shareholders' Shareholdings in Nextnation

The Promoters/substantial shareholders of the Group and their shareholdings in the Company, based on the Register of Members as at the Latest Practicable Date, before and after the Issues, are as follow:-

Name	Nationality/ Place of incorporation	Before the Issues				After the Issues			
		Direct		Indirect		Direct		Indirect	
		No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Tey Por Yee	Malaysian	20,300	21.60	⁽¹⁾ 59,300	63.08	40,600	16.11	⁽¹⁾ 118,600	47.06
See Poh Yee	Malaysian	7,460	7.94	⁽²⁾ 56,700	60.32	14,920	5.92	⁽²⁾ 113,400	45.00
Tey Por Chen	Malaysian	6,940	7.38	⁽¹⁾ 59,300	63.08	13,880	5.51	⁽¹⁾ 118,600	47.06
Smart Tower	Malaysia	56,700	60.32	-	-	113,400	45.00	-	-

Notes:-

- (1) Deemed interested by virtue of their direct substantial shareholdings in Smart Tower and Sphinx.
- (2) Deemed interested by virtue of his direct substantial shareholding in Smart Tower.

9. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

(iii) Promoters and Substantial Shareholders' Directorships and/or Substantial Shareholdings in Other Public Corporations for the Past Two (2) Years

The Promoters and substantial shareholders do not have any directorship and/or other substantial shareholdings in other public corporations for the past two (2) years preceding the Latest Practicable Date.

(iv) Changes in the Promoters' and Substantial Shareholders' Shareholdings in the Company Since Incorporation

The changes in the shareholdings of the Promoters and Substantial Shareholders since the date of incorporation of Nextnation are as follows:-

Name	Nationality/ Place of incorporation	As at 20 July 2004 ⁽¹⁾		As at 28 April 2005 ⁽²⁾		As at 29 April 2005 ⁽³⁾		As at the Latest Practicable Date	
		No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Tey Por Yee	Malaysian	-	-	2,030	21.60	20,300	21.60	20,300	21.60
See Poh Yee	Malaysian	-	-	746	7.94	7,460	7.94	7,460	7.94
Tey Por Chen	Malaysian	-	-	694	7.38	6,940	7.38	6,940	7.38
Smart Tower	Malaysia	-	-	5,670	60.32	56,700	60.32	56,700	60.32
Total		-	-	9,140	97.24	91,400	97.24	91,400	97.24

Notes:-

(1) Being the date of incorporation of Nextnation.

(2) After the Acquisition of NN.

(3) After the Share Split.

9.2 Directors

(i) Profiles

The profiles of the Directors of the Company are as follows:-

Tey Por Yee, aged 29, is the Chief Executive Officer/Managing Director of Nextnation and is one of the founders of NN. He was appointed to the Board of Nextnation on 5 May 2005. He obtained his Bachelor of Commerce degree, majoring in business administration, from the University of Manitoba, Canada in 1998. Prior to the Nextnation Group, he was a shareholder, director and Senior Consultant of Lilo, a company in research, design and development of database and system integration activities, until he disposed of his interest in Lilo in May 2004. At Lilo, he managed to grow the company with limited resources to increase shareholders' value and steered the company to greater heights. In addition, his extensive experience in electronic marketing and e-commerce infrastructure building has enabled him to tap into many business opportunities and lead many companies to success.

9. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

See Poh Yee, aged 29, is the Chief Technology Officer of the Nextnation Group and a co-founder of NN. He was appointed to the Board of Nextnation on 5 May 2005. He obtained his bachelor degree in engineering with a major in Computer Science from the University of Manitoba, Canada in 1998. He began his career in Lilo as a Chief Technology Officer where his main responsibility was to design and develop large-scale applications and systems. In the Group, he is responsible for the architecture design of MINDCEP™ platform, SOHOMOBILE™, mCommerce-Suit and SMSJET™ and in leading a team of system engineers to perform system integration with all Celcos. He is also responsible for leading the application software development projects of the Group. In the past two (2) years, he has successfully built up a team of knowledge workers and led the Group into technology age. By embracing open source, he has helped the Group to cut down significant cost of development and maintenance. In these past five (5) years, his portfolios included project management, system design and software development especially in the field of Internet technology. His vast experience in system engineering, application design and information technology, in-depth knowledge and highly competent skills in open source platform has led the Group to success through the successful development and implementation of MINDCEP™ platform, SOHOMOBILE™, SMSJET™ and mCommerce-Suit.

Tan Hui Ming, aged 29, is the Chief Financial Officer of the Nextnation Group. He was appointed to the Board of Nextnation on 5 May 2005. He obtained his Bachelor of Commerce with major in Finance and Actuarial Science from the University of Manitoba, Canada in 1998 and was a registered Quality Management System (QMS) Lead Auditor of International Registered Certificated Auditor (IRCA), United Kingdom. He was formerly a Consulting Manager of a reputable professional body and a Senior Consultant and Trainer for a local consultancy firm and freelance auditor for third party TGA/DAR (Trageregemeinschaft für Akkreditierung/Deutschem Akkreditierungs Rat, German government agency) and UKAS/RAB (United Kingdom Accreditation Services/Regulatory Accreditation Board) accredited certification bodies such as TÜV Germany (Technische Überwachungs-Vereine, now known as Technical Inspection Associations), National Quality Assurance, Zurich and International European Certification, United Kingdom to certify organisations to ISO 9001. In the past five (5) years, his portfolios include managing, consultancy, sales and marketing, business development, office administration, purchasing, networking, budgeting and financial planning, formulating policies and procedures, setting business directions, human resource management, trainings, goals setting, process control and auditing activities.

Yap Siok Teng, aged 44, is an Independent Non-Executive Director of Nextnation and was appointed to the Board on 5 May 2005. She is a fellow member of the Association of Chartered Certified Accountants. She is also a member of the Malaysian Institute of Accountants. Currently, she is a practicing accountant in her own firm, Yap & Associates, which she has set up in October 1994. Prior to that, she has more than ten (10) years working experience in the field of audit, accountancy, taxation, general management and corporate advisory.

Natasha Binti Mohd. Zulkifli, aged 30, is an Independent Non-Executive Director of Nextnation. She was appointed to the Board of Nextnation on 5 May 2005. She graduated with LLB Second Class Upper (Hons) from London School of Economics in 1996. She has extensive experience in dealing with various government agencies and private sectors to facilitate the creation of a Malaysian agricultural logistics network. She is currently the Managing Director of Moguline Sdn. Bhd., a company entrusted by the government to build and operate perishable centers at all the Malaysian airports.

9. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

(ii) Directors' Shareholdings in Nextnation

The Directors of Nextnation and their respective shareholdings in the Company, based on the Register of Directors' of Nextnation as at the Latest Practicable Date, before and after the Issues, are as follows:-

Name	Nationality	Before the Issues				After the Issues			
		Direct		Indirect		Direct		Indirect	
		No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Tey Por Yee	Malaysian	20,300	21.60	⁽¹⁾ 59,300	63.08	40,600	16.11	⁽¹⁾ 118,600	47.06
See Poh Yee	Malaysian	7,460	7.94	⁽²⁾ 56,700	60.32	14,920	5.92	⁽²⁾ 113,400	45.00
Tan Hui Ming	Malaysian	-	-	-	-	⁽³⁾ 500	0.20	-	-
Yap Siok Teng	Malaysian	-	-	-	-	⁽³⁾ 100	0.04	-	-
Natasha Binti Mohd. Zulkifli	Malaysian	-	-	-	-	⁽³⁾ 100	0.04	-	-

Notes:-

- (1) Deemed interested by virtue of his direct substantial shareholdings in Smart Tower and Sphinx.
- (2) Deemed interested by virtue of his direct substantial shareholdings in Smart Tower.
- (3) Assuming full subscription of the Pink Form Allocation made available to them.

(iii) Directors' Directorships and/or Substantial Shareholdings in Other Public Corporations

None of the Directors has any directorship and/or substantial shareholdings in any public corporations for the past two (2) years preceding the Latest Practicable Date.

(iv) Aggregate Remuneration and Benefits of Directors

There was no remuneration paid to the Directors of the Company for services rendered to the Group since the date of incorporation of the Company on 20 July 2004 until 30 April 2005.

For the financial year ending 30 April 2006, the aggregate amount of remuneration and benefits to be paid to the Directors of the Company for services rendered to the Group is estimated to be approximately RM612,000.

The banding of remuneration and benefits of the Directors of Nextnation for the financial year ending 30 April 2006 are as follows:-

Remuneration band	Number of Directors
RM0 - RM50,000	2
Above RM50,000	3

9. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

9.3 Audit Committee

The composition of the Audit Committee is as follows:-

Name	Designation	Directorship
Yap Siok Teng	Chairman	Independent Non-Executive Director
Natasha Binti Mohd. Zulkifli	Committee Member	Independent Non-Executive Director
Tan Hui Ming	Committee Member	Executive Director

The Audit Committee is responsible for recommending to the Board the selection of external auditors, reviewing the scope of audit work and findings conducted by the Group's external auditors including any other services provided, reviewing and evaluating the Group's internal audit and controls, assessing financial risks and matters relating to related party transactions and conflict of interest and undertake such other responsibilities as may be agreed by the Audit Committee and the Board.

9.4 Key Management and Key Technical Personnel Shareholdings

(i) Profile

The profiles of the key management and key technical personnel of the Nextnation Group, other than Tey Por Yee, See Poh Yee and Tan Hui Ming which are set out in Section 9.2 of this Prospectus, are as follows:-

Tey Por Chen, aged 27, is the Chief Operating Officer of the Nextnation Group. He is one of the founders of NN. He was previously the Chief Operating Officer of Lilo, and with his vast experience in system integration and networking, he is one of the pioneers who master Linux and Apache in Malaysia. His responsibilities and exposure in server management play a critical role in Nextnation's success, especially in the development of MINDCEP™ platform.

Faizatul Ikmi Binti Abdul Razak, aged 26, is the Business Development Manager of the Nextnation Group. She graduated with a bachelor degree in Information Technology from University Tun Abdul Razak, Kuala Lumpur in 2003. She started off her career as a Business Development Executive with Lilo where she was responsible in assisting the company on business development, product advertising and promotion activities of the company. In the Nextnation Group, she is responsible for the set up and maintenance of the complete reporting needs of the Group by analyzing data that is available in order to determine the relevancy, accuracy and applicability of these data to fulfill the Group's reporting needs. She is also primarily responsible for the marketing, sales, advertising and promotions of the Group's products and services. In this past one (1) and a half years, her portfolios include marketing, sales, advertising and promotions especially for all the services provided by the Group.

9. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Foo Siang Shin, aged 27, is the Head of Web Application Department of the Group. He graduated with a bachelor degree in Computer Science cum Statistics from Campbell University, US. He embarked on his career in 2002 as a Web Programmer in Lilo and had assisted Lilo in developing, maintaining and upgrading of web application. He left Lilo to join NN as a Senior Application Developer in May 2004 and was promoted to the Head of Web Application on 1 January 2005. His knowledge and skills in various programming languages have assisted NN in developing, maintaining, and upgrading the web-based project and SMS application. His responsibilities include the development of new applications and applications of MINDCEP™, SMSJET™, mCommerce-Suit and SOHOMOBILE™. He currently leads several teams to set up mobile portal for companies in Singapore, Australia and other Southeast Asia countries.

Koh Chin Ling, aged 29, is the Accounts and Finance Manager of the Group. She obtained her Bachelor of Commerce with a major in Accounting from University of Southern Queensland, Australia in 1999. She started her career in 1999 as an Audit Assistant with Monteiro & Heng ("MH") and was later promoted to Assistant Manager in 2004. She has gained accounting and auditing experience on private, public and multinational companies involving in a variety of industries. She has carried out tasks on assessing client's system in terms of efficiency and effectiveness and has been involved in several IPO exercises. She left MH to join the Group in mid 2004. Her responsibilities include overseeing the Group's overall accounting, human resources and administration functions.

Mohd Fariz Bin Mohd Fahami, aged 27, is the Creative Director of Malay Application Interface Development Division of the Group. He graduated with a bachelor degree in Information System Management from MARA University Institute of Technology in December 2001. Prior to joining the Group, he was the Application Content Developer with Lilo. He began his career in 2001 with Quantum Business Sdn Bhd as a Multimedia Designer and Developer where he was responsible for designing and developing education multimedia. In 2002, the management of the company switched the nature of business from multimedia to VoIP due to the decreasing market of multimedia education business. He established his own company called Lurks Multimedia dealing with graphic design and multimedia/visual presentation, with the assistance of his relatives and friends. From mid 2003 until 2004, Lurks Multimedia has been dealing with several companies and institutions such as Koperasi Bekas Polis Malaysia Berhad, UMNO Wangsa Maju branch, Ministry of Communications and Multimedia, MDC and Ministry of Social Welfare. In the past three (3) years, his portfolios include designing and developing graphic, website and multimedia presentation, music composition and editing, corporate customer support, technical support and VoIP support. He currently leads a team of young, dynamic and energetic application interface developers who are responsible for designing the application interface for the Malay market.

Tam Kam Sang, aged 22, is the Creative Director of Chinese Application Interface Development Division of the Group. Previously, he was the Application Interface Designer with Lilo. He graduated with a diploma in Graphic Design from Tunku Abdul Rahman College, Malaysia in 2002. He currently leads a team of young, dynamic and energetic application interface developers who are responsible for designing the application interface for the Chinese market.

9. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Loong Chee How, aged 30, is the Head of mobile gateway division of the Group. He graduated with a bachelor degree in Statistics from University Putra Malaysia. He began his career in 1999 in CSA MSC Sdn Bhd as an Analyst Programmer where he was responsible for writing online stock trading system. He was also involved in developing embedded application running on Palm using J2ME. He left CSA MSC Sdn Bhd to join MCSB Systems (M) Berhad as a Systems and Network Engineer in early 2003 where he was involved in designing and implementing network infrastructure using Linux and Novell as the base platform to customers. In the later year of 2004, he joined Atos Origin Sdn Bhd (formerly known as SchlumbergerSema Sdn Bhd) as a Software Engineer. His main responsibility was to design and develop Celcos' application by using Java J2EE. In this past five (5) years, his portfolios included software design and development, consultancy, systems integration, systems and network design and implementation. His knowledge and highly competent skills in various programming languages, database, open source technology assisted him in developing, maintaining and upgrading the MINDCEP™ platform, SOHOMOBILE™, mCommerce-Suit and SMSJET™ of NN. He is also involved in setting up overseas SMS gateway and overseeing MINDCEP™'s performance.

(ii) Key Management and Key Technical Personnel's Shareholdings in Nextnation

Based on the Register of Members of Nextnation as at the Latest Practicable Date, the key management and key technical personnel of Nextnation Group and their respective shareholdings in Nextnation before and after the Issues are as follows:-

Name	Nationality	Before the Issues				After the Issues			
		Direct		Indirect		Direct		Indirect	
		No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Tey Por Chen	Malaysian	6,940	7.38	⁽¹⁾ 59,300	63.08	13,880	5.51	⁽¹⁾ 118,600	47.06
Faizatul Ikmi Binti Abd Razak	Malaysian	-	-	-	-	⁽²⁾ 400	0.16	-	-
Foo Siang Shin	Malaysian	-	-	-	-	⁽²⁾ 400	0.16	-	-
Koh Chin Ling	Malaysian	-	-	-	-	⁽²⁾ 200	0.08	-	-
Mohd Fariz Bin Mohd Fahami	Malaysian	-	-	-	-	⁽²⁾ 50	0.02	-	-
Tam Kam Sang	Malaysian	-	-	-	-	⁽²⁾ 50	0.02	-	-
Loong Chee How	Malaysian	-	-	-	-	⁽²⁾ 50	0.02	-	-

Notes:-

(1) Deemed interested by virtue of his direct substantial shareholding in Smart Tower and Sphinx.

(2) Assuming full subscription of the Pink Form Allocation made available to them.

(iii) Directorships and/or Substantial Shareholdings in Other Public Corporations

None of the key management and key technical personnel of the Nextnation Group has any directorship and/or substantial shareholdings in any public corporations for the past two (2) years preceding the Latest Practicable Date.

9. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

9.5 Involvement of Executive Directors, Key Management and Key Technical Personnel in Other Businesses and Corporations

Save as disclosed below, none of the Executive Directors, key management or key technical personnel of the Group is involved in other activities and operations of any other businesses and corporations.

Tey Por Yee, See Poh Yee and Tan Hui Ming are directors of several private limited companies which are currently dormant. They spend all of their normal working hours in the full-time employment of the Nextnation Group.

Faizatul Ikmi Binti Abd Razak is a director of a private limited company. However, she spends all of her normal working hours in the full-time employment of the Nextnation Group.

9.6 Declaration by the Directors, Key Management and Key Technical Personnel

None of the Directors, key management or key technical personnel of the Group is or has been involved in any of the following events:-

- (i) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a Director or key personnel;
- (ii) charged and/or convicted in a criminal proceeding or is named subject of a pending criminal proceeding; and
- (iii) a subject of any order, judgment or ruling of a court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

9.7 Service Agreements

There are no service agreements that have been entered into between the Group and its Directors, key management or key technical personnel as at the Latest Practicable Date.

9.8 Family Relationships and Associations

Other than Tey Por Yee and Tey Por Chen who are brothers, the rest of the Promoters, Directors, substantial shareholders, key management and key technical personnel of the Group have no family relationship.

10. APPROVALS, CONDITIONS AND MORATORIUM**10.1 Conditions of Approvals**

The SC approved the Listing of the Company on 18 April 2005. The conditions imposed by the SC and the status of compliance are as follows:-

(i) Approval from the SC

Conditions imposed by the SC (vide letter dated 18 April 2005)	Status of compliance
Nextnation to disclose in its prospectus the following:-	
(i)(a) The overall structure of the mobile content and messaging industry, the category/type of each industry participant and their respective role/function, and the role/function of Nextnation within the same;	Complied. Please refer to Section 6.3 of this Prospectus.
(i)(b) Risk relating to its short operation track record and the steps taken to and/or factors that mitigate the same;	Complied. Please refer to Section 4.1(i) of this Prospectus.
(i)(c) The valuation of NN and the justifications thereof. In addition, with respect to any goodwill arising from the acquisition of NN, the Company to disclose risks relating to impairment loss on goodwill, mitigating steps/actions taken or will be taken to minimise the risk of impairment loss; the financial impact of impairment loss and action to be taken to minimize the impact on the financial position of the Company when an impairment loss is recognized;	Complied. Please refer to Section 5.3(i) for the valuation of NN and justifications. There is no goodwill arising from the Acquisition of NN.
(i)(d) Risks relating to impairment loss on development expenditure, mitigating steps/actions taken or will be taken to minimise the risk of impairment loss; and financial impact of impairment loss and action to be taken to minimise the impact on the financial position of the Company when an impairment loss is recognised;	Complied. Please refer to Section 4.1(ii) of this Prospectus.
(i)(e) In addition to disclosures of the relevant agreement with Lilo, the role and contribution of Lilo and the Company respectively towards the development of Nextnation's platform and applications. In addition, Nextnation to disclose the owner of intellectual property of its platform and applications, and that the Company is not dependent on external service provider with respect to its systems; and the basis and justifications thereof;	Complied. Please refer to Sections 2.1, 4.1(iii) and 5.1 of this Prospectus.
(i)(f) Utilisation of proceeds to be raised from the public issue that are allocated to overseas expansion, including specific allocation, the planned utilisation and remarks/elaboration on the respective allocations. The same proceeds are to be placed in fixed deposit until eventually utilized for the disclosed purpose;	Complied in respect to disclosure of proceeds. Please refer to Section 3.7 item 5 of this Prospectus. The Company will comply with the SC's condition to place the proceeds in fixed deposit after it receives the proceeds from the Public Issue.
(i)(g) Dependence on revenue sharing arrangements with users of its applications and mobile network operators. In relation thereto, Nextnation to disclose in its prospectus risks with respect to non-renewal of agreements with Celcos and the impact and/or consequences thereof, and measures undertaken and/or to be undertaken by the Company to mitigate the above risks. In addition, Nextnation to disclose in its prospectus risks associated with the vulnerability of Nextnation's consolidated revenue to renegotiation of revenue sharing agreements with Celcos;	Complied. Please refer to Section 4.1(iv) of this Prospectus.

10. APPROVALS, CONDITIONS AND MORATORIUM (Cont'd)

Conditions imposed by the SC (vide letter dated 18 April 2005)	Status of compliance
(i)(h) Dependence of 3 rd party gateway provider and the role and scope of the 3 rd party gateway provider. In addition, Nextnation to disclose the mitigating measures undertaken or to be undertaken to mitigate the impact of loss of 3 rd party gateway provider;	Complied. Please refer to Section 4.1(iii) of this Prospectus.
(i)(i) Dependence on the billing systems of Celcos and the Company, and risks associated with disruptions in the Company's systems and breach of security of its systems, and mitigating measures with respect to these matters;	Complied. Please refer to Section 4.1(v) and (vi) of this Prospectus.
(ii) Nextnation to make full provision for trade receivables outstanding that has exceeded the normal credit period of 90 days but less than 120 days, unless it can be justified that the outstanding amount can be collected. The said justification must be disclosed in the listing prospectus. In addition, the Company should collect or make full provision for all trade receivables that have been outstanding for more than 120 days;	Complied. Refer to Section 7.6 of this Prospectus.
(iii) Shares held by promoters amounting to 51% of the issued and paid-up share capital of Nextnation at the date of admission to the MESDAQ Market and any interest in such shares may not be sold, transferred or otherwise disposed of for one (1) year from the date of admission to the MESDAQ Market. Thereafter, the promoters may sell, transfer or otherwise dispose of up to a maximum of one-third of their respective shareholdings per annum on a straight line basis of their respective shareholdings under moratorium;	Noted and to be complied. Please refer to Section 10.2 of this Prospectus.
(iv) Affin Merchant/Nextnation to disclose the status of utilisation of proceeds in its periodic and annual reports until the proceeds are fully utilized;	To be complied.
(v) Affin Merchant/Nextnation to include a negative statement in its Prospectus on the exclusion of profit forecast and projections from the Prospectus and the reasons thereof;	Complied. Please refer to Sections 2.13 and 7.7 of this Prospectus.
(vi) Affin Merchant/Nextnation to ensure that all provisions under Listing Requirements are complied with;	Noted.
(vii) Affin Merchant/Nextnation to inform the SC when the proposed flotation on MESDAQ Market is completed; and	To be complied.
(viii) Approvals to be obtained from other relevant authorities, if any.	Complied.

10. APPROVALS, CONDITIONS AND MORATORIUM (Cont'd)**10.2 Moratorium on Shares of Promoters**

Paragraph 2.10.2 of the Listing Requirements states that shares held by the Promoter amounting to 45% of the enlarged issued and paid-up share capital of the Company at the date of admission of the Company to the official list of the MESDAQ Market be placed under moratorium. However, the SC has vide its letter dated 18 April 2005 stated that shares held by the Promoters amounting to 51% of the issued and paid-up share capital of Nextnation at the date of admission to the official list of the MESDAQ Market be placed under moratorium. As such, the details of the Promoters of the Company who are subject to the moratorium are as follows:-

Name	After the Issues				Under Moratorium	
	Direct		Indirect		Direct	
	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
Smart Tower	113,400	45.00	-	-	113,400	45.00
Tey Por Yee	40,600	16.11	⁽¹⁾ 118,600	47.06	9,072	3.60
See Poh Yee	14,920	5.92	⁽²⁾ 113,400	45.00	3,024	1.20
Tey Por Chen	13,880	5.51	⁽¹⁾ 118,600	47.06	3,024	1.20

Notes:-

- (1) Deemed interested by virtue of his direct substantial shareholdings in Smart Tower and Sphinx.
- (2) Deemed interested by virtue of his direct substantial shareholdings in Smart Tower.

The quantum of 128,520,000 Shares which are to be held under moratorium, is fully accepted by the Promoters, representing 51% of the enlarged issued and paid-up share capital of the Company.

The Promoters will not be allowed to sell, transfer or assign any part of its interest in Nextnation Shares under the moratorium within one (1) year from the date of admission of the Company to the official list of the MESDAQ Market, and thereafter, are permitted to sell, transfer or assign up to a maximum of one-third per annum of its respective shareholdings in the Company under moratorium on a straight-line basis.

This restriction is specifically endorsed on the notice of allotment and share certificates of Nextnation representing the shareholding of the Promoters which are under moratorium to ensure that Share Registrar of the Company shall not register any transfer which is not in compliance with the moratorium restrictions.

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11. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST

11.1 Related Party Transactions

There are no related party transactions or arrangements, existing or potential, or to be entered into by Nextnation or any of its subsidiaries which involve the interest, direct or indirect, of the Directors, substantial shareholders and/or any persons connected with the Directors or substantial shareholders of the Company as defined under Section 122A of the Act.

11.2 Transactions that are Unusual in Their Nature and Conditions

There are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which the Group was a party in respect of the past one (1) year and the subsequent financial period thereof from the Latest Practicable Date.

11.3 Interest in Similar Business

None of the Promoters, substantial shareholders and Directors of Nextnation has any interest, direct or indirect, in other businesses and corporations carrying on a similar trade as the Nextnation Group.

11.4 Outstanding Loan Made by the Company or Any of Its Subsidiaries to or for the Benefit of Related Parties

There is no outstanding loan (including guarantees of any kind) made by the Company or any of its subsidiaries to or for the benefit of the related parties in respect of the past one (1) financial year and the subsequent financial period thereof, immediately preceding the Latest Practicable Date.

11.5 Promotions of Any Material Assets Acquired or to be Acquired

Save as disclosed below, none of the Directors and substantial shareholders has any interest, direct or indirect, in the promotion of or in any material assets acquired or proposed to be acquired or disposed or proposed to be disposed of or leased or proposed to be leased to the Company or any of its subsidiaries within two (2) years preceding the date of this Prospectus.

Pursuant to a conditional Share Purchase Agreement dated 6 August 2004 and the Supplemental Share Purchase Agreement dated 27 April 2005, Nextnation acquired all of the issued and paid-up share capital of NN comprising 9,399,998 ordinary shares of RM1.00 each from the shareholders of NN for a total purchase consideration of RM9,399,998 which was satisfied by the issuance of 9,399,998 ordinary shares of RM1.00 each in Nextnation. The Acquisition of NN was completed on 28 April 2005.

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11. RELATED PARTY TRANSACTIONS / CONFLICT OF INTEREST (Cont'd)

11.6 Declaration by the Advisers

Affin Merchant confirms that there is no conflict of interest in respect to their capacity as Adviser, Sponsor, Placement Agent and Underwriter to the Nextnation Group for the Listing.

Affin Securities confirms that there is no conflict of interest in respect to their capacity as Underwriter to the Nextnation Group for the Listing.

MIDF Sisma Securities confirms that there is no conflict of interest in respect to their capacity as Underwriter to the Nextnation Group for the Listing.

Mazlan & Associates confirms that there is no conflict of interest in respect of their capacity as Solicitors to the Nextnation Group for the Listing.

Shamsir Jasani Grant Thornton confirms that there is no conflict of interest in respect of their capacity as Reporting Accountant and auditor to the Nextnation Group for the Listing.

IDC Market Research (M) Sdn Bhd confirms that there is no conflict of interest in respect of their capacity as Independent Market Research Consultant to Nextnation Group for the Listing.

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12. DIRECTORS' REPORT

(Prepared for inclusion in this Prospectus)

1 August 2005

Registered Office:
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur



The Shareholders of Nextnation Communication Berhad

Dear Sir/Madam

On behalf of the Board of Directors of Nextnation Communication Berhad ("Company"), I report that after making due enquiries in relation to the interval between 30 April 2005, being the date which the last audited financial statements of the Company and its subsidiaries ("Group") have been made up, and the date hereof, being a date not earlier than fourteen (14) days before the issue of this Prospectus:-

- (i) the business of the Group has in the opinion of the Directors, been satisfactorily maintained;
- (ii) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of the Group which have adversely affected the trading or the value of the assets of the Group;
- (iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) no contingent liabilities have arisen by reason of any guarantees or indemnities given by the Group;
- (v) there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which the Directors are aware of; and
- (vi) save as disclosed in the Accountants' Report as set out in Section 13 and Proforma Consolidated Balance Sheets as set out in Section 14 of this Prospectus, there have been no changes to the published reserves or any unusual factors affecting the profits of the Group since the last audited financial statements of the Group.

Yours faithfully,
For and on behalf of the Board of Directors of

NEXTNATION COMMUNICATION BERHAD

Tey Por Yee
Managing Director

Nextnation Communication Berhad (660055-H)
Unit 909, Block F, Phileo Damansara 1, No 9, Jalan 16/11, 46350 Petaling Jaya, Selangor.
Tel : 03-7494 4839 Fax: 03-7494 4836