

1 INFORMATION SUMMARY

THE FOLLOWING IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE COMPANY OR GROUP. INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST.

1.1 HISTORY AND NATURE OF BUSINESS

Incorporation

Scicom was incorporated on 30 October 2002 in Malaysia under the Act under the name of Scicom (MSC) Sdn Bhd. On 7 November 2002, Scicom (MSC) Sdn Bhd was granted MSC status by MDC and was awarded pioneer status under Section 14A of the Promotion of Investments (Amendment) Act 1986 by the MITI for a five (5) year period commencing from 7 November 2002.

On 15 September 2004, the Company was converted into a public limited company and assumed its present name.

History and principal activities

Scicom is a leading provider of customer contact centre services within the BPO space in the Asia Pacific region. In addition to managing contact centres, Scicom also provides customer service training products, as well as contact centre consulting and marketing services. Scicom's vision is 'Total Customer Delight', a mantra that is applied in all the Group's interactions with all stakeholders that interact with the organisation.

Scicom's BPO service offering includes premier inbound customer care, technical helpdesks and support and associated fulfilment via multiple channels. Contact centre outsourcing is a subset of BPO requiring the successful integration of technology, telecommunications, human resource and process competencies.

Scicom realised that Malaysia was an ideal location to provide offshore contact centre solutions. Their faith in Malaysia's natural attributes was built upon the following factors:

- (i) A stable political climate put in place by a multi-ethnic ruling party that has been in power for over 45 years;
- (ii) State-of-the-art physical and telecommunication infrastructure;
- (iii) Business friendly environment with minimal bureaucratic requirements, a robust banking sector, and a strong common law system;
- (iv) A large pool of multi-lingual university graduates and diploma-holders from both local and overseas educational institutions from a wide variety of cultural backgrounds;
- (v) Tolerable weather conditions, absence of natural disasters, safe environment and a good quality of living; and
- (vi) A benign inflationary environment coupled with a stable currency regime.

By choosing to locate in Malaysia, Scicom took a pioneering stance in the notion that there was much potential for the growth of BPO activities in the country and incorporated Scicom (Malaysia) in 1997 to tap the BPO market.

1 INFORMATION SUMMARY (Cont'd)

Scicom Group currently has operations in Malaysia and India. Scicom can help global companies achieve customer delight, consistency, productivity gains and cost savings by relocating their customer contact centres to hubs currently operating out of Kuala Lumpur, Malaysia, and Bangalore, India. True to the unique value proposition of being a multi-lingual contact centre provider, Scicom currently supports fifteen (15) languages, across twenty-seven (27) countries/territories. This linguistic spread includes English, French, Arabic, seven (7) languages native to the Asia Pacific region and five (5) native languages in India.

Scicom's contribution to the local BPO and shared services industry has earned them MSC status, one of the pioneer companies of its kind to be awarded this status. The Company has to-date worked closely with the MDC and has actively been involved in efforts to promote Malaysia as a global hub for shared services and BPO.

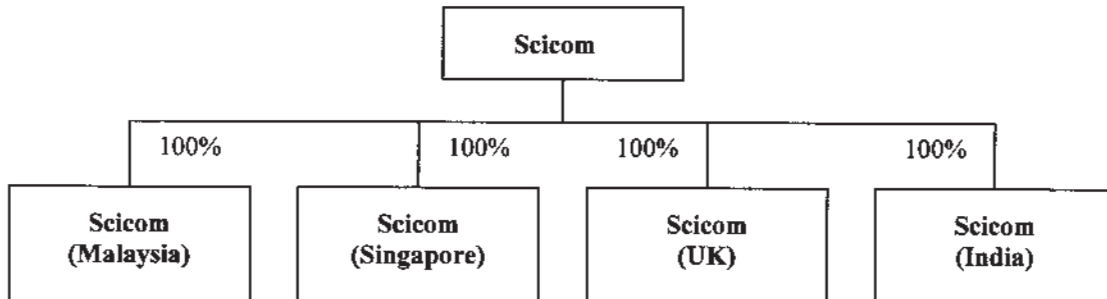
The subsidiaries of Scicom are as follows:-

Name of company	Date and place of incorporation	Equity interest (%)	Paid-up share capital as at 24 August 2005	Principal Activities
Scicom (Malaysia)	15.4.1997/ Malaysia	100	RM900,000	Provision of customer centre service training, marketing and consulting services.
Scicom (India)	29.10.2003/ India	100	INR100,000	Providing end to end solutions for customer contact management and back office services to businesses and providing services in connection with training, quality management, human capital management, disaster recovery services, certification of call centres, business process solutions, software development, system integration, software re-engineering and migration as well as software maintenance that would help facilitate business transactions over all business contact channels.
Scicom (Singapore)	7.9.1999/ Singapore	100	SGD2	Dormant
Scicom (UK)	26.4.2002/ UK	100	GBP1	Dormant

1 INFORMATION SUMMARY (Cont'd)

Group Structure

The Scicom Group's corporate structure is depicted below:-



1.2 TRADEMARKS

Scicom has on 24 August 2004 filed applications for the registration of the following trademarks in Malaysia with the Registrar of Trademarks in relation to its brand names:-

- (i) scicomSM;
- (ii) scicomsourcingSM;
- (iii) scicompartnerSM;
- (iv) scicomacademySM;
- (v) scicomconsultingSM; and
- (vi) scicommarketingSM.

As at 24 August 2005, being the latest practicable date prior to the printing of this Prospectus, the aforementioned applications have been published in the Government Gazette, awaiting approval from the Registrar of Trademarks. Please refer to Section 4.3.3 of this Prospectus for further details.

1.3 RISK FACTORS

Applicants for the Issue Shares should carefully consider the following risk factors (which are not exhaustive), in addition to the other information contained in this Prospectus before applying for the Issue Shares. For a detailed commentary on the risk factors, please refer to Section 3 of this Prospectus:-

(A) BUSINESS RISKS

- (i) Reliance on a few major clients;
- (ii) Dependence on labour force;
- (iii) Dependence on key personnel;
- (iv) Risk of business interruption;
- (v) No prior market for the Company's shares;
- (vi) Expansion to foreign markets and its related risk thereon;
- (vii) MSC status;
- (viii) Protection of trademarks rights;
- (ix) Dependence on key services; and
- (x) Investment risks

1 INFORMATION SUMMARY (Cont'd)**(B) RISKS RELATING TO INDUSTRY**

- (i) Barriers to entry;
- (ii) Competition; and
- (iii) Technology.

(C) OTHER RISKS

- (i) Shareholdings of Promoters;
- (ii) Political, economic and legislative considerations;
- (iii) Forward looking statements;
- (iv) Delay in or abortion of the Public Issue;
- (v) Termination of Underwriting Agreement; and
- (vi) Foreign exchange risk.

1.4 FINANCIAL HIGHLIGHTS

The following tables present selected consolidated financial and other data of the Scicom Group for the past five (5) FYE 30 June 2005. This data should be read in conjunction with the accompanying notes included in the Reporting Accountants' Report as set out in Section 13.3 of this Prospectus.

	←-----Audited-----→		←-----Proforma-----→		
	←-----FYE 30 June-----→				
	2005	2004	2003	2002	2001
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	53,957	46,466	39,444	18,770	10,677
Earnings before interest, taxation, depreciation and amortisation	9,383	7,345	4,536	1,381	774
Depreciation	(3,608)	(2,719)	(1,680)	(744)	(541)
Interest expenses	(415)	(728)	(264)	(121)	(72)
Interest income	48	57	27	-	3
Amortisation	-	-	-	-	-
Profit before taxation	5,408	3,955	2,619	516	164
Taxation	-	(266)	(258)	(326)	(58)
PAT but before MI	5,408	3,689	2,361	190	106
MI	-	(106)	33	-	-
PAT and MI	5,408	3,583	2,394	190	106
Number of ordinary shares of RM0.10 each assumed in issue (Issued and paid-up capital before Rights Issue and Public Issue) ('000)	75,000	75,000	75,000	75,000	75,000
Basic EPS based on number of shares assumed in issue (sen)*	7.2	4.8	3.2	0.3	0.1

1 INFORMATION SUMMARY (Cont'd)

Notes:-

- (i) The above financial results included Scicom (South Korea) which was subsequently disposed off by Scicom on 28 June 2004.*
- (ii) The audited financial statements of Scicom Group were not subject to any qualification.*
- (iii) There were no extraordinary / exceptional items for the financial years under review.*
- * Basic EPS is calculated by dividing the PAT after MI for the financial years by the number of ordinary shares assumed in issue during the financial years.*

For more details on the financial information, please refer to Sections 6 and 13 of this Prospectus.

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1 INFORMATION SUMMARY (Cont'd)**1.5 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2005**

The Proforma Consolidated Balance Sheets set out below are provided for illustrative purposes only to show the effects on the balance sheets of Scicom Group as at 30 June 2005, on the assumption that certain events had been effected on that date and should be read in conjunction with the notes and assumptions to the Proforma Consolidated Balance Sheets as set out in Section 13.2 of this Prospectus.

		I	II	III
	Audited as at 30.06.05	After Declaration of Dividends and Rights Issue	After (I), Public Issue and utilisation of proceeds	After (II) and ESOS
	RM	RM	RM	RM
NON-CURRENT ASSETS				
Plant and equipment	11,781,788	11,781,788	16,781,788	16,781,788
CURRENT ASSETS				
Trade receivables	4,934,262	4,934,262	4,934,262	4,934,262
Deposits, prepayments and other receivables	2,376,522	2,376,522	2,376,522	2,376,522
Deposits with financial institutions	1,765,456	1,765,456	1,765,456	1,765,456
Cash and bank balances	871,755	871,755	13,931,755	21,611,755
	9,947,995	9,947,995	23,007,995	30,687,995
CURRENT LIABILITIES				
Payables and accruals	5,845,317	5,845,317	5,845,317	5,845,317
Taxation	83,483	83,483	83,483	83,483
Borrowings (secured and interest-bearing)	2,164,962	2,164,962	2,164,962	2,164,962
	8,093,762	8,093,762	8,093,762	8,093,762
Net current assets	1,854,233	1,854,233	14,914,233	22,594,233
NON-CURRENT LIABILITIES				
Payables	468,360	468,360	468,360	468,360
Borrowings (secured and interest-bearing)	1,033,615	1,033,615	1,033,615	1,033,615
Deferred taxation	137,289	137,289	137,289	137,289
	1,639,264	1,639,264	1,639,264	1,639,264
Net Assets	11,996,757	11,996,757	30,056,757	37,736,757

1 INFORMATION SUMMARY (Cont'd)

	I	II	III
	After Declaration of Dividends and Rights Issue RM	After (I), Public Issue and utilisation of proceeds RM	After (II) and ESOS RM
Audited as at 30.06.05	RM	RM	RM
CAPITAL AND RESERVES			
Share capital	7,500,000	12,800,000	14,080,000
Share premium	-	14,800,000	21,200,000
Currency translation reserve	(12,610)	(12,610)	(12,610)
Retained earnings	4,509,367	2,469,367	2,469,367
Shareholders' fund	<u>11,996,757</u>	<u>30,056,757</u>	<u>37,736,757</u>
Net tangible assets per share (sen)	16.0	12.5	23.5
			26.8

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1 INFORMATION SUMMARY (Cont'd)

1.6 PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE

(i) Share capital	
Authorised:- 250,000,000 Scicom Shares	RM25,000,000
Issued and paid-up:- 95,400,000 Scicom Shares credited as fully paid up	RM9,540,000
To be issued pursuant to the Public Issue:- 32,600,000 Scicom Shares credited as fully paid-up	RM3,260,000
Enlarged issued and paid-up share capital	RM12,800,000

(ii) Issue Price per Scicom Share	RM0.60
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(iii) Market capitalisation of Scicom based on the Issue Price	76,800,000
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(iv) Proforma consolidated NTA

Proforma consolidated NTA as at 30 June 2005 after the Public Issue and utilisation of proceeds thereof (RM'000)	30,057
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Proforma consolidated NTA per Scicom Share (based on the enlarged issued and paid-up share capital after the Public Issue and utilisation of proceeds thereof)	23.5 sen
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(v) Classes of shares and ranking

There is only one class of shares in Scicom namely Scicom Shares. The Issue Shares will rank pari passu in all respects with the other existing issued and paid-up Scicom Shares including voting rights and all dividends and distributions that may be declared subsequent to the date of allotment of the Issue Shares.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of Scicom Shares in the Company shall, in proportion to the amount paid-up on the Scicom Shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions and in the event of liquidation of the Company, any surplus shall be distributed amongst the members in proportion to the capital paid-up or which ought to have been paid up at the commencement of the liquidation, in accordance with the Company's Articles of Association.

Each shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney or by duly authorised representative, and, on a show of hands, every person present who is a shareholder shall have one vote, and on poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each Scicom Share held. A proxy may but need not be a member of the Company.

1 INFORMATION SUMMARY (Cont'd)

1.7 CONSOLIDATED PROFIT FORECAST FOR THE FYE 30 JUNE 2006

The Directors of Scicom forecast that the consolidated PAT of Scicom Group for the FYE 30 June 2006, will be as follows:

	Forecast FYE 30 June 2006 RM'000
Revenue	<u>71,645</u>
Consolidated profit before taxation	8,938
Less: Taxation	<u>(399)</u>
Consolidated PAT	<u>8,539</u>
Weighted average number of Scicom Shares in issue ('000) ^{*1}	120,408
Adjusted weighted average number of Scicom Shares in issue ('000) ^{*1}	128,895
Basic EPS (sen) ^{*1}	7.1
Diluted EPS (sen) ^{*1}	6.6
Basic PE multiple (times) ^{*2}	8.45
Diluted PE multiple (times) ^{*2}	9.09

Notes:-

^{*1} The weighted average number of Scicom Shares in issue, adjusted weighted average number of Scicom Shares in issue, basic EPS and diluted EPS are calculated as indicated in Section 13.1 of this Prospectus "Consolidated Profit Forecast for the FYE 30 June 2006 together with the notes and assumptions thereon".

^{*2} The basic / dilutive PE multiple are based on the Issue Price of RM0.60 per Scicom Share over the basic/diluted EPS.

1.8 DIVIDEND FORECAST

It is currently not the Board's intention to declare a dividend for the FYE 30 June 2006 as it is the intention of Scicom to retain funds for future expansion in business operations.

1.9 PROSPECTS AND OUTLOOK

Management consulting firm AT Kearney affirmed Malaysia's attractiveness as an outsourcing location by ranking it third (3rd), behind India and China, in their 2004 Offshore Location Attractiveness Index. By billing Malaysia as a 'rising alternative to the two (2) Asian giants, AT Kearney has placed Malaysia on the map as a country that has the potential to challenge India's dominance in BPO in the next five (5) years. The firm also cites a report by Datamonitor, a business intelligence outfit, which considers Malaysia as one of the countries that will challenge India's dominance in BPO in the next five (5) years. AT Kearney stated in the index report, "Malaysia is an often overlooked, but natural, choice for offshore services. The country's successful performance is a result of its low costs, particularly for infrastructure, as well as its strong score in business environment for an emerging market." Other important elements include the government's support for the ICT sector, and the strong global exposure of the workforce."

The Company's notion together with the affirmation by AT Kearney above were vindicated in recent years by the decisions of many MNCs to relocate their data processing, contact centre and IT facilities

1 INFORMATION SUMMARY (Cont'd)

among others, to Malaysia and in many cases, Cyberjaya. Such organisations include but not limited to the following:-

- (i) DHL Worldwide Express;
- (ii) Ericsson;
- (iii) HSBC;
- (iv) IBM; and
- (v) Standard Chartered Bank.

(Source: www.msc.com.my, extracted on 22 August 2005)

Based on the above prominent MNCs that have invested multi million of dollars in Malaysia, it further underpins Scicom's view that Malaysia is an ideal location for offshore outsourcing within the BPO space. In this regard, the future holds much potential for growth for BPO providers like Scicom.

1.10 PROCEEDS FROM THE PUBLIC ISSUE AND PROPOSED UTILISATION

The gross proceeds from the Public Issue amounting to RM19,560,000 will accrue entirely to the Company and will be utilised as follows:-

	RM'000	Expected time frame for utilisation
Working capital	13,060	12 months from date of listing
Capital expenditure	5,000	24 months from date of listing
Estimated share issue expenses	1,500	3 months from date of listing
	<u>19,560</u>	

Full details of the proposed utilisation are set out in Section 2.7 of this Prospectus.

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1 INFORMATION SUMMARY (Cont'd)

1.11 DIRECT AND INDIRECT SHAREHOLDINGS OF PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY PERSONNEL

The shareholdings of the promoters, substantial shareholders, directors and key personnel are as follows:-

1.11.1 PROMOTERS / SUBSTANTIAL SHAREHOLDERS

Name	Nationality/ Place of incorporation	Designation / Principal activity	No. of Scicom Shares held after Public Issue [^]			
			Direct	%	Indirect	%
Promoters						
Leo Suresh Ariyanayakam	Sri Lankan	Group Executive Director / Chief Executive Officer	19,080,000	14.91	-	-
Krishnan Menon	Malaysian	Non-Independent Non-Executive Director	7,632,000	5.96	^{*1} 24,708,600	19.30
Sreekumar A/L P. Narayana Pillai	Malaysian	-	-	-	^{*1} 24,708,600	19.30
AKN Capital Sdn Bhd	Malaysia	Investment holding	36,347,400	28.40	-	-
Netinsat Asia Sdn Bhd	Malaysia	Investment holding	24,708,600	19.30	-	-
Substantial Shareholders						
Leo Suresh Ariyanayakam	Sri Lankan	Group Executive Director / Chief Executive Officer	19,080,000	14.91	-	-
Krishnan Menon	Malaysian	Non-Independent Non-Executive Director	7,632,000	5.96	^{*1} 24,708,600	19.30
Seow Lun Hoo	Malaysian	-	7,632,000	5.96	-	-
AKN Capital Sdn Bhd	Malaysia	Investment holding	36,347,400	28.40	-	-
Netinsat Asia Sdn Bhd	Malaysia	Investment holding	24,708,600	19.30	-	-
Sreekumar A/L P. Narayana Pillai	Malaysian	-	-	-	^{*1} 24,708,600	19.30
Dato' Ahmad Kabeer bin Mohamed Nagoor	Malaysian	Non-Independent Non-Executive Chairman	-	-	^{*2} 36,347,400	28.40
Ooi Boon Leong	Malaysian	-	-	-	^{*2} 36,347,400	28.40

Notes:-

[^] Assuming no exercise of ESOS options.

^{*1} Deemed interested by virtue of his shareholdings in Netinsat Asia Sdn Bhd pursuant to Section 6A of the Act.

^{*2} Deemed interested by virtue of his shareholdings in AKN Capital Sdn Bhd pursuant to Section 6A of the Act.

1 INFORMATION SUMMARY (Cont'd)

1.11.2 DIRECTORS

Name	Designation	No. of Scicom Shares held after Public Issue [^]			
		Direct	%	Indirect	%
Dato' Ahmad Kabeer bin Mohamed Nagoor	Non-Independent Non-Executive Chairman	-	-	*136,347,400	28.40
Leo Suresh Ariyanayakam	Group Executive Director / Chief Executive Officer	19,080,000	14.91	-	-
Krishnan Menon	Non-Independent Non-Executive Director	7,632,000	5.96	*224,708,600	19.30
Nikolai Dobberstein	Independent Non-Executive Director	300,000	0.23	-	-
Dato' Mohd Salleh bin Hj Harun	Independent Non-Executive Director	300,000	0.23	-	-

Notes:-

[^] Assuming the eligible Directors take up their respective entitlements to the pink form shares allocation and no exercise of ESOS options.

*1 Deemed interested by virtue of his shareholdings in AKN Capital Sdn Bhd pursuant to Section 6A of the Act.

*2 Deemed interested by virtue his shareholdings in Netinsat Asia Sdn Bhd pursuant to Section 6A of the Act.

1.11.3 KEY PERSONNEL

Name	Nationality	Designation	No. of Scicom Shares held after Public Issue [^]			
			Direct	%	Indirect	%
Leo Suresh Ariyanayakam	Sri Lankan	Group Executive Director / Chief Executive Officer	19,080,000	14.91	-	-
Lim Willie	Malaysian	Senior Vice President of Operations	300,000	0.23	-	-
Jeyabalan A/L S.K. Parasingam	Malaysian	Senior Vice President of Corporate Planning	200,000	0.16	-	-
Radah Krishnan A/L Vijaya Gopal	Malaysian	Country Manager, India	150,000	0.12	-	-
Jaya Kumar A/L Narayana Pillai Sreedharan Nair	Malaysian	Senior Vice President of Finance	300,000	0.23	-	-

1 INFORMATION SUMMARY (Cont'd)

Name	Nationality	Designation	No. of Scicom Shares held after Public Issue [^]			
			Direct	%	Indirect	%
Vijiyasundram A/L Rajasundram	Malaysian	Senior Vice President of Technology	50,000	0.04	-	-
Benny Phillip	Indian	Senior Vice President of Projects and Planning	200,000	0.16	-	-
Anthony Jerard Rajendram	Malaysian	Vice President of scicomacademy SM	150,000	0.12	-	-
Linda D'Anca	American	Vice President of Operations	50,000	0.04	-	-
William Tosh	British	Vice President of Operations	-	-	-	-
Khaled Ahmed Adel El-Sherief	Egyptian	Vice President of Operations	50,000	0.04	-	-
Martin Shaw	British	Vice President of Operations	100,000	0.08	-	-
Shanti Jacqueline A/P K Jeya Raj	Malaysian	Vice President of Total Quality Management	50,000	0.04	-	-

Note:-

[^] Assuming the eligible key personnel take up their respective entitlements to the pink form shares allocation and no exercise of ESOS options.

Detailed information on the Promoters/substantial shareholders, Directors and key personnel are set out in Section 8 of this Prospectus.

1.12 WORKING CAPITAL, MATERIAL LITIGATION, MATERIAL CAPITAL COMMITMENTS, CONTINGENT LIABILITIES AND BORROWINGS

Working Capital

The Board is of the opinion that after taking into account the gross proceeds from the Public Issue, the Company will have adequate working capital for a period of twelve (12) months from the date of this Prospectus.

Material Litigation

As at 24 August 2005, being the latest practicable date prior to the printing of this Prospectus, the Group is not engaged in any material litigation or arbitration proceedings either as plaintiff or defendant and the Board has no knowledge of any proceedings pending or threatened against the Group or any facts likely to give rise to any proceedings which might materially affect the position and business of the Group.

Material Capital Commitments

As at 24 August 2005, being the latest practicable date prior to the printing of this Prospectus, the Group has no contracted material capital commitments not provided for in the accounts in respect of the purchase of land, building, plant & machinery and construction of factory buildings.

1 INFORMATION SUMMARY (Cont'd)

Contingent Liabilities

As at 24 August 2005, being the latest practicable date prior to the printing of this Prospectus, the Group has no outstanding material contingent liabilities.

Borrowings

As at 24 August 2005, being the latest practicable date prior to the printing of this Prospectus, the Group has total borrowings consisting finance lease liabilities of RM2,613,315. The interest rates of the total borrowings ranges from 8% to 12%.

Details of Scicom Group's outstanding borrowings are as follows:-

	As at 24 August 2005
	RM
Long-term borrowings	1,091,041
Short-term borrowings	<u>1,522,274</u>
Total borrowings	<u>2,613,315</u>

There has been no default by Scicom Group on payments of either interest and/or principal sums in respect of its borrowings throughout the past financial period / years and subsequent financial period immediately preceding 24 August 2005.

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2 PARTICULARS OF THE PUBLIC ISSUE

2.1 OPENING AND CLOSING OF APPLICATION

Applications will be accepted from 10.00 a.m. on 7 September 2005 and will remain open until 5.00 p.m. on 14 September 2005 or for such other later date or dates as the Directors of the Company and Kenanga may in their absolute discretion mutually decide. Late applications will not be accepted.

2.2 IMPORTANT DATES

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

Event	Tentative Date
Opening of Application for the Issue Shares	7 September 2005
Closing of Application for the Issue Shares	14 September 2005
Balloting Date	16 September 2005
Despatch of Notices of Allotment of the Issue Shares to successful applicants	23 September 2005
Listing of the Company's entire enlarged issued and paid-up share capital on the MESDAQ Market	26 September 2005

These dates are tentative and subject to changes which may be necessary to facilitate implementation procedures. The Application will close on the date stated above or such later date as the Board and Kenanga at their absolute discretion may jointly decide.

Any changes to the application period will also affect the balloting, allotment and listing dates for the Public Issue and will be notified to the public via advertisements in widely circulated English and Bahasa Malaysia newspapers.

2.3 SHARE CAPITAL

Authorised:-

250,000,000 Scicom Shares	<u>RM25,000,000</u>
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Issued and paid-up:-

95,400,000 Scicom Shares credited as fully paid-up	RM9,540,000
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To be issued pursuant to the Public Issue:-

32,600,000 Scicom Shares credited as fully paid-up	RM3,260,000
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Enlarged issued and paid-up share capital	<u>RM12,800,000</u>
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Issue Price per Scicom Share	<u>RM0.60</u>
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There is only one (1) class of shares in the Company namely Scicom Shares. The Issue Shares will upon allotment rank pari passu in all respects with one another and all other existing issued and fully paid-up Scicom Shares including voting rights and the right to all dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares.

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of Scicom Shares shall, in proportion to the amount paid-up on the Scicom Shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions and in the event of liquidation of the Company, any surplus shall be distributed amongst the members in proportion to the capital paid-up or which ought to have been paid-up at the commencement of the liquidation, in accordance with the Company's Articles of Association.

Each shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney or by duly authorised representative, and, on a show of hands, every person present who is a shareholder or authorised representative or proxy or attorney of a shareholder shall have one vote, and on poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each Scicom Share held. A proxy may but need not be a member of the Company.

2.4 PARTICULARS OF THE PUBLIC ISSUE

The Public Issue is an invitation by Scicom to the public to subscribe for the Issue Shares at an issue price of RM0.60 per share subject to the terms and conditions in this Prospectus.

The Issue Shares made available for subscription are as follows:-

		No. of Issue Shares to be allocated
(i)	Eligible directors, employees and business associates of the Group	3,700,000
(ii)	Public (including Malaysian and non-Malaysian individuals, companies, societies, co-operatives and institutions)	3,000,000
(iii)	Placement to Selected Investors	25,900,000
Total		32,600,000

The basis of allocation to be determined shall take into account the desirability of distributing the Issue Shares to a reasonable number of applicants with a view of broadening the shareholding base of the Company to meet the public spread requirements and to establish a liquid and an adequate market in the Scicom Shares. To meet shareholding spread requirements, the final allocation to any single applicant shall not breach 5% or more of the enlarged issued and paid-up share capital of the Company upon Listing, regardless of the amount of Issue Shares applied for.

The Issue Shares in respect of Section 2.4(i) above are allocated to eligible directors, employees and business associates of the Group. Based on the criteria, there are 16 directors, employees and business associates who are eligible and are interested in taking up the reserved Issue Shares. All of the 3,700,000 Issue Shares have been allocated to eligible directors, employees and business associates based on their respective position, number of years of service and number of years of relationship with the Group (as applicable). Save as disclosed below, none of the Directors of Scicom have been allocated the Issue Shares in respect of Section 2.4(i) above:-

Name	Designation	Number of Issue Shares allocated
Nikolai Dobberstein	Independent Non-Executive Director	300,000
Dato' Mohd Salleh bin Hj Harun	Independent Non-Executive Director	300,000

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

In the event any of the Issue Shares under 2.4(i) above is not taken up by the eligible directors, employees and business associates of the Group, such Issue Shares will be made available for application by the Public under Section 2.4(ii) above by way of a public offer or be allocated by way of private placement under Section 2.4(iii) above.

In the event of an under-subscription of any of the 3,000,000 Issue Shares under Section 2.4(ii) above, such unsubscribed Issue Shares may be transferred from the public offer tranche and allocated by way of private placement, and vice versa. For the avoidance of doubt, in the event any of the 3,000,000 unsubscribed Issue Shares transferred from the public offer tranche to the private placement tranche, which are not taken up by the Selected Investors, such Issue Shares will be underwritten by the Underwriters.

The minimum number of Scicom Shares to be subscribed for the purpose of the Public Issue is 32,600,000 Scicom Shares being 100% of the Scicom Shares available under the Public Issue.

The Issue Shares under Section 2.4(ii) above will be underwritten by the Underwriters in compliance with the Listing Requirements. The Placement Agent has received irrevocable undertakings from selected investors to take up the Issue Shares under Section 2.4(iii) above and hence such Issue Shares will not be underwritten.

2.5 PURPOSES OF THE PUBLIC ISSUE

The purposes of the Public Issue are as follows:-

- (i) To obtain a listing of and quotation for the entire enlarged issued and paid-up share capital of Scicom onto the MESDAQ Market;
- (ii) To provide Scicom with access to the capital market to raise funds for future expansion and growth;
- (iii) To provide an opportunity for investors and institutions, eligible employees, directors and business associates of the Group and the public to participate in the continuing growth of the Group; and
- (iv) To enhance the stature of the Group in marketing its products and services and to maintain its existing work force and attract new skilled professionals.

2.6 PRICING OF THE PUBLIC ISSUE

The Issue Price of RM0.60 per Scicom Share was determined and agreed upon by the Company and Kenanga as Adviser and Underwriter, after taking into account, inter-alia, the following:-

- (i) The Company's financial and operating history and conditions as described in Sections 4 and 6 of this Prospectus;
- (ii) The forecast basic PE multiple of 8.45 times as detailed in Section 6.4 of this Prospectus;
- (iii) The industry overview, future plans and strategies and outlook of the Company as described in Sections 5 and 7 of this Prospectus; and
- (iv) The Company's proforma consolidated NTA per Scicom Share as at 30 June 2005 (after adjustment for the Public Issue and utilisation of proceeds thereof) of 23.5 sen.

Investors should form their own views on the valuation of the Issue Shares before deciding to invest in the Issue Shares.

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

2.7 PROCEEDS OF THE PUBLIC ISSUE AND PROPOSED UTILISATION

The gross proceeds from the Public Issue amounting to RM19,560,000 will accrue entirely to the Company and the Company shall bear all expenses relating to the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the MESDAQ Market. The proceeds are proposed to be utilised as follows:-

	Notes	RM'000	Expected time frame for utilisation
Working capital	(i)	13,060	12 months from date of listing
Capital expenditure	(ii)	5,000	24 months from date of listing
Estimated share issue expenses	(iii)	1,500	3 months from date of listing
		19,560	

(i) Working capital

The Company proposes to allocate RM13.06 million to meet its working capital requirements. The working capital portion will be used to defray operating expenses such as staff salaries, telecommunication and data connectivity expenses, marketing, advertisement and promotion, travelling, rental of premises, etc.

(ii) Capital expenditure

The Company proposes to allocate a further RM5.00 million to fund capital expenditure requirements. This portion will include, but not limited to the provision of CRM software and associated hardware, other contact centre software and hardware, renovation and engineering costs, network-related equipment (switches, hubs, servers, licenses), telecommunication-related equipment, personal computers, Enterprise Resource Planning ("ERP") applications and other IT-related equipment.

(iii) Estimated share issue expenses

Please refer to Section 2.8.5 of this Prospectus for the estimated listing expenses.

2.7.1 Financial Impact from the Utilisation of Proceeds

The utilisation of proceeds is expected to enhance the earnings of the Group in the future by enhancing the existing services, development and launching of more services and growth into new markets. In addition, the Public Issue will raise RM13.06 million for working capital which is expected to improve the liquidity and cash flow position of the Group.

2.8 BROKERAGE, UNDERWRITING AND PLACEMENT COMMISSION AND LISTING EXPENSES**2.8.1 Brokerage Fee**

Brokerage fee relating to the Issue Shares will be paid by the Company at the rate of 1.0% of the Issue Price of RM0.60 per Issue Share in respect of successful applications which bear the stamps of Kenanga, a participating organisation of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Bankers in Malaysia or the Issuing House.

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

2.8.2 Underwriting Commission

The Underwriters have agreed to underwrite 3,000,000 of the Issue Shares which will be made available for application by the general public. Underwriting commission is payable by the Company at the rate of 1.75% of the Issue Price of RM0.60 per Issue Share.

2.8.3 Placement Commission

The Placement Agent will arrange for the placement of the Issue Shares at a rate of 1.25% of the Issue Price of RM0.60 per Issue Share for the aggregate value of the Scicom Shares that have been placed out. The Company shall bear the placement commission.

A management fee is payable by the Company to Kenanga, at the rate of 0.5% of the Issue Price of RM0.60 per Issue Shares for the aggregate value of Scicom Shares under the private placement.

2.8.4 Salient Provisions of the Underwriting Agreement

The following are extract of some of the salient clauses contained in the Underwriting Agreement dated 24 August 2005 entered into between the Company and the Underwriters, including escape clauses, which may allow the Underwriters to withdraw from obligations under the agreement after the opening of the offer: -

CONDITIONS PRECEDENT FOR UNDERWRITING

The obligations of the Underwriters under the Underwriting Agreement shall be conditional upon:-

- (a) the Securities Commission having approved the Prospectus and Bursa Securities having agreed in principle on or prior to the Closing Date to the listing of and quotation for all the issued ordinary share capital of the Company on the MESDAQ Market of Bursa Securities on terms satisfactory to the Underwriters and the Underwriters being reasonably satisfied that such listing and quotation will be granted within two (2) Market days (or such other period as Bursa Securities may permit) after Bursa Securities has received all the necessary supporting documents in respect thereof and receipt of confirmation from the Bursa Depository that all CDS accounts of the successful applicants for the Public Offer Shares have been duly credited and notices of allotment have been despatched to all successful applicants;*
- (b) the delivery to the Underwriters prior to the date of issuance of the Prospectus of:-*
 - (i) a certified true copy by an authorised officer of the Company of the Memorandum and Articles of Association of the Company and all the resolutions of the directors of the Company and the shareholders in general meeting approving this Agreement, the Prospectus, the Public Issue and authorising the execution of this Agreement and the issuance of the Prospectus; and*
 - (ii) a certificate dated the day of the Prospectus signed by the duly authorized officer of the Company stating that, to the best of his/her knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Clause 3.1 hereof;*
- (c) the delivery, if required, to the Underwriters on the Closing Date of a report and/or confirmation dated the Closing Date from the board of directors of the Company to state that there is no material change of condition or circumstances subsequent to the date of this Agreement that would or may have an adverse effect on the performance or financial position of the Company or any of its subsidiaries;*
- (d) adequate arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 8;*

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

- (e) *as at the Closing Date, the public shareholding spread as required pursuant to the MESDAQ Market Listing Requirements of Bursa Securities is expected to be met;*
- (f) *there not having been, on or prior to the Closing Date, any adverse change in the condition (financial or otherwise) of the Company from that set forth in the Prospectus which is material in the context of the Public Issue, nor the occurrence of any event rendering untrue or incorrect to an extent which is material as aforesaid any representation or warranty contained in this Agreement and in the Prospectus as though they has been given or made on such date;*
- (g) *the lodgement and registration with the Securities Commission and the Registrar of Companies of Malaysia of the Prospectus together with copies of all requisite documents in accordance with the requirements of Sections 41 and 42 of the Securities Commission Act 1993, the Securities Commission Guidelines on the Issue/Offer of Securities and the Prospectus Guidelines;*
- (h) *the issue and subscription of the Public Offer Shares and Employee Offer Shares in accordance with the provisions hereof not being prohibited by any statute, order, rule, regulation, directive or guideline (provided the same has the force of law or is issued pursuant to any written law of Malaysia) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);*
- (i) *all necessary approvals and consents required from the Securities Commission and Bursa Securities in relation to the Public Issue having been obtained and being in full force and effect; and*
- (j) *this Agreement having been duly executed by all parties and stamped.*

If any of the conditions set forth above are not satisfied before the Closing Date, the Underwriters shall thereupon be entitled to, terminate this Agreement on the Closing Date by notice in writing to the Company and in that event the Parties hereto shall be released and discharged from their respective obligations hereunder and shall have no further claims of whatsoever nature against the other parties arising from this Agreement or the transactions contemplated herein PROVIDED THAT the Company shall remain liable for the payment of the Underwriting Commission. For purposes of clarification herein, in the event that the Underwriters do not exercise their right to terminate this Agreement on the Closing Date in the manner aforesaid, then neither of the Underwriters shall thereafter have any rights to terminate this Agreement or to omit to perform any of its obligations herein contained in any manner whatsoever arising from any matter, term or condition set out in this Clause 2.2.

TERMINATION OF UNDERWRITING OBLIGATION

If by 8.00 p.m. on the Closing Date or such later date as the Company and the First Underwriter may mutually agree upon, Application Forms in respect of all the Underwritten Shares have been lodged for acceptance and received in accordance with the terms of Prospectus, together with valid banker's drafts or other forms of payments for the full amounts payable thereunder, no obligation shall arise on the part of the Underwriters to apply for any of the Underwritten Shares under this Agreement.

TERMINATION

Reasons for Termination

On the Closing Date, the Underwriters subject to the agreement of the Company (whose agreement shall not be unreasonably withheld), shall thereupon be entitled to terminate this Agreement by notice in writing delivered to the Company, if:-

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

- (a) *any of the conditions referred to in Clause 2.2 is not satisfied, provided that the Underwriters may at their discretion and subject to such conditions as the Underwriters may impose (and which conditions are duly accepted in writing by the Company), waive compliance with the provisions of Clause 2.2; or*
- (b) *any adverse change or any development reasonably likely to involve an adverse change in the condition (financial or otherwise) of the Company from that set forth in the Prospectus which is material in the context of the Public Issue, or the occurrence of any event rendering untrue or incorrect to an extent which is material any representations or warranties contained in Clause 3.1 as though they had been given or made on such date; or*
- (c) *there is withholding of information of a material nature from the Underwriters, which is required to be disclosed pursuant to this Agreement, and if capable of remedy, is not remedied within fourteen (14) days after notice of such breach shall be given to the Company, which, in the opinion of the Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Company and its subsidiaries, the success of the Public Issue, or the distribution or sale of the new Shares pursuant to the Public Issue; or*
- (d) *there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriters by reason of the coming into force of any laws or Governmental regulations or directives or any change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange or unforeseen circumstances beyond the reasonable control of the Underwriters and by reason of Force Majeure which would have, or can reasonably be expected to have, a material adverse effect on the business or the operations of the Company or the success of the Public Offer, or which is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or*
- (e) *there is failure on the part of the Company to perform any of its material obligations herein contained; or*
- (f) *the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities which would prejudice materially the success of the Public Offer.*

Upon any such notice(s) being given pursuant to Clause 7.1 (save and except for notice given pursuant to Clauses 7.1 (b) (d) (f)), the Underwriters shall be released and discharged from their obligations hereunder whereupon this Agreement shall be of no further force or effect and no party shall be under any liability to any other in respect of this Agreement, save and except that the Company shall remain liable for the payment of the Underwriting Commission. In the event notice is given pursuant to Clauses 7.1 (b) (d) (f), then no party shall be under any liability to any other in respect of this Agreement save and except that the Company shall bear such costs and expenses of the Underwriters as set out under Clause 8 which are already incurred prior to or in connection with such termination.

Effects of Termination due to Force Majeure

The parties hereto agree that in the event of termination of this Agreement pursuant to Clause 7.1 above due to a Force Majeure event, the Underwriters and the Company may confer with a view to deferring the Public Issue or amending its terms or the terms of this Agreement and/or entering into a new underwriting agreement as the case may be with the mutual consent of the parties hereto.

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

2.8.5 Estimated Share Issue Expenses

	RM
Professional fees	550,000
Advertising & promotional costs	100,000
Printing of prospectus	100,000
Underwriting, placement and brokerage	350,000
Bursa Securities' perusal and listing fee	35,000
SC's prospectus, perusal and registration fee	15,000
SC's perusal fee	20,000
Issuing House	50,000
Miscellaneous & contingencies	280,000
Total	<u>1,500,000</u>

2.9 SPONSORSHIP

Prior to the listing of Scicom, the Company will enter into an agreement with Kenanga appointing Kenanga to act as its sponsor pursuant to the Listing Requirements.

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3. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF THE COMPANY AS OUTLINED IN THIS PROSPECTUS, APPLICANTS FOR THE ISSUE SHARES SHOULD CAREFULLY CONSIDER THE FOLLOWING FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF THE COMPANY IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE HEREIN, BEFORE APPLYING FOR THE ISSUE SHARES.

(A) BUSINESS RISKS

(i) Reliance on a few major clients

Scicom's main strategy involves forming long-term relationships with their major clients. This has resulted in several major clients contributing the bulk of the Company's annual revenue. The Company's five (5) largest clients in FYE 30 June 2005 accounted for a total of approximately 86% of revenue for that year. There is no assurance that the Company can retain these clients or any other significant client. Furthermore, there is also no guarantee that should it lose one of these clients, Scicom will be able to replace these clients with another client that would generate a comparable amount of revenue. Consequently, the loss of one or more of these significant clients could have a material adverse effect on the Company's business, financial condition and operations.

A mitigating factor is the high switching cost associated with changing BPO vendors due to the high cost of initial investment associated with capital expenditure, renovation and process development costs incurred by the customers. However, despite this fact, Scicom strives to maintain a professional and strong business relationship with its clients, employing trust and fairness at all levels of its client interactions, leading to 'Total Customer Delight'. Going forward, the Group will aggressively procure more customers to enhance its earnings base and to reduce the reliance on a few clients.

(ii) Dependence on labour force

Scicom's success is largely dependent on its ability to recruit, hire, train and retain qualified employees. The contact centre outsourcing industry is very labour intensive and experiences high attrition and turnover rates, different to that of other industries. An increase in Scicom's staff attrition would increase training costs, decrease productivity and affect operational and financial performance. New large clients may require Scicom to be able to recruit, hire and train qualified new staff at a rate greater than the normal rate. There can be no assurance that the Company will be able to continue to perform these human resource functions to adequately support the current or potential operational requirements. In addition to this, increases in average wages, cost of employee benefits, statutory and or regulatory requirements pertaining to employee welfare could have a material adverse effect on the Company's business, financial condition and operations. Also, the competitive labour market in India resulting from the proliferation of outsourcing activities there can cause problems for Scicom in the area of recruiting and attrition. Employee poaching and unreasonable employee demands can cause poor performance and increased material adverse effects on Scicom's bottom line.

Scicom mitigates this risk by providing a pleasant and rewarding environment for its employees to work in. By providing career development, opportunities for training and organising employee motivational activities, Scicom strives to be an employer of choice within the industry.

(iii) Dependence on key personnel

Scicom's success to date can be largely attributed to the skills, guidance and leadership of Leo Suresh Ariyanayakam and the senior management team. There can be no assurance that the Company will be able to hire or retain the services of key employees. The loss of Mr. Ariyanayakam or any other members of senior management staff could have a material adverse effect on the Company's business, results of operations or financial condition.

3. RISK FACTORS (Cont'd)

However, Scicom has put in place procedural protocols and succession plans that will minimise to a certain extent, any disruption to the day-to-day function of the Company. These measures serve to mitigate the risk of any material adverse effect on the Company's business, results and financial condition.

(iv) Risk of business interruption

Scicom's operations are dependent upon its ability to protect its contact centres, computers, telecommunication equipment, and software systems against damage or destruction from fire, power failure, telecommunication interruption/failure, natural disaster or other Acts of God. In the event that Scicom experiences a temporary or permanent interruption at one or more of its contact centres, caused by any of the above scenarios, there could be materially adverse effects to the financial and operational condition of the Company. In addition, such scenarios may lead to contractual damages borne by Scicom, contract renegotiations or even contract termination. While the Company has adequate insurance as well as disaster recovery facilities, such mitigating factors may not adequately compensate the Company for all losses that may occur.

(v) No prior market for the Company's shares

Prior to the Public Issue, there was no public market for Scicom Shares. There can be no assurance that an active market can develop for Scicom Shares upon its listing on the MESDAQ Market or if developed, that such a market can be sustained. The Issue Price of RM0.60 per Issue Share has been determined after taking into consideration a number of factors, including but not limited to, the Company's financial and operating history and conditions, the prospects of the industry in which the Company operates, the Company's R&D capability and technology, the management of the Company and prevailing economic and market conditions. There can be no assurance that the Issue Price will correspond to the price at which Scicom Shares will trade on the MESDAQ Market upon or subsequent to its listing.

(vi) Expansion to foreign markets and its related risk thereon

The Group intends to expand its operation to countries such as China and other foreign markets. However, there can be no assurance that the Group will be able to successfully penetrate the aforementioned new markets. Furthermore, such future expansion could expose the Group to foreign economic, political, legislative and other risks. Any failure to accurately assess these issues could affect the Group's business, financial condition and operating results. However, the Group's philosophy in terms of expansion or its provision of new services has always been based on prudence and careful planning.

(vii) MSC status

Scicom was granted MSC status on 7 November 2002 by the MDC and was awarded pioneer status under Section 14A of the Promotion of Investments (Amendment) Act 1986 by the MITI for a five (5) year period commencing from 7 November 2002. As such, it is entitled to enjoy certain financial and non-financial incentives like 100% income tax exemption on all profits derived from its MSC-qualifying activities.

MDC is the body responsible for monitoring all MSC status companies. MDC has the right to revoke any company's MSC status at any time if it does not comply with the conditions of grant of MSC status as imposed by the MDC. As such, there can be no assurance that the Company will continue to retain its MSC and pioneer status or that the Company will continue to enjoy or not experience delays in enjoying the MSC incentives, all of which could materially and adversely affect the Group's business, operating results and financial condition. There can also be no assurance that the conditions of grant of MSC status and or the MSC incentives will not be changed or modified in any way in the future.

To this end, Scicom maintains a good relationship with the MDC and the account managers assigned to manage the relationship. Scicom endeavours to keep abreast of all the compliance requirements of the MSC status.

3. RISK FACTORS (Cont'd)

(viii) Protection of Trademarks rights

Scicom has on 24 August 2004 filed applications to register the scicomSM scicom sourcingSM, scicom partnerSM, scicom academySM, scicom consultingSM and scicom marketingSM marks as trademarks in Malaysia under the Trade Mark Acts 1976 and the Trade Marks Regulations 2001. As at 24 August 2005, being the latest practicable date prior to the Printing of this Prospectus, the aforementioned applications have been published in the Government Gazette, awaiting approval from the Registrar of Trademarks.

However, existing IP laws afford only limited protection. As such, there can be no assurance that the Company will be able to protect its trademarks rights against unauthorised third party copying, use or exploitation, any of which could have a material adverse effect on the Group's business, operating results and financial condition.

(ix) Dependence on key services

Presently, scicom partnerSM module contributes significantly to the total Group's revenue. It is expected that this service will continue to contribute substantially to the Group's sales for the next five (5) years.

In order to reduce dependency on this product and to diversify the Group's income base, the Group has developed and marketed the following services:-

- (i) scicom academySM,
- (ii) scicom consultingSM; and
- (iii) scicom marketingSM.

For details of the above services, please refer to Section 4.3.2 of this Prospectus.

(x) Investment risks

The Group may from time to time invest in new equipment or new ventures, which it believes to be beneficial to the business of the Group or is synergistic with the Group's current operations. However, there is always the potential risk that the returns from these investments may have a longer payback period than expected or the investment may fail even though the Group will mitigate its investment risks by exercising due care in the evaluation of its investments. There can be no assurance that all its future investments will yield positive returns to the Group and would not have any adverse material effect on the Group's future financial performance.

The Group will mitigate the risk of under-performance of investments through a thorough and careful due diligence exercise which will be conducted prior to every major business and investment decision. By employing valuation models and cost-benefit analyses, the Group believes that the risk of investment under-performance can be minimised to a large extent. Furthermore, the Group only believes in making investments that either complement or supplement the core business, which is the provision of outsourced contact centre services.

(B) RISKS RELATING TO INDUSTRY

(i) Barriers to entry

BPO, specifically contact centre management is the successful integration of operational processes, human resource management, technology and telecommunication, with the goal of providing an organisation's customers with cost-effective customer service. Entry into this industry is relatively simple, given the reality that most organisations currently maintain a contact centre as a necessary part of their customer service obligations. However, the operations of complex contact centre outsourcing, require greater competencies in the areas mentioned above, particularly in human resource