

1 SUMMARY INFORMATION

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

1.1 HISTORY AND NATURE OF BUSINESS

Incorporation

Rexit was incorporated on 4 October 2004 in Malaysia under the Act as a public limited company. It was established to be the investment holding company of the Group in conjunction with the listing of the Group on the MESDAQ Market.

History and Principal Activities

The Rexit Group commenced operations in 1998 and is one of the leading IT solutions providers in Malaysia for the general insurance industry. The Rexit Group has developed and implemented multiple application general insurance solutions such as the Integrated Insurance Management System, Claims Management System, Agency Management System, Quotation Management System, Policy Management System and Short Messaging System.

On 16 April 2004, Reward-Link.com, the Rexit Group's 20%-owned associated company was appointed by the Ministry of Transport to be an electronic gateway provider between the insurance companies and JPJ. This facilitates JPJ's eINSURANS initiative for paperless transactions which was successfully implemented on 2 January 2005. Arising from the implementation, physical cover notes are no longer accepted in Malaysia and insurance companies are compelled to deliver cover notes electronically to JPJ.

In conjunction with the eINSURANS initiative, the Rexit Group launched its own e-Cover portal, an agency B2B service portal, connecting the public, insurance agents, insurance companies and JPJ, via Reward-Link.com. The e-Cover portal (originally known as e-ASC) enables insurers and their agents to perform Internet-based insurance transactions and was approved by the BNM on 21 July 2004. Subsequently, on 25 June 2005, BNM approved the Rexit Group's request to make available all classes of non-motor insurance covers in the e-Cover portal.

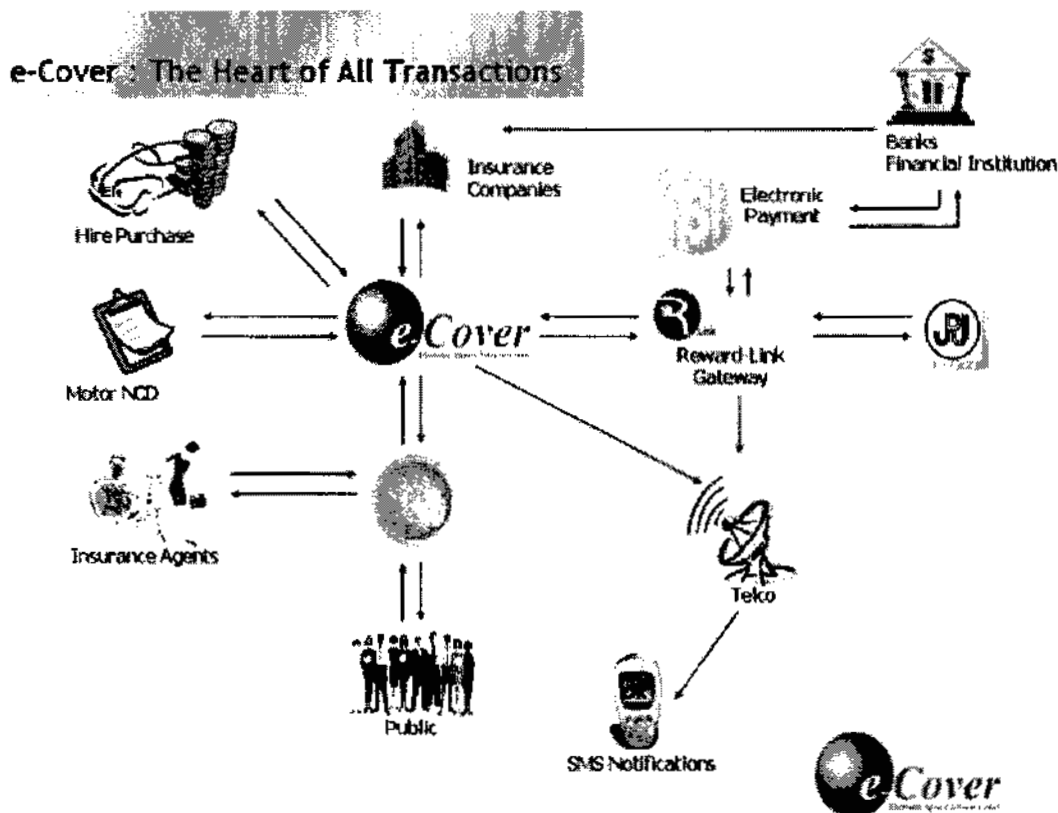
The e-Cover portal has been commercially accepted. In the short period of time since the commercial launch of the portal in January 2005, more than 16,000 agents have subscribed and accessed the e-Cover portal to perform their insurance transactions. Based on the Group's internal statistics, these registered agents have through the usage of the portal generated an average of 280,000 transactions with gross premiums averaging RM110 million per month from January 2005 to August 2005.

The development and implementation of the Rexit Group's e-Cover portal and Reward-Link.com's e-Cover Note services has enabled the Group to transform itself from being merely a software group selling products and services through conventional channels into one that will be able to leverage on new delivery channels for its products, services and solutions via the Internet.

Arising from this, the Group's revenue will include contributions from subscription fees and transaction fees from its e-Cover portal from 2005 onwards.

1 SUMMARY INFORMATION (Cont'd)

The processes supported by the e-Cover portal is depicted below:

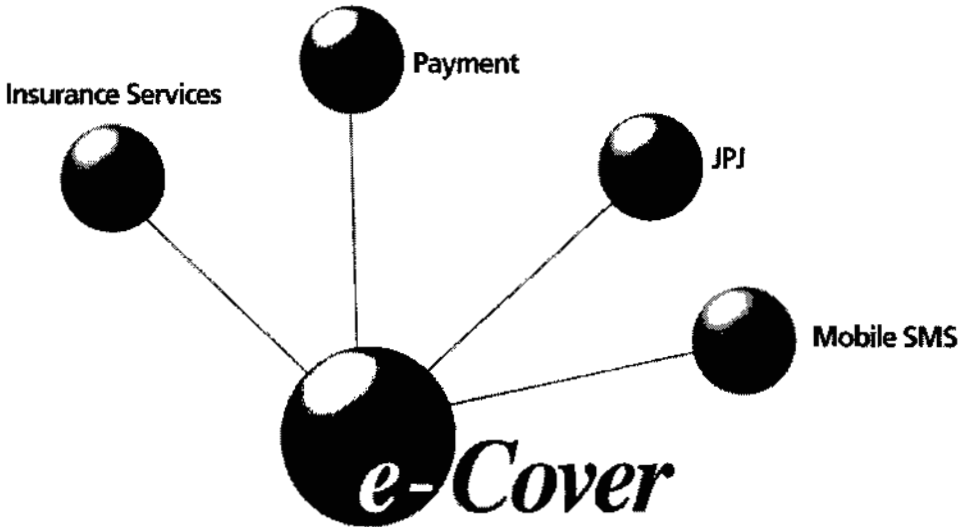


The e-Cover portal has expanded to offer various services as set out below:-

e-Cover portal services offered	Description
Insurance Services	Solutions and technology developed for insurance transactions
JPJ	Connects the business community to JPJ
Payment *	Facilitates integration with financial institution that accommodates electronic settlement of bills
Mobile SMS	Provides technology and solutions for the public to conduct mobile commerce such as renewal of insurance and payment of premium, amongst others

* Services offered starting in the 3rd quarter of 2005

I SUMMARY INFORMATION (Cont'd)



Further details on the business overview are provided in Section 4.1 and 4.3 of this Prospectus.

The Rexit Group consists of Rexit and the following subsidiaries and associated company:-

Name of company	Date / Place of incorporation	Equity interest (%)	Issued and paid-up share capital as at 21 September 2005 (RM)	Principal activity
<u>Subsidiaries:-</u>				
Rexit Solutions	21.02.1998/ Malaysia	100.00	160,000	Sales of application software solutions and related products and services
Rexit(M)	23.03.1999/ Malaysia	100.00	1,000	Provision of software technical and consultancy services in the Asia Pacific region

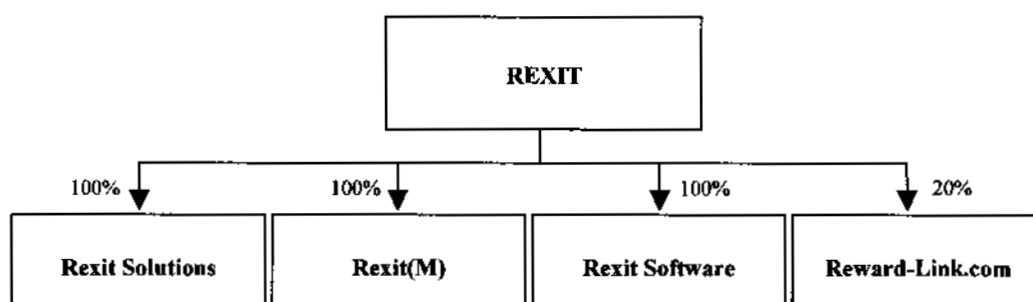
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1 SUMMARY INFORMATION (Cont'd)

Name of company	Date / Place of incorporation	Equity interest (%)	Issued and paid-up share capital as at 21 September 2005 (RM)	Principal activity
Rexit Software (MSC Status)	17.06.2004/ Malaysia	100.00	2	Research and development of application software solutions and provision of related services
<i>Associated company:-</i>				
Reward-Link.com	01.03.2000/ Malaysia	20.00	5,000,000	Malaysian government authorised JPJ eINSURANS gateway provider between insurance companies and JPJ

Further information on the subsidiaries and associated company are set out in Section 4.4 of this Prospectus.

The Group's corporate structure is depicted below: -



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

1.2.1 Promoters', Substantial Shareholders' and Directors' Shareholdings

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

Name	Nationality/ Place of Incorporation	Designation	← After the Public Issue →			
			← Shareholding →			
			Direct	%	Indirect	%
Promoters						
Rexit Venture	Malaysia	-	69,232,520	48.76	-	-
Chung Hon Cheong	Malaysian	CEO	4,596,250 [^]	3.24	69,232,520 ^(a)	48.76
Si Tho Yoke Meng	Malaysian	COO	750,000 [^]	0.53	69,232,520 ^(a)	48.76

1 SUMMARY INFORMATION (Cont'd)

Name	Nationality/ Place of Incorporation	Designation	←-----After the Public Issue-----→			
			←-----Shareholding-----→			
			Direct	%	Indirect	%
Substantial Shareholders						
Rexit Venture	Malaysia	-	69,232,520	48.76	-	-
Chung Hon Cheong	Malaysian	CEO	4,596,250 [^]	3.24	69,232,520 ^(a)	48.76
Si Tho Yoke Meng	Malaysian	COO	750,000 [^]	0.53	69,232,520 ^(a)	48.76
Festa Wira Sdn Bhd	Malaysia	-	23,077,500	16.25	-	-
Leong Chow Yin	Malaysian	-	-	-	23,077,500 ^(b)	16.25
Khoo Kwee Gim	Malaysian	-	-	-	23,077,500 ^(b)	16.25
Directors						
Chung Hon Cheong	Malaysian	CEO	4,596,250 [^]	3.24	69,232,520 ^(a)	48.76
Si Tho Yoke Meng	Malaysian	COO	750,000 [^]	0.53	69,232,520 ^(a)	48.76
Datuk Ng Kam Chiu	Malaysian	Independent Non- Executive Chairman	200,000 [^]	0.14	-	-
Chan Eng Mat	Malaysian	Independent Non- Executive Director	200,000 [^]	0.14	-	-

Note:-

(a) Deemed interested through his direct interests in Rexit Venture by virtue of section 6A of the Act

(b) Deemed interested through her direct interests in Festa Wira Sdn Bhd by virtue of section 6A of the Act

[^] Assuming the eligible substantial shareholders and directors subscribe for their respective entitlements to the pink form shares allocation and that there is no exercise of ESOS Options

1.2.2 Key Personnel Shareholdings

The shareholdings of the key personnel of the Group are as follows:-

Key Personnel	Designation	Nationality	←-----After the Public Issue [^] -----→			
			←-----Shareholding-----→			
			Direct	%	Indirect	%
Robert Lim Choon Sin	Chief Technology Officer	Malaysian	100,000	0.07	-	-
Chan Shih Fei	Chief Financial Officer	Malaysian	250,000	0.18	-	-
Tong Tin Heng	Senior Manager	Malaysian	350,000	0.25	-	-
Loo Hooi Teck	Manager	Malaysian	350,000	0.25	-	-

[^] Assuming the key personnel subscribe for their respective entitlements to the pink form shares allocation and that there is no exercise of ESOS Options

Detailed information on the Promoters/Substantial Shareholders, Directors and key personnel are set out in Section 6 of this Prospectus.

1 SUMMARY INFORMATION (Cont'd)

1.3 TECHNOLOGY, INTELLECTUAL PROPERTY AND R&D

Technology

The Rexit Group's products are developed using object-oriented technologies generally and on the Java and J2EE platform. This enables the application solutions to be highly portable and scalable. Portability means that its products can run on different hardware and software platforms with minimal changes. Scalability refers to the environment in which the products can be implemented ranging from desktop to mission critical data-centre machines.

The system architecture is an Enterprise Architecture Layer, which will provide data replication services and other enterprise services through the Web using an industry standard Java based web browser.

e-Cover portal

The e-Cover portal is entirely hosted and maintained by the Rexit Group. The infrastructure and network supporting the e-Cover portal has been audited by BNM and is designed to include the following features:

- **24 X 7 Secure & Reliable Services**
 - Proactive monitoring of critical systems
 - Detection and escalation of faults/outages
 - Database backups and synchronisation

- **Multiple Redundancies**
 - Multiple Internet connections with Link Load Balancer. The Link Load Balancer ensures that all Internet traffic is distributed equally across all the connections to enable users to have the fastest connection possible
 - Network Security: 2 units of Firewall, Security Appliances

- **Backed Up By Disaster Recovery System (DRS)**
 - Standalone router
 - Integrated Services Digital Network (ISDN) connection

Further details on the technology used by the Rexit Group are set out in Section 4.3.4 of this Prospectus.






Intellectual Property

All products of the Rexit Group are totally conceptualised, designed and developed internally by its team of in-house developers. The Group's software comprises proprietary application solutions targeted for the general insurance industry. It recognises the importance of its intellectual property rights to its continuing success and has taken the necessary steps to protect its intellectual property rights.

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1 SUMMARY INFORMATION (Cont'd)

Rexit Group is currently seeking protection for its brand names to ensure that there is no infringement or misuse of its brand names. The table below sets out the trademarks applied for which are still pending registration.

Trade Mark	Class	Application No.	Filing Date
 (series of 2 marks in colour and in black & white)	9	05008978	06 June 2005
	42	05008977	
REXIT (series of 2 marks in colour and in black & white)	9	05008976	
	42	05008975	
 (series of 2 marks in colour and in black & white)	9	05008980	
	42	05008979	
 (Series of 2 marks in colour and in black & white)	9	05015443	15 September 2005
	42	05015444	
 (Series of 2 marks in colour and in black & white)	9	05008983	06 June 2005
	42	05008986	
 (Series of 2 marks in colour and in black & white)	9	05008984	
	42	05008985	
R LINK R LINK R Link R Link (series of 4 marks)	9	05008982	
	42	05008981	

Note:

- (i) Class 9 is in respect of computer software and programs
- (ii) Class 42 is in respect of design and development of computer software, installation of computer software, maintenance of computer software, updating of computer software, computer systems analysis and computer programming

Further details on the intellectual property of the Rexit Group are set out in Section 4.3.8 of this Prospectus.

I SUMMARY INFORMATION (Cont'd)

R&D

The R&D of the Rexit Group is carried out by its MSC status subsidiary, Rexit Software. The Group's R&D policy is centered on the following:-

- To create new IT solutions and applications that enable its clients in the general insurance industry to achieve greater efficiency and cost savings.
- To enhance its existing solutions with new features and upgrades to remain competitive.
- To develop and expand the services available for subscription on the e-Cover portal.

Further details on the R&D of the Rexit Group are set out in Section 4.3.9 of this Prospectus.

1.4 RISK FACTORS

Applicants for the Public 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 Public Issue Shares. For a detailed commentary on the risk factors, please refer to Section 3 of this Prospectus: -

Business Risks

- (i) Dependence on key personnel
- (ii) Management of future growth (including delays in completion of software development and projects implementation)
- (iii) Intellectual property issues
- (iv) Competition and continuing demand for the Group's products and services
- (v) Reliance on major customers
- (vi) Security risks and system disruption
- (vii) Expansion to foreign markets and its related risks thereon
- (viii) Material/Solutions defects liability
- (ix) MSC Status

Risks Relating To Industry

- (i) Barriers to entry and competition risk
- (ii) Technology

Other Risks

- (i) No prior market for the Company's shares
- (ii) Control by substantial shareholders
- (iii) Political, economic and regulatory considerations
- (iv) Capital market risks
- (v) Forward looking statements
- (vi) Delay in or abortion of the Public Issue
- (vii) Termination of Underwriting Agreement

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I SUMMARY INFORMATION (Cont'd)**1.5 FINANCIAL HIGHLIGHTS*****Historical Financial Information***

The following table is extracted from the Accountants' Report in Section 13 of this Prospectus and should be read in conjunction with the notes thereto.

The table below sets out a summary of the proforma consolidated audited results of the Rexit Group for the past five (5) FYE 30 June 2001 to 2005 and has been prepared for illustrative purposes based on the audited financial statements of the Rexit Group and the assumption that the current structure of the Group has been in existence throughout the financial years under review.

	←-----Financial year ended-----→				
	1.7.2000 to 30.6.2001 RM'000	1.7.2001 to 30.6.2002 RM'000	1.7.2002 to 30.6.2003 RM'000	1.7.2003 to 30.6.2004 RM'000	1.7.2004 to 30.6.2005 RM'000
Revenue	8,501	11,316	6,483	13,790	25,257
EBITDA	1,895	3,122	1,856	2,403	3,681
Less: Depreciation	(71)	(86)	(181)	(188)	(293)
Interest expense	(13)	(27)	(87)	(99)	(97)
Share of loss in associated company	-	-	-	-	(22)
PBT	1,811	3,009	1,588	2,116	3,269
Less: Taxation	(528)	(870)	(496)	(582)	(261)
PAT	1,283	2,139	1,092	1,534	3,008
Number of ordinary shares assumed to be in issue (‘000)	123,080	123,080	123,080	123,080	123,080
Gross EPS (sen)	1.47	2.44	1.29	1.72	2.66
Net EPS (sen)	1.04	1.74	0.89	1.25	2.44

Notes:-

- (i) *The proforma consolidated income statements of the Rexit Group were presented on the assumption that Rexit held 100% equity interest in Rexit Solutions, Rexit(M) and Rexit Software throughout the financial years under review and 20% equity interest in Reward-Link.com since 26 November 2004 (initial acquisition date of Reward-Link.com by Rexit Solutions).*
- (ii) *There were no exceptional items or extraordinary items in the financial years under review.*
- (iii) *The proforma consolidated income statements include certain restatement for reclassification of expenses between revenue, cost of sales and administrative expenses for presentation purposes.*
- (iv) *As the Rexit Group has not adopted a capitalisation policy on software development cost, the lower gross profit margin in certain financial years under review was mainly due to certain research and development costs incurred on on-going software development projects of which the corresponding revenue were not generated in the same financial year. The effects of excluding such developments costs from the overall results of the respective financial year were not adjusted as such costs are not separately identified.*
- (v) *The audited financial results of the Rexit Group for the financial periods covering FYE 2000 to 2002 were not co-terminous with the FYE 30 June. Accordingly, adjustments have been made on a time apportionment basis to arrive at the above results.*

1 SUMMARY INFORMATION (Cont'd)

(vi) *The audited accounts for FYE 30 June 2001 to FYE 30 June 2005 were not subject to any audit qualification.*

For more details on the financial information, please refer to Sections 8 and 13 of this Prospectus.

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1 SUMMARY INFORMATION (Cont'd)**1.6 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2005**

The following summary of proforma consolidated balance sheets of Rexit as at 30 June 2005 is provided for illustrative purposes only.

	Audited as at 30 June 2005 RM	Proforma I After Share Split RM	Proforma II After Proforma I and Acquisition of Rexit Solutions & Corporate Reorganisation RM	Proforma III After Proforma II and Public Issue RM
NON-CURRENT ASSETS				
Property, plant and equipment	-	-	4,257,823	4,257,823
Investment in associated company	-	-	1,540,035	1,540,035
CURRENT ASSETS				
Trade receivables	-	-	1,720,612	1,720,612
Other receivables, deposits and prepayments	438,316	438,316	607,553	169,237
Tax recoverable	-	-	346,000	346,000
Fixed deposits with licensed banks	-	-	12,108,372	12,108,372
Cash and bank balances	2	2	378,862	5,271,578
	<u>438,318</u>	<u>438,318</u>	<u>15,161,399</u>	<u>19,615,799</u>
CURRENT LIABILITIES				
Trade payables	-	-	1,350,148	1,350,148
Other payables and accruals	444,106	444,106	519,220	519,220
Deferred revenue	-	-	2,133,629	2,133,629
Term loan - short term	-	-	79,676	79,676
Provision for taxation	-	-	10,000	10,000
	<u>444,106</u>	<u>444,106</u>	<u>4,092,673</u>	<u>4,092,673</u>
NET CURRENT (LIABILITIES)/ASSETS	(5,788)	(5,788)	11,068,726	15,523,126
	<u>(5,788)</u>	<u>(5,788)</u>	<u>16,866,584</u>	<u>21,320,984</u>
FINANCED BY:				
Share capital	2	2	12,308,000	14,200,000
Share premium	-	-	-	2,562,400
Reserve on consolidation	-	-	3,013,925	3,013,925
Accumulated loss	(5,790)	(5,790)	(5,790)	(5,790)
Shareholders' (deficits)/funds	<u>(5,788)</u>	<u>(5,788)</u>	<u>15,316,135</u>	<u>19,770,535</u>
Term loan - long term	-	-	1,263,349	1,263,349
Deferred taxation	-	-	287,100	287,100
	<u>(5,788)</u>	<u>(5,788)</u>	<u>16,866,584</u>	<u>21,320,984</u>
Number of shares in issue (units)	2	20	123,080,000	142,000,000
Net tangible assets per share	<u>(2,894.00)</u>	<u>(289.40)</u>	<u>0.12</u>	<u>0.14</u>

For notes to the Proforma Consolidated Balance Sheets of Rexit, please refer to Section 14 of this Prospectus.

1 SUMMARY INFORMATION (Cont'd)**1.7 PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE**

(i) Share capital	RM
Authorised:- 250,000,000 Rexit Shares	<u>25,000,000</u>
Issued and paid-up:- 123,080,000 Rexit Shares credited as fully paid-up	12,308,000
To be issued pursuant to the Public Issue:- 18,920,000 Rexit Shares	1,892,000
Enlarged issued and paid-up share capital 142,000,000 Rexit Shares	<u>14,200,000</u>
(ii) Issue price per Rexit Share to the Public	0.32
(iii) Market capitalisation of Rexit based on the issue price of RM0.32	45,440,000
(iv) Proforma Consolidated NTA of the Rexit Group as at 30 June 2005	
Proforma Consolidated NTA as at 30 June 2005 after the Public Issue and utilisation of proceeds thereof	19,770,535
Proforma Consolidated NTA as at 30 June 2005 per Rexit Share (based on the enlarged issued and paid-up share capital of 142,000,000 shares upon Listing)	0.14
(v) Classes of shares and ranking	

There is only one class of shares in Rexit, being ordinary shares of RM0.10 each. The Public Issue Shares will rank *pari passu* in all respects with the other existing issued and paid-up Rexit Shares including in respect of voting rights and all dividends that may be declared subsequent to the date of allotment of the Public Issue Shares.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of Rexit Shares in the Company shall, in proportion to the amount paid-up on the Rexit Shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions. In the event of liquidation of the Company, any surplus shall be distributed amongst the members in proportion to the capital 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, 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 Rexit Share held. A proxy may but need not be a member of the Company.

1 SUMMARY INFORMATION (Cont'd)**1.8 PROCEEDS FROM THE PUBLIC ISSUE AND PROPOSED UTILISATION**

The gross proceeds from the Public Issue amounting to RM6,054,400 will accrue entirely to the Company and will be utilised as follows:-

	Notes	RM	Expected time frame for utilisation
R&D expenses	(i)	2,000,000	12 months from the Listing
Working capital	(ii)	2,454,400	12 months from the Listing
Estimated listing expenses	(iii)	1,600,000	4 months from the Listing
Total		6,054,400	

Note: In the event that funds for the estimated listing expenses are not fully utilised as intended, the remaining will be accrued to its working capital requirements

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

1.9 MATERIAL LITIGATION, COMMITMENTS, BORROWINGS AND CONTINGENT LIABILITIES

As at 21 September 2005, being the latest practicable date prior to the printing of this Prospectus: -

- (i) 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.
- (ii) The Group has no outstanding contingent liabilities.
- (iii) The total borrowings of the Rexit Group amounted to approximately RM1,323,623 comprising RM1,242,545 of borrowings due after twelve (12) months whilst RM81,078 of the borrowing is due within twelve (12) months. All the borrowings are interest-bearing.
- (iv) The Group has not contracted any capital commitments not provided for in the accounts.
- (v) The Group does not have any foreign currency borrowings.

1.10 FUTURE FINANCIAL INFORMATION

Due to the uncertain nature and inherent risks of the Group's business, no future financials are included in this Prospectus.

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2 PARTICULARS OF THE PUBLIC ISSUE

2.1 OPENING AND CLOSING OF APPLICATION

The Applications for the Public Issue will open at 10.00 a.m. on 20 October 2005 and will remain open until 5.00 p.m. on 27 October 2005 or for such date or dates as the Board and the Underwriter may in their absolute discretion jointly 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
Issue of Prospectus	20 October 2005
Opening Date of application for the Public Issue	20 October 2005
Closing Date of application for the Public Issue	27 October 2005
Balloting of application	31 October 2005
Tentative Despatch of Notices of Allotment of the Public Issue Shares to successful applicants	15 November 2005
Tentative listing date	16 November 2005

Save for the Opening Date of application for the Public Issue, these dates are tentative and are subject to changes which may be necessary to facilitate implementation procedures. The application for the Public Issue Shares will close at the date stated above or such later date or dates as the Board of Directors of Rexit and the Underwriter may in their absolute discretion jointly decide.

Any changes to the application period for the Public Issue will be notified to the public via an advertisement in a widely circulated English and Bahasa Malaysia newspaper.

2.3 SHARE CAPITAL

	RM
Authorised:- 250,000,000 Rexit Shares	<u>25,000,000</u>
Issued and paid-up:- 123,080,000 Rexit Shares credited as fully paid-up	12,308,000
To be issued pursuant to the Public Issue:- 18,920,000 Rexit Shares	1,892,000
Enlarged issued and paid-up share capital :- 142,000,000 Rexit Shares	<u>14,200,000</u>

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

There is only one (1) class of shares in the Company, being ordinary shares of RM0.10 each. The Public Issue Shares will upon allotment rank pari passu in all respects with one another and all other existing issued and fully paid-up Rexit 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 Public Issue Shares.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of Rexit Shares shall, in proportion to the amount paid-up on the Rexit 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 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, 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 Rexit 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 Rexit to the public to subscribe for the Public Issue Shares at an issue price of RM0.32 per share subject to the terms and conditions in this Prospectus.

The Public Issue Shares are made available for subscription by individuals, companies, societies, co-operatives and institutions by way of private placement and public offer as follows: -

	No of Public Issue Shares to be allocated
(i) Eligible directors, employees and business associates of Rexit and its Subsidiary Companies	5,100,000
(ii) General Public:	
(a) by way of private placement; and	12,820,000
(b) by way of balloting	1,000,000
Total	18,920,000

The basis of allocation to be determined shall take into account the desirability of distributing the Public 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 Rexit 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 Public Issue Shares applied for.

The Public 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, as at 21 September 2005, there are 4 directors, 51 employees and 10 business associates who are eligible and are interested in taking up the reserved Public Issue Shares. All of the 5,100,000 Public Issue

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

Shares have been allocated to eligible and interested directors, employees and business associates based on their respective position, number of years of service and number of years of relationship with the Group.

The Directors of Rexit have been allocated the Public Issue Shares in respect of Section 2.4(i) above as follows:-

Name	Designation	Number of Public Issue Shares
		Allocated
Chung Hon Cheong	CEO	750,000
Si Tho Yoke Meng	COO	750,000
Datuk Ng Kam Chiu	Independent Non-Executive Chairman	200,000
Chan Eng Mat	Independent Non-Executive Director	200,000

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

In the event of an under-subscription of the public offer under Section 2.4(ii)(b) above, such unsubscribed Public Issue Shares may be transferred from the public offer tranche and allocated by way of private placement, and vice versa.

The Public Issue Shares under Section 2.4(ii)(b) above will be underwritten by the Underwriter in compliance with the Listing Requirements. The Placement Agent has received irrevocable undertakings from selected investors to subscribe for the Public Issue Shares under Section 2.4(ii)(a) above.

The minimum number of Rexit Shares to be subscribed for the purpose of the Public Issue is 18,920,000 Rexit Shares, being 100% of the Rexit Shares available under the Public Issue.

2.5 PURPOSE OF THE PUBLIC ISSUE

The purposes of the Public Issue are as follows: -

- (i) To obtain a listing and quotation for the entire enlarged issued and paid-up share capital of Rexit on the MESDAQ Market;
- (ii) To provide Rexit with access to the capital market to raise funds for future expansion and growth;
- (iii) To provide an opportunity for eligible employees, directors, business associates and the public to participate in the continuing growth of the Group; and
- (iv) To promote greater market recognition both locally and overseas, which will in turn open up more opportunities for the Group.

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

2.6 PRICING OF THE PUBLIC ISSUE

The Public Issue price of RM0.32 per Rexit Share was determined and agreed upon by the Company and the Underwriter, after taking into account, inter-alia, the following:-

- (i) The industry overview, future plans and strategies and outlook of the Company as described in Section 5 and 7 of this Prospectus;
- (ii) The prevailing market conditions; and
- (iii) The Company's proforma consolidated audited NTA per Rexit Share as at 30 June 2005 (after adjustment for the Public Issue and utilisation of proceeds thereof) of RM0.14.

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

2.7 PROCEEDS OF THE PUBLIC ISSUE AND UTILISATION

The gross proceeds from the Public Issue amounting to RM6,054,400 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 on the MESDAQ Market. The proceeds are proposed to be utilised as follows: -

	Notes	RM	Expected time frame for utilisation
R&D expenses	(i)	2,000,000	12 months from the Listing
Working capital	(ii)	2,454,400	12 months from the Listing
Estimated listing expenses	(iii)	1,600,000	4 months from the Listing
Total		6,054,400	

Note: In the event that funds are not fully utilised as intended, the remaining will be accrued to its working capital requirements

i. R&D expenses

Rexit has allocated RM2,000,000 towards R&D expenses for the acquisition of IT hardware and other peripherals such as servers, personal computers, network equipment, monitors, tape drives and keyboards, as well as to increase R&D personnel in relation to the development of new products.

ii. Working Capital

The Company proposes to allocate approximately RM2,454,400 to defray operating expenses such as staff salaries, sales and marketing expenses for the local and foreign markets and etc.

iii. Estimated listing expenses

The estimated listing expenses incidental to the listing and quotation for the entire enlarged issued and paid-up share capital of Rexit on the MESDAQ Market, to be borne by the Company, are as follows: -

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

Expenses	RM
Professional fees	660,000
Authorities fees	115,000
Prospectus registration fee: SC and CCM	5,500
Advertising & printing costs	250,000
Underwriting, placement and brokerage	150,000
Issuing House	50,000
Miscellaneous & Contingencies	369,500
Total	1,600,000*

* *In the event that additional expenses are incurred, the additional amounts will be paid from the proceeds for its working capital requirement and/or vice versa*

2.7.1 Financial Impact from the Utilisation of Proceeds

The financial impact and benefits from the utilisation of the proceeds, include inter alia, the following:-

- (i) to facilitate and expedite its product development and to enhance its existing products to keep abreast with its competitors in order to maintain its competitive edge in the general insurance solutions market;
- (ii) increase working capital of the Rexit Group to enable the Group to expand its marketing and R&D team, which is crucial for the expansion of its business; and
- (iii) to increase the revenue and earnings of the Rexit Group through expansion of the Group's business operations.

Overall, the utilisation of proceeds is expected to improve the liquidity and cashflow position of the Group.

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

Brokerage fee relating to the Public Issue Shares will be paid by the Company at the rate of 1.0% of the Issue Price of RM0.32 per Public Issue Share in respect of successful applications which bear the stamps of Kenanga, a member company of Bursa Securities or the Issuing House.

2.8.2 Underwriting Commission

Kenanga has agreed to underwrite the Public Issue Shares which will be made available for application by the general public by way of balloting. Underwriting commission is payable by the Company at the rate of 1.8% per Public Issue Share at the Issue Price of RM0.32 for the aggregate value of the Rexit Shares underwritten by Kenanga.

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

2.8.3 Placement Commission

Kenanga has arranged for the placement of up to 12,820,000 of the Public Issue Shares at a rate of 1.8% of the Issue Price of RM0.32 per Public Issue Share.

2.8.4 Salient Provisions of the Underwriting Agreement

The following is an extract of the salient provisions of the Underwriting Agreement entered into between the Company and Kenanga:-

Terms defined in the Underwriting Agreement shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires.

Accounts means the audited accounts of the Company for the financial year ended and as at 30 June 2005.

Closing Date means final date for the acceptance of applications of New Shares offered under the Prospectus.

Market Day means a day on which the Bursa Malaysia is open for trading of securities.

CONDITIONS PRECEDENT

Clause 2.2 The obligations of the Underwriters under this underwriting agreement are in all respects conditional upon –

- (a) an application being made to Bursa Securities within 3 Market Days from the date of issue of the Prospectus for admission to the Official List of Bursa Securities and approval being granted before the expiration of the 6 weeks from the date of issue of the Prospectus or such longer period as may be specified by the SC or Bursa Securities;
- (b) the registration of the Prospectus with the SC and lodgement of the Prospectus with the Companies Commission of Malaysia before the date of issue of the Prospectus;
- (c) the SC having approved the Prospectus and Bursa Securities having agreed in principle on or prior to the Closing Date to the listing and quotation for all the issued ordinary share capital of the Issuer on the MESDAQ Market on terms satisfactory to the Underwriter and the Underwriter being reasonably satisfied that such listing and quotation will be granted two (2) clear Market Days (or such other period as Bursa Securities may permit) after Bursa Securities has received all the necessary supporting documents and receipt of confirmation from Bursa Malaysia Depository Sdn Bhd that all Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants;

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

- (d) all other approvals and consents obtained in relation to the Public Issue as at the date of the Underwriting Agreement (including but not limited to the SC approval) having been obtained and being in full force and effect and not being withdrawn, revoked, suspended or terminated on or prior to the Closing Date;
- (e) the proceeds and/or irrevocable undertakings from the placees for all the shares having been received by the Placement Agent appointed by the Company and for the Public Issue on the Closing Date;
- (f) the delivery to the Underwriter prior to the date of issuance of the Prospectus of –
 - (1) a certified true copy 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 the Underwriting Agreement, the Prospectus, the Public Issue and authorising the execution of the Underwriting Agreement and the issuance of the Prospectus; and
 - (2) a certificate dated the day of the Prospectus signed by a director of the Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there had been no such change, development or occurrence as is referred to in clause 3.1 thereof;
- (g) the delivery to the Underwriter on the Closing Date of a written confirmation by the board of directors of the Company as the Underwriter may reasonably require to ascertain that there is no material change of condition or circumstances subsequent to the date of the Underwriting Agreement that would or may have an adverse effect on the performance or financial position of the Company;
- (h) the Underwriter having been satisfied that adequate arrangements have been made by the Company to ensure payment of the underwriting commission;
- (i) the public shareholding spread as required pursuant to the Listing Requirements being met, unless exempted therefrom by the relevant authorities;
- (j) 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

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

- or warranty contained in the Underwriting Agreement and in the Prospectus as though they have been given or made on such date;
- (k) the Composite Index of Bursa Securities is at no less than 500 points, on or prior to the Closing Date;
 - (l) the issue and subscription of the Public Issue Shares in accordance with the provisions thereof not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities) and to take place on or prior to the Closing Date provided that the issue and subscription shall not be in breach of any of such statute, order, rule, regulation, directive or guideline merely by virtue of an under-subscription of the number of Public Issue Shares underwritten thereunder;
 - (m) the Underwriting Agreement having been duly executed by all parties and stamped; and
 - (n) the Prospectus being issued no later than 30 November 2005 or such other date as may be agreed between the parties.

TERMINATION

Clause 9.1 Termination

If at any time prior to the Closing Date or issue date -

- (a) the Underwriter has notice of any material breach of the undertakings or obligations in this underwriting agreement by the Issuer or any change rendering any of the warranties or representations in clause 3.1 inaccurate in a material respect, which is not capable of remedy or, if capable of remedy, is not remedied by the Issuer within 30 days or a written notice of such breach being given to the Issuer by the Underwriter, or where the period between the date when the written notice is given to the Issuer and the Closing Date is shorter than 30 days, is not remedied within such shorter period;
- (b) there is a failure on the part of the Issuer to perform any of its obligations herein contained, which has a material adverse effect;
- (c) there is a change in law, regulation, directive, policy or ruling in any jurisdiction which in the reasonable opinion of the Underwriter may prejudice the success of the Public Issue; or

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

- (d) there is an imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities due to exceptional financial circumstances or otherwise;

the Underwriters will be entitled to terminate this underwriting agreement by notice to the Issuer.

Clause 9.2 Consequences of termination

On delivery of the notice under clause 9.1, the underwriting agreement will terminate and thereafter each party's rights and obligations will cease and none of the parties will have any claim against each other, except for the liability of the Issuer under clauses 9.3 and 11.2.

FORCE MAJEURE

Clause 10.1 Force majeure

It will be an event of force majeure if in the reasonable opinion of the Underwriter –

- (a) the success of the Public Issue is seriously jeopardised by the coming into force of any laws or Governmental regulations or directives which seriously affect or will seriously affect the business of the Issuer;
- (b) there shall occur any event or series of events beyond the reasonable control of either party to this agreement (including without limitation to acts of government, strikes, national disorder, declaration of a state of emergency, lockouts, fire, explosion, floods, landslides, civil commotion, acts of war, sabotage, Acts of God) which has or is likely to have the effect of rendering any material part of this agreement incapable of performance;
- (c) there is a change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange rates that would prejudice materially the success of the offering of the Underwritten Shares and their distribution or sale (whether in the primary market or in respect of dealings in the secondary market); or
- (d) the success of the Public Issue is seriously jeopardised by the Kuala Lumpur Composite Index falling below 500 points and remaining below 500 points for 3 consecutive Market Days at any time between the effective date of this underwriting agreement and the Closing Date.

2 PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

- Clause 10.2 Consequence of force majeure
- (a) In the event of a force majeure under clause 10.1, any Underwriter may, subject to prior consultation with the Company, at any time prior to the Closing Date –
- (1) terminate this underwriting agreement by notice to the Company; or
- (2) request that the Closing Date be extended to such reasonable date as the Underwriter may decide.
- (b) Upon delivery of the notice under clause 10.2(a)(1), the underwriting agreement will terminate and thereafter each party's rights and obligations will cease and none of the parties will have any claim against each other.
- (c) Upon delivery of a request under clause 10.2(a)(2), the Company will procure that the Closing Date be extended as requested.
- (d) The delivery of a request under clause 10.2(a)(2) will not preclude the giving of further request under clause 10.2(a)(2) or the giving of a notice under 10.2(a)(1).

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3 RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF THE COMPANY AS OUTLINED IN THIS PROSPECTUS, APPLICANTS FOR THE PUBLIC 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 GROUP IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE HEREIN, BEFORE APPLYING FOR THE PUBLIC ISSUE SHARES.

3.1 BUSINESS RISKS

(i) Dependence on key personnel

The Rexit Group's continued success will depend, to a considerable extent, upon the abilities and continued efforts of its key personnel, in particular Chung Hon Cheong and Si Tho Yoke Meng. The Rexit Group relies heavily on the above-mentioned directors as they are considered the key drivers of the Group. The two of them have extensive knowledge, specialised skills and over fifteen (15) years of experience in the general insurance industry. The loss of either one of the mentioned Directors may adversely affect the Group's performance.

Nonetheless, these directors manage the Rexit Group together with a team of experienced personnel, who have been in their fields of expertise, such as finance, technical and support for over ten (10) years. The directors also recognise that the continued success of the Rexit Group depends on their ability to hire, train and retain qualified and competent personnel, in particular IT personnel. The Group intends to continue to hire personnel as and when necessary to accommodate any increase in the size of the Group's operations. The Board believes that by offering a competitive salary packages, training and a conducive working environment, the risks should be further mitigated. Recognising the importance of human resources, every effort has been taken to groom suitable personnel to be part of the management team.

(ii) Management of future growth (including delays in completion of software development and projects implementation)

The Group is currently experiencing a period of growth and has projected in its 5-year development plan rapid expansion and further growth. The Group's ability to manage its growth will depend on its ability to rollout new products as scheduled as well as enhancing the features and functionalities of its existing products to meet the needs and requirements of general insurance companies. Any delay in the rollout of its new products may result in the Group committing more resources than budgeted. The future and prospects of the Rexit Group also depend on its ability to maintain and improve its services provided, financial and operational issues and to retain, train, recruit, motivate and manage its skilled employees. If the Group is unable to achieve the anticipated performance levels, its business and financial performance may be adversely affected.

In ensuring the timely rollout of its new products and enhancement of the features and functionality of its products, the Rexit Group has been investing in R&D since venturing into product development. The Group will also continue to leverage on the success in the implementation of its products and services to its existing customers as a reference to promote its products and services to other insurance companies, as well as the encouraging market acceptance of the e-Cover portal which has as at 21 September 2005 registered more than 16,000 agents to perform insurance transactions online. It also targets to create awareness of its products and services through advertisements, joint marketing efforts with IT suppliers and participation in road shows.

3 RISK FACTORS (Cont'd)

(iii) Intellectual property issues

The Rexit Group's success is dependent on its ability to protect its proprietary software system which has taken time and resources to develop. However, there can be no assurances that the Group will be able to protect its proprietary rights against unlawful copying, use or exploitation, any of which may have a material adverse impact on their business, revenue and operations.

In order to mitigate this risk, the Rexit Group has adopted and built a proper documentation base for solutions developed. The development task of an application solution is segregated to a few R&D personnel and merged by authorised personnel in order to ensure that the source codes to its solutions are secured. The source codes are subsequently protected by passwords, which are only accessible by authorised personnel. The Rexit Group also ensures that all employees sign a confidentiality agreement upon their employment.

The Rexit Group's customer base is primarily made up of reputable public listed insurance companies and multinational insurance companies that would respect and comply with Rexit's intellectual property rights. This reduces the possibility of infringement of Rexit's intellectual property rights by its customers.

In addition, the Rexit Group has submitted its trademark applications for the "Rexit", "Reward-Link" and "e-Cover" brand names, which are still pending registration.

(iv) Competition and continuing demand for the Group's products and services

The Rexit Group's future results will substantially depend on market acceptance of its products and services offered. An increase in competition in the market may result in a reduction in demand for the Group's existing or future products that will have a material adverse effect on the Group's business, results and financial condition. There is also no assurance that the Group will be able to develop and introduce new products and services or enhancements in a timely manner in response to changing market conditions or client requirements or that the process will not encounter unforeseen problems.

The Group recognises that there is a need to continue with the expansion of the e-Cover portal services, enhancements in its products features and to provide better services to its customers in order to maintain its competitiveness. In this regard, the Group has invested in R&D to ensure that the e-Cover portal services will be extended to different classes of insurance as well as value added services that can be used by related industries. Its products will continually undergo various enhancements whether it is minimal or total change in the system architecture in response to customers' demands. In addition, the Group's products and services are for the general insurance industry, which is a niche market. Since the commencement of business, the Rexit Group has and will continue to maintain long term relationships with its customers and provide value-added services to them.

(v) Reliance on major customers

Currently, the largest general insurance company in Malaysia, Kurnia Insurans (Malaysia) Berhad, is also the Group's largest customer and accounted for about 30% and 70% of the Rexit Group's revenues for the FYE 30 June 2004 and FYE 30 June 2005 respectively. In the event that Kurnia decides to switch its insurance application

3 RISK FACTORS (Cont'd)

software vendor to another vendor, this will have an adverse impact on the Group's income stream.

However, in mitigation, the Group has already signed up other major players in the general insurance industry, which include Allianz General Insurance Malaysia Berhad and Tokio Marine Insurance (Malaysia) Berhad. It will also continue to promote its products and services to other insurance companies by leveraging on its successful track record with its existing general insurance customers as references and also on the e-Cover portal which is currently being used by more than 16,000 agents and is expected to grow in the future. The Group also plans to promote its e-Cover portal across other related industries to enhance its earnings base and to reduce reliance on a few customers.

Furthermore, it should be noted that the level of sales to any particular insurance company fluctuates from year to year. For example in respect of FYE 30 June 2004, sales from Kurnia Insurans (Malaysia) Berhad accounted for only about 30% of Rexit's revenue. This increased in the following financial year to about 70%. The higher sales attributable to Kurnia Insurans (Malaysia) Berhad recorded for FYE 30 June 2005 is due to the significant contribution to revenue due to the upgrading of its computer systems and the provision of the e-Cover portal services to its agents to meet the implementation of the nationwide e-Cover Note initiative in 2005.

(vi) Security risks and system disruption

The Rexit Group is operating in a high technology environment, where its operations are vulnerable to security risks and system disruptions, such as computer viruses, hacking, fraud, blackouts (caused by interrupted electricity supply), system outages, disruption to Internet services and others. Such factors could materially affect the Group's ability to deliver its services and solutions, and ultimately reduce revenues and profits.

The Rexit Group mitigates the security risks and system disruptions by setting up antivirus, firewalls and provides disaster recovery for its data and source codes through back-up media. With these preventive measures in place, the Rexit Group has not experienced any major system disruptions in the past years and will continue to periodically assess the effectiveness of its preventive measures.

(vii) Expansion to foreign markets and its related risks thereon

The Rexit Group is currently operating in Malaysia and Thailand. Moving forward, the Rexit Group intends to expand its business to countries within the Asia Pacific region. However, there can be no assurance that the Rexit Group is able to successfully penetrate the new markets. Furthermore, such future expansion could expose the Rexit Group to, amongst others, political and economic instability, foreign currency fluctuation, the product acceptance issue and the need to comply with relevant regulatory guidelines. Any failure to accurately assess the market situation in these foreign countries may adversely affect the financial position of the Rexit Group.

In this regard, the Directors of the Rexit Group will explore and determine the market situation in the new markets before deciding to penetrate the said markets, after which products and relevant marketing strategies will be developed to establish its presence in the said markets.

3 RISK FACTORS (Cont'd)

(viii) Material/Solutions defects liability

All of the products of the Rexit Group carry a one-year warranty period which covers rectification of all programme errors in its products purchased by the customers. The Rexit Group may therefore incur additional costs to rectify any programme errors experienced by its customers, which may adversely affect its financial and staff resources.

In mitigating such risks, the Rexit Group conduct parallel test runs whilst installing its products at its customers' site to reduce any programme errors before they are handed over to its customers.

The hardware and software sales of third party products are also given a warranty period of one (1) year. However, the Rexit Group has a back-to-back arrangement with the respective hardware and software suppliers in respect of the warranties for those hardware and software sales.

(ix) MSC Status

Rexit Software was granted MSC status on 1 December 2004. It is entitled to enjoy certain financial and non-financial incentives derived from its MSC-qualifying activities.

MDC is the body responsible for monitoring all MSC designated companies. It has the right to revoke the MSC status of any company, which does not comply with the conditions of the granting of MSC status as imposed by MDC. As such, there is no assurance that Rexit Software will continue to retain its MSC and pioneer status and 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 is also no assurance that the MSC incentives will not be modified in the future.

3.2 RISKS RELATING TO INDUSTRY

(i) Barriers to entry and competition risk

The IT industry has a large number of participants and is subject to rapid changes and intense competition. With low start-up costs and continuing growth in the IT sector, the threat of new entrants is high in the business solutions field.

The Rexit Group specialises in the general insurance solutions area. There are a few companies which specialise in general insurance application solutions in Malaysia. In order to develop comprehensive solutions for the insurance industry, application solutions providers require a considerable amount of domain knowledge in the said industry. It also requires considerable effort to secure the confidence of its customers, as the installation of solutions into their systems would involve significant investment. The Rexit Group is backed by a team of professionals who have more than ten (10) years experience in the IT and/or general insurance industries and has an established track record with major insurance companies.

3 RISK FACTORS (Cont'd)

(ii) *Technology*

The IT industry is dynamic, characterised by rapid changes in technology and frequent introductions of new and more advanced IT products, thus making obsolescence a bigger threat now than it was before. Hence, the Rexit Group would need to keep abreast with the latest technologies in order to compete successfully with its competitors. The Group will be subject to risks, uncertainties and problems frequently encountered by companies in the IT industry which include, amongst others, the following:-

- failure to keep abreast with changing technological standards and requirements;
- failure to anticipate and adapt to developing market trends and requirements;
- failure to develop commercially viable software packages and services; and
- inability to maintain, upgrade and develop its systems and infrastructure to cater to rapidly expanding operations.

Recognising the abovementioned challenges, the Rexit Group's R&D team constantly keeps abreast with new technologies and market trends. The Rexit Group also keeps a close eye on customers' requirements. Besides this, the Rexit Group is also in a niche market whereby its products are not overly exposed to the risk of obsolescence.

3.3 OTHER RISKS

(i) *No prior market for the Company's shares*

Prior to the Public Issue, there has been no public market for Rexit Shares. There can be no assurance that an active market for Rexit Shares will develop upon its listing on the MESDAQ Market or, if developed, that such market will be sustained. There can also be no assurance that the issue price will correspond to the price at which the Rexit Shares will be traded on the MESDAQ Market upon or subsequent to its listing or that an active market for Rexit Shares will develop and continue upon or subsequent to its listing.

The issue price of RM0.32 per Public Issue Share has been determined after taking into consideration a number of factors, including but not limited to, the Group's financial and operating history and conditions, the prospects of the industry in which the Group operates, the Group's R&D capability and technology, the management of the Group and prevailing economic and market conditions.

(ii) *Control by substantial shareholders*

Following the Public Issue, Rexit will be controlled by the promoters, namely Rexit Venture, Chung Hon Cheong and Si Tho Yoke Meng. The Promoters will collectively own a direct and indirect shareholding of approximately 52.53% of the issued and paid-up capital of Rexit.

As a result, Chung Hon Cheong and Si Tho Yoke Meng will be able to effectively influence the outcome of certain corporate actions in a manner that could cause conflict with the interests of minority shareholders unless they are required to abstain from voting by law, covenants and/or the relevant authorities.

3 RISK FACTORS (Cont'd)

However, in the event of related party transactions involving any of the Promoters of the Group, such Promoters would be required to abstain from voting. In addition, Rexit has appointed two (2) independent non-executive directors, as a step towards good corporate governance and protecting the interests of minority shareholders.

(iii) Political, economic and regulatory considerations

Development in political and economic conditions in Malaysia and other countries where the Group is currently operating or where the Group may market its products in the future could materially affect the financial prospects of the Group. Political and economic uncertainties include but are not limited to the risks of war, riots, expropriation, nationalisation, renegotiations or nullification of existing contracts, fluctuations in foreign exchange rates, inflation, changes in interest rates and methods of taxation.

In addition, we wish to point out that:-

- (a) Reward-Link.com has been approved by JPJ on 16 April 2004 to provide the electronic link services as the gateway provider between insurance companies and JPJ; and
- (b) Rexit Solutions has been granted approval by BNM on 21 July 2004 to provide its services in relation to the e-Cover portal. In addition, insurance companies subscribing to the e-Cover portal are required to seek BNM's prior approval.

The said authorities have the right to revoke the permissions, consents or approvals granted to the Rexit Group in respect of the e-Cover portal and as well as to Reward-Link.com. There is no assurance that the Rexit Group will continue to enjoy their current status and any retraction of the permissions, consents or approvals may affect Rexit Group's operating results and financial position.

To mitigate this, the Directors of Rexit and its management takes active steps to fully comply with requirements that the authorities may have during the periodic audit by the authorities.

(iv) Capital market risks

As an investor of Rexit, it is to be noted that Rexit will be listed on the MESDAQ Market of Bursa Securities. The performance of our local bourse is very much dependent on external factors such as the performance of the regional and world bourses. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors will invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risk to the market price of the shares of Rexit to be listed on Bursa Securities. Nevertheless, it shall be noted that the profitability of the Rexit Group is not dependent on the performance of Bursa Securities.

(v) Forward looking statements

This Prospectus includes forward-looking statements, which are statements other than statements of historical facts that are based on assumptions that are subject to uncertainties and contingencies. The word "anticipates", "believe", "intends", "plans", "expects", "forecast", "predicts" and similar expressions as they relate to the Group or its business are intended to identify such forward-looking statements. The Group

3 RISK FACTORS (Cont'd)

believes that, barring any unforeseen circumstances the expectations reflected in such forward looking statements are reasonable at this point of time. There can be no assurance that such expectations will prove to be correct. Any deviation from the expectations may have adverse effect on the Group's financial and business performance.

(vi) Delay in or abortion of the Public Issue

The occurrence of any one (1) or more of the following events may cause a delay in or abortion of the Public Issue:-

- (a) The identified investors fail to subscribe for the portion of Public Issue Shares to be placed to them;
- (b) The Underwriter exercises its rights pursuant to the Underwriting Agreement and discharge itself from its obligations thereunder; or
- (c) The Company is unable to meet the public spread requirements, that is, at least 25% but not more than 49% of the issued and paid-up share capital of the Company be held by a minimum number of 200 public shareholders (including employees).

Although the Board will endeavour to ensure compliance by Rexit of the various Listing Requirements, including, inter-alia, the public spread requirement imposed by the Bursa Securities for the successful Public Issue, no assurance can be given that the abovementioned events will not occur and cause a delay in or abortion of the Public Issue.

(vii) Termination of Underwriting Agreement

The Underwriting Agreement is terminable by the Underwriter if the Underwriter is of the reasonable opinion that the success of the Public Issue is seriously jeopardised by certain events, details of which are set out in Section 2.8.4 of this Prospectus.

No assurance can be given that the Underwriter will not terminate the Underwriting Agreement if it is of the reasonable opinion that the events detailed in Section 2.8.4 have occurred. In the event the Public Issue could not be completed, all monies paid in respect of all applications will be returned without any interest.

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