

1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Profession	Nationality
Izlan bin Izhah <i>(Independent Non-Executive Chairman)</i>	9, Jalan SS 14/5C 47500 Subang Jaya Selangor Darul Ehsan	Company Director	Malaysian
Tiang Boon Hwa <i>(Managing Director)</i>	Apt Blk 162, Tampines Street 12 # 11-233 Singapore 521162	Company Director	Singaporean
Lai Su Ping <i>(Non-Independent Executive Director)</i>	17, Jalan Bunga Cempaka 2A Taman Muda 56100 Ampang Selangor Darul Ehsan	Company Director	Malaysian
Chua Tiong Hoong <i>(Non-Independent Executive Director)</i>	10, Jalan PJU 7/11 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Cho Wai Loon <i>(Independent Non-Executive Director)</i>	3, Jalan BSJ 1 Taman Bukit Segar Jaya 43200 Cheras Selangor Darul Ehsan	Chartered Accountant	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Izlan bin Izhah	Chairman of the Committee	Independent Non-Executive Chairman
Cho Wai Loon	Member of the Committee	Independent Non-Executive Director
Chua Tiong Hoong	Member of the Committee	Non-Independent Executive Director

COMPANY SECRETARIES : Ho Mun Yee (MAICSA 0877877)
105, Jalan Durian
Taman Cheras
56100 Kuala Lumpur

Liew Khoon Wan (MACS 00103)
5-B, Jade Tower
OG Heights
58, Jalan Awan Cina
58200 Kuala Lumpur

REGISTERED OFFICE : 3rd Floor
17, Jalan Ipoh Kecil
50350 Kuala Lumpur

Telephone no.: 03-4044 3235
E-mail: esprit@espritms.com.my

1. CORPORATE DIRECTORY (CONT'D)

- HEAD OFFICE** : Technology Park Malaysia
Unit L5-E-5, Level 5, Enterprise 4
Lebuhraya Puchong-Sg. Besi
Bukit Jalil, 57000 Kuala Lumpur
- Telephone no.: 03-8998 1000
E-mail: mail@n2nconnect.com
Website: www.n2nconnect.com
- AUDITORS AND REPORTING ACCOUNTANTS** : Messrs. Anuarul Azizan Chew & Co. (AF0791)
Chartered Accountants
18, Jalan 1/64
Off Jalan Kolam Air/Jalan Ipoh
51200 Kuala Lumpur
- Telephone no.: 03-4041 7233
- SOLICITORS FOR THE LISTING** : Messrs. Wong Beh & Toh
Advocate and Solicitors
Level 12, West Block
Wisma Selangor Dredging
142-C Jalan Ampang
50450 Kuala Lumpur
- Telephone no.: 03-2713 6050
- PRINCIPAL BANKER** : Malayan Banking Berhad (3813-K)
Suite 163-0-14 Ground Floor
Wisma Mahsing
163, Jalan Sungei Besi
57100 Kuala Lumpur
- Telephone no.: 03-9221 9841
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (258345-X)
27th Floor, Menara Multi-Purpose
Capital Square
8, Jalan Munshi Abdullah
50100 Kuala Lumpur
- Telephone no.: 03-2693 2075
- REGISTRAR** : Symphony Share Registrars Sdn Bhd (378993-D)
26th Floor, Menara Multi-Purpose
Capital Square
8, Jalan Munshi Abdullah
50100 Kuala Lumpur
- Telephone no.: 03-2721 2222
- ADVISER, MANAGING UNDERWRITER, UNDERWRITER AND SPONSOR** : Commerce International Merchant Bankers Berhad (18417-M)
5th Floor, Bangunan CIMB
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
- Telephone no.: 03-2084 8888

1. **CORPORATE DIRECTORY (CONT'D)**

**UNDERWRITER AND
PLACEMENT AGENT** : PM Securities Sdn Bhd (66299-A)
5th Floor, MUI Plaza
Jalan P. Ramlee
50250 Kuala Lumpur

Telephone no.: 03-2148 2566

LISTING SOUGHT : MESDAQ Market of Bursa Securities

SYARIAH STATUS : Approved by the SC's SAC

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2. INFORMATION SUMMARY

THIS IS A SUMMARY OF THE SALIENT INFORMATION ABOUT US AND THE PUBLIC ISSUE AND IS EXTRACTED FROM THE FULL TEXT OF THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THE ENTIRE PROSPECTUS CAREFULLY BEFORE YOU DECIDE TO INVEST IN OUR COMPANY.

2.1 HISTORY AND BUSINESS

We were incorporated in Malaysia as a private limited company under the Act on 10 August 2000 under the name of N2N Connect Sdn Bhd. Subsequently, we were converted to a public limited company and assumed our present name on 29 September 2004. On 1 July 2004, we were awarded the MSC status by MDC.

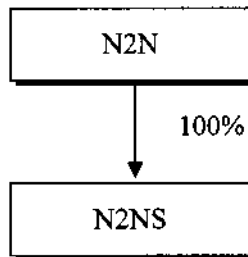
We are principally involved in the R&D of software packages and provision of design, programming and consultancy services and related activities. Our business is divided into three (3) categories namely:

- (i) financial e-commerce solutions;
- (ii) m-commerce solutions; and
- (iii) sale of mobile devices.

We market our core enterprise-wide integrated e-commerce securities trading solutions to stockbroking firms and banks. We also focus on online transactions with emphasis in the capital market segments, including but not limited to online stock trading and related services. Our products and services range from online trading portals within the stockbroking industry, hosting and managed network services to wealth and risk management solutions and m-commerce solutions and sale of mobile devices. Our latest venture into m-commerce in a bid to add mobility to its existing service offering has seen the introduction of its three (3) maiden products, namely SMSConnect™ (Corporate SMS and SMS Trading), PDACoconnect™ (PDA Real Time Stock Price and Trading) and MobileConnect™ (Mobile Phone Real Time Stock Price and Trading).

We have only one wholly-owned subsidiary namely, N2NS. N2NS was incorporated in Singapore as a private limited company under the Companies Act (Cap 50) of Singapore. N2NS is involved in consultancy services, sales, marketing and related activities. As at 14 October 2005, we do not have any associated company.

Our Group's corporate structure is as follows:



Details of our subsidiary are as follows:

Subsidiary	Date and place of incorporation	Issued and paid-up share capital SGD	Effective equity interest %	Principal activities
N2NS	31 May 2004; Singapore	100,000	100.00	Consultancy services, sales, marketing and related activities.

Please refer to Section 5.4 of this Prospectus for further information on the history and business of our Group.

2. INFORMATION SUMMARY (CONT'D)

2.2 OWNERSHIP AND MANAGEMENT

2.2.1 Promoters

The table below sets out our promoters and their interest in our Company, before and after the Issues, and assuming full exercise of the Options, are as follows:

Nationality/ Place of incorporation	Before Issues [@]		After Issues [#]		After Issues and assuming full exercise of the Options [^]	
	No. of N2N Shares held	%	No. of N2N Shares held	%	No. of N2N Shares held	%
N2N Holdings	39,838,091	59.02	39,838,091	59.02	39,838,091	59.02
Tiang Boon Hwa	5,048,248	7.48	5,048,248	7.48	5,048,248	7.48
Lai Su Ping	5,048,248	7.48	5,048,248	7.48	5,048,248	7.48
Chua Tiong Hoong	509,810	0.76	509,810	0.76	509,810	0.76
Lim Kok Tean	2,288,310	3.39	2,288,310	3.39	2,288,310	3.39
Low Kah Leong	2,424,361	3.59	2,424,361	3.59	2,424,361	3.59
Chan See Wai	2,442,932	3.62	2,442,932	3.62	2,442,932	3.62
			67,724,755	50.11	67,724,755	45.56
			8,582,022	6.35	8,772,022	5.90
			8,582,022	6.35	8,662,022	5.83
			1,240,677	0.92	1,340,677	0.90
			4,247,127	3.14	4,495,127	3.02
			4,478,414	3.31	4,726,414	3.18
			4,509,984	3.34	4,757,984	3.20

Notes:

[@] Based on Register of Members of N2N as at 14 October 2005.

[^] Deemed interested through in N2N Holdings by virtue of Section 6A of the Act.

[#] Assuming our eligible Directors and employees have fully taken up their entitlements to the pink form shares and Options.

2. INFORMATION SUMMARY (CONT'D)

2.2.2 Substantial Shareholders

The table below sets out our substantial shareholders and their interest in our Company, before and after the Issues, and assuming full exercise of the Options, are as follows:

Nationality / Place of incorporation	Before Issues ⁽⁶⁾		After Issues ^a		After Issues and assuming full exercise of the Options [#]	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of N2N Shares held	%	No. of N2N Shares held	%	No. of N2N Shares held	%
N2N Holdings	39,838,091	59.02	-	-	67,724,755	45.56
Tiang Boon Hwa	5,048,248	7.48	39,838,091	59.02	8,582,022	5.90
Lai Su Ping	5,048,248	7.48	39,838,091	59.02	8,582,022	5.83
					67,724,755	45.56

Notes:

@ Based on the Register of Substantial Shareholders as at 14 October 2005.

^ Deemed interested through N2N Holdings by virtue of Section 64 of the Act.

Assuming our eligible Directors and employees have fully taken up their entitlements to the pink form shares and Options.

2. INFORMATION SUMMARY (CONT'D)

2.2.3 Directors

The table below sets out our Directors and their interest in our Company, before and after the Issues, and assuming full exercise of the Options, are as follows:

Designation	Before Issues [@]		After Issues [^]		After Issues and assuming full exercise of the Options [#]	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of N2N Shares held	%	No. of N2N Shares held	%	No. of N2N Shares held	%
Izlan bin Izhab Independent Non-Executive Chairman	-	-	-	-	-	-
Tiang Boon Hwa Managing Director	5,048,248	7.48	^39,838,091	59.02	8,582,022	6.35
Lai Su Ping Executive Director	5,048,248	7.48	^39,838,091	59.02	8,582,022	6.35
Chua Trong Hoong Executive Director	509,810	0.76	-	-	1,240,677	0.92
Cho Wai Loon Independent Non-Executive Director	-	-	-	-	170,000	0.13
					8,772,022	5.90
					8,662,022	5.83
					1,340,677	0.90
					170,000	0.11
					^67,724,755	45.56
					^67,724,755	45.56

Notes:

@ Based on Register of Directors' Shareholdings of N2N as at 14 October 2005.

^ Deemed interested in N2N Holdings by virtue of Section 6A of the Act.

Assuming our eligible Directors and employees have fully taken up their entitlements to the pink form shares and Options.

2. INFORMATION SUMMARY (CONT'D)

2.2.4 Key Management and Key Technical Personnel

The table below sets out our key management and technical personnel, and their interest in our Company, before and after the Issues, and assuming full exercise of the Options, are as follows:

Key Management and Key Technical Personnel	Designation	Before Issues [@]		After Issues [#]		After Issues and assuming full exercise the Options [#]							
		No. of N2N Shares held	%	No. of N2N Shares held	%	No. of N2N Shares held	%						
Lim Kok Tean	Technical Director – Online Trading Services	2,288,310	3.39	-	-	4,247,127	3.14	-	-	4,495,127	3.02	-	-
Low Kah Leong	Technical Director – Mobile Content Services	2,424,361	3.59	-	-	4,478,414	3.31	-	-	4,726,414	3.18	-	-
Chan See Wai	Technical Director – Mobile Trading Services	2,442,932	3.62	-	-	4,509,984	3.34	-	-	4,757,984	3.20	-	-
Elaine Foong Sooi Jade	Finance Manager	-	-	-	-	51,000	0.04	-	-	226,000	0.15	-	-

Notes:

@ Based on Register of Members as at 14 October 2005.

Assuming our eligible Directors and employees have fully taken up their entitlements to the pink form shares and Options.

Please refer to Section 8 of this Prospectus for the detailed information on our Group's Directors, promoters, substantial shareholders, key management and key technical personnel.

2. INFORMATION SUMMARY (CONT'D)

2.3 PRODUCTS AND SERVICES

Our Group's products and services link information from the capital markets with services from the telecommunications market using technology from the ICT industry. Our Group primarily caters to stockbroking firms and banks and the investing public at large. Our Group adopts the latest mobile technology and develops our products on a pure ASP model which results in cost savings to our customers as a result of the sharing of professionally and centrally managed servers, networks, software and maintenance services with other participating customers. Our Group's overall strategy is to build businesses around a focused technology core and service infrastructure in order to obtain and maintain maximum leverage of its core competencies. The products and services currently offered by our Group include, eBrokerConnect™, PDAConnect™, MobileConnect™ and SMS Connect™.

Please refer to Section 5.4.2 of this Prospectus for the detailed information on our Group's products and services.

2.4 LICENCES AND MSC STATUS

We were awarded the MSC status by MDC on 1 July 2004. Please refer to Section 5.5.3 of this Prospectus for further details on our Company's major approvals, licenses, certifications and permits.

2.5 TECHNOLOGY AND INTELLECTUAL PROPERTY

Our Group relies on a combination of copyright protection, trademark, service mark and domain name registration to establish and protect its intellectual properties, brand name, logos and Internet domain names.

Our Company's intellectual properties include the following:

- (i) copyright in relation to the software products and services set out in Section 2.3 above;
- (ii) copyright in relation to the content of its website of www.n2n-connect.com, www.ebrokerconnect.com, www.n2nconnect.com, www.beaconconnect.com, www.m2chat.com, www.fantasymgr.com and www.sim2pay.com; and
- (iii) our trademarks, service marks and the logos of the software products and services set out in Section 2.3 above in Malaysia and Singapore.

Please refer to Section 5.4.3 of this Prospectus for further information on the abovementioned copyright and trademark, service mark and domain name registration.

2. INFORMATION SUMMARY (CONT'D)

2.6 FINANCIAL HIGHLIGHTS

2.6.1 Income Statements

The following table summarises our income statements since our Company's incorporation. The income statements are prepared for illustrative purposes only. You should read it together with the Accountants' Report set out in Section 12 of this Prospectus.

	←-----Audited-----→				
	10 August 2000 to 31 August 2001 RM 000	Financial year ended 31 August 2002 RM 000	1 September 2002 to 31 December 2003 RM 000	Financial year ended 31 December 2004 RM 000	6 months ended 30 June 2005 RM 000
Turnover	21	544	1,964	4,114	4,128
(Loss)/Earnings before interest, depreciation and taxation	(542)	189	771	1,725	2,198
Interest expense	-	-	-	(2)	(3)
Interest income	-	-	-	19	-
Depreciation	(17)	(130)	(257)	(405)	(322)
(Loss before taxation)/PBT	(559)	59	514	1,337	1,873
Taxation	-	-	(34)	6	-
(Loss after taxation)/PAT	(559)	59	480	1,343	1,873
No. of N2N Shares in issue (000)	*	*	10,000	67,500	67,500
Weighted average number of N2N Shares in issue (000)	*	*	2,010	66,661	67,500
Gross (loss per share)/EPS (RM)	(279,500.00)	29,500.00	0.26	0.02	0.03
Net (loss per share)/EPS (RM)	(279,500.00)	29,500.00	0.24	0.02	0.03

Note:

* *Comprising 2 N2N Shares*

There were no extraordinary items or exceptional items reported during the financial periods/years under review.

Our financial statements for the financial period ended 31 August 2001, the financial year ended 31 August 2002, the 16 months financial period ended 31 December 2003, our consolidated financial statements for the financial year ended 31 December 2004 and the 6 months financial period ended 30 June 2005 have been reported by our auditors without any audit qualification.

Please refer to Section 11.1 of this Prospectus for further information on our Group's financial position.

2. INFORMATION SUMMARY (CONT'D)

2.6.2 Proforma Consolidated Balance Sheets of N2N as at 30 June 2005

We have prepared our proforma consolidated balance sheets as at 30 June 2005 for illustrative purposes only to show the effects of the Public Issue, Bonus Issue, the utilisation of proceeds from the Public Issue and assuming full exercise of the Options on the assumption that the transactions were completed on 30 June 2005. We advise you to read the proforma consolidated balance sheets together with the accompanying notes and assumptions included in the proforma consolidated balance sheets set out in Section 11.3 of this Prospectus.

	Proforma I	Proforma II	Proforma III	Proforma IV	
	Audited as at 30 June 2005 RM 000	After Public Issue RM 000	After Proforma I and Bonus Issue RM 000	After Proforma II and Utilisation of Proceeds RM 000	After Proforma III and Assume Full Exercise of the Options RM 000
Property, plant and equipment	4,558	4,558	4,558	6,558	6,558
Current assets					
Inventories	6	6	6	6	6
Trade receivables	3,691	3,691	3,691	3,691	3,691
Other receivables	825	825	825	825	825
Marketable securities	1,393	1,393	1,393	1,393	1,393
Cash and bank balances	75	8,475	8,475	4,975	10,516
Total current assets	5,990	14,390	14,390	10,890	16,431
Current liabilities					
Trade payables	210	210	210	210	210
Other payables	168	168	168	168	168
Hire purchase payables	22	22	22	22	22
Amount owing to Directors	96	96	96	96	96
Taxation	5	5	5	5	5
Total current liabilities	501	501	501	501	501
Net current assets	5,489	13,889	13,889	10,389	15,930
	10,047	18,447	18,447	16,947	22,488
Financed by:					
Share capital	6,750	7,950	13,515	13,515	14,867
Share premium	10	7,210	1,645	145	4,334
Exchange reserve	9	9	9	9	9
Retained profits	3,196	3,196	3,196	3,196	3,196
Total shareholders' funds	9,965	18,365	18,365	16,865	22,406
Hire purchase payables	82	82	82	82	82
	10,047	18,447	18,447	16,947	22,488
Number of N2N Shares in issue (000)	67,500	79,500	135,150	135,150	148,665
NTA per share (sen)	14.76	23.10	13.59	12.48	15.07

2. INFORMATION SUMMARY (CONT'D)

2.7 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks and investment considerations below. The following is only a summary of the risks and investment considerations and is not an exhaustive list of challenges that we currently face or that may develop in the future. Additional risks, whether known or unknown, may in the future have a material adverse effect on our Shares or us. See Section 4 of this Prospectus for detailed information on the risks in investing in our Company.

- (i) Delay in or Failure of our Listing;
- (ii) No Prior Market for our Shares;
- (iii) Delay in Settlement;
- (iv) Limited Operating History;
- (v) Business Risks;
- (vi) Competition;
- (vii) Brand Awareness/Loyalty;
- (viii) Control by Certain Substantial Shareholders;
- (ix) Dependence on our Directors, Key Management and Key Technical Personnel;
- (x) Rapid Technological Changes;
- (xi) Delays in R&D;
- (xii) Reliance on Major Customers and Continuing Demand for our Group's Solutions and Services;
- (xiii) Maintenance and Reliability of the Telecommunications Network Infrastructure;
- (xiv) Security Risks;
- (xv) Protection of Intellectual Property Rights;
- (xvi) Adequate Insurance Coverage on Assets;
- (xvii) Material Defects Liability;
- (xviii) Investment Risks;
- (xix) Breakout of Fire, Energy Crisis and Other Emergencies;
- (xx) Change in MSC status;
- (xxi) Political, Economic and Regulatory Considerations;
- (xxii) Uncertainty in the 5-Year Business Development Plan; and
- (xxiii) Forward-Looking Statements.

2. INFORMATION SUMMARY (CONT'D)

2.8 PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE**(i) Share Capital**

	RM
<i>Authorised</i>	
500,000,000 ordinary shares of RM0.10 each	50,000,000
<i>Issued and fully paid-up as at the date of this Prospectus</i>	
67,500,000 ordinary shares of RM0.10 each	6,750,000
<i>To be issued pursuant to the Public Issue</i>	
12,000,000 new ordinary shares of RM0.10 each	1,200,000
<i>To be issued pursuant to the Bonus Issue</i>	
55,650,000 new ordinary shares of RM0.10 each	5,565,000
<i>Enlarged issued and fully paid-up share capital</i>	13,515,000
<i>To be issued pursuant to the ESOS</i>	
13,515,000 new ordinary shares of RM0.10 each	1,351,500

On 20 October 2005, we implemented an ESOS which entitles us to grant Options of up to 10% of our issued and paid-up share capital at any one time to our Eligible Employees. Although the ESOS has been implemented, our Directors only intend to make the initial grant of Options immediately before Listing. The approvals for the ESOS from our existing shareholders have been obtained in a general meeting held on 13 October 2005 and 18 October 2005.

(ii) Classes of Shares and Rights

We have only one (1) class of shares, being ordinary shares of RM0.10 each. The Issue Shares shall rank equally in all respects with our existing issued and paid-up Shares, including voting rights and will be entitled to all dividends, allotments and/or other distributions that may be declared, paid or made after the date of allotment and issuance of the Issue Shares.

Our Shares issued pursuant to the Bonus Issue shall rank equally with our existing Shares in all respects, except that they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, paid or made before the date of allotment and issuance of our Shares pursuant to the Bonus Issue.

Our shareholders shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and the whole of any surplus in the event of liquidation of our Company, in accordance with our Articles of Association, subject to any special rights attached to any shares that may be issued by us in the future.

2. INFORMATION SUMMARY (CONT'D)

At any of our general meetings, each shareholder shall be entitled to vote in person or by proxy or by attorney or by authorised representative. On a show of hands, every shareholder present in person or by proxy or by attorney to a shareholder or other duly authorised representative shall have one vote. On a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each N2N Share held. A proxy may but need not be a member of our Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.

(iii) Issue Price

The Issue Price of RM0.70 per Issue Share is payable in full upon application.
(theoretical ex-bonus price after the Public Issue and Bonus Issue will be RM0.41 per N2N Share)

Please refer to Section 3.5 of this Prospectus for the factors taken into consideration in determining the Issue Price.

(iv) Proforma NTA as at 30 June 2005

Proforma NTA (RM 000)	16,865
<i>(after deducting the estimated expenses of RM1.5 million for the Public Issue but before the exercise of Options pursuant to the ESOS)</i>	

Proforma NTA per share (sen)	12.48
<i>(based on the enlarged issued and paid-up share capital of 135,150,000 N2N Shares)</i>	

Please refer to Section 11.3 of this Prospectus for further details on the proforma NTA.

2.9 PROCEEDS FROM THE PUBLIC ISSUE AND ITS UTILISATION THEREOF

The Public Issue will raise total gross proceeds of RM8,400,000. The proceeds will accrue entirely to us and will be fully utilised for our core business in the following manner:

	Time frame for utilisation from listing date	RM 000
Software R & D	24 months	2,000
Regional expansion	24 months	2,000
Working capital	12 months	2,900
Estimated listing expenses	6 months	1,500
Total		8,400

Please refer to Section 3.7 of this Prospectus for further details on the utilisation of gross proceeds arising from the Public Issue.

2. INFORMATION SUMMARY (CONT'D)

2.10 WORKING CAPITAL, MATERIAL COMMITMENTS, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL LITIGATION
(i) Working Capital

Our Directors are of the opinion that, after taking into consideration the funds generated from our existing operations and the expected proceeds from the Public Issue, our Group will have sufficient working capital to meet our existing needs and foreseeable requirements for a period of 12 months from the date of this Prospectus.

(ii) Material Commitments

As at 14 October 2005, being the latest practicable date before the registration of this Prospectus, our Directors are not aware of any material commitments for capital expenditure contracted, which upon becoming enforceable may have a material impact on the financial position of our Group.

(iii) Borrowings

As at 14 October 2005, being the latest practicable date before the registration of this Prospectus, our Group has the following interest bearing borrowing:

	Due within 12 months RM	Due after 12 months RM
Hire purchase payable	<u>22,608</u>	<u>76,178</u>

There has been no default on payments of either interest and/or principal sums in respect of any of our Group's borrowings throughout the past financial period ended 30 June 2005 and up to 14 October 2005, being the latest practicable date before the registration of this Prospectus.

(iv) Contingent Liabilities

As at 14 October 2005, being the latest practicable date before the registration of this Prospectus, our Directors are not aware of any contingent liabilities which upon materialisation, may have a material impact on the financial position of our Group.

(v) Material Litigation

As at 14 October 2005, being the latest practicable date before the registration of this Prospectus, our Group is not engaged in any litigation and/or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of our Group, and our Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

2.11 SYARIAH STATUS

We have voluntarily submitted an application to the SC for the Syariah compliance review to be carried out by the SC's SAC as part of the process to obtain the Syariah status for our Shares at the Public Issue stage.

The SC's SAC has classified us as Syariah-approved based on our latest audited consolidated financial statements for the financial year ended 31 December 2004 and the Syariah criteria adopted by the SC's SAC. The Syariah status will remain valid from the date of issue of this Prospectus until the next Syariah compliance review is undertaken by the SC's SAC.

3. DETAILS OF THE PUBLIC ISSUE

3.1 INTRODUCTION

This Prospectus is dated 8 November 2005.

We have registered a copy of this Prospectus with the SC. We have also lodged a copy of this Prospectus, together with the Application Form with the ROC. Both the SC and the ROC do not take any responsibility for the contents of this Prospectus.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as a prescribed security. Therefore, our Shares will be deposited directly with Bursa Depository. Any dealings in our Shares will be carried out in accordance with the Central Depositories Act and the Rules. We will not issue share certificates to successful applicants.

Pursuant to the MMLR, we need at least 25% but not more than 49% of the total number of Shares for which listing is sought in the hands of at least 200 public shareholders holding not less than 100 Shares each upon completion of the Issues. We expect to meet the public shareholding spread requirement at the point of Listing. If we do not meet the public shareholding spread requirement, we may not be allowed to proceed with our Listing. In such an event, we will return in full, without interest, monies paid in respect of all applications.

In the case of an application by way of Application Form, you shall state your CDS account number in the space provided in the Application Form. If you do not presently have a CDS account, you must open a CDS account at an ADA before making an application for the Issue Shares. Whereas for application by way of Electronic Share Application, you can make an Electronic Share Application if you have a CDS account. You shall furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen at which you enter your Electronic Share Application requires you to do so.

You should rely only on the information contained in this Prospectus. We and our advisers have not authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus.

The distribution of this Prospectus and the sale of the Issue Shares are subject to Malaysian law. We and CIMB take no responsibility for the distribution of this Prospectus and/or sale of the Issue Shares outside Malaysia which may be restricted by law in other jurisdictions. Persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation to buy any Issue Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

You should rely on your own evaluation to assess the merits and risks of the Public Issue and an investment in our Company. In considering the investment, if you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

3.2 PARTICULARS OF THE PUBLIC ISSUE

Our Public Issue is subject to the terms and conditions of this Prospectus and we will allocate the Issue Shares in the following manner:

(i) **Malaysian Public**

1,590,000 Issue Shares will be available for application by the Malaysian citizens, companies, co-operatives, societies and institutions.

(ii) **Private Placement**

8,025,000 Issue Shares have been reserved for private placement to identified investors for which the placements have been accepted by the identified investors.

(iii) **Eligible Directors, employees and business associates of our Group**

2,385,000 Issue Shares have been reserved for our eligible Directors and employees and business associates.

The allocation to our Group's eligible Directors, employees and business associates will be based on the following allocation criteria:

- (a) position in our Group;
- (b) duration of service with our Group;
- (c) performance of our Group's Directors and employees; and
- (d) contribution of the business associates towards our Group's business.

Based on these criteria, there are 48 eligible Directors and employees of our Group who are eligible to subscribe for the pink form shares as at 14 October 2005.

The allocation of the Issue Shares to our eligible Directors are as follows:

Directors	No. of N2N Shares
Izlan bin Izhab	-
Tiang Boon Hwa	-
Lai Su Ping	-
Chua Tiong Hoong	220,000
Cho Wai Loon	100,000

All Issue Shares in respect of Sections 3.2 (i) and (iii) above have been fully underwritten by the Underwriters. You can read further details of the underwriting agreement in Section 3.9 of this Prospectus.

The Issue Shares in respect of Section 3.2 (ii) above need not be and will not be underwritten. The identified investors have given their written irrevocable undertakings to subscribe for the said shares.

The minimum level of subscription in respect of our Public Issue shall be the entire 12,000,000 Issue Shares. The minimum level of subscription has been determined based on the estimated level of funds to be raised from our Public Issue of RM8,400,000 and the number of N2N Shares required to meet the minimum public shareholding spread.

3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

3.3 SHARE CAPITAL AND RIGHTS ATTACHING TO THE ISSUE SHARES

	RM
<i>Authorised</i>	
500,000,000 ordinary shares of RM0.10 each	50,000,000
<i>Issued and fully paid-up</i>	
67,500,000 ordinary shares of RM0.10 each	6,750,000
<i>To be issued pursuant to the Public Issue</i>	
12,000,000 new ordinary shares of RM0.10 each	1,200,000
<i>To be issued pursuant to the Bonus Issue</i>	
55,650,000 new ordinary shares of RM0.10 each	5,565,000
<i>Enlarged issued and fully paid-up share capital</i>	
	13,515,000
<i>To be issued pursuant to the ESOS</i>	
13,515,000 new ordinary shares of RM0.10 each	1,351,500

On 20 October 2005, we implemented an ESOS which entitles us to grant Options of up to 10% of our issued and paid-up share capital at any one time to our Eligible Employees. Although the ESOS has been implemented, our Directors only intend to make the initial grant of Options immediately before Listing. The approvals for the ESOS from our existing shareholders have been obtained in a general meeting held on 13 October 2005 and 18 October 2005.

Class of shares and ranking

We have only one (1) class of shares, being ordinary shares of RM0.10 each. The Issue Shares shall rank equally in all respects with our existing issued and paid-up Shares, including voting rights and will be entitled to all dividends, allotments and/or other distributions that may be declared, paid or made after the date of allotment and issuance of the Issue Shares.

Our Shares issued pursuant to the Bonus Issue shall rank equally with our existing Shares in all respects, except that they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, paid or made before the date of allotment and issuance of our Shares pursuant to the Bonus Issue.

Our shareholders shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and the whole of any surplus in the event of liquidation of our Company, in accordance with our Articles of Association, subject to any special rights attached to any shares that may be issued by us in the future.

At any of our general meetings, each shareholder shall be entitled to vote in person or by proxy or by attorney or by authorised representative. On a show of hands, every shareholder present in person or by proxy or by attorney to a shareholder or other duly authorised representative shall have one vote. On a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each N2N Share held. A proxy may but need not be a member of our Company and the provisions of Section 149(1) (b) of the Act shall not apply to the Company.

3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

3.4 OPENING AND CLOSING OF APPLICATIONS

The following events are scheduled to take place on the following tentative dates:

Event	Tentative Date
Opening of application for the Public Issue	8 November 2005
Closing of application for the Public Issue*	15 November 2005
Allotment of Shares	22 November 2005
Despatch of notices of allotment to successful applicants	24 November 2005
Listing	25 November 2005

Note:

- * *Our Directors and CIMB may mutually decide, at their absolute discretion, to extend the closing date and time for the application for the Public Issue. If the closing date of the application is extended, the dates for the allotment of Shares, despatch of notices of allotment and the listing of and quotation for our entire issued and paid-up share capital on the MESDAQ Market of Bursa Securities will also be extended accordingly. We will announce the extension of the closing date in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia.*

3.5 BASIS OF ARRIVING AT THE ISSUE PRICE

Our Adviser, Underwriters and ourselves have determined and agreed on the issue price of RM0.70 per Issue Share, after taking into consideration the following factors:

- (i) our Group's operating and financial history and conditions;
- (ii) the prospects of our Group and of the industry in which our Group operates as outlined in Section 6 of this Prospectus;
- (iii) the proforma NTA per share of 12.48 sen as at 30 June 2005; and
- (iv) the prevailing market conditions.

You should take note that we will implement the Bonus Issue after the Public Issue but immediately before the official quotation of our entire enlarged issued and paid-up share capital on the MESDAQ Market. Based on the issue price of RM0.70 per Issue Share, the theoretical ex-bonus price will be RM0.41 per N2N Share.

You should also note that the market prices of the Issue Shares, upon and subsequent to the listing on the MESDAQ Market are subject to the changes of market forces and other uncertainties, which may affect the price of the said shares. You should bear in mind that the risk factors as set out in Section 4 of this Prospectus and value the Issue Shares before you decide to invest in the Issue Shares.

3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

3.6 RATIONALE FOR THE PUBLIC ISSUE

The rationale for the Public Issue is as follows:

- (i) to obtain listing of and quotation for our entire issued and paid-up share capital on the MESDAQ Market;
- (ii) to provide our Group with access to the capital markets to raise funds for future expansion and growth;
- (iii) to provide opportunities to our Group's eligible Directors, employees and business associates to participate in the continuing growth of our Group; and
- (iv) to enhance our stature in marketing the products and services, and to retain and attract new skilled employees.

3.7 PROCEEDS FROM THE PUBLIC ISSUE AND ITS UTILISATION THEREOF

The Public Issue will raise total gross proceeds of RM8,400,000. It will accrue entirely to us and will be fully utilised for our core business in the following manner:

	Time frame for utilisation from listing date	Note	RM 000
Software R & D	24 months	(i)	2,000
Regional expansion	24 months	(ii)	2,000
Working capital	12 months	(iii)	2,900
Estimated listing expenses	6 months	(iv)	1,500
Total			<u>8,400</u>

Notes:

- (i) *The software R&D expenditure involves, among others, software development and enhancement of existing range of products and services. The allocation will cover R&D staff's salaries and training costs of RM1.8 million, and computer software and overheads of RM0.2 million. Research cost will be recognised as an expense in the period in which they are incurred. The software development costs will be capitalised as computer software in property, plant and equipment.*
- (ii) *We propose to expand our customer base by pursuing Singapore's market. In order to establish market presence in this country/region, we will form strategic alliances with partners and establish sales and operation offices in this country. Regional expansion cost consists of office renovation and set-up cost of RM0.25 million, furniture and fittings, and computer equipment of RM0.05 million, and selling, general and administrative expenses of RM1.7 million.*
- (iii) *The amount will be utilised to finance the working capital of our Group such as general operation expenses, marketing expenses and advertising and promotion expenses.*
- (iv) *The estimated expenses and fees, including brokerage, placement fees, management fee and underwriting commission relating to the Issue Shares, incidental to the Listing amounting to approximately RM1.5 million shall be borne by our Company. Out of the RM1.5 million estimated listing expenses, approximately RM0.52 million is provided for fees for professional services rendered by advisers.*

3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

3.8 BROKERAGE, PLACEMENT FEE AND UNDERWRITING COMMISSION

We will pay a brokerage fee for the Public Issue at the rate of 1% of the issue price of RM0.70 per Issue Share in respect of successful applications which bear the stamp of CIMB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

Our Placement Agent has agreed to place out the 8,025,000 Issue Shares, which are reserved for the identified institutional/high net worth investors. We will pay the Placement Agent a placement fee of 1.2% of the issue price of RM0.70 per Issue Share for placees identified and secured by the Placement Agent.

We will pay CIMB and PM Sec an underwriting commission of 1.2% for underwriting the 2,385,000 Issue Shares available for application by the eligible Directors, employees and business associates of our Group ("Pink Form Shares") and the 1,590,000 Issue Shares available for application by the Malaysian public ("Malaysian Public Portion").

3.9 DETAILS OF THE UNDERWRITING AGREEMENT

Our Company entered into a conditional underwriting agreement with CIMB and PM Sec on 18 October 2005 where CIMB has agreed to be the Managing Underwriter for the 2,385,000 Issue Shares of the Pink Form Shares and the 1,590,000 Issue Shares of the Malaysian Public Portion for a managing underwriting fee of RM6,096 and the Underwriter for the 1,060,000 Issue Shares forming part of the Pink Form Shares for an underwriting commission of 1.2% of the Issue Price, and PM Sec has agreed to underwrite the 1,590,000 Issue Shares of the Malaysian Public Portion and the 1,325,000 Issue Shares forming part of the Pink Form Shares for an underwriting commission of 1.2% of the Issue Price (both the Pink Form Shares and Malaysian Public Portion are collectively referred to as "Underwritten Shares").

The salient terms of our Underwriting Agreement ("Agreement") are set out as follows:

- (i) The obligation of the Underwriters to underwrite the Underwritten Shares and the Managing Underwriter to manage the Underwritten Shares under the Agreement are conditional on the performance by our Company of our obligations under this Agreement and conditional on the following:
 - (a) The Underwriters being provided with the reports or confirmation and being satisfied on the last date for acceptance, application for and payment of the subscription moneys under the Prospectus and application form, which shall not be later than 30 December 2005 and subject to the extension of the closing date ("Closing Date") that:
 - (aa) there has been no material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of our Group taken as a whole from that provided in our draft Prospectus and Prospectus; or
 - (bb) there has not occurred any event or the discovery of any facts or circumstances or omission of any material facts or development which would render any representation, warranty or undertaking in Clause 11 (Representations, Warranties and Undertakings) of the Agreement materially untrue or inaccurate or result in a material breach of this Agreement by our Company.

3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

- (b) The Underwriters receiving a certificate in the form or substantially in the form contained in Schedule 3 (Certificate) of the Agreement dated the Closing Date signed by all our Directors stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as referred to in Clause 11 (Representations, Warranties and Undertakings) of the Agreement;
- (c) The issue of our Prospectus not later than 18 November 2005 or such later date as the Managing Underwriter and we may from time to time agree;
- (d) The registration of the Prospectus and such other documents as may be required in accordance with the Securities Commission Act 1993 in relation to the Public Issue with the SC and its lodgement with the ROC by the Issue Date;
- (e) The approvals of the SC and Bursa Securities referred to in Clause 2.2 (Approvals) of the Agreement to the admission of our Company to the Official List and the listing of and quotation for our entire issued and paid up share capital being obtained on terms acceptable to the Managing Underwriter remaining in full force and effect and that all conditions precedent to the approvals (except for any which can only be complied with after the Public Issue has been completed) have been complied with;
- (f) The Underwriters being satisfied that our Company will, following completion of the Public Issue and the Bonus Issue, be admitted to the Official List and our share capital listed and quoted on the MESDAQ Market without undue delay;
- (g) The Managing Underwriter and the Underwriters being satisfied with the arrangements of our Company to pay the expenses referred to in Clause 10 (Fees and Commission) of the Agreement;
- (h) The Underwriters receiving a copy certified by our Director or secretary of our Company to be a true and accurate copy and in full force and effect of a resolution of our Directors in form and substance acceptable to the Managing Underwriter:
 - (aa) approving the Issue Documents, this Agreement and the transactions contemplated by it;
 - (bb) authorising a person to sign and deliver this Agreement on behalf of our Company;
 - (cc) authorising the issuance of the Issue Documents;
- (i) This Agreement being signed by all parties and stamped;
- (j) The Public Issue not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia or any condition imposed by the regulators in approving the Public Issue and all consents, approvals, authorisations or other orders required by our Company under such laws for or in connection with the Public Issue and/or our listing of and quotation for our entire issued and paid-up share capital on the MESDAQ Market have been obtained and are in force on the Closing Date or the Managing Underwriter being reasonably satisfied that the same will be in force on the Closing Date;

3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

- (k) The Managing Underwriter being satisfied that our Company has complied with and that the Public Issue is in compliance with the policies, guidelines and requirements of the SC and Bursa Securities and all revisions, amendments and/or supplements thereto;
 - (l) The Public Issue being approved by our shareholders in an extraordinary general meeting;
 - (m) The Managing Underwriter being reasonably satisfied that payment in full for the Pink Form Shares has been made by such persons within the stipulated time frame; and
 - (n) The Managing Underwriter having received irrevocable letters of undertaking from the identified investors to the effect that they undertake to subscribe for the Placement Shares and the Underwriters being reasonably satisfied that payment in full for such Placement Shares have been made by such persons within the stipulated time frame. For avoidance of doubt, the Company shall forthwith notify the Underwriters in writing as soon as it has received the full payment for the Placement Shares.
- (ii) If any of the conditions above other than those referred to in Clause 6.3.1 (Pre Issue Date), Clause 6.1.8 (Details) or Clause 6.1.9 (Details) (to the extent not waived) of the Agreement are not satisfied by the Issue Date; and if any of the conditions other than those referred to in Clause 6.3.1 (Pre Issue Date) to the extent not waived are not satisfied by the Closing Date, the Managing Underwriter after consultation with the Underwriters and our Company shall be entitled to terminate this Agreement and in such event the provisions of Clause 14 (Termination) shall apply, but without prejudice to the rights of the Managing Underwriter and the Underwriters under Clause 10 (Fees and Commission). The parties hereto shall be released and discharged from their respective obligations hereunder.
- (iii) Notwithstanding anything contained in the Agreement, the Managing Underwriter, on behalf of the Underwriters, may by notice in writing to our Company given at any time before 5.00 p.m. on the Closing Date, terminate, cancel and withdraw their respective commitment to underwrite their respective portion of the Underwritten Shares ("Underwriting Commitment") if:
- (a) there is any breach by our Company of any of the representations, warranties or undertakings contained in Clause 11 (Representations, Warranties and Undertakings) of the Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice of such breach given to our Company by the Underwriters or by the Closing Date, whichever is the earlier; or
 - (b) there is failure on the part of our Company to perform any of its obligations contained in this Agreement; or
 - (c) there is withholding of information of a material nature from the Underwriters which is required to be disclosed pursuant to this Agreement 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 our Group, the success of the Public Issue, or the distribution or sale of our Shares issued under the Public Issue; or
 - (d) there shall have occurred, or happened any material and adverse change in the business or financial condition of our Company or our Group; or

3. DETAILS OF THE PUBLIC ISSUE (CONT'D)

- (e) the closing date of the application of the Issue Shares does not occur on or before 30 December 2005, subject to Clause 29 (Extension of Closing Date) of the Agreement.
- (f) there shall have occurred, or happened any of the following force majeure circumstances:
 - (aa) any material adverse change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or currency exchange rates or the occurrence of any combination of any of the foregoing which would prejudice the Public Issue; or
 - (bb) any new law or change in law, regulation, directive, policy or ruling in any jurisdiction, interpretation or application by the court/authorities which has/likely to have material adverse effect on our Group; or
 - (cc) any event or series of events beyond the reasonable control of the Underwriters including (without limitation) acts of government, acts of God (including, without limitation, the occurrence of a tsunami and/or earthquakes), acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war, diseases or accidents which has or is likely to have the effect of making any material part of the Agreement incapable of performance with its terms or which prevents the processing of applications and/or payments pursuant to the Public Issue or pursuant to the underwriting of the Underwritten Shares; or
 - (dd) any imposition of moratorium, suspension or material restriction on trading of securities on Bursa Securities due to exceptional financial circumstances or otherwise;
 - (ee) any material change in financial conditions as stated in Clause 14.1.6.1 of the Agreement to include stock market conditions and interest rates. For this purpose, a drop in the composite index of Bursa Securities by 10% or more from the date of the Agreement can be deemed a material adverse change in the stock market condition to allow the Underwriters to invoke a termination under Clause 14.1 of this Agreement; or
 - (ff) any government requisition or occurrence of any other nature which materially and adversely affect or will materially or adversely affect the business and/or financial position of our Company or our Subsidiary;
- (g) in the event that the listing of and quotation for our entire issued and paid up share capital on the MESDAQ Market is withdrawn or not procured or procured but subject to conditions not acceptable to the Underwriters; or
- (h) there is non-fulfilment of any of the Conditions contained in Clause 6 (Conditions) by the respective compliance dates and such non-fulfilment is not waived by the Managing Underwriter with the consent of Underwriters;

3. **DETAILS OF THE PUBLIC ISSUE (CONT'D)**

which, in the reasonable opinion of the Underwriters, would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice our business or the operations of our Company or our Group as a whole, the success of the Public Issue, or the listing of our Company on the MESDAQ Market or market conditions generally or which has or is likely to have the effect of making any material part of the Agreement incapable of performance in accordance with its terms.

- (iv) Upon any such notice(s) being given pursuant to Clause 14.1 (Termination) of the Agreement, the Managing Underwriter and the Underwriters shall be released and discharged of their obligations without prejudice to their rights under this Agreement, and where the Underwriters have terminated or withdrawn their Underwriting Commitments pursuant to Clause 14.1 (Termination) of the Agreement, the Agreement shall be of no further force or effect and no party shall be under any liability to any other parties in respect of the Agreement, save and except that our Company shall remain liable in respect of its obligations and liabilities under Clause 11 (Representations, Warranties and Undertakings) of the Agreement and under Clause 12 (Costs and Expenses) of the Agreement for the payment of costs and expenses already incurred up to the date of or in connection with such termination and under Clause 8.3.2 (Prospectus and Listing) of the Agreement for the payment of any taxes, duties or levies, and for any antecedent breach, Clause 11.3.6 (Representation, Warranties and Undertaking) and Clause 10.3 (Fees and Commission).

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4. RISK FACTORS

Before investing in our Shares, you should pay particular attention to the fact that we, and to a large extent of our activities, are subject to the legal, regulatory and business environment in Malaysia. Our business is subject to a number of factors, many of which are outside our control. Before making an investment decision, you should carefully consider, along with other matters in this Prospectus, the risk and investment considerations set out below (which may not be exhaustive) and may have a significant impact on the future performance of our business. Additional risks, whether known or unknown, may in the future have a material adverse effect on us or our Shares.

4.1 Delay in or Failure of our Listing

The occurrence of the certain events, including the following, may cause delay in or termination of our Listing:

- (i) the identified investors failing to subscribe for the portion of the Issue Shares to be placed to them despite having given irrevocable undertakings to subscribe;
- (ii) our Underwriters, exercising their rights pursuant to the Underwriting Agreement, discharges themselves from their obligations thereunder;
- (iii) we are unable to meet the public spread requirement, which is at least 25% of our enlarged issued and paid-up share capital must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of Listing; or
- (iv) the approvals of Bursa Securities, SC or any other relevant authorities for the Listing are revoked, withdrawn or cancelled.

Although our Directors will endeavour to ensure that the timeliness and success of our Public Issue and Listing, no assurance can be given that the abovementioned events will not occur and cause a delay in or abortion of our Listing.

4.2. No Prior Market for our Shares

There is currently no prior trading market for our Shares within or outside Malaysia. There can be no assurance that an active market for our Shares will develop upon our listing on the MESDAQ Market or, if developed, that such market can be sustained. The issue price of RM0.70 per Issue Share (with the resultant theoretical ex-bonus price of RM0.41 per N2N Share) was determined after taking into consideration several factors including, among others, our Group's operating and financial history and conditions as well as our Group's future prospects and the future prospects of the industry in which our Group operates, the management of our Group and the prevailing market conditions before the registration of this Prospectus. The price at which our Shares would trade on the MESDAQ Market after the Public Issue may be influenced by a number of factors, which include, among others, the liquidity of the market for our Shares, announcements of new and/or enhanced products and services by our Group and the difference between our Group's actual financial performance and those expected by the investors and analysts and the perception of the investors of our Group. In recent years, the stock market in general, and the market for the securities of many companies in particular, has experienced volatile price movements which have often been unrelated to the operating performance of such companies. Such fluctuation may adversely affect the market price of our Shares. There can be no assurance that the Issue Price or the resultant theoretical ex-bonus price will correspond to the price at which our Shares will trade on the MESDAQ Market either upon or subsequent to our Listing or that an active market for our Shares will develop and continue upon or subsequent to our Listing.

4. RISK FACTORS (CONT'D)

4.3 Delay in Settlement

After we have allotted our Shares to your CDS Account with Bursa Depository, which would occur at least 2 clear Market Days before the anticipated date for admission, it may not be possible for you to immediately recover monies paid in respect of the Issue Shares from us in the event that our admission and commencement of trading on the MESDAQ Market do not occur.

In order for us to return the monies to you in respect of the Issue Shares following their allocation in Bursa Depository, a reduction of our Company's capital would be necessary. This would require a special resolution of our Company and the confirmation of the High Court of Malaya. There can be no assurance that monies can be recovered within a short period of time. However, interest is payable on monies not repaid within 14 days in accordance with Section 52(2) of the SC Act 1993.

4.4 Limited Operating History

We have only been incorporated on 10 August 2000 while our subsidiary, N2NS, was incorporated on 31 May 2004. Our Group's limited operating history makes it difficult to evaluate the risks and uncertainties, particularly those encountered by companies in the early stages of development in the new and rapidly evolving ICT industry. However, our Group has proven the capability to generate profits for the last financial year ended 31 December 2004 and the 6 months financial period ended 30 June 2005. In addition, our Group's key management and key technical personnel comprise persons who have been involved in the ICT, capital markets and telecommunications industry for an average number of 12 years. Our Directors believe that the risk of our limited operating history is mitigated by the experience, knowledge and business expertise of our key management and key technical personnel.

4.5 Business Risks

Our Group is principally involved in, among others, providing software solutions, research and development of software packages, provision of design, programming and consultancy services and related activities for the capital and telecommunications markets. As such, our Group is subject to certain risks inherent in such markets and industries. Our business risks include changes in general economic conditions such as general downturn in the global, regional and Malaysian economy, government regulations, inflation, and changes in business conditions such as deterioration in prevailing market conditions, lack of skilled IT professionals, and increase in costs for skilled IT professionals, ability to protect its intellectual property and technological obsolescence. Although our Group seeks to mitigate these risks through, among others, continuous R&D in developing new and improving our existing products and services, maintaining good business relationships with our customers and suppliers, creating a large pool of highly skilled and qualified personnel, expanding the size and type of customer base, seeking longer term contracts, efficient cost control, integration or development of other synergistic businesses into or for our Group, there can be no assurance that any change to these factors will not have a material adverse effect on our Group's business and financial performance.

4.6 Competition

The ICT industry is highly competitive and rapidly changing. Our Group faces competition from various competitors, which include public listed and private companies. Our Directors believe that at present there are only a few competing businesses in Malaysia and Singapore of which our Group is a player. It should be noted that some of our Group's competitors may have significantly greater resources or advantages than our Group in terms of market dominance, finance, technical knowledge and human resources. In addition, emerging companies may also enter the market and introduce new products and technologies. Increased competition could result in price and revenue erosion and loss of market share, any of which could materially and adversely affect our Group's business, operating results and financial condition.

4. RISK FACTORS (CONT'D)

Despite the competition, our Directors believe that our Group is unique in its positioning, particularly the fact that it is one of the few solutions provider that has built a strong and highly integrated suite of products ranging from front office system to middle office as well as peripheral value added services.

In addition, our Group has also built strong business alliances with major telecommunication service providers, major mobile phones and PDA manufacturers and their distributors and agents, and is able to leverage on our presence in Malaysia and Singapore to provide support and distribution services at places easily accessible to our Group's customers. Moreover, our Group has also built our businesses in a manner that allows our end-users to use a full range of solutions and services which can be inter-linked within the broad range of our products and services, and the ability of our Group to manage the e-commerce infrastructure for its corporate customers. Our Group is constantly improving its products and services, product functionality, ease of use, price, reliability, customer service and support and sales and marketing efforts to remain competitive.

Our Directors believe that the above factors, among others, our Group's innovative products and services, maintaining good business relationships with customers, brand name and product quality, competitive pricing of our Group's products and maintaining experienced and skilled team and management, would assist our Group in maintaining and/or expanding our market share and competitive advantage in our Group's business. Although our Group seeks to continuously improve our market share and competitive advantage, there can be no assurance that our Group will be able to maintain and/or expand our market share.

4.7 Brand Awareness/Loyalty

Our Group's brand names such as "N2N Connect™", "eBrokerConnect™", "MobileConnect™", "SMSConnect™", "PDACoconnect™" and "DecisionConnect™" "LiveConnect", "eIPOConnect", "eESOSConnect" and "PortfolioConnect" play an important role for the continued growth of the business. The success of a brand name is dependent on the awareness, loyalty and goodwill associated with the brand name. Consumers would inadvertently favour a particular brand name due to its reliability even though there are only marginal savings. We seek to mitigate this risk by advertisement and promotional activities to create brand awareness amongst the Malaysian and foreign public. Our Directors plan to further intensify marketing activities through advertisement and promotional activities. Although our Group seeks to mitigate these risk factors, there can be no assurance that there would be an increase in the awareness or loyalty by the consumers on our Group's brand name and that any changes to these risks will not have a material effect on our Group's business.

4.8 Control by Certain Substantial Shareholders

Upon completion of the Issues, our substantial shareholders namely, N2N Holdings, Tiang Boon Hwa and Lai Su Ping, will collectively hold approximately 62.81% of our enlarged issued and paid-up share capital. It is therefore likely that the aforesaid substantial shareholders will be able to control the outcome of certain matters requiring the vote of our shareholders unless they are required to abstain from voting by law and/or by the relevant authorities.

Nevertheless, we have appointed 2 independent non-executive Directors as a step towards good corporate governance to ensure that any future transactions involving relates parties, if any, are entered into on normal commercial terms and on arms-length basis.

4. RISK FACTORS (CONT'D)

4.9 Dependence on our Directors, Key Management and Key Technical Personnel

The ICT industry is a growing and fast changing sector and the management and operation of the business requires the employment of highly skilled knowledge workers, whether in technology or non-technology related fields. Our Directors recognise and believe that our Group's continuing success depends upon the abilities and continuing efforts of our existing Executive Directors, key management and key technical personnel and on our Group's ability to hire, train and retain qualified and competent IT personnel. While our Group has made efforts to nurture and maintain good relationships with its senior management team and key technical personnel, there can be no assurance that the loss of any of the key personnel can be avoided and would not affect our Group's ability to operate its business competitively. Our Group mitigates this by incorporating effective human resource management and development, continuing to hire personnel as and when necessary to accommodate any increase in the size of our Group's operations. Our Group also implements an effective succession plan by grooming the existing staff members to support the senior management and/or to shoulder further responsibilities in preparation for long term expansion and to provide suitable incentives such as employee share options, bonuses, training, competitive salary package and a conducive working environment. However, there can be no assurance that the above measures taken or to be taken will be successful and that any change in our Group's key personnel will not have a material effect on our Group's business and operations.

4.10 Rapid Technological Changes

The market for our Group's products and services is characterised by rapid technological developments, evolving industry standards, swift changes in customer requirements, mobile phones and PDA, operating systems, software and hardware applications and frequent new product introductions and enhancements. Our Group's products and services may become obsolete due to advancement in technology as a result of extensive R&D available in the marketplace. If one or more of our Group's competitors introduce products and services that can better address customers' needs, it may adversely affect our Group's competitiveness and therefore may affect our Group's business, operating conditions and financial results.

Our Group minimises its exposure to technological obsolescence through its ongoing R&D efforts to introduce innovative products and services using latest technology which is able to adequately address the changing needs of the marketplace while keeping the cost to customers or end-users relatively low. Our Group has an experienced and skilled team of R&D personnel, which constantly endeavours to keep abreast with contemporary leading-edge technologies and carry out the necessary research to capitalise on such technologies that are suitable for our future business. There can be no assurance that our Group will be able to keep abreast with the changes in the technologies and that such changes would not affect our Group's competitiveness in the ICT industry, which may have a material effect on our Group's quality of service, business operations and financial performance.

4.11 Delays in R&D

Our Group is involved in a rapidly changing industry and its success is largely dependent on its speed and ability to evolve and develop up-to-date products to remain competitive. Our Group has set up its in-house R&D team to carry out research and develop our Group's products. Our Group's R&D team is able to assist and support in implementing our Group's business plan to meet the demands of our Group's customers. However, completion and successful implementation of R&D efforts may require a long lead-time. Although our Group seeks to mitigate this risk by effectively allocating its resources and focusing on servicing customers and prospects with better return (in order not to exhaust our Group's resources or sacrifice quality of product development), there can be no assurance that there will not be any delays in the completion of its R&D efforts and that any delays in its R&D efforts will not have any material adverse effect on our Group's business and financial performance.

4. RISK FACTORS (CONT'D)

4.12 Reliance on Major Customers and Continuing Demand for our Group's Solutions and Services

Our Group's revenue and our ability to achieve and sustain profitability will substantially depend on continued market acceptance of the solutions and services that our Group offers. A reduction/change in demand or an increase in competition in the market for these existing or new solutions and services, may have a material adverse effect on our Group's business conditions and financial results. Although our Directors believe that our Group's continued marketing efforts and research in improving its solutions and services to cater to the requirements and demand of its current customers and potential customers would mitigate our Group's risks, there can be no assurance that its existing and potential customers will commit to continue with the existing or new solutions and services from our Group.

To date, our Group's solutions and services have been well-received by our stockbroking and banking clients and the management expects that enhancements and improvements of features, timeliness in delivery of information to its customers and good technical support services should ensure continuous acceptance of its solutions and services.

A major part of our Group's revenue is derived from eBrokerConnect™. The stockbroking companies and a bank which have signed up for eBrokerConnect™ are CIMBS, JF Apex, Kenanga, Kuala Lumpur City Securities Sdn Bhd, PM Sec, SJ Securities Sdn Bhd and Citibank (M) Berhad. They collectively contribute approximately 34.64% of our Group's revenue based on the 6 months financial period ended 30 June 2005. There can be no assurance that these clients will continue to use our Group's solutions and/or services in the future or will continue their relationships with our Group. The failure of our Group to maintain its existing relationship with the aforesaid stockbroking companies for any reason could have a material adverse effect on our Group's business, operating results and financial condition. To mitigate this risk, our Group endeavours to provide reliable quality products and good customer service and after sales services to them. Our Group has been successful in maintaining its relationship with the aforesaid stockbroking companies.

4.13 Maintenance and Reliability of the Telecommunications Network Infrastructure

The success of our Group's products and services will depend on the maintenance of a reliable telecommunication network infrastructure comprising the network equipment and leased lines. Any disruptions to the telecommunications network performance may adversely affect the services provided to customers which could directly affect the revenue of our Group. To mitigate such risk, our Group continuously monitors the quality of service of its network and the vendor's leased line services to ensure strict compliance to the quality standards predetermined by our Group. In addition, our Group minimises the risk of such dependency by securing leased line services from various telecommunication providers. Our Group is also constantly evaluating and exploring other technological alternatives to leased lines to further reduce the risk of dependency on the telecommunication providers. However, there can be no assurance that the network available from the various telecommunication providers would not be disrupted and that any change to these telecommunication providers will not have a material effect on our Group's business and operations. There can be no assurance that the telecommunication providers will continue to provide existing and more capacity for the business.

4. RISK FACTORS (CONT'D)

4.14 Security Risks

The ability to provide secure transmissions of confidential information over networks accessible to the public is a significant problem for electronic commerce and communications. There may be threats or actual security breaches, computer viruses and malicious attacks. These occurrences may cause systems failures, interruptions in service or reduced customer capacity, which could have an impact on our Group's ability to manage or provide services to our customers or partners and could materially and adversely affect our Group's operation and financial performance. In order to mitigate the risks, we have implemented comprehensive security measures to protect our Group's network, system and information. Despite such security protection, the rapid evolution of newer security threats and malicious attacks is beyond the control of our Group. As such there can be no assurance that threats of security breaches, computer viruses and malicious attacks, can be wholly eliminated or eliminated indefinitely.

4.15 Protection of Intellectual Property Rights

Our Group's success is dependent on our ability to create new software products and/or services for our customers and to be able to protect our intellectual property rights in those products. However, existing patent, copyright, trademark and trade secret laws afford only limited protection.

Trademarks

Specifically, the success of our Group's business may be largely influenced by the popularity of our trademarks and as such our ability to protect the trademark in the countries in which the business is operated is important to our Group. As such, we have made applications to the Registrar of Trademarks in Malaysia and Singapore Applications for the registration of "DecisionConnect™", "eBrokerConnect™", "MobileConnect™", "PDACoconnect™", "ResearchConnect™", "SMSConnect™" and "N2N Connect™". However, the present trademark laws in Malaysia and Singapore provide only limited protection and generally (with some exceptions) have no extraterritorial coverage. As a result, there can be no assurance that our Group will be able to protect its trademark against unauthorised third party use or exploitation which could have a material adverse effect on our Group's reputation, business and performance.

Copyrights

Part of our Group's revenue is derived from our own proprietary software which takes time and resources to develop. At present, our Company owns intellectual property rights in its software which protection is accorded by copyright law and at common law, including the Copyright Act 1987. However, the software may not be accorded similar copyright protection laws elsewhere. Despite copyright laws in Malaysia and other countries in which our Group may operate, such laws may not be adequate or effectively enforced against third parties who violate our Company's copyright by copying or pirating the software products. Our Company may have to incur unexpected and additional expenses for enforcing its intellectual property rights should such piracy arise in future. This may have an adverse effect on our Group's financial performance in the future. This risk is however mitigated as our Group will be constantly enhancing its proprietary software, this will render it difficult for third parties to copy or pirate the software products.

Our Company also licenses software from various third party vendors. There can be no assurance that these third party vendors will remain in business, or that they will continue to support their technology or that the technology will be available at commercially viable rates. The loss or inability to maintain the licences may result in delays or cancellations in contracts. Any such delay or cancellation may adversely affect our Group's business, financial and/or operating performance. However, our Company mitigates this risk by keeping abreast with alternative software technology available in the market which can be utilised in the same manner.

4. RISK FACTORS (CONT'D)

4.16 Adequate Insurance Coverage on Assets

Our Group is aware of the adverse consequences arising from inadequate insurance coverage that could potentially jeopardise our business operations. In ensuring such risks are mitigated, our Group reviews and ensures adequate coverage for its assets on a continuous basis. For our Group's operations, all our assets such as servers and network equipment and supplies for telecommunications equipment, other inventories, office equipment, and furniture and fittings are sufficiently insured under fire and all risks insurance. Although our Group has taken the necessary measures to ensure that all our assets are covered by insurance, there can be no assurance that the insurance coverage would be adequate to compensate for the replacement cost of the assets or any consequential loss arising therefrom.

4.17 Material Defects Liability

The software programmes, which our Group develops and/or sells to our customers, are important to the uninterrupted operations of our customers' business. Any defects or error in these softwares could result in lost of revenues, adverse customers' reaction towards our Group and its solutions and services, negative publicity, additional expenditures to remedy the problems and claims against our Group. We do not maintain any product liability insurance, nor take out any third party liability insurance. However, our Group has a limitation of liability clause in almost all agreements pertaining to eBrokerConnect™, which states that our Company or our subsidiary's cumulative liability for any losses or damages resulting from any claims, demands, or actions arising out of or relating to the agreement (including but not limited to damages for loss of profits, or any indirect, incidental, consequential, special, or exemplary damage) shall not exceed the monthly fee paid to our Company or our subsidiary for that month for the services rendered under the agreement. However, such limitation of liability clause is subject to our Group's customers agreeing to it, and its effectiveness and enforceability is to be determined by the courts of competent jurisdiction and/or subject to consumer protection statutes, which may differ from country to country. Even if our customers agree to the limitation of liability clause, there can be no assurance that such a clause would be sufficient to protect our Group. Although we have not experienced any claims against it, any significant claim against our Group in the future may have a material adverse effect on our results and prospects.

4.18 Investment Risks

Our Group may from time to time invest in new ventures that are relatively new to us or to acquire businesses, products or technologies or enter into synergistic joint ventures that our Group believes will be in the interest of our shareholders. There is a potential risk that these investments may have longer than expected gestation period or may not be entirely successful. In this event, our Group may take time to recover or be unable to recover our initial investments. We plan to mitigate this risk, together with other possible venture risks in the future, by exercising due care in the evaluation of such ventures, business, products or technologies or joint ventures. Nevertheless, there can be no assurance that such ventures will yield positive returns to our Group.

4.19 Breakout of Fire, Energy Crisis and Other Emergencies

All businesses face the risks of losses arising from emergencies such as breakout of fire and energy crisis. Our Group has taken note of such risks and has taken various steps to reduce such risks by having proper fire-fighting systems, dispersing the storing of our network equipment and carrying out periodical review on our security and maintenance. We have also taken insurance coverage to mitigate financial losses from such happenings where possible. In addition, we have back-up servers located in different geographical locations to minimise risks relating to the breakout of fire, energy crisis and other emergencies.

4. RISK FACTORS (CONT'D)

4.20 Changes in MSC Status

We were awarded the MSC status on 1 July 2004 by MDC. Presently, all MSC status companies are granted financial and non-financial incentives. The MSC status granted to us is subject to continuous fulfilment of certain criteria.

MDC, being the body responsible for monitoring all MSC designated companies, has the right to withdraw the MSC status of any company at any given time. Given the criteria to be complied, there can be no assurance that we will continue to retain our individual MSC status or that our Company will continue to enjoy or not experience any delays in enjoying the MSC incentives outlined, all of which may materially affect our Group's business, operating results and financial condition. Furthermore, there can be no assurance that the MSC incentives will not be changed or modified in any way in the future.

4.21 Political, Economic and Regulatory Considerations

Given the nature of the industry in which our Group operates, our operations are closely linked to the political, economic and regulatory conditions in Malaysia, Singapore and other countries where we have interests or intend to set up operations or become interested in the future. Any adverse developments or uncertainties in the political, and/or international events, economic and regulatory conditions in Malaysia, Singapore and other countries may adversely affect the performance of our Group.

These include, among others, the risk of war, riots, expropriation, nationalisation, renegotiation or nullification of existing contracts and arrangements, global economic downturn and unfavourable changes in governmental policy such as changes in interest rates, inflation rate and methods of taxation, changes in managed foreign exchange rate and regulations or other legal, administrative, political, economic or social developments. There can be no assurance that any changes to these factors will not have an adverse effect on our Group's business and financial performance. The success of the Public Issue depends also on the prevailing market conditions which are unpredictable and volatile.

4.22 Uncertainty in the 5-Year Business Development Plan

Our Group's future plans and prospects will depend on our ability to identify and develop new product ranges, enhancements or improvements on their existing product range; to enter into strategic marketing or other arrangements on timely basis and on favourable terms; hire and retain skilled management as well as financial, technical, marketing and other personnel; successfully manage growth (including monitoring operations, controlling costs and maintaining effective quality and service controls); and obtain adequate financing as and when needed. Nevertheless, there can be no assurance that our Group will be able to successfully implement its business plan or that unanticipated expenses or problems or technical difficulties will not occur which would result in material delays in its implementation or even deviation from its original plans. In addition, the actual results may deviate from the business plan due to rapid technological changes, market changes as well as competitive environment.

4.23 Forward-Looking Statements

Certain statements in this Prospectus are based on historical data which may not be reflective of the future results and others are forward-looking in nature which is subject to uncertainties and contingencies. All forward-looking statements are based on estimates and assumptions made by our Directors and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include general economic and business conditions, competition, the impact of new laws and regulations affecting our Group and the industry, changes in interest rates and changes in foreign exchange rates. In light of these uncertainties, the inclusion of forward-looking statements in this Prospectus should not be regarded as a representation or warranty by our Group or our advisers that the plans and objectives of our Group will be achieved.