

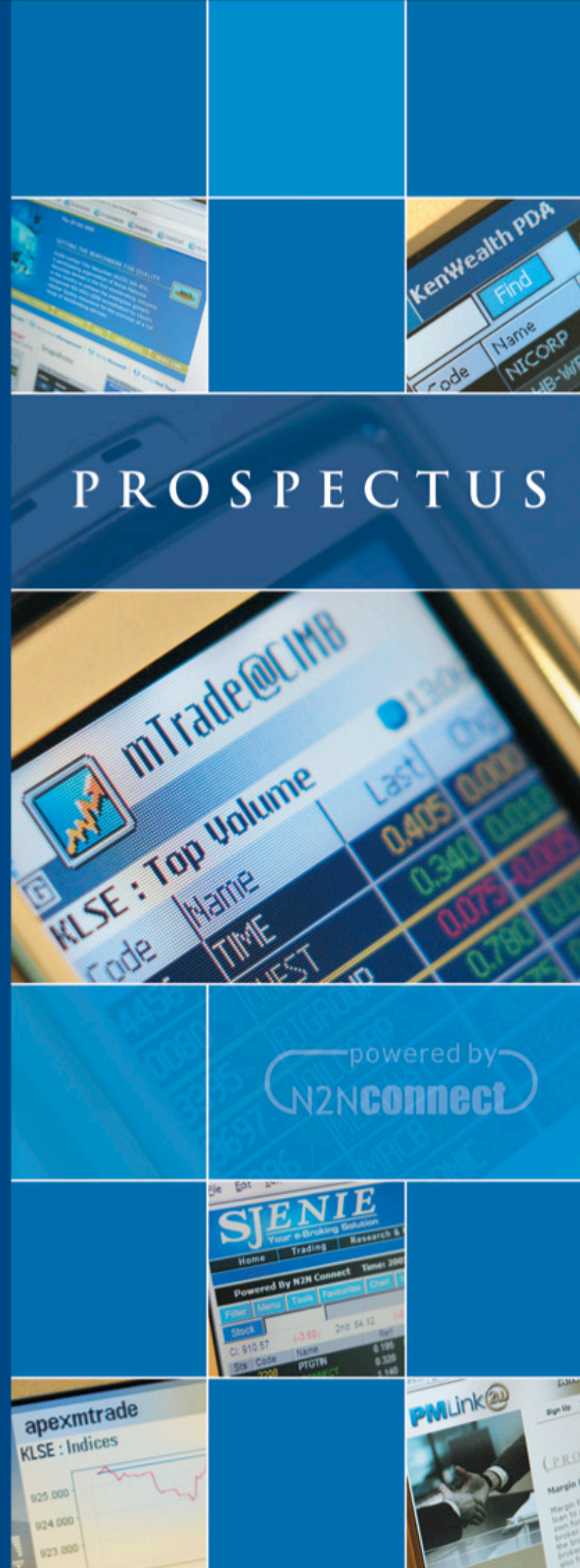


**N2N CONNECT BERHAD** (523137-K)

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N2N CONNECT BERHAD PROSPECTUS



## N2N CONNECT BERHAD

(Company Number 523137-K)  
(Incorporated in Malaysia under the Companies Act, 1965)

PUBLIC ISSUE OF 12,000,000 NEW ORDINARY SHARES OF RM0.10 EACH AT AN ISSUE PRICE OF RM0.70 PER ORDINARY SHARE PAYABLE IN FULL ON APPLICATION COMPRISING:

- (I) 1,590,000 NEW ORDINARY SHARES OF RM0.10 EACH AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- (II) 2,385,000 NEW ORDINARY SHARES OF RM0.10 EACH AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES OF OUR COMPANY AND OUR SUBSIDIARY; AND
- (III) 8,025,000 NEW ORDINARY SHARES OF RM0.10 EACH BY WAY OF PRIVATE PLACEMENT TO THE IDENTIFIED INVESTORS

IN CONJUNCTION WITH OUR LISTING ON THE MESDAQ MARKET OF BURSA MALAYSIA SECURITIES BERHAD

You are to take note that a Bonus Issue will be implemented 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 ordinary share, the theoretical ex-bonus price will be RM0.41 per ordinary share.

*Adviser, Managing Underwriter, Underwriter and Sponsor*

# CIMB

Commerce International Merchant Bankers Berhad  
*Company Number 18417-M*

*Underwriter and Placement Agent*



**PM Securities Sdn. Bhd.**  
(66299-A) An Approved Universal Broker

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, SEE "RISK FACTORS" IN SECTION 4 OF THIS PROSPECTUS

This Prospectus is dated 8 November 2005



OUR DIRECTORS AND PROMOTERS HAVE SEEN AND APPROVED THIS PROSPECTUS AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS PROSPECTUS. THEY CONFIRM, AFTER MAKING ALL REASONABLE ENQUIRIES THAT, TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS WHICH, IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

COMMERCE INTERNATIONAL MERCHANT BANKERS BERHAD, AS OUR ADVISER, MANAGING UNDERWRITER, UNDERWRITER AND SPONSOR, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PUBLIC ISSUE OF 12,000,000 NEW ORDINARY SHARES OF RM0.10 EACH IN OUR COMPANY ("PUBLIC ISSUE").

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE PUBLIC ISSUE. HOWEVER, THIS APPROVAL IS NOT AN INDICATION THAT THE SC RECOMMENDS THIS PUBLIC ISSUE.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE IN THIS PROSPECTUS BY US. THE SC ALSO TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS AND MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS. THE SC SHALL NOT BE LIABLE FOR ANY LOSS THAT YOU MAY SUFFER AS A RESULT OF YOUR RELIANCE ON THE WHOLE OR ANY PART OF THIS PROSPECTUS. YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE PUBLIC ISSUE AND THIS INVESTMENT IN OUR COMPANY. 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 BEFORE APPLYING FOR OUR SHARES.

BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") IS NOT LIABLE FOR ANY NON-DISCLOSURE IN THIS PROSPECTUS BY US. BURSA SECURITIES ALSO TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS AND MAKES NO REPRESENTATION AS TO ITS CORRECTNESS OR COMPLETENESS. BURSA SECURITIES SHALL NOT BE LIABLE FOR ANY LOSS THAT YOU MAY SUFFER AS A RESULT OF YOUR RELIANCE ON THE WHOLE OR ANY PART OF THIS PROSPECTUS. OUR ADMISSION TO THE OFFICIAL LIST OF THE MESDAQ MARKET OF BURSA SECURITIES SHALL NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF OUR COMPANY, OUR SHARES OR THIS PUBLIC ISSUE.

THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THIS PROSPECTUS AND THE ACCOMPANYING APPLICATION FORM HAVE ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

#### CHARACTERISTICS OF THE MESDAQ MARKET OF BURSA SECURITIES:

YOU SHOULD BE AWARE THAT THE MESDAQ MARKET IS A DISTINCT MARKET FROM THE MAIN AND SECOND BOARDS OF BURSA SECURITIES IN MANY RESPECTS. IN PARTICULAR, COMPANIES LISTED ON THE MESDAQ MARKET ARE SUBJECT TO DIFFERENT QUANTITATIVE AND QUALITATIVE REQUIREMENTS, WHICH HAVE BEEN PRIMARILY DESIGNED TO ACCOMMODATE HIGH-GROWTH AND/OR TECHNOLOGY COMPANIES. COMPANIES THAT ARE LISTED ON THE MESDAQ MARKET MAY NOT HAVE AN OPERATING HISTORY OR ANY PROFIT TRACK RECORD BEFORE LISTING. AS SUCH, WHILST POTENTIAL INVESTMENT RETURNS MAY BE RELATIVELY HIGH, COMPANIES LISTED ON THE MESDAQ MARKET MAY BE OF HIGHER INVESTMENT RISK. THE REGULATORY PHILOSOPHY UNDERLYING THE MESDAQ MARKET IS THAT THE MARKET SHOULD BE ALLOWED TO DETERMINE THE MERITS OF THE SECURITIES/INSTRUMENTS IN A PARTICULAR COMPANY. HENCE, AS WITH ALL INVESTMENTS, YOU SHOULD BE AWARE OF ALL POTENTIAL RISKS IN INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST AFTER DUE AND CAREFUL CONSIDERATION BY REFERRING TO, AMONG OTHERS, THE PROSPECTUS, LATEST FINANCIAL STATEMENTS AND CORPORATE ANNOUNCEMENTS. IN THIS RESPECT, WE STRONGLY RECOMMENDED YOU TO SEEK ADVICE FROM A SECURITIES PROFESSIONAL/ADVISED.

THIS PROSPECTUS CAN BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT [www.bursamalaysia.com.my](http://www.bursamalaysia.com.my).

OUR COMPANY IS CLASSIFIED AS SYARIAH-APPROVED BY THE SC'S SYARIAH ADVISORY COUNCIL ("SAC") BASED ON OUR LATEST AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004 AND REMAINS VALID FROM THE DATE OF ISSUE OF THIS PROSPECTUS UNTIL THE NEXT SYARIAH COMPLIANCE REVIEW IS UNDERTAKEN BY THE SC'S SAC AND THE NEW STATUS IS RELEASED IN THE UPDATED LIST OF SYARIAH-APPROVED SECURITIES EITHER ON THE LAST FRIDAY OF THE MONTH OF APRIL OR OCTOBER.

OUR COMPANY'S SYARIAH STATUS CANNOT BE USED FOR OTHER FUND-RAISING ACTIVITIES.

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**INDICATIVE TIMETABLE**

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

<b>Event</b>	<b>Tentative Date</b>
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.*

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## DEFINITIONS

The following terms in this Prospectus have the same meaning as stated below unless indicated otherwise:

“Act”	: Companies Act, 1965
“ADA”	: Authorised Depository Agent
“ADA Code”	: ADA (Broker) Code
“Application”	: The application for the Issue Shares by way of Application Form or Electronic Share Application
“Application Form”	: Printed application form for the application of the Issue Shares
“ATM”	: Automated teller machine
“Board”	: Our Board of Directors
“Bonus Issue”	: Bonus issue of 55,650,000 new N2N Shares, credited as fully paid-up on the basis of 7 new N2N Shares for every 10 existing N2N Shares held after the Public Issue
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (165570-W)
“Bursa Depository (Nominees)”	: Bursa Malaysia Depository Nominees Sdn Bhd (240297-W)
“Bursa Securities”	: Bursa Malaysia Securities Berhad (635998-W)
“By-Laws”	: By-Laws of the ESOS
“CDS”	: Central Depository System
“CDS Account”	: An account established by Bursa Depository for a depositor for the recording of deposit of securities and for dealing in such securities by the depositor
“Celcom”	: Celcom (Malaysia) Berhad (167469-A)
“Central Depositories Act”	: Securities Industry (Central Depositories) Act, 1991
“CIMB”	: Commerce International Merchant Bankers Berhad (18417-M)
“CIMBS”	: CIMB Securities Sdn Bhd (163712-V), a wholly-owned subsidiary of CIMB
“CMA”	: Communications and Multimedia Act, 1998
“DiGi”	: Digi Telecommunications Sdn Bhd (201283-M)
“Electronic Share Application”	: Application for the Issue Shares through a Participating Financial Institution’s ATM
“Eligible Employee”	: A full-time employee including our Director who meets the criteria of eligibility for participation in the Scheme as set out under Clause 4 of the By-Laws
“EPS”	: Earnings per share
“ESOS” or “Scheme”	: Employee share option scheme for the granting of Options to Eligible Employees to subscribe for new N2N Shares on the terms as set out in the By-Laws

## DEFINITIONS (CONT'D)

“GDP”	: Gross domestic product
“Grantee”	: Any Eligible Employee who has accepted our Offer of an Option in accordance with the terms of the ESOS
“HP”	: Hewlett Packard Sales (Malaysia) Sdn Bhd (42624-Y)
“ICT”	: Information and communication technology
“Issue Price”	: Issue price of RM0.70 per Issue Share
“Issue Shares”	: 12,000,000 new N2N Shares at the Issue Price to be issued pursuant to the Public Issue, subject to the terms and conditions of this Prospectus
“Issues”	: Public Issue and Bonus Issue, collectively
“IT”	: Information technology
“JF Apex”	: JF Apex Securities Berhad (47680-X)
“Kenanga”	: K&N Kenanga Bhd (15678-H)
“Listing”	: Admission to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of N2N of RM13,515,000 comprising 135,150,000 N2N Shares on the MESDAQ Market
“Market Day”	: Any day on which Bursa Securities is open for trading of securities
“Maxis”	: Malaysian Mobile Services Sdn Bhd (73315-V)
“MCMC”	: Malaysian Communications and Multimedia Commission
“MDC”	: Multimedia Development Corporation Sdn Bhd (389346-D)
“MESDAQ Market”	: MESDAQ Market of Bursa Securities
“MIH”	: Malaysian Issuing House Sdn Bhd (258345-X)
“MMLR”	: Listing Requirements of Bursa Securities for the MESDAQ Market
“MNC”	: Multinational corporations
“MSC”	: Multimedia Super Corridor
“N2N” or “Company”	: N2N Connect Berhad (523137-K)
“N2N Group” or “Group”	: N2N and our subsidiary, N2NS
“N2N Holdings”	: N2N Connect Holdings Sdn Bhd (659264-X), our substantial shareholder
“N2N Share” or “Share”	: Ordinary share of RM0.10 each in our Company
“N2NS”	: N2N Connect Pte Ltd (200406661E), our wholly-owned subsidiary
“NBV”	: Net book value
“NDP”	: National Development Policy
“Nokia”	: Nokia (Malaysia) Sdn Bhd (129710-D)

## DEFINITIONS (CONT'D)

“NTA”	:	Net tangible assets
“Offer”	:	An offer made in writing by our Option Committee to an Eligible Employee to participate in the Scheme in the manner indicated in Clause 5 of the By-Laws
“Offer Date”	:	The date on which an Offer (including any subsequent Offers) is made to an Eligible Employee to participate in the Scheme by our Option Committee
“Option Committee”	:	Committee appointed by our Board to administer the Scheme on their behalf
“Options”	:	Right of a Grantee to subscribe for our new Shares pursuant to the contract constituted by acceptance of an Offer in the manner indicated in Clause 8 of the By-Laws and where the context requires, means any part of the Option as shall remain unexercised
“Participating Financial Institutions”	:	Participating financial institution(s) for Electronic Share Application as listed in Section 16.4.3 of this Prospectus
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“Placement Agent”	:	PM Sec
“PM Sec”	:	PM Securities Sdn Bhd (66299-A)
“Promoters”	:	N2N Holdings, Tiang Boon Hwa, Lai Su Ping, Chua Tiong Hoong, Chan See Wai, Low Kah Leong and Lim Kok Tean, collectively
“Public Issue”	:	Public issue of 12,000,000 new N2N Shares by our Company at the Issue Price to the Malaysian public, eligible Directors, employees and business associates of our Group and identified investors
“R&D”	:	Research and development
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“ROC”	:	Registrar of Companies
“Rules”	:	Rules of Bursa Depository
“SAC”	:	Syariah Advisory Council
“SC”	:	Securities Commission
“Selling Flexibility”	:	Arrangement under which N2N Holdings will allocate a certain quantum of its Shares to facilitate the immediate selling by the Grantee who has exercised his/her Options in accordance with the Selling Flexibility Terms
“Selling Flexibility Terms”	:	Terms and conditions in the Selling Flexibility as prescribed by N2N Holdings which will be furnished to the Grantee with the Offer
“SGD”	:	Singapore Dollar
“SGX-ST”	:	Singapore Exchange Securities Trading Limited (199904940D)
“Siemens”	:	Siemens Malaysia Sdn Bhd (93008-X)

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**DEFINITIONS (CONT'D)**

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“SingTel”	:	Singapore Telecom Mobile Pte Ltd (199201624D)
“SME”	:	Small and medium enterprise
“Sony Ericsson”	:	Sony Ericsson Mobile Communications International AB (556616-3324)
“Subscription Price”	:	The price at which the Grantee shall be entitled to subscribe for every new N2N Share pursuant to the Scheme
“Telcos”	:	Telecommunication companies
“Underwriters”	:	CIMB and PM Sec
“UK”	:	United Kingdom of Great Britain and Northern Ireland
“USA”	:	United States of America
“USD”	:	United States Dollar

Words referring to the singular shall, where applicable, include the plural and vice versa, and words referring to the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a company or a corporation.

Any enactment referred to in this Prospectus is a reference to that enactment as for the time being amended or re-enacted.

All references to dates and time are references to dates and time in Malaysia.

All references to “our Company”, “N2N”, “we”, “us”, “our” and “ourselves” in this Prospectus are references to “N2N Connect Berhad”, references to “our Group” is reference to our Company and our subsidiary and references to “you” or “applicant” are references to the investors of the Public Issue.

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**GLOSSARY OF TECHNICAL TERMS**


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The following technical terms in this Prospectus have the same meanings as stated below unless indicated otherwise:

“3G”	:	Third generation mobile telecommunication, a general term for the next generation of wireless technology beyond personal communication services
“ASP”	:	Applications service provider, a company that offers individuals or enterprises access over the Internet to applications and related services that would otherwise have to be located in their own personal or enterprise computers
“BFE”	:	Broker front end system as provided by Bursa Securities
“e-business”	:	Electronic business is the conduct of business on the Internet, not only buying and selling but also servicing customers and collaborating with business partners
“e-commerce”	:	Electronic commerce is the buying and selling of goods and services on the Internet, especially on the world wide web
“ECOS”	:	Electronic client order-routing system
“EDGE”	:	Enhanced data for GSM evolution, a radio-based, high-speed mobile data standard that can be integrated into GSM/GPRS networks
“GPRS”	:	General packet radio services, a non-voice value-added service that allows information to be sent and received across mobile telephone networks. It supplements circuit-switched data and SMS
“GSM”	:	Global system for mobile communication, one of the leading digital cellular systems which provides among others, integrated voicemail, high-speed data, fax, paging and SMS capabilities
“Internet”	:	The interconnection of services worldwide that provides communications and application services to an international base of businesses, consumers, education, research, government and other organisations
“Intranet”	:	Internal web site set up to serve a closed group such as a school, which contains pertinent information such as school documents, bulletin boards, health and safety information etc
“J2ME”	:	Java 2 Micro Edition
“Java”	:	A programming language developed by Sun Microsystems, Inc. that enables programmers to create animations and interactive features on the Internet
“JSP”	:	Java server pages, a programming language designed for use in the distributed environment of the Internet
“m-commerce”	:	Mobile commerce is the buying and selling of goods and services on the Internet, through wireless handheld devices, such as cellular telephones and PDA
“OS”	:	Operating system
“PC”	:	Personal computer



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**GLOSSARY OF TECHNICAL TERMS (*CONT'D*)**

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“PDA”	:	Personal digital assistant
“RIM”	:	Research In Motion, Inc
“SMS”	:	Short message service, a service for sending messages of up to 160 characters (224 characters if using a 5-bit mode) to mobile phones that use regional system for mobile communication
“WAP”	:	Wireless application protocol, a specification for a set of communication protocols to standardise the way that wireless devices, such as cellular telephones and radio transceivers, can be used for Internet access
“WiFi”	:	Wireless fidelity telecommunication

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