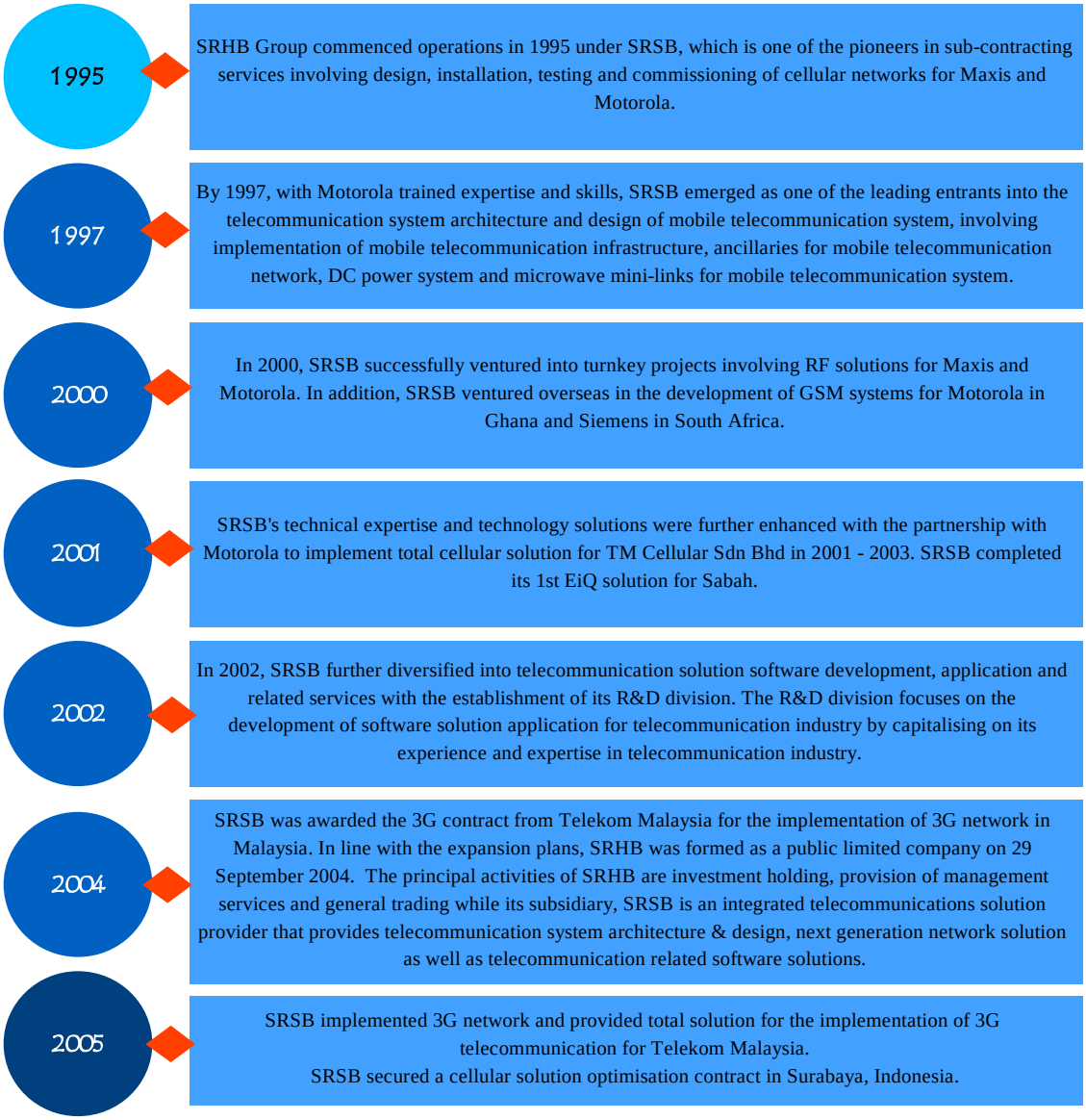
5. INFORMATION ON OUR GROUP

5.1 BACKGROUND

5.1.1 Incorporation and Commencement of Business

We were incorporated in Malaysia as a public limited company under the Act on 29 September 2004 as an integral part of our Listing Scheme. We are principally involved in investment holding, provision of management services and general trading. Our wholly-owned subsidiary company, SRSB is a provider of NGTS that provides telecommunication system architecture and design, next generation network solution as well as telecommunication related software solutions.

Set out below is our historical milestones as follows:-



5. INFORMATION ON OUR GROUP *(cont'd)*

In 1995, we started out as one of the pioneers in sub-contracting services involving design, installation, testing and commissioning of cellular networks for Maxis and Motorola. By 1997, we emerged as one of the leading entrants into the system integration of cellular network involving implementation of cellular infrastructure, ancillaries for cellular network, DC power system and microwave mini-links for cellular network (turnkey project). Our Company was further entrusted with the provision of total solution for the development of GSM network for Time Wireless Sdn Bhd. Riding on our technical expertise, we successfully ventured into Ghana with Motorola and South Africa with Siemens Malaysia Sdn Bhd by securing the GSM system development projects in both countries.

Our Company's technical expertise and technology solutions were further enhanced with the implementation of total cellular network solution for TM Cellular Sdn Bhd in 2001, in partnership with Motorola. Through the same partnership with Motorola, we acquired CDMA expertise and technology transfer through the provision of CDMA solution to Telekom Malaysia from 2002 to present. We have moved in the right direction, since CDMA technology is the foundation of all 3G systems, which helped us strengthen our position as one of the premier local providers of CDMA and 3G related solutions.

In 2002, as part of our expansion plan to develop complementing solutions, we established our R&D Division for the purpose of developing software applications and NGN solutions for the telecommunications industry. In 2004, we were awarded a contract to implement 3G network for Telekom Malaysia, which we had successfully implemented in 1st quarter of 2005.

Currently, our Group boasts a total staff strength of 104 employees of which 60 are qualified engineers, IT professionals and skilled technical personnels specialising in the area of telecommunication.

Our Group is currently working closely with our technology partners in providing telecommunication solutions as well as telecommunication related software solutions. To date, we have established a long-term relationship with MNCs such as Huawei, Motorola and ADC. In addition, our Group has also established a franchisee agreement with TradeWeb Enterprise Pte Ltd to exclusively market Golden Gateway, a least cost routing solution and Value-Added Billing Solution in Malaysia. Going forward, our Group intends to provide a comprehensive and integrated suite of products and solutions to Telcos, MNCs and SMEs.

Further details relating to our business and operations are set in Section 5.2 of this Prospectus.

5.1.2 Share Capital and Changes in Share Capital

The authorised share capital of our Company is RM25,000,000 comprising 250,000,000 ordinary shares of RM0.10 each, of which 73,424,000 SRHB Shares have been issued and fully paid-up.

Details of the changes in issued and paid-up share capital of our Company since its incorporation are as follows:-

Date of allotment	No. of SRHB Shares	Par value RM	Consideration	Total issued and paid-up share capital RM
29.09.2004	20	0.10	Subscribers' shares	2
27.01.2006	73,423,980	0.10	Consideration for the Acquisition of SRSB	7,342,400

5. INFORMATION ON OUR GROUP *(cont'd)*

5.1.3 Listing Scheme

In conjunction with, and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of SRHB on the MESDAQ Market of the Bursa Securities, our Company undertook a listing scheme which involved the following:-

(i) Increase in Authorised Share Capital

Our Company increased its authorised share capital from RM100,000 comprising 1,000,000 SRHB Shares to RM25,000,000 comprising 250,000,000 SRHB Shares to facilitate the increase in issued and paid-up share capital.

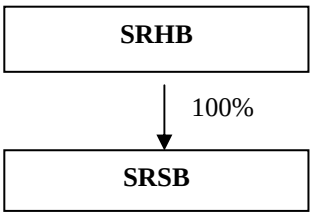
(ii) Acquisition of SRSB

On 1 December 2004, our Company entered into a share purchase agreement with the Vendors to acquire the entire issued and paid-up share capital of SRSB for a purchase consideration of RM7,342,398 satisfied by the issuance of 73,423,980 new SRHB Shares at issue price of RM0.10 per share. The purchase consideration for the Acquisition of SRSB was arrived at on a willing buyer-willing seller basis after taking into consideration the NTA of SRSB as at 31 July 2004 of RM7,342,415.

The Acquisition of SRSB was completed on 27 January 2006.

After the Acquisition of SRSB, the issued and paid-up share capital of our Company increased from RM2 comprising 20 SRHB Shares to RM7,342,400 comprising 73,424,000 SRHB Shares.

Set out below is the group structure of our Group after the Acquisition of SRSB:-



(iii) Shareholders' Arrangement

After the Acquisition of SRSB, Dato' Mohd Suhaimi Bin Abdullah transferred 14,600,000 SRHB Shares, which was issued to him pursuant to the Acquisition of SRSB, to Tan Sri Abdul Rashid Bin Abdul Manaf, Ku Mohd Muzamir Bin Ku Ibrahim, Iskandar Dzulkarnain Bin Abdul Khalid, Elis Safina Binti Zainal Abidin, Zakhirah @ Zamariah Binti Mohd Zabidi, Azrina Binti Abdul Rashid and Nurashikhin Binti Mohd Sharif. The SRHB Shares were transferred at par value.

The Shareholders' Arrangement was completed on 27 March 2006.

5. INFORMATION ON OUR GROUP *(cont'd)*

After the Acquisition of SRSB and the Shareholders' Arrangement, the shareholdings effects are as follows:-

	No. of new SRHB Shares held after the Acquisition of SRSB		No. of new SRHB Shares held after the Acquisition of SRSB and Shareholders' Arrangement	
	No. of SRHB Shares held	**%**	**No. of SRHB Shares held**	**%**
Dato' Mohd Suhaimi Bin Abdullah	73,423,833	99.99	58,823,833	80.11
Tan Sri Abdul Rashid Bin Abdul Manaf	-	-	1,000,000	1.36
Ku Mohd Muzamir Bin Ku Ibrahim	147	^	1,000,147	1.36
Iskandar Dzulkarnain Bin Abdul Khalid	-	-	3,200,000	4.36
Elis Safina Binti Zainal Abidin	-	-	3,000,000	4.09
Zakhirah @ Zamariah Binti Mohd Zabidi	-	-	1,000,000	1.36
Azrina Binti Abdul Rashid	-	-	1,000,000	1.36
Nurashikhin Binti Mohd Sharif	-	-	4,400,000	5.99

Note:-
^ *Insignificant*

(iv) Public Issue

The Public Issue Shares issued at an Issue Price of RM0.36 per share is payable in full upon application. The Public Issue is subject to the terms and conditions of this Prospectus and upon acceptance, the Public Issue Shares will be allocated in the following manner:-

(a) Malaysian Public

5,000,000 of the Public Issue Shares will be made available for application to the Malaysian Public.

(b) Eligible Directors, employees and business associates

5,000,000 of the Public Issue Shares have been made available for application by the eligible Directors, employees and business associates of our Group.

(c) Identified investors

16,576,000 of the Public Issue Shares have been made available for private placement to identified investors.

(v) Listing

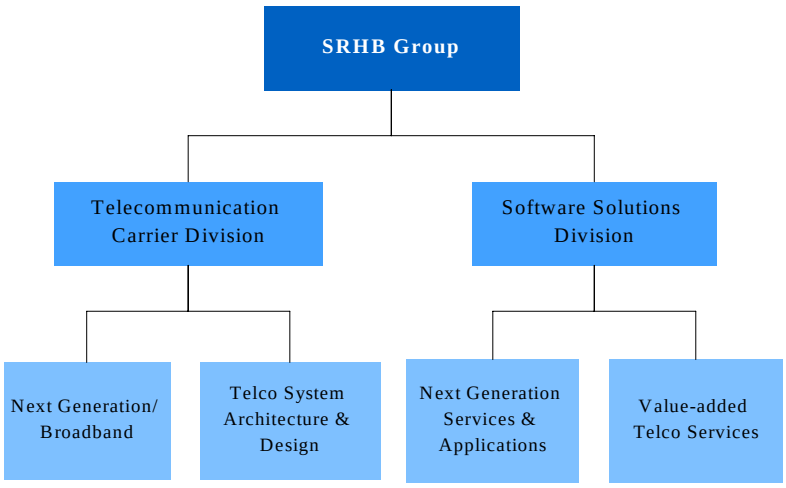
We will seek a listing of and quotation for our entire issued and paid-up share capital of RM10,000,000 comprising 100,000,000 SRHB Shares of RM0.10 each on the MESDAQ Market.

5. INFORMATION ON OUR GROUP *(cont'd)*

5.2 HISTORY AND BUSINESS

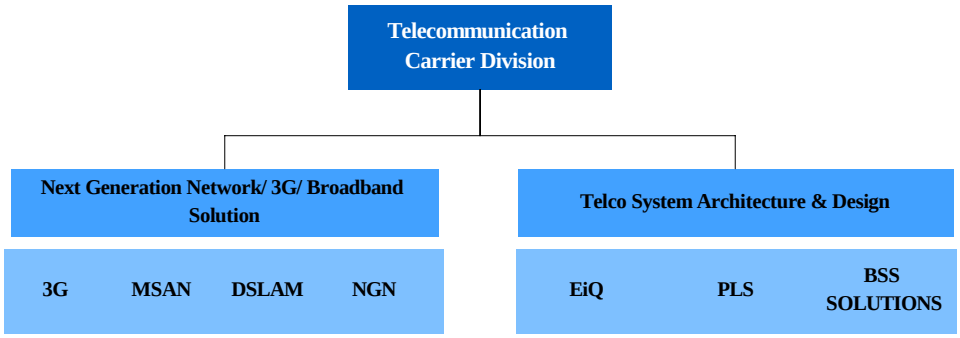
5.2.1 Principal Activities

Our Company is principally an investment holding company whilst our subsidiary, SRSB is operating as a NGTS provider that provides telecommunication system architecture and design, next generation network solution as well as telecommunication related software solutions. The activities of our Group are carried out by 2 main divisions, namely Telecommunication Carrier Division and Software Solutions Division as shown below:-



5.2.2 Telecommunication Carrier Division

The Telecommunication Carrier Division comprises 2 sub-divisions namely; NGN/Broadband Solution and Telecommunication System Architecture and Design as follows:-



The solutions provided by these divisions include the planning, design and development of various telecommunication systems to enhance the coverage and performance of existing cellular and fixed line systems as well as assisting in the migration from existing systems to 3G. Some typical examples of telecommunication solutions provided are antenna system, ancillary, DC power system and provision of cost efficient RF solutions to the cellular telecommunication industry.

In order to remain competitive and to keep abreast with the technology changes revolving in the telecommunication industry, our Group has been collaborating with several technology partners to jointly develop, customise as well as to enhance our telecommunication solutions. Currently our technology partners are Huawei, Motorola and ADC.

Under the arrangement with these MNCs, SRHB engineers will be given classroom and practical training that will allow our engineers to be conversant with the latest technologies. The transfer of know-how includes on the job training. Such training is normally given to close collaboration partners only and is not normally available to the general market.

As at 31 May 2006 (being the latest practicable date prior to the registration of this Prospectus), there is no singular contract or arrangement on which our Group is highly dependent on, which may materially affect our Group's business or profitability.

There is no cyclical demand or seasonality for our Group's business. Currently, our revenues are mainly generated from our Telecommunication Carrier Division. With the information, communication and technology needs in place, our Board expects that there will be a need for telecommunication infrastructure provider such as our Group to develop the network infrastructure solution on an on-going basis to improve existing systems, systems migration and/or implementing new systems for Telcos.

5.2.2.1 NGN and Broadband Solution

In order to ensure our Group maintains our differentiating edge in wireless and broadband technology expertise, our Group offers solutions based on cutting-edge technology system, particularly in the IP and broadband network environment. Our Group designs, develops and customises wireless solutions for telecommunication service providers using technologies such as 3G, MSAN, DSLAM and NGN. The scope of solutions that our Group undertakes is as follows:-

- Design of network architecture, system configuration and infrastructure planning
- Design, provision and customisation of network monitoring management system
- Design and implement network integration solutions to operators' core backbone, to ISP and other service partners
- Design and implement solutions for preventive maintenance processes and initiatives to ensure minimal outage and speedy restoration when fault develops

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5. INFORMATION ON OUR GROUP *(cont'd)*

Set out below are our Group's completed/on-going NGN and broadband solution projects:-

Project	Year started	Year completed	Location
Cellular optimisation service	2005	2006	Surabaya, Indonesia
Implementation of 3G network for Telekom Malaysia	2004	2005	Peninsular Malaysia
Broadband solutions using MSAN for Telekom Malaysia	2004	Ongoing	Regional Malaysia
Broadband solutions using MINIMUX for Telekom Malaysia	2004	Ongoing	Regional Malaysia
Implementation of 3G network as well as system migration from 2G to 3G for Telekom Malaysia	2004	2004	Peninsular Malaysia
Broadband solutions using NGN for Telekom Malaysia via Huawei	2004	2005	Regional Malaysia
Broadband solutions using NGN for Time dotCom Berhad via Huawei	2004	2005	Regional Malaysia
Broadband solutions using DSLAM for Telekom Malaysia	2003	Ongoing	Regional Malaysia
Broadband solutions using HDSL for Telekom Malaysia	1996	Ongoing	Regional Malaysia

5.2.2.2 Telecommunication System Architecture and Design

EiQ

We offer solutions that utilise RF planning and design expertise to improve quality and coverage for cellular telecommunication operators within buildings. We provide total solutions for the improvement of RF coverage and voice and call quality. Our Group's core competencies are as follows:-

- Architecture designing and proposing KPI in order to improve quality and coverage for cellular telecommunication operators inside building
- Evaluating and analysing signal strength, quality and stability performance
- Act on behalf of client, location of cellular telecommunication equipment and other issues related to telecommunication solutions inside buildings
- Conducting propagation studies, effective isotopic radiating power design, designing in-building (indoor) systems and simulating RF propagation with multi-media plots

5. INFORMATION ON OUR GROUP *(cont'd)*

- Specifying and sourcing ancillary sub-systems for the total solution, or design specific ancillaries if it is not readily available in market. Examples of ancillaries are feeder cables, splitters, couplers, duplexers, combiners, antenna, earthing, metal racking, nuts and bolts
- Installing complete system and converging all sub-systems for total solution
- Conducting coverage and quality studies
- Optimising of RF propagation to meet KPIs

Currently, our Group is a turnkey cellular telecommunication solution provider to Celcom. Celcom appointed us to enhance RF coverage in major buildings since 2001. Our Group's scope of work covers enhancing quality cellular services and coverage, improving call traffic capacity as well as enabling high speed and broadband cellular services. This sub-division offers EiQ, PLS, BSS Solutions and outsourced services as described below:-

Project	Location	Client	Year started	Year completed
Grand Blue Wave Hotel	Johor Bahru	Celcom	2005	2005
City Square	Johor Bahru	Celcom	2004	2005
Plaza Pelangi	Johor Bahru	Celcom	2004	2005
MNI Towers	Kuala Lumpur	Celcom	2003	2003
Corus Hotel	Kuala Lumpur	Celcom	2003	2003
Menara IMC	Kuala Lumpur	Celcom	2003	2003
Grand Season Hotel	Kuala Lumpur	Celcom	2003	2003
Wisma Genting	Kuala Lumpur	Celcom	2002	2002
Menara Promet	Kuala Lumpur	Celcom	2002	2003
Amoda Hotel	Kuala Lumpur	Celcom	2002	2002
Nikko Hotel	Kuala Lumpur	Celcom	2002	2002
Komtar	Penang	Celcom	2002	2002
Sheraton Perdana	Langkawi, Kedah	Celcom	2001	2002
Mahkota Parade	Melaka	Celcom	2001	2002
Sheraton Beach Resort	Langkawi, Kedah	Celcom	2001	2002
Hilton Kuching	Sarawak	Maxis	2001	2001
Wisma Saberkas	Sarawak	Maxis	2001	2002
Promenade Hotel	Sabah	Maxis	2001	2001
Sutera Harbour Hotel	Sabah	Maxis	2001	2001
Centre Point	Sabah	Maxis	2001	2001

5. INFORMATION ON OUR GROUP *(cont'd)*

PLS

Our Group offers architectural design of power system to optimise the performance of telecommunication network. Architectural design of power system includes services such as power load balancing, designing, surveying, installing, testing and commissioning of DC power system. To complement the PLS, our Group also plans, designs, configures and supplies rectifier and battery systems for cellular telecommunication networks, ensuring adequate and optimised DC systems for each site. Rectifier and battery systems supplies are sourced from reputable manufacturers such as Tyco International Ltd.

Set out below are our Group's completed/on-going PLS projects:-

Client	Year started	Year completed	Details
Telekom Malaysia	2004	On-going	Design, configure and integrate DC power system with protection for MSAN external cabinet
Motorola (for Telekom Malaysia)	2003	2005	PLS for microcells, architectural design, configure and integrate DC power system for CDMA microcells in external environmental
Ghana Telecom	1999	2001	PLS for GSM BSS sites
Time Wireless Sdn Bhd *(previously known as Sapura Digital Sdn Bhd)*	1996	1998	PLS for GSM BSS sites

BSS Solutions

By capitalising on our Group's expertise in cellular telecommunication and wireless technology, our Group also provides total solutions such as design, planning, integration and turnkey of BSS Solutions and associated subsystems to improve the parameters of signal strength, quality and stability for in-building.

Set out below is the scope of work that our Group has undertaken for BSS Solutions:-

- Antenna system
- Temperature control system
- Security and monitoring system
- Cable racking infrastructure
- Ancillaries for BSS equipment
- Cellular switch centre and core network

We design antenna system and ancillary DC to support the network design parameters. Our Group sources and specifies the equipment and materials to be used from local or imported suppliers, including cables, connectors, metal hardware and lightning arrestors, amongst others.

5. INFORMATION ON OUR GROUP *(cont'd)*

Telecommunication systems are tested to determine and ensure inter-operability between all subsystems connecting the BSS to the antenna and power system. Thereafter, we conduct final testing on the completed system against customers' KPIs and offers RF optimisation services to ensure KPIs are achieved. We understand the functional requirements and KPIs of our customers and then we design and specifies the system and technical requirements. We also specify and source the principal system, DC power sub-system, ancillaries and inter-operability requirements. Our Group then installs and converge all the sub-systems.

After this process, we tests the performance of the entire system to ensure that the functional requirements and KPIs are achieved. This is followed by optimisation services to fine-tune performance of the systems. Our Group also designs, specifies and sources network management components to facilitate performance monitoring, trouble-shooting as well as operation and maintenance requirements. Set out below are our Group's completed/on-going telecommunication architectural projects:-

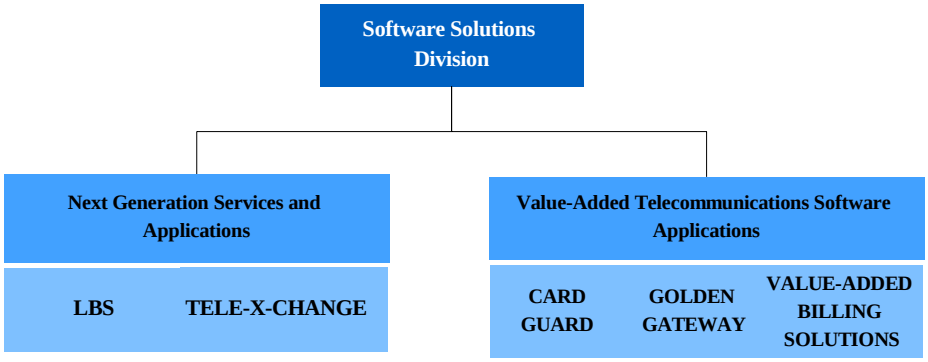
Projects	**Client**	**Completion status**
Provision of skilled technical resources for the completion of GSM-EDGE system for Digi.Com Berhad under Siemens Malaysia Sdn Bhd (Open Contract)	Siemens Malaysia Sdn Bhd	2003 – ongoing
Design and supply ancillaries, antenna system for CDMA Project for Telekom Malaysia	Motorola for Telekom Malaysia	2002 – ongoing
Provision of total engineering solution for the development of GSM 1800 system for TM Cellular	Motorola	2001 – ongoing
Provision of total engineering solution for the development of GSM System in South Africa for Vodacom, including environment control, power systems and ancillaries design	Siemens Malaysia Sdn Bhd	2001
Provision of engineering solutions for the development of BSS sites	Celcom	2000 – ongoing
Provision of total engineering solution for the development of GSM System in Ghana for Motorola, including environment control, power systems and ancillaries design	Ghana Telecom	1999 -2001
Provision of total solution for the development of a GSM 1800 network, including the architectural design and customisation of local ancillaries and power systems	Motorola and Time Wireless Sdn Bhd *(formerly known as Sapura Digital Sdn Bhd)*	1996 -1998
Provision of total solution for the BSS system for GSM 900 for Maxis via Motorola	Motorola	1995- ongoing

Outsourced Services

Other telecommunication related services provided by our Group are outsourced operation and maintenance services as well as provision of consultancy services. As the provision of maintenance and consultancy services involves both technical capabilities and intensive overhead costs, most enterprises nowadays tend to outsource these non-core activities to 3rd parties in view of cost efficiency. In this respect, we are able to offer our clients the relevant resources and technical know-how in the provision of maintenance services and skilled resources for both Telco and ICT sector.

5.2.3 Software Solutions Division

The Software Solutions Division comprises 2 sub-divisions namely, Next Generation Services and Applications and Value-Added Telecommunication Software Applications as shown below:-



This division focuses on the delivery of software products and associated services that utilises existing telecommunication technologies to cater to niche enterprise needs. Our Group has been in the telecommunications business for the past 10 years primarily in the architectural design and implementation of cellular telecommunication networks. During this period, our Group had the opportunities to understand customers' requirements for both voice and data communications. This led to the development of solution-based software that caters to enterprise needs.

5.2.3.1 Next Generation Services and Applications

Our Group provides value-added IT solutions to telecommunication operators, enterprises and Government segments. Presently, our R&D team has initiated the design of LBS which is expected to be fully developed and launched by 3rd quarter of 2006, while Tele-X-Change is in the conceptualisation stage and is expected to be launched by 2008.

LBS

LBS determined the location of a user and provide personalised applications and services for consumer profiling purposes. LBS opens a new market for software developers, cellular network operators and service providers to develop and deploy real-time value-added services such as infotainment, m-commerce, personal and mass media, mobile security surveillance, videoconferencing and other applications. Examples of value-added services include fleet management, vehicle tracking, anti-theft, asset tracking and personnel safety.

5. INFORMATION ON OUR GROUP *(cont'd)*

To determine the location of a user, LBS utilises real-time positioning methods. The accuracy of determining the location of a user depends largely on the method used. The various positioning methods are as follows:-

Positioning methods	Description
Cellular phone network	The cell ID in a device can be used to identify the Base Transceiver Station ("BTS") that device is communicating with and the location of that BTS. Clearly, the accuracy of this method depends on the size of the cell, and can be quite inaccurate. A GSM cell may be anywhere from 2 to 20 kilometres in radius
Satellites/GPS	The GPS uses a constellation of 24 satellites orbiting the earth. GPS determines device's position by calculating differences in the times signals to reach the receiver from different satellites. GPS signals are encoded, as such the cellular device must be equipped with a GPS receiver. GPS is potentially the most accurate method (between 4 to 40 meters if the GPS receiver has a clear view of the sky), but it has some drawbacks, the extra hardware can be costly, consumes battery while in use and requires some warm-up after a cold start to get an initial fix on visible satellites. It also suffers from "canyon effects" in cities, where satellite visibility is intermittent
Short-range positioning beacons	In relatively small areas, such as a single building, a local area network can provide locations along with other services. For example, appropriately equipped devices can use Bluetooth for short-range positioning

Our Group is in the process of developing LBS for the tracking and management of vehicles, assets and individuals. LBS solution will be developed keeping in mind compatibility to 3G, 2G, 2.5G and 2.75G technologies (GSM, GPRS, EDGE).

The software portion of this solution is being developed in-house and includes a management and reporting module that helps superimpose the coordinates of the devices on to a digitised map. It includes escalation procedures for emergency or tracking situations, which can be customised based on specific requirements. It will also include a web and phone based self-tracking feature which allows authorised persons to view the status of the vehicles, assets or personnel.

The hardware components are non-phone devices that can be tagged on a vehicle, individual or asset for tracking purposes. This device can incorporate basic functionality such as "panic button", logging at gantry point (entrance of schools/offices/depots) and in some cases fixed number calling. This hardware would be initially sourced externally but in the future could be designed and/or manufactured in-house depending upon its importance to our overall market strategy.

Tele-X-Change

Tele-X-Change is a telemetry solution that incorporates various kinds of sensors that enhances the functionality of wireless communication system for the purpose of environmental control and intelligent management of remote locations. These sensors collect and transmit data to data warehouses for the purpose of performing business intelligence or data mining. This allows data aggregation, analysis and action on such data. Examples of applications for this system are intelligent environment monitoring systems and informatics.

Informatics is a technology where sensors are embedded in a remote location and are used to periodically collect information such as temperature, salinity and wind speed.

Examples of the industries that could employ these services are as follows:-

(i) Agricultural/Fisheries Industry

The primary usage of Tele-X-Change based solution is that they could closely monitor and control the various aspects of the growth of high yield crops in order to improve the quality and consistency of output. A specific example of this is that if wine producers are able to monitor realtime the impact of various environmental factors such as humidity, frost, sunshine, soil conditions and man-made factors such as fertilizer and moisture, then the decisions based on those to ensure better and more consistent wine quality.

(ii) Environmental Monitoring

The utility here is again the wireless remote collection of data from a geographically spread-out set of sensors in real time, so that quick and informed decisions can be taken. This is mainly used for as a flood/tsunami warning systems and monitoring forestry and air pollution. The strength of our solution is the robustness of the overall architecture of the communications and decision-making system.

5.2.3.2 Value-Added Telecommunication Software Applications

Our Group is continuously developing value-added telecommunication software applications in the areas of security, e-learning, embedded solutions, system and network management as well as technical R&D. The following telecommunication software applications that our Group presently has are as follows:-

(a) Card Guard

Card Guard is a SMS based solution that is specially designed for financial institutions. The Card Guard system will send an SMS to alert bank account/credit cardholders every time a transaction is made. This helps to reduce fraud on ATM or credit cards and also provides comfort to users as their transactions are secured. Financial institutions are required to purchase initial software and hardware licences, pay upgrades and recurring charges for operation and maintenance services.

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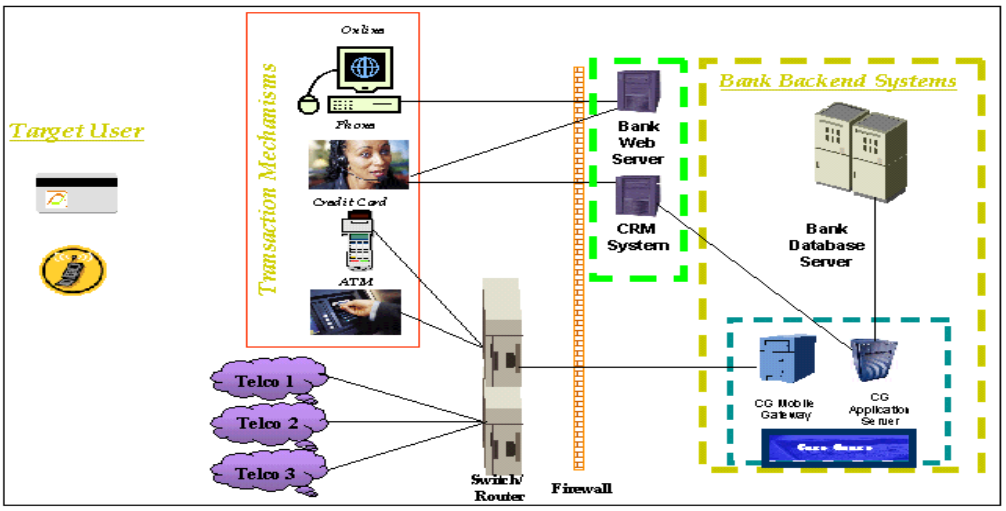
5. INFORMATION ON OUR GROUP *(cont'd)*

The following diagram is an example of the functional architecture of the Card Guard Solution:-



When a user's card is used at an ATM or merchant location, the transaction details are sent from the core banking server to a bank's application server. The application server matches the transaction against the user's profile and a SMS is sent to the user. The user will be able to inform the bank immediately if the transaction is unauthorised. If the transaction is an unauthorised transaction, the bank will disable the transaction through its credit risk management software.

The SMS notifications will include the following information:-

- ATM or credit card number; or
- Amount used or withdrawn; or
- One of the following requests:-

  (i) Request for user to call the bank directly to deactivate the card
  (ii) Request for user to SMS the bank by providing either a pin number that would authorise the transaction or deactivate the card
  (iii) Request for user to input a code at the ATM interface to confirm withdrawal (for ATM cards)

If there is an unauthorised usage of a user's ATM or credit card, the user can send an invalidation code to the bank. Thereafter, the ATM/credit card would be invalidated and further unauthorised usage will cease. A deactivation confirmation SMS will be sent to the user.

This service helps deter fraud since information is passed on to the user in almost real time. It also provides peace of mind to users as they would be informed of any misuse immediately. When used in combination with a per transaction limit, losses could be minimised for both the user and banks.

Meanwhile, banks benefit through improved image due to added security. Banks can also build databases of cellular users, which can be used to educate customers on phone usage for banking as well as to create target 1-to-1 marketing programmes on future value-added services.

(b) Golden Gateway

Golden Gateway is a least cost routing solution that can help to reduce an enterprise's telecommunication expenses by approximately 20% to 40%. In today's market most IDD service providers are cheaper for certain countries, but are expensive for others. If an enterprise signs up with 1 or more service provider including VoIP providers, their telecommunication cost will still be high for the countries where the selected provider does not have a strong commercial arrangement with the local Telco carriers. Golden Gateway gets around this problem by choosing the best telecommunication service provider on a call-by-call basis depending on whether or not that provider is the cheapest for the country dialled at the time of dialling. This choice of service provider is made by our Group's product, selecting from a list of providers that the enterprise and our Group can jointly determine.

This solution works on the principle that no single operator can provide the best rates for every country, at all times. This service takes advantage of market competition to provide the best rates for the enterprise. Through combined software and hardware solutions, calls can be automatically routed to the operator with the cheapest rates. Our Group does not impose any upfront charges and monthly service fees are charged based on a portion of the customer's savings.

Our Group has exclusive arrangements with TradeWeb Enterprise Pte Ltd of Singapore to market the Golden Gateway in Malaysia. We are not required to pay any franchise fee, but would be committing to meet agreed revenue forecasts, which is on a quarterly review basis. The exclusivity arrangement will be extended based on the achievements of those forecasts.

(c) Value-Added Billing Solution

We provide outsourced services of telecommunication consolidated bills to large enterprises. These bills are categorised by the customers' internal business structure and are web-based. It is cheaper and more efficient for an enterprise to outsource this service, especially if there are multiple sites and departments involved. This solution incurs a 1-time setup fee and a recurring monthly service fee of approximately 1% to 3% of the telephone expenses.

Our Group obtained our 1st contract for Value-Added Billing Solution in October 2004 from Transnoble Sdn Bhd. Under the said contract, Transnoble Sdn Bhd contracted our Group for a period of 18 months on a lease to buy option where our Group will provide Transnoble Sdn Bhd with consolidated bill reports in the format requested on a monthly basis.

Online reports can be generated with a wide variety of parameters. These reports help enterprises to monitor their telephone expenses across multiple services and operators. Through these reports our Group can also provide information that can help enterprises monitor and reduce telephone expenses. A prominent feature of this product is our ability to indicate the enterprises' "Top 10" callers by value or duration so that they can eliminate misuse or apply credit limits for credit and monitoring purposes.

Our Group's strategic services portfolio aims to conceptualise and implement sustainable business opportunities for cellular operators. By leveraging on our capabilities in the convergence of telecommunication and software development, we are in the midst of teaming up with Telcos to offer enterprise billing solutions to our key corporate clients.

The benefits of enterprise billing solution to enterprises are as follows:-

- Increase customer loyalty by offering total solution packages
- Automated billing process, which reduces processing time
- Increase knowledge of enterprise through data mining capabilities (e.g. routes called, average duration of calls, inter-office calls)
- Customise rate plans and offers for our customers
- Facilitate shorter payment cycle due to automation of processing within enterprise
- Increased revenue generated from each customer (through cross selling of cellular and other communications services under 1 account)

Our Group's solution for enterprises has web-based functionality where servers can be hosted within Telcos or our Group's firewall and billing services can be provided remotely (via Application Service Provider) to the enterprises. Our Group is currently in the midst of negotiating several contracts with major enterprises such as banks, financial institutions, airline companies and telecommunication companies.

Our Group has exclusive arrangements with TradeWeb Enterprise Pte Ltd of Singapore to market the Value-Added Billing Solution in Malaysia. We are not required to pay any franchise fee, but would be committing to meet agreed revenue forecasts, which is on a quarterly review basis. The exclusivity arrangement will be extended based on the achievements of those forecasts.

5.2.4 Technology Utilised

As a premier NGTS provider, our Group utilises cutting-edge technologies in our Telecommunication Carrier Division and Software Solutions Division as explained below:-

(i) Telecommunication Carrier Division

Our Group's niche lies with its capabilities in providing telecommunication system architecture and design, NGN solution to different segments of the telecommunication infrastructure industry. Our Group's technology is a collection of best practices and technical expertise gained through the cumulative years of experience in providing solutions to the telecommunication industry as well as in-depth knowledge and expertise acquired from the collaboration with technology partners. These partnerships have exposed our Group to global trends and advances in telecommunication that can be leveraged in the development of solutions. In addition, technology/knowledge transfers are carried out through constant training provided by our Group's technology partners. Our Group's network solutions in this division utilises an extensive knowledge of leading edge next generation broadband and cellular telecommunication systems design and optimisation to deliver solutions to Telco.

Some of the technologies employed by our Group are as follows:-

Technology	Description	Usage
3G/WCDMA	Wideband CDMA conforming to UMTS, a widely adopted standard for 3G system	3G
NGN	Comprise softswitches and media gateways that delivers services through IP platform	NGN MSAN

5. INFORMATION ON OUR GROUP *(cont'd)*

Technology	Description	Usage
CDMA 2000	A digital cellular technology that uses spread-spectrum techniques. Unlike competing systems, such as GSM, CDMA does not assign a specific frequency to each user. Instead, every channel uses the full available spectrum.	BSS Solution
GPRS	A standard for wireless communications which runs at speeds up to 115 kbps, compared with current GSM systems of 9.6 kbps. GPRS is an efficient use of limited bandwidth and is particularly suited for sending and receiving small bursts of data, such as e-mail and web browsing, as well as large volumes of data.	BSS Solution EiQ PLS
GSM	A digital cellular communications system. It is a modern and more widely used cellular telephony system, developed using TDMA.	BSS Solution EiQ PLS
RF propagation design and analysis	A wireless RF network design to provide reliable coverage and high quality voice calls	BSS Solution EiQ
Link budget analysis for cellular system deployment	Commonly applied to satellite and wireless communications for estimating signal strength and signal-to-noise ratio at the receiver. Link budget analysis considers transmitter power, transmitter antenna gain, channel losses, channel noise, and receiver antenna gain	BSS Solution EiQ
In-building propagation expertise	RF coverage within buildings	BSS Solution EiQ
Product specific technology knowledge	Copper Wire – Digital Subscriber Loop, Ethernet, WAN Fibre Cable – SDH, Asynchronous Transfer Mode, DWDM Wireless – WiFi, Wi-Max Next Generation Networks (NGN on IP and Asynchronous Transfer Mode)	Broadband DSLAM

Further elaboration on certain major technology our Group utilised are as follows:-

(a) 3G/WCDMA

3G is an evolution of the current systems already in place by telecommunication companies around the world and is capable of delivering a multitude of multimedia services. 3G is a broadband, packet-based transmission for text, digitised voice, video and multimedia at data rates from 384 Kbps and up to 2 Mbps based on the GSM communication standard of UMTS.

5. INFORMATION ON OUR GROUP *(cont'd)*

A comparison of these services is simplified in the figure below:-

Services	2G	2.5G	3G
Voice Telephony	✓	✓	✓
Short Messaging (SMS)	✓	✓	✓
Circuit Data	9.6 Kbp/s	28.8 Kbp/s	64.0 Kbp/s
Multimedia Messaging	✗	✓	✓
Packet Data	✗	62.4 Kbp/s	2.0 Mbps
Video Messaging	✗	✓	✓
Video Telephony	✗	✗	✓

There are basically many advantages of deploying 3G over the conventional 2G and 2.5G services. Firstly, the radio multiplexing system, WCDMA, makes more efficient use of spectrum. Secondly, a family of modulation schemes have been developed which allow single user channels of different data rates up to 2 Mbps. Thirdly, the difficulties of managing a multitude of disparate services at different data rates are very much simplified in a WCDMA system.

Of these advantages, improved capacity and data speed are 2 essential benefits of wideband technology such as 3G as it exploits multi-path propagation more efficiently than GSM, particularly in indoor environments. As with all new technologies, it will take time for 3G networks to prevail. Meanwhile 2G, 2.5G, 2.75G and 3G networks will most probably coexist in the same market for quite some time.

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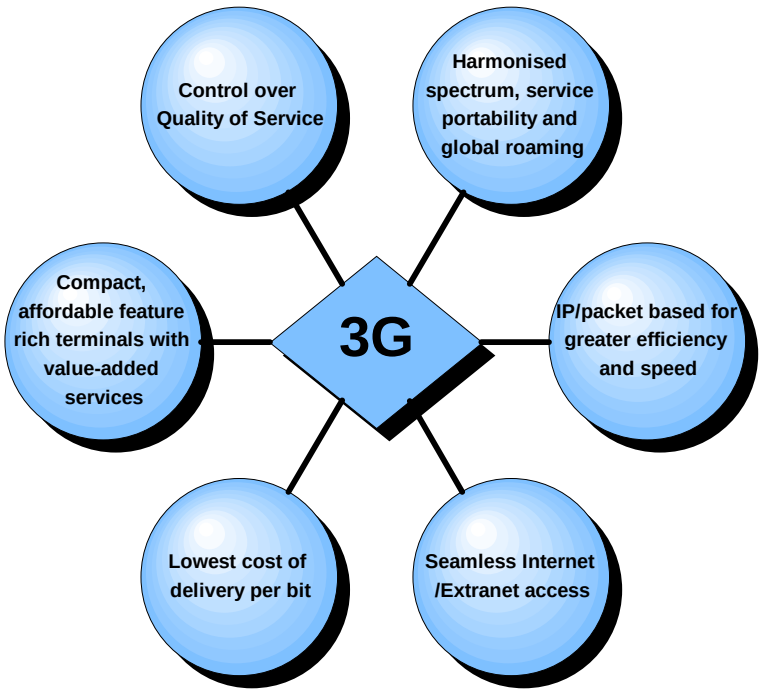
5. INFORMATION ON OUR GROUP *(cont'd)*

A summary of advantages and key attributes of 3G over the conventional 2G are diagrammatically illustrated below:-



Since the inception of cellular telecommunication networks in the early 1980s, cellular technology has evolved rapidly. First generation analogue wireless systems were replaced by 2G digital technologies in the 1990s that delivered significant improvements in capacity, voice quality and spectral efficiency. Most importantly, 2G technologies laid the foundation for the value-added services, including data, which will continue to be enhanced in the future. The latest 3G technology promises further improved network capacity, high-speed packet data, simultaneous data and voice and real-time multi-media services. Benefits of 3G essentially provides end-users with a full suite of innovative services such as mobile access to Internet, videoconferencing, and sending and receiving high quality images.

Typically, there are 3 specific global wireless phone standards for the 3G system:-

- WCDMA (Wideband CDMA);
- CDMA 2000; and
- Time Division-Synchronous CDMA ("TD-SCDMA").

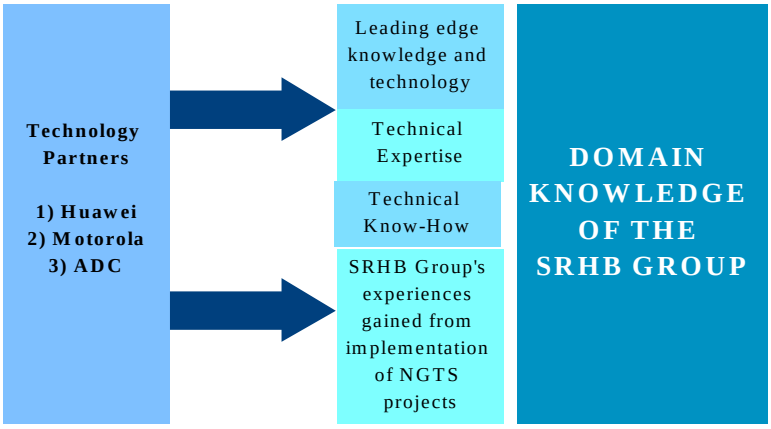
The WCDMA standard is based on UMTS recognised by the International Telecommunication Union. The CDMA 2000 standard was developed in the USA, and the TD-SCDMA was developed in China.

5. INFORMATION ON OUR GROUP *(cont'd)*

The WCDMA system is a hybrid system incorporating TDMA and CDMA technologies using specially designed spreading codes to allow optimum flexibility and eliminate interference between users operating at different data rates on the same RF carrier. Multiple services, from voice to a combination of data such as fax and e-mail, as well as video, can simultaneously be provided on each 3G terminal connection. Each service can be optimised at the required data rate and for the specific quality of service required by text, video or voice.

In Malaysia, 3G services are available through WCDMA technology, which offers much higher data speeds to cellular and portable wireless devices than commonly offered by 2G or 2.5G. It supports cellular/portable voice, images, data and video communications at up to 2 Mbps.

Our Group obtained the technical expertise and know-how to implement 3G network through technology transfer from our collaboration and projects with our technology partners. Our expertise was garnered through years of working relationship and project management for telecommunication network, system architecture and design. Our expertise in NGTS is derived from the domain knowledge of our Group acquired through our technology partners as diagrammatically illustrated below:-



Our Group believes that our primary core competency is the ability to create new innovative solutions. Considering the fast changing new technologies that have evolved over the last few years and recognising the huge potential in telecommunication solution, our Group has successfully implemented 3G network locally for Telekom Malaysia.

Our Group's knowledge of the local business conditions, reputation and established relationships with technology partners has given our Group an edge over our competitors. As such, our Group intends to quickly capture emerging niche market in the areas of telecommunication solution through the value-added extension of our core competencies, from telecommunication system architecture and design to 3G related solutions and services.

5. INFORMATION ON OUR GROUP *(cont'd)*

(b) NGN

Our Group is providing broadband solution using NGN technology to Telekom Malaysia. NGN seamlessly blends PSTN and the PSDN, creating a single multi-service network. This next generation architecture pushes central-office functionality to the edge of the network. The result is a distributed network infrastructure that leverages new, open technologies to reduce the cost of market entry dramatically, increase flexibility and accommodate both circuit-switched voice and packet-switched data.

Next generation switches are the most flexible platforms available. Combining extreme scalability, an open service creation environment, remote management and diagnostics and the highest availability, next generation switches provide a migration path from today's switching architecture to a more cost-effective, efficient, next generation network architecture.

(c) MSAN

MSAN is an integrated platform for the provision of voice, data (narrow band) services as well as broadband services including IP and Asynchronous Transfer Mode. It is capable of supporting thousands of broadband users on a single Asynchronous Transfer Mode/Ethernet network interface.

MSAN supports next generation voice networks with interfaces to both TDM-based voice and Voice-over-IP/Softswitch architectures. This makes it an ideal solution for migrating to VoIP via a simple software upgrade with no additional hardware required. Our Group works closely with our technology partner on the implementation of MSAN projects.

(d) DSLAM

DSLAM delivers exceptionally high-speed data transmission over existing copper telephone lines. A DSLAM separates the voice-frequency signals from the high-speed data traffic and controls and routes xDSL traffic between the subscriber's end-user equipment (router, modem, or network interface card) and the network service provider's network.

DSL technology is a platform for delivering broadband services to homes and small businesses. DSL can support a wide variety of high-bandwidth applications, such as high-speed Internet access, telecommuting, virtual private networking and streaming multimedia content. In the past, these services were either not possible to support or were ineffectively supported by conventional, dial-up, data-delivery technologies. DSL can transmit up to 100 Mbps currently to a subscriber, which is enough to provide Internet access, video on demand, and LAN access. This increases the existing access capacity by more than 50 fold, enabling the transformation of the existing public network. This network is no longer limited to voice, text and low-resolution graphics and it supports multimedia (including full-motion video) around the globe.

5. INFORMATION ON OUR GROUP *(cont'd)*

(ii) Software Solutions Division

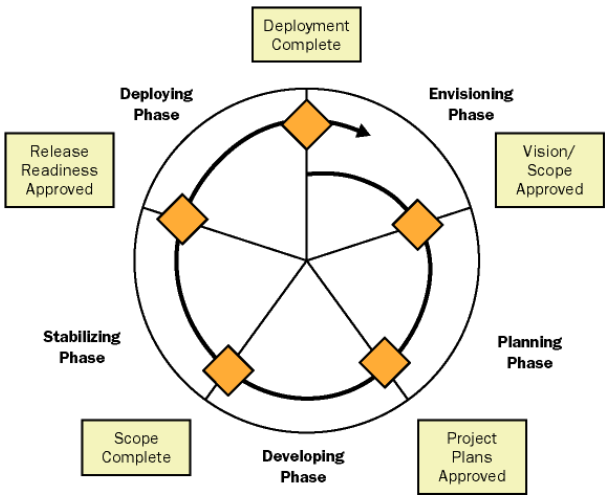
The Software Solutions Division's underlying principle is to create applications that contribute to our customers' success and complements our Telecommunication Carrier Division. The following technologies are used in our Group's software solutions:-

Technology	Description	Usage
SMS over Cellular Networks such as GSM/ CDMA	Similar to paging, SMS is a service for sending short text messages to cellular phones	Card Guard and other SMS delivery solutions
Knowledge of GPRS and CDMA and WCDMA as a means of data delivery	Please refer to Section 5.2.4 (i) for description of GPRS, CDMA and WCDMA	Future phases of Card Guard where data transmission would be required between cellular and fixed devices
Enterprise Switching expertise PABX	A wide variety of carrier group types are used to transmit data corresponding to end-to-end telephone connections. These carrier groups are attached to various hardware units on a set of processors, which are responsible for routing telephone calls	Value-Added Billing Solution and Golden Gateway
Operator/Carrier Billing Systems functioning	A system to aid large corporations in consolidating their bills	Value-Added Billing Solution
AGPS on cellular chipset	A system that improves the functionality and performance of GPS by integrating the classic GPS information with sophisticated geographic software and cellular network information. With AGPS, a server system is integrated in a platform. That server sends assisting information to the cellular phone about the satellites it should look for. Since the server platform already knows where the phone is, the number of steps to calculate the position is reduced from 10 steps to 3. This speeds up the whole process significantly. It also reduces the power consumption and the combined solution makes it possible to get a position in areas impossible for classic GPS	LBS

5. INFORMATION ON OUR GROUP *(cont'd)*

Technology	Description	Usage
Linux as operating system	A freely-distributable open source operating system that runs on a number of hardware platforms	Card Guard
Practical Extraction and Repost Language Programming, Mini Structured Query Language, Apache	Practical Extraction and Repost Language Programming is a programming language especially designed for processing text Mini Structured Query Language is a lightweight database engine designed to provide fast access to stored data with low memory requirements. Apache is a public-domain open source web server	Card Guard
Java Front end	Java is a general purpose programming language with a number of features that make in a language well suited for use on the World Wide Web	Communication products (all value-added services)
Windows Operating System	A family of operating system for personal computers. Windows provides a graphical user interface, virtual memory management, multitasking and support for many peripheral devices	Value-Added Billing Solution

The software development process of our Group's software solution is summarised by phases, in the diagram below:-



5. INFORMATION ON OUR GROUP *(cont'd)*

5.2.5 Strength and Competitive Advantages

We believe our major strengths and competitive advantages over our competitions include the following:-

(a) Combination of experienced and hands-on professional team with new creative talent such as:-

- List of experienced and skilled top personnel
- Strong technical capabilities with the staff strength of 60 qualified engineers, IT professionals and technical personnels. Our capabilities in technology are further strengthened through our alliances with technology focused MNCs such as Huawei, Motorola and ADC
- Over 10 years of expertise and know-how for telecommunication system architecture, design and solution with collaboration between technology partners for deployment of local and international projects

(b) Proven track record in telecommunication projects such as:-

- Project supervision for telecommunication projects
- Managed and delivered projects on time at expected quality
- Implementation of various telecommunication system design and network solutions

(c) Proprietary Knowledge

Our Group is also noted to be one of the market leaders for NGTS in Malaysia. We have also established a good reputation and credibility as a high quality integrated telecommunication solution provider.

Our Group obtained the technical expertise and know-how to implement the 3G network through technology transfer from our collaboration and projects with our technology partners. The expertise was garnered through years of working relationship and project management for telecommunication network/system architecture and design. The expertise in NGTS is derived from the domain knowledge of our Group acquired through our technology partners.

(d) Established Captive Audience

Our partners and carriers are generally established players in the telecommunication market and an on-going relationship with these players is a critical factor. We have build strategic relationships with partners who have skills that enhance and complement those of our own. Being the proven provider of support services to business partners ensures continuity in our business and also the quality of services. In addition, most of our existing customers are established corporate customers.

(e) Continuous Development

We develop our applications based on open source, which enable our client to add extra functionality and further develop the application without incurring extra software or licensing costs. In house R&D team allows for continuous reinvention and flexibility based on new technologies, new business processes and new players. Our Group's strategic plan is focused on a business model which caters to both the present needs of our customers and also to their future needs.

5. INFORMATION ON OUR GROUP *(cont'd)*

5.2.6 Production/Operating Capacities And Output/Including Any Constraints On Its Production/Operating Capacities

As our Group is not a manufacturing concern. Therefore, there is no production or operating capacity.

5.2.7 Principal Markets

Currently, our Group's services are mainly catered to telecommunication companies. Moving forward, our Group will continue to expand our businesses to the Telcos, MNCs, SMEs and financial institutions with multi-user environment. For the FYE 2005, our principal market is as follows:-

Sector	%	Description
Telcos	98	Local and foreign telecommunication companies and telecommunication equipment vendors
MNC	2	Oil and gas companies, hospitality, airlines and logistics

5.2.8 Quality Assurance

Our Group adopts a stringent internal quality management assurance policy to ensure that products and services provided by us are of high quality and meet the stringent requirements of our customers. We consider the consistent high standard of services and quality of equipment as an essential attribute in retaining existing customers and attracting new ones as well as maintaining our status as one of the leading NGTS provider in Malaysia.

We also conduct control checks at various stages of the projects to facilitate corrective actions in order to eradicate any cause of deviation at their sources.

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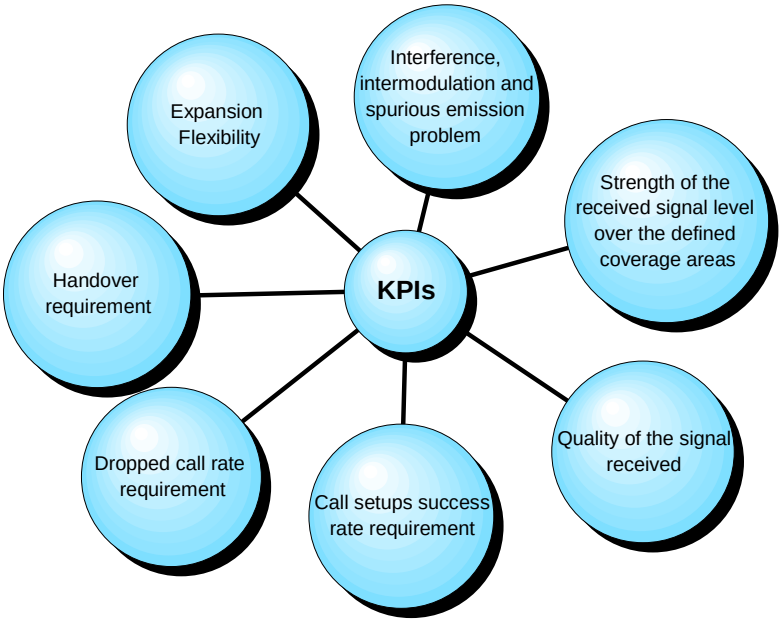
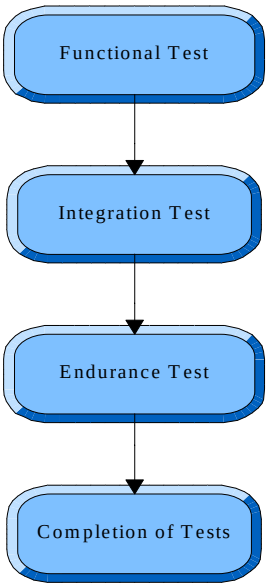
5. INFORMATION ON OUR GROUP *(cont'd)*

Our quality control in the Telecommunication Carrier Division are mainly based on KPIs set by our Group's customers such as:-



The quality control process of our Group Software Solutions Division is as illustrated follows:-



Functional Test
* Software Funtionality check
* Test and debug software

Integration Test
* Verify integration of hardware and software
* Test compatibility of software version
* Test inter-connectivitgy between software modules
* Test and debug software

Endurance Test
* Verify endurance and capabilities of software
* Test and debug software

Completion of Test
* Test result are detailed in report
* Reports are compiled in the database for future reference
* Sofware release with version control

5.2.9 Approvals, Major Licenses and Permits Obtained

Details of the approvals obtained by the Company for our Listing from the SC and MITI together with the conditions imposed by these authorities and status of compliance are set out in Section 8.1 of this Prospectus.

The major licenses and permits obtained by our Group are set out in Section 11.1.1 of this Prospectus.

5.2.10 Brand Names, Patents, Trade Marks, Licences, Technical Assistance Agreements, Franchises And Other Intellectual Property Rights

Our Company has applied for the registration of the following trade marks which we use in connection with our business, namely:-

(i) CCAAP-T™ -registration number: 04017335;
(ii) Card Guard-registration number: 04017337;
(iii) CCAAP™ -registration number: 04017336;
(iv) TelCAAP™ -registration number: 04017333;
(v) Golder Gateway-registration number: 04017334; and

(vi) our logo above -registration number: 06003856.

We had applied for registration of "CCAAP-T", "TelCAAP", "CCAAP", "Golden Gateway" and "Card Guard" under Class 38* of the Trade Marks Act, 1976 on 5 November 2004. On 14 March 2006, we also applied for registration for our logo under Class 38* of the Trade Marks Act, 1976.

These trade marks, when registered, provides protection against unauthorised use of our Group's product names as well as a remedy should someone infringe upon our Group's trade mark.

Note:-
* *Class 38 is for telecommunication*

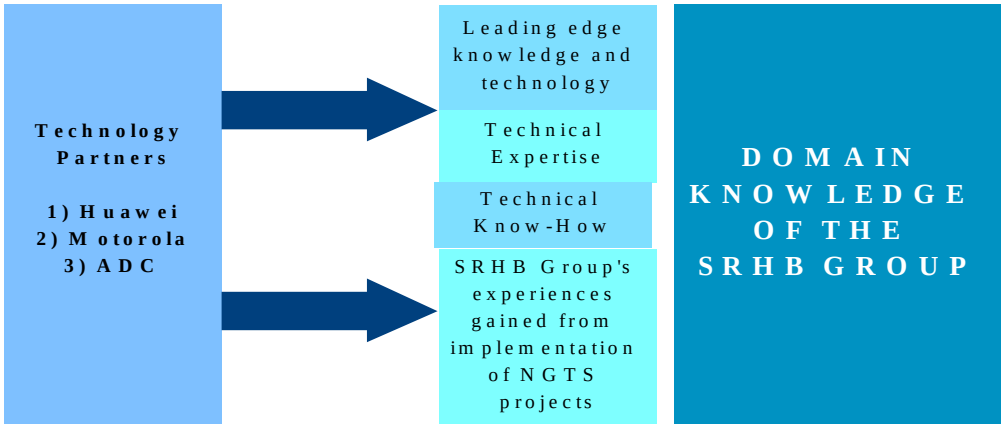
5.2.11 R&D

Our Group is committed to provide continuous R&D efforts to keep abreast with market development and technology trends to enable us to tap into new markets and to ensure the long-term sustainability of our business. Our Group believes that it has to stay ahead of competition and create sustainable competitive differentiation through constant innovation. Hence, our investments in R&D are focused on development and creating innovation solutions that supports our Group's business divisions with competitive edge and healthy profitability.

Our R&D team is led by Mr. Vikram Rao, Head of R&D Division, who is responsible to oversee the architectural standards that will ensure inter-operability and consistency throughout our Group's products and services. As at 31 May 2006 (being the latest practicable date prior to the printing of this Prospectus), our Group's R&D team consists of 5 staff. Mr. Vikram Rao works closely with Mr. Wong Chee Keong, our General Manager of Business Operation, who is also our R&D adviser.

Telecommunication Carrier Division

R&D of telecommunication division is conducted on-the-job basis. The R&D role of our Group's Telecommunication Carrier Division is to develop and enhance systems and networks based on our technical expertise. Our capabilities in technology are further strengthened through our strong alliances and close working relationships with technology focused MNCs such as Motorola, ADC and Huawei. These partnerships have exposed our Group to global trends and advances in telecommunication that can be leveraged in the development of telecommunication solutions. In addition, technology and knowledge transfers are carried out through constant training provided by our Group's technology partners.



Over the years, our Group has been gradually building up our own domain knowledge through accumulation of various leading edge knowledge transferred, combination of training provided and our successful deployment of multiple telecommunication projects that has enabled our Group to advance further in our own R&D.

Software Solutions Division

Our Group's R&D efforts for the development of software solutions were formalised in 2002. Our Group designs solutions in-house based on its knowledge of the technologies/business applications, and subsequently outsource the actual software coding/programming to NatureSoft Pvt Ltd in order to maximise cost efficiencies. Card Guard was a recent product of our R&D development. Presently, our R&D team is working on the final stages of the development of our LBS software which is expected to be fully developed and launched by the 3rd quarter of 2006, while Tele-X-Change is in the conceptualisation stage and is expected to be launched by 2008.

In addition, our Group is working closely with ODC. There are currently 5 personnel of ODC that is fully committed to the joint development activities of our Group. Once the ODC team expand and mature in the adoption of best practices, our Group intends to acquire ODC under its management. This is a common practice in the software development industry.

Our Group's R&D facilities comprise computers, servers, networking and telecommunication test equipment. Our R&D personnel carry out live testing of Card Guard, Golden Gateway and Value-Added Billing Solution at our R&D Division. Our Group's R&D Division also maintains a knowledge centre that stores all customer transactions such as proposals, customers' specifications and demos. This knowledge centre comes in a form of database and it is kept in a server for future reference.

5.2.11.1 R&D Objectives

Our Group's R&D efforts are focused on bringing together our extensive experience in telecommunication and knowledge of the operator and enterprise segments, to create unique solutions that improves customers' business. Our Group's R&D objectives are as follows:-

Enhancing Product Features

In order to compete in a continuously evolving technology industry, our Group employs R&D and market intelligence to maintain our competitiveness and position in the market. All of our Group's products are developed with the future in mind. At any given time our Group maintains a 3-year view of the evolution of the product based on market and industry requirements.

Technology and Process Improvement

Our Group's software solutions are based on open sourced tools (e.g. Linux base) in order to maximise benefits from any technology improvements in the industry. With our Group's domain knowledge in telecommunication, we are able to modify our solutions to support these new technologies (GPRS and 3G) while maintaining backward compatibility.

The Telecommunication Carrier Division also benefits from interaction with our foreign partners to learn the latest industry process and technology improvements. These are then incorporated into our Division's best practices to ensure sustained innovation and leadership.

During the design phase of our Group's solutions, our Group identifies requirements from the industry based on a market/competitive analysis that would ensure differentiation. This design and associated functionality is then tested on a group of customers for their feedback thus ensuring that our Group's solutions match market requirements.

New Product Development

Our Group invests significant time in looking out for changing trends in the communication marketplace. This enables our Group to identify opportunities ahead of time that are commercially feasible. An example of this would be our intent to develop location based human safety solutions for 3G systems.

Business Viability

All our Group's technology and R&D efforts are business focused which ensures that these products or solutions can be commercialised in order to yield long term profitability for our Group. At every stage of development our Group will try to solicit feedback from our Group's customers and partners.

5.2.11.2 R&D Policies

Based on the above R&D objectives, our Group has established the following R&D policies which serves as guidelines during implementation:-

5. INFORMATION ON OUR GROUP *(cont'd)*

Management Policy

Our Group is committed to appropriately manage and be accountable for the funding received. Our R&D General Manager is to report to our management on all matters, including records of all R&D activities. Business viability of each planned product/solution is carefully studied and presented for our Board's approval before funding is utilised.

Intellectual Property Policy

An intellectual property rights and confidentiality clause is included in our Group's employees' handbook. These clauses disallow employees or ex-employees from divulging any of our Group's information to 3rd parties. Details of these clauses are set out as follows:-

(i) Intellectual Property Rights Clause

All systems designed, developed and implemented by our Company are intellectual property of our Company.

(ii) Confidentiality Clause

Our Company is the sole legal and beneficial owner of confidential information relating to the system and of the intellectual property rights therein and all other rights of the like nature conferred under the law of Malaysia and throughout the world. These shall include without limitation data, know-how, formulae, processes, designs, photographs drawings, specifications, software programmes, samples and any other material bearing or incorporating any information relating to the system.

Furthermore, our Group uses in-house source codes control software to manage all solutions/components that we develop. The system is protected by our system security and is housed in-house. Weekly backups are performed and copies of the backups are kept in the office and off-site.

In addition, all technology staff are required to check-out the relevant components/modules when performing development work. A business solution is made up of multiple programmes. Staff are only allowed to check-out a fraction of the entire solution, which means that they check-out only a few relevant programmes for modification. Not all programmes are checked out. They are required to check-in after they have completed the work assignment.

Product Development Policy

Policy	Description
Product simplicity and user-friendliness	All products must be flexible thus giving customers' option to choose a variety of modules based on an open platform for easy installation and implementation
Product scalability	All products are designed to be scaleable, expandable and upgradeable based on end users' requirements
Product maintainability	All products are designed to be easily maintained with the objective towards reducing total cost of ownership
Product uniqueness	All products must be unique in its design, functionalities and features in order to differentiate from the competitors

5. INFORMATION ON OUR GROUP *(cont'd)*

Product Quality Policy

Our Group's quality strategy will be implemented at all levels of management. Performance, quality and benefits arising will be carefully recorded. All products use quality hardware and standard software design.

Status of R&D

The R&D team is currently working to complete the development of Card Guard, PLS, EiQ and is currently working on completing development of Location Based Fleet Management Application by 3rd quarter of 2006.

Achievements in R&D

Some of the R&D achievements of our Group in the past are as follows:-

Name of Products	Brief Description	Completion Time
PLS	Architectural design of power system to optimise the performance of telecommunication network	6 months
EiQ	RF planning to improve quality and coverage for cellular telecommunication operators within buildings	24 months
Card Guard	A solution designed to mitigate bank card-based fraud using SMS	18 months

Future Plans and Timeline for Implementation

The area of our future R&D consists of:-

Name of Products	Brief description	Estimated delivery Time
Location Based Fleet Management Application	A web based flexible system designed to track the location and performance of vehicles in the initial release	3rd quarter of 2006
Tele-X-Change	A telematics system that enables remote wireless field monitoring and data collection, together wih a decision support system that analyses these data. Applications in several industries	2008

Investments Made for R&D

The amount spent on R&D during the last 3 financial years were as follows:-

	FYE 2003	FYE 2004	FYE 2005
R&D Capital Expenses (RM)	22,000	25,000	28,000
R&D Operating Expenses (RM)	372,000	317,000	370,000
Total R&D Expenses (RM)	394,000	342,000	398,000
Total R&D Expenses as a Proportion of our Group's total revenue (%)	2.11	0.87	0.46

The R&D expenditure presented in the table above is based on the following:-

- Capital expense includes expenditure on the purchase of office and testing equipment
- Operating expenses includes expenditure on:-
  - rental of premises
  - consumables used in R&D and testing activities
  - the salary of relevant personnel heavily involved in performing R&D and testing activities including:-
    - 90% of Head of R&D, production manager, design manager, software engineers' salaries
    - 5 R&D officers' salaries

5.2.11.3 R&D Strategies

Our Company expects to increase our R&D staff force from 5 staff in the FYE 2005 to 22 staff by the FYE 2009. Our Group will employ stringent selection criteria for our R&D staff recruitment in order to ensure high creativity and productivity.

Keeping Abreast with New Technologies

Our Group has allocated funds for our R&D team to attend product launches, workshops with vendor partners, international seminars and exhibitions, purchase of new development tools and other R&D related activities. In addition, our R&D team is encouraged to be involved in newsgroups within the ICT industry to keep abreast with new developments and participate in brainstorming sessions within the organisation. Our Group's alliances with our technology partners (e.g. Huawei, Motorola, ADC and NatureSoft) allow our R&D team to acquire knowledge and gain technical expertise.

Closer Alignment with Customers and the Market Place

This is done by effective communication between our R&D team and end users through a process of sequential recycling which involves taking feedback from customers at every stage of product development.

5.2.11.4 R&D Milestones

Our Group's R&D milestones are as follows:-

Year	Event
1999	Developed and productisation of PLS solutions for power design application
2002	Developed and productised EiQ for in-building application
2003	Released simulated version of Card Guard application for reducing transactional fraud
2004	Created overall functional roadmap for Tele-X-Change, sensor based tele-monitoring solution
	Created overall architecture for AGPS based location safety application
	Commercial release of Card Guard software version 1.0
2005	Completed functional/technical specifications and initiated software development of LBS
2006	User interface completed for Server and Client Screens for LBS
	Beta release of LBS software
	Commercial release of LBS – Vehicle Tracking software version 1.0

5.2.12 Key Achievements of our Group

Our key achievements are as follows:-

Year	Event
1995	Established SRSB and commenced operation
	Appointed local partner by Motorola for technology and expertise transfer to local SRSB resources
	Training of SRSB personnel by Motorola in all aspects of cellular telecommunication development of the GSM standard
	Started operation in the provision of system integration solution to Motorola for the development of GSM in Maxis
1996	Provision of total solution for the development of a GSM network for Time Wireless Sdn Bhd and Motorola
1997	Awarded the contract for provisioning HDSL System and engineering services for Telekom Malaysia
1999	First overseas venture for the development of GSM System for Motorola in Ghana and Siemens in South Africa
2000	Appointed by Maxis to provide GSM BSS site infrastructure solution
2001	Designed RF solution packages based on in-house developed best methodology practices in in-building for TM Touch
	Awarded contract for provision of GSM 1800 System solution via Motorola for TM Cellular

5. INFORMATION ON OUR GROUP *(cont'd)*

Year	Event
2002	Awarded contract for provision of the first CDMA system to Telekom Malaysia via Motorola
	Awarded contract for provisioning of HDSL system to Telekom Malaysia
	Ventured into the provision of software solution through the establishment of the Software Solutions Division
2003	Awarded contract for the provision of skilled technical resources for the completion of GSM-EDGE system for Digi.Com Berhad on behalf of Siemens Malaysia Sdn Bhd
	Awarded contract for the provision of DSLAM broadband technology solution to Telekom Malaysia
2004	Awarded contract for the provision of MSAN from Telekom Malaysia
	Awarded contract for the provision of MINIMUX contract to Telekom Malaysia
	Awarded with 3G contract from Telekom Malaysia for the implementation of 3G network in Malaysia
	Secured first Value-Added Billing Solution contract
2005	Implemented 3G network and provided total solutions for the implementation of 3G telecommunication network for Telekom Malaysia
	Penetrated Indonesian market (Surabaya) for cellular solution optimisation

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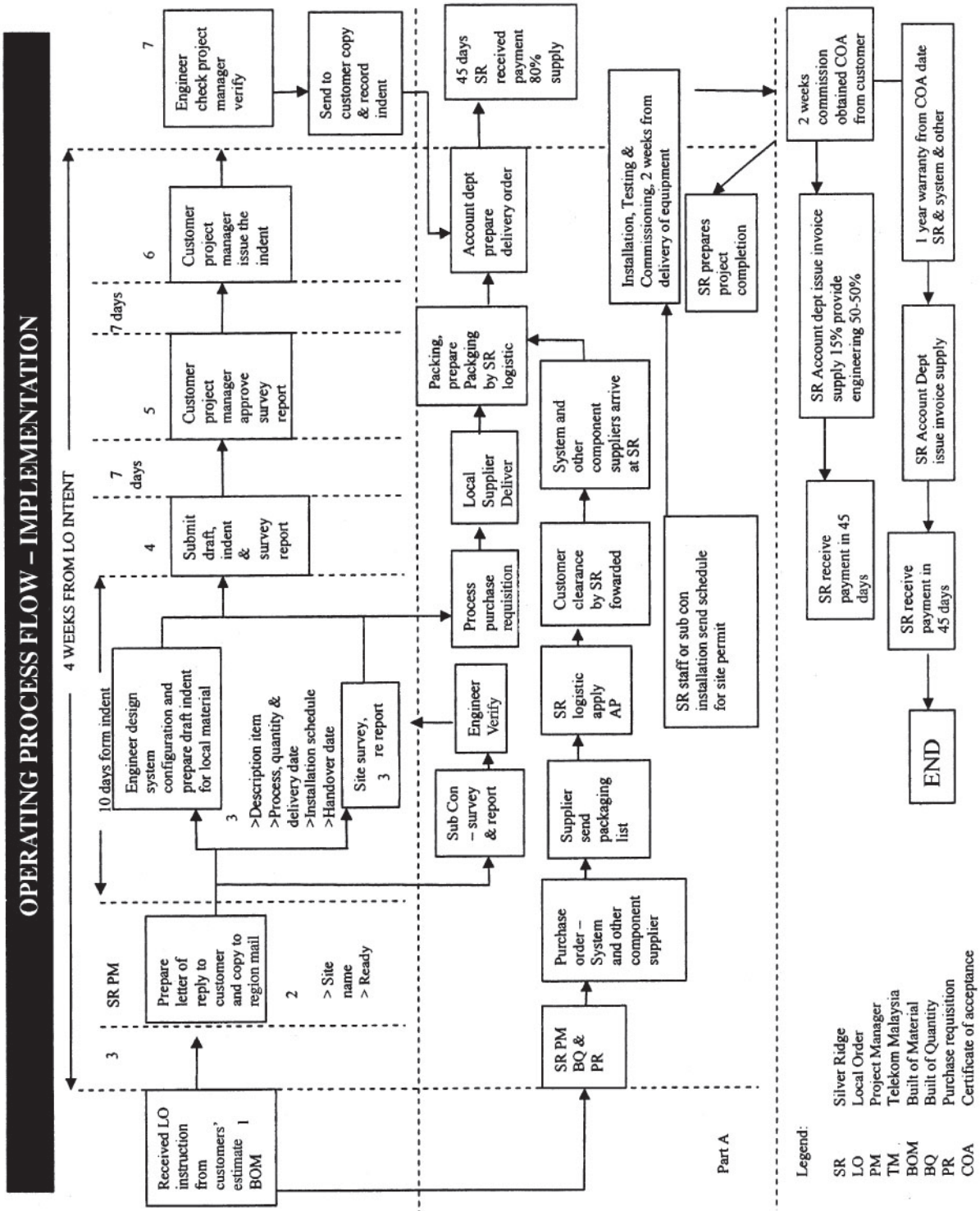
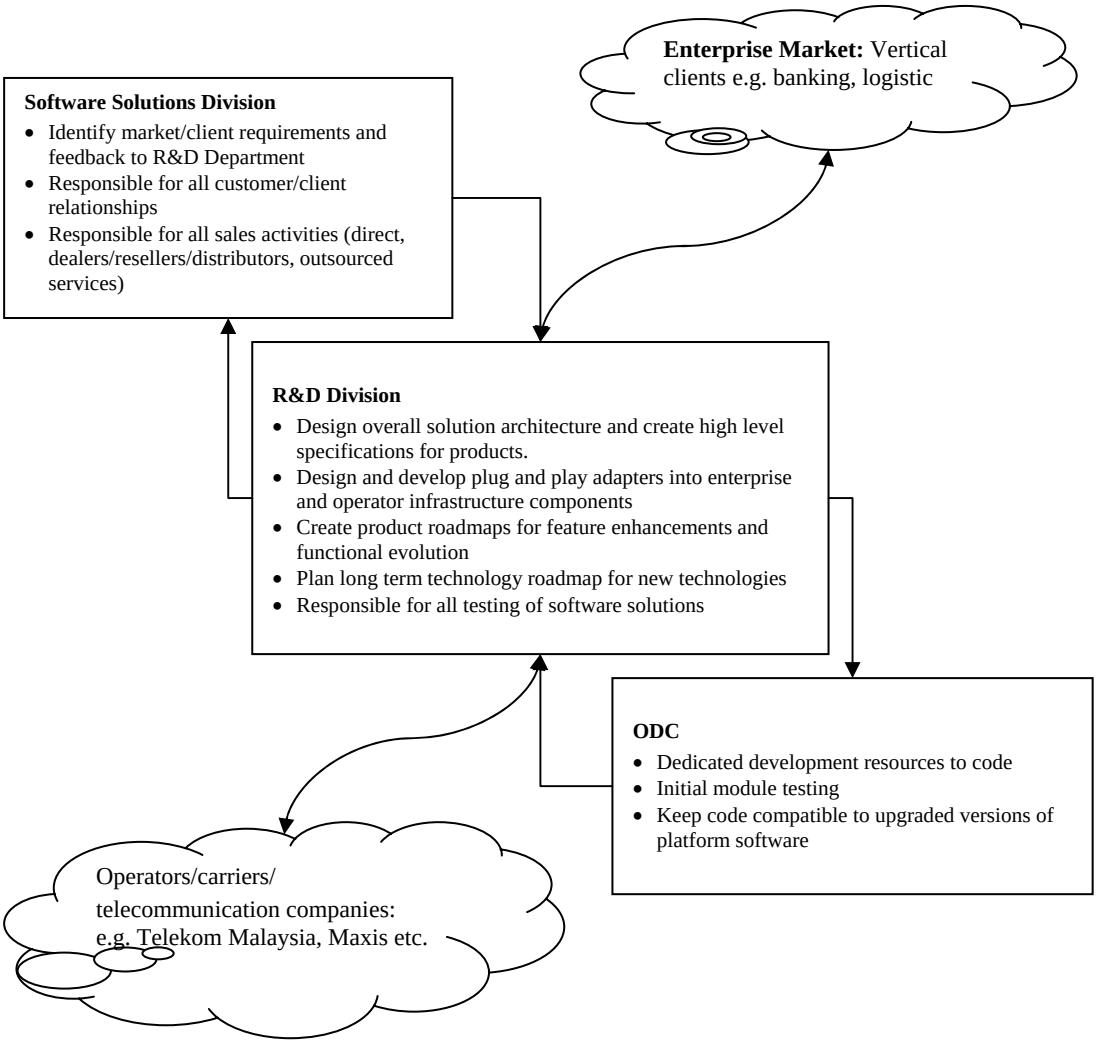
5. INFORMATION ON OUR GROUP *(cont'd)*

5.2.13 Process Flow

The implementation process for our Telecommunication Carrier Division is as follows:-



The implementation process our Software Solutions Division is as follows:-



Our Group's R&D Division together with ODC in Chennai, India are involved in the software development process. The Software Solutions Division is responsible for collecting information with regards to customers' requirements and directing these requirements to our R&D Division. Subsequently, our R&D Division and ODC will design and develop products to suit our customers' requirements. Upon completion of the software development cycle, the intellectual property rights of the software that ODC develops will pass on to our Group.

5.2.14 Marketing and Distribution Channels

5.2.14.1 Marketing and Distribution

Our Group's marketing team is led by Encik Iskandar Dzulkarnain Bin Abdul Khalid, Head of Business Development. He is supported by 8 sales and marketing personnel who have an in-depth knowledge for our products. Their responsibilities are to develop and implement the marketing plan and strategies of our Group. In addition, our Group's marketing team searches for new customers and maintain good relationship with our customers and channel distributors/dealers.

Our business development team offers a variety of solutions or products to our customers to meet their requirements. Our Group cooperates closely with the principal manufacturer in developing certain marketing objectives. Our business development team is also responsible to promote our Group's telecommunication system architecture and design capabilities to form working partnership with various principals. With a mixture of business and technical marketing skills, our team plans to attract new quality partnerships to achieve sustainable long term rewards.

Our business development team will focus on developing cost saving and technologically viable solution that is tailored to each customers' situation. Our Group will leverage on our current telecommunication experience to expand into enterprise and consumer services market.

In order to realise our Group's marketing plan, our Group has our own sales and marketing team to focus on business development of both divisions with existing and potential customers and partners. Our Group intends to expand our businesses to overseas countries from year 2007 onwards.

Our Group intends to participate in trade fairs and exhibitions such as Enterprise Asia and Communic Asia from 2007 onwards.

5.2.14.2 Sales Process - Telecommunication Carrier Division

The process in securing a project starts with study of our customers' requirement, proposal and needs for a better solution. It involves pre-sales marketing activities that may highlight certain business advantages, technical superiority or cost-savings resulting from the product or new solution. Any study of requirement or preparation of proposal will include an understanding of the available budget and therefore the commercial feasibility of the project.

After the pre-sales marketing stage, the next process may be the proposal stage whereby our business development team will work towards submitting a competitive bid. Various levels of engineering design work and technology search is mandatory in order to provide the most technically competent and cost competitive bid. On the successful result of a bid, our business development team will coordinate with our Group's project team to ensure timely project implementation project.

Furthermore our business development team is responsible for account management of existing frame contracts to maximise sales and to cross-sell other products or solutions of our Group.

Our Group's Telecommunication Carrier Division intends to expand our business to both local and overseas market. Local market expansion will be carried out through direct marketing approach while overseas market expansion will be carried out with partners.

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5.2.14.3 Sales Process - Software Solutions Division

With an expanding marketing and business development team, our Group plans to provide innovative solutions and applications based on cutting-edge technologies. Our Group aspires to be a premier telecommunication solution provider as well as a leading developer of software applications and solutions riding on NGN platform. The Group's Software Solutions Division intends to be an outsourced services provider and technology licensor. This division collaborate with strategic partners to establish outsource offerings that customers are encouraged to engage for their non-core activities that include communications, technologies, infrastructure and content. The outsourcing model is in line with the trend for corporations to outsource their non-core activities and to reward their outsourcing service providers under different revenue models.

The sales and marketing team of Software Solutions Division of our Group utilises the following marketing strategies to sustain and expand our business:-

(a) Direct sales approach to MNCs and Government bodies;
(b) Through partnership with telecommunication companies to offer solutions developed by our Group;
(c) Appoint distributors, agents or reseller;
(d) Licence technology to solution provider in other market at a royalty;
(e) Pilot trials; and
(f) Convert pilot trials to full scale deployment.

Our Group's Software Solutions Division is in charge of identifying customers' requirements and updating our R&D Division of these requirements. Furthermore, our Software Solutions Division is also responsible for sales of our Group's software.

Our Group's software is marketed via direct sales to end-users or through channel distributors. Some of our clients include large corporations, Government departments and Telcos.

5.2.15 Location of Operations

Our Group's locations of operations are strategically located in Malaysia as summarised as follows:-

Description of premises	Address
Headquarter	4-6, Jalan 28/70A, Desa Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan.
R&D Division	R&D Division of our Group is also operating from the above-mentioned premise.

5.2.16 System Disruption

Our Group did not experience any disruption in business arising from system disruption of our machinery and equipment, which had a significant effect on our operations for 12 months prior to 31 May 2006 (being the latest practicable date prior to the printing of this Prospectus).

5. INFORMATION ON OUR GROUP *(cont'd)*

5.3 SUBSIDIARY COMPANY

Details of our subsidiary company is as follows.

5.3.1 Information on SRSB

(a) History and business

SRSB was incorporated in Malaysia on 5 November 1992 as a private limited company under the Act. SRSB commenced operation in 1995 and is principally a NGTS provider that provides telecommunication system architecture and design, next generation network solution as well as telecommunication related software solutions.

(b) Share capital

The present authorised, and issued and fully paid-up share capital of SRSB are as follows:-

Type	No. of ordinary shares	Par value RM	RM
Authorised	5,000,000	1.00	5,000,000
Issued and paid-up	1,500,000	1.00	1,500,000

Changes in the issued and paid-up share capital of SRSB since its incorporation are as follows:-

Date of allotment	No. of shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
05.11.1992	2	1.00	Cash	2
15.03.1995	499,998	1.00	Cash	500,000
03.11.1999	1,000,000	1.00	Bonus issue of 2 shares for every 1 share held	1,500,000

(c) Subsidiary and Associated Company

SRSB does not have any subsidiary or associated company.

(d) Substantial Shareholder

SRSB is our wholly-owned subsidiary.

5. INFORMATION ON OUR GROUP *(cont'd)*

5.4 MAJOR CUSTOMERS

Our major customers that contributes above 10% of the total revenue for the past 3 years are as are as follows:-

Customer Name	Country	2003	2004	2005	Years of relationship	Solutions provided
Telekom Malaysia	Malaysia	67.0%	83.0%	91.0%	11	3G/CDMA/ HDSL/CDMA/ MINIMUX/ MSAN systems and Broadband solutions
Motorola	Malaysia	11.0%	14.0%	1.0%	11	GSM/CDMA systems
TM Cellular	Malaysia	17.0%	-	-	4	GSM system/ In-building EiQ project
Total		95.0%	97.0%	92.0%		

As at the FYE 2005, the largest customer of our Group is Telekom Malaysia, followed by Motorola, which collectively, accounted approximately 92% of our Group's total revenue for the FYE 2005. Telekom Malaysia has been our major customer for the past 11 years and we have not encountered any major problems and we enjoy a good and stable business relationship with them.

We have disclosed the mitigating factors for the risk of dependence on major customer in Section 4.1.9 of this Prospectus.

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5. INFORMATION ON OUR GROUP *(cont'd)*

5.5 MAJOR SUPPLIERS

Our major suppliers that contribute above 10% of the total purchases for the past 3 years are as follows:-

Supplier Name	Country	2003	2004	2005	Years of relationship	Products purchased
Huawei	Hong Kong/China	59.0%	87.0%	81.2%	5	Broadband and 3G subsystems
ADC	USA	10.0%	2.0%	2.0%	8	HDSL system
Total		69.0%	89.0%	83.2%		

Our Group's major suppliers are Huawei and ADC, which collectively, accounted approximately 83% of our Group's purchases for the FYE 2005. They supply telecommunication equipment such as broadband subsystems, hardware and accessories to our Group.

We have disclosed the mitigating factors for the risk of dependence on major supplier in Section 4.1.10 of this Prospectus.

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5. INFORMATION ON OUR GROUP *(cont'd)*

5.6 INDUSTRY OVERVIEW

(Source: Independent Market Research Report by Infocredit D&B dated 10 December 2004, updated on 21 March 2006)

5.6.1 Overview of the Economy

Global Economy

In 2005, global economic expansion was sustained at a robust pace of 4.3%. The expansion was remarkably resilient against the backdrop of higher oil prices, escalating interest rates, large balance of payment imbalances and interferences from natural disasters. While the economies of the USA and China remained the major engines of global growth, the recovery in Japan and the Euro area in the second half of the year gained momentum, providing additional support to the global economy. Consumer spending was sustained, reinforced to a major extent by the pass-through wealth effects, particularly from robust housing markets in several major economies. Reflecting robust demand conditions, stronger corporate financial positions and increasing capacity utilisation, investment spending grew further. Meanwhile, growth in the Asian region strengthened in the second half of the year as the uptrend in the global electronics cycle became evident. Overall, higher global growth was reflected in the continued expansion in global trade, which expanded at a strong pace of 7%.

The global growth demonstrated greater resilience to energy shocks, with the flow-on effects in large part offset by productivity gains, continued income growth and wealth creation, in tandem with improved energy efficiency and technological improvements during the last 2 decades. Hence, while both higher oil and commodity prices did have some impact on inflation, the effect was relatively modest as sustained improvements in productivity, the globalisation of production chains and the emergence of competitive sources of supply from several regions of the world assisted to mitigate the effects. Going forward, the global outlook for 2006 is expected to remain positive. Both global output and global trade are projected to expand at a strong pace of 4.3% and 7.4%, respectively in 2006. Global growth is projected to expand across the major economies, with the economies of Japan and the Euro area playing a more significant role. Another notable feature is the stronger investment uptrend seen in several major economies. For the Asian region, the global electronics upcycle is expected to strengthen further following higher information technology spending in the industrial economies and stronger intra-regional demand.

As a result of sustained economic growth and an upturn in inflation caused primarily by higher energy prices, several central banks initiated consecutive increases in interest rates from relatively low levels towards a more neutral stance, in 2005. While monetary stimulus has been affected due to increased interest rates, monetary conditions are projected to continue to remain accommodative to growth in 2006. Both the timing and magnitude of monetary policy actions would depend on country-specific factors, including the strength of economic growth, inflationary expectations, movements in the exchange rates and the performance of the financial markets.

(Source: Bank Negara Report, 2006)

Malaysian Economy

Real gross domestic product ("GDP") expanded by 5.3% in 2005, notwithstanding the persistent high crude oil prices and the cyclical downturn in the global electronics industry. The expansion was mainly private-sector driven and was underpinned by supportive macroeconomic policies and favourable financial conditions. Private consumer demand was sustained at a strong pace. In managing the economy, public policy in 2005 focused on accelerating the shift towards higher value-added activities, strengthening the business environment to develop new sources of growth and enhancing competitiveness.

5. INFORMATION ON OUR GROUP *(cont'd)*

The Malaysian economy is expected to strengthen further in 2006. Real GDP is projected to expand at a faster rate of around 6%, driven both by strengthening exports and resilient domestic demand. The growth is expected to be both broad-based and balanced, supported by expansions in all the economic sectors. The global semiconductor upcycle, sustained global growth and higher prices for primary commodities are expected to have positive effects on exports, as well as private consumption and investment. Current indicators suggest that the upturn in the global semiconductor industry, which began in the second half of 2005, would gain further momentum in 2006. Malaysia is expected to benefit from this favourable development with a stronger growth in manufactured exports, particularly in computers and semiconductors.

The Government is expected to continue to focus on strengthening the fiscal position, with the ultimate aim of supporting economic growth without compromising the long-term fiscal sustainability. In 2006, prices are projected to increase, driven largely by cost-push factors. Nevertheless, inflation is expected to remain at manageable levels during the year as both capacity expansion and productivity improvements in the domestic economy are anticipated to help contain price pressures. Monetary policy will, therefore, remain supportive of growth. While some downside risks remain, the strong macroeconomic fundamentals and diversified economic structure is expected to provide some degree of economic resilience.

The factors that supported domestic demand in 2005 are expected to continue to provide further stimulus in 2006. While private consumption is an important source of growth in domestic demand, private investment is projected to play an increasingly strong supportive role in sustaining economic growth over the longer term. In addition, a modest increase in public sector expenditure is expected when the implementation of the Ninth Malaysia Plan commences in April 2006. Hence, this is expected to provide a further boost to economic growth in the course of the year.

(Source: Bank Negara Report, 2006)

5.6.2 ICT Industry Performance

Malaysia Government has been promoting ICT since the early 1990s. The country's ICT was fuelled by the public and private sectors' commitment to develop the country's ICT infrastructure with the latest technology, including the development of the Internet infrastructure. The Government's most significant emphasis and support was the establishment of the Multimedia Super Corridor ("MSC") in 1996 that provides world-class facilities to foster the development of high technology and innovations for both domestic and foreign companies.

The effort is followed by the rollout of the second phase of MSC in Kulim and Bayan Lepas as the hub of development for the northern region in Peninsular Malaysia. The MSC was established for the sole purpose of moving Malaysia towards a fully developed nation with a knowledge-rich and technology-savvy society by 2020. As part of the strategy to achieve this vision, Malaysia embarked on a plan to leapfrog into the information age by providing intellectual and strategic leadership. This meant investing in an environment that encourages creativity and innovation, helping companies, both Malaysian and International, to reach new technology frontiers, partnering global IT players and providing the opportunities for mutual enrichment and success. In addition, special cyberlaws, policies and practices were set up to further facilitate the infrastructure.

Growth in client/server computing, multimedia personal computers and online computing services and the proliferation of networking technologies have resulted in a large and growing group of people who are accustomed to using networked computers for a variety of purposes, including e-mail, electronic file transfers, online computing, information browsing and electronic financial transactions. These trends have increasingly led businesses to explore opportunities of providing Internet-based applications and services within their organisations and to customers and business partners.

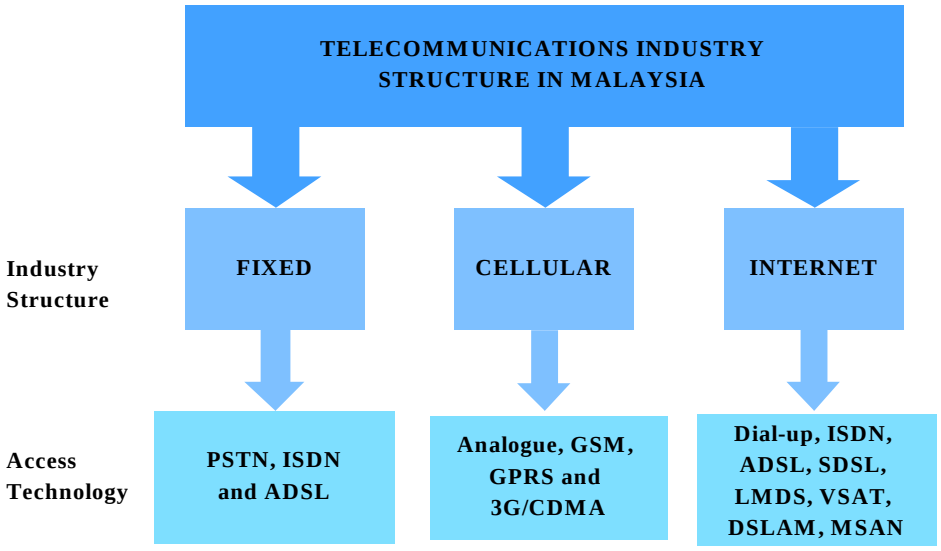
5. INFORMATION ON OUR GROUP *(cont'd)*

In December 2005, the Government, through the Ministry of Energy, Water and Telecommunications, unveiled the Malaysian Information Communications and Multimedia Services 886 Strategy ("MyCMS") for the ICT industry to boost its growth and strengthen its competitiveness. The MyCMS is a 4 year plan with 8 service areas identified as the key engines of growth for the delivery of advanced information, communication and multimedia services. The 8 key service areas are high speed broadband, 3G and beyond, mobile TV, digital media broadcasting, digital home, short range communication, VOIP/internet telephony and universal service provisioning.

Supporting the roll-out of these services, the Government will concentrate on the development, provision and implementation of hard infrastructure (multi-convergence networks, 3G cellular networks, and satellite communications networks, etc) and soft infrastructure (next generation Internet protocol or IPV6, information and network security, Internet adoption, skill development and enhanced product and design capabilities). The hard and soft infrastructures will create a new platform and delivery mechanisms for services for the private and public sectors to capitalise on. Malaysia's total ICT spending is estimated to hit RM32 billion in 2005, up by 8% or RM29.6 billion from the previous year. The software and IT services segments accounted for approximately RM4.7 billion in ICT spending.

5.6.3 Telecommunication Industry

In Malaysia, the building of the telecommunications infrastructure has been a Government priority since the 1970s. Presently, Malaysia has one of the most advanced telecommunications networks amongst the developing countries, utilising technologies such as fibre optics, satellites, wireless transmission, digitalisation and satellite services. The telecommunications industry structure can be segmented into fixed line, cellular and Internet services, for illustration purposes as follows:-



Fixed Line Telecommunication Sector

Fixed-line telephony transmits voice and data communications via a fixed-connection point, with communication taking place via copper wire, fibre-optic cable or a fixed-radio link. Generally, there are 2 types of fixed line revenues, depicted as follows:-

- Call charges; the revenue generated per call
- Access lines: the revenue from connections and rental of access lines to the fixed network

Within access lines, there are 2 types of lines namely the exchange lines and ISDN lines. Exchange lines are lines going to telephone exchanges such as the PSTN and ADSL, while ISDN lines are high-speed (but not broadband) lines carrying voice and data traffic.

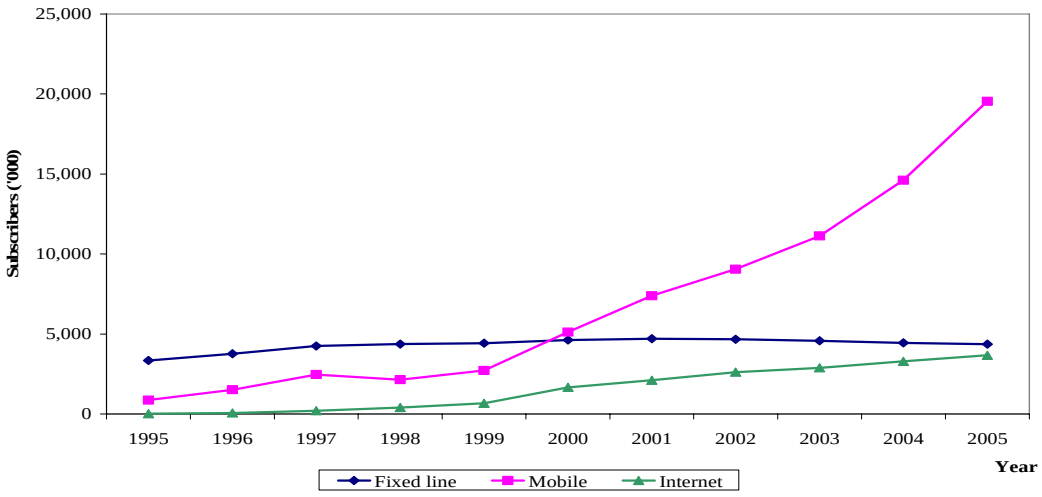
Cellular Telecommunication Sector

Cellular services involve transmission of voice and data whereby services are not delivered via a fixed line or link. Revenues are generated mainly from voice and data transmissions, including the use of SMS, multimedia messaging services and other forms of mobile data services. Locally, the cellular network in Malaysia operates via one of the 3 systems, namely GSM, GPRS and CDMA.

Internet Services

In 1995, Mimos Berhad introduced the first Internet service in Malaysia under the brand name of Jaring. Since then, the number of ISPs has grown to 5 players, namely Mimos Berhad, Telekom Malaysia, Digi Telecommmunications Sdn Bhd, TT dotCom Sdn Bhd ("TT dotCom") and Celcom. Among the ISPs, Celcom is the only one that does not provide Internet access services but only to its cellular phone subscribers. The Internet penetration was propagated with the Government's effort to promote the adoption of the information technology. Most subscribers access the Internet using dial-up technology and ISDN. As Internet gains prominence, broadband technologies namely ADSL, SDSL, Local Multipoint Distribution System and VSAT emerged. These technologies facilitate enhanced speed and efficient management in the transfer of data and voice to accommodate high-speed Internet and heavy multimedia usages. The number of Internet users based on dial-up subscriptions provided by MCMC is 11.02 million as at 2005. The penetration rate is 13.90% in the same period.

The market growth of cellular versus fixed line and the Internet are as follows:-



(Source: MCMC)

5.6.4 Overview and Prospect of Broadband Industry

In Malaysia, the broadband industry is highly scalable as its penetration rate is as low as 1.86% in 2005 as compared to the dial-up Internet penetration rate of 13.9%. As the Internet and multimedia applications start to become heavy and extensive, users will feel the need to upgrade to faster access speed. The growth of broadband services will be driven by the proliferation of applications such as WiFi, VoIP and the implementation of 3G. Another application that is rapidly catching up is the WiFi as it enables Internet users to browse the Internet in public places, within the range of the WiFi base station. Currently, most laptops are equipped with WiFi capabilities.

At present, the WiFi service is limited to certain hotspots locations. In 2005, there are 1,227 hotspots, with TM Net Sdn Bhd leading with 1,011 hotspot locations, followed by Maxis, 137 and TIME dotNet Berhad, 79.

Under the Framework for Industry Development 2002-2006, MCMC formulated a National Broadband Plan to achieve a 50.0% broadband penetration rate for Malaysian households by 2007. The objective of the plan is to speed up the adoption of broadband in Malaysia as well as formularise appropriate pricing strategies and gauge infrastructure adequacy. All these positive indicators points to the fact that the opportunities for Broadband sector in Malaysia. Players in the network infrastructure and telecommunication services are expected to benefit from this proliferation of Internet driven by broadband.

5.6.5 Overview and Prospect of 3G Network

3G is the follow up to the 1G and 2G in wireless communications. 3G standards are being developed in worldwide and it is claimed that it is only a matter of time before universal deployment takes place. Malaysia currently has 3G network. 3G includes capabilities and features such as enhanced multimedia (voice, data, video and remote control), usability on all popular modes (cellular telephone, e-mail, paging, fax, videoconferencing and Web browsing), broad bandwidth and high speed (upwards of 2 Mbps), routing flexibility (repeater, satellite, LAN), operating at approximately 2 gigahertz to transmit and receive frequencies and roaming capability throughout Europe, Japan, and North America.

In July 2002, the MCMC assigned 2 of the 4 available 3G spectrum blocks to Telekom Malaysia and Maxis (via its wholly-owned subsidiary UMTS (Malaysia) Sdn Bhd). The network rollout for Telekom Malaysia's 3G services known as Celcom 3G was in May 2005 while the other service provider, Maxis, launched its 3G service in July 2005. In March 2006, another 2 3G spectrum licences have been awarded to TT dotCom and MiTV Corporation Sdn Bhd ("MiTV"). To minimise duplication of resources, Government policies are in place to allow buildings in designated areas to share each other's network resources. This is to ensure that the network operators are not constrained by financial resources when the telecommunications market becomes gradually liberalised. The Government made a commitment that foreign suppliers from other World Trade Organisation countries would be free to provide cross-border telecommunication services into Malaysia. In the cellular services segment, both access and call charges are unregulated, allowing local operators to have the freedom to determine their own rates.

In contrast, fixed-line tariffs are highly regulated by the Government within the PSTN segment (domestic calls), which has only little bearing on the level of competition as Telekom Malaysia is still holding its monopolistic position. Unlike the PSTN/IP segment (long-distance calls), call rates are dictated based on market forces by Alternative Voice Service Providers. With the advent of 3G services and Mobile Virtual Network Operators, the landscape of the telecommunication industry is expected to see further transformation. It is not easy to predict when full deployment will take place, but the fact is that licences have already been awarded to the telecommunications carriers such as Telekom Malaysia, Maxis, TT dotCom and MiTV. The next phase will involve these players estimating the demand of the end-users and gradually upgrading their capacity accordingly. Nevertheless, the deployment of 3G will need players such as our Group to implementation the network, which is expected to be a key driving force for the our Group's future.

5. INFORMATION ON OUR GROUP *(cont'd)*

5.6.6 Relevant Laws and Regulations in Malaysia

Since 1 April 1999, the communications and multimedia industry has been regulated by the MCMC. Previously, the telecommunications industry was regulated by the Department of Telecommunications Malaysia, while the Ministry of Information regulated the broadcasting industry.

The Commission under MCMC, has the power to issue directions to licensees, to make determinations, to hold public inquiries and to conduct investigations under the Malaysian Communications and Multimedia Act, 1998 ("CMA"). Regulatory-wise, the Commission is responsible for policy implementation while the Minister is responsible for formulating policy. The Minister is also responsible for issuing licences to network and service providers under the recommendation of MCMC. The Minister is empowered to issue directions to the Commission on the exercise of its powers and performance of its functions under the CMA.

5.7 STRATEGIES AND PROSPECTS OF OUR GROUP

5.7.1 Strategies of our Group

Our Group's strategy is to consolidate our position as a premier NGTS provider in the region is highlighted as follows:-

Moving forward, our Group seeks to be a premier NGTS provider as well as a leading developer of software applications and solutions riding on NGN/WCDMA platform. In particular, the telecommunication infrastructure solutions industry presents an attractive business opportunity for our Group as many Telcos are now investing on new and in next generation technologies for improvement of their services at competitive rates without the need to construct traditional fixed-line telecommunication network.

With respect to software solution applications, the telecommunication service providers such as Telekom Malaysia and Maxis would, after successfully building up a sizeable subscriber or user base, increasingly look towards the offering of software solutions and applications to their customers to increase their earnings and maintain customer loyalty. The software solutions sector on the NGN/WCDMA platform are also expected to grow in tandem with the growth of the Malaysian economy and ICT sector.

In view of the above, there will be an increase in demand for our Group's telecommunication carrier business such as next generation telecommunication network for WCDMA/GSM networks and also related software solutions. This is also in line with the technology advancements and improvements in the standards of living, consumers' demand for telecommunication and data services, especially long-distance telephony and wireless telecommunication services which will be additional growth drivers for our Group.

Our Board is optimistic that our business will continue to flourish based on the following critical success factors:-

- Our technology enhances the delivery of voice, data, fax and video, thereby lowering network resources capability and cost
- Increasing globalisation of workforce plus the influx of foreign workers and outbound Malaysian create a need for economical telecommunications
- The high penetration rate of the Internet allows for more innovative products offerings as well as encourages the convergence of various mediums to deliver voice and data
- The continued deregulation of the telecommunication industry in Malaysia and our neighbouring countries provide a chance for our Group to expand at home and also penetrate overseas markets
- Improving economy spurs new businesses as well as their activities, and increases the population's take-home pay
- With the increasing affluence of the Malaysian population and its surrounding neighbours, our Group could potentially have a big cachement crowd if we market our products effectively
- The switch of the telecommunication industry towards 3G will open up new doors and opportunities for our Group to ride on the bandwagon to provide complementary service

5.7.2 Prospects of our Group

Our Group is confident of our prospects and believes that we are ideally placed to capitalise on our capabilities to service and develop telecommunication infrastructures. As the Government continues its efforts in promoting the local ICT industry, to create K-economy based society and development of MSC, the healthy growth of the industry is envisaged to continue to grow from strength and strength. This growth is expected to be contributed from the growth of the telecommunication industry, particularly the evolution into the next era of video, voice and data converging into a single network.

NGTS like 3G and NGN are technology enablers for a host of applications and services that go well beyond the traditional voice and data services provided by technologies till date. As voice services continue to get commoditised, the future will see telecommunication operators depend on these very value added services as a source of profitability and increased revenue. Examples of such applications are LBS, video services and online games to name a few. Our Group firmly believes that with our 10 years of telecommunication network experience and software applications roadmap with products such as LBS and Tele-X-Change, we are strongly positioned to capitalise on this demand. Over the coming years the software solutions and applications will also increasingly contribute to our Group's profitability.