

### RESPONSIBILITY STATEMENTS

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF EDARAN DIGITAL SYSTEMS BERHAD (FORMERLY KNOWN AS ALPINE TECHNOLOGIES BERHAD) (241644-W) (“EDARAN” OR “THE COMPANY”) AND/OR THE OFFERORS (AS HEREINAFTER DEFINED) AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF ALL INFORMATION GIVEN AND CONFIRM THAT, AFTER HAVING MADE ALL ENQUIRIES WHICH ARE REASONABLE IN THE CIRCUMSTANCES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING.

ASEAMBANKERS MALAYSIA BERHAD (15938-H) (“ASEAMBANKERS”) BEING THE ADVISER AND MANAGING UNDERWRITER ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PLACEMENT/ISSUE/OFFER, THE COMPANY AND THE GROUP. ASEAMBANKERS HAS SATISFIED ITSELF THAT THE PROFIT FORECAST (FOR WHICH THE DIRECTORS ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THIS PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

### STATEMENTS OF DISCLAIMER

THE SECURITIES COMMISSION (“SC”) HAS APPROVED THE PLACEMENT OF 1,360,000 NEW ORDINARY SHARES OF RM1.00 EACH, THE PUBLIC ISSUE OF 8,240,000 NEW ORDINARY SHARES OF RM1.00 EACH AND THE OFFER FOR SALE OF 6,000,000 ORDINARY SHARES OF RM1.00 EACH IN EDARAN AND THE APPROVAL OF THE SC SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PLACEMENT OF 1,360,000 NEW ORDINARY SHARES OF RM1.00 EACH, THE PUBLIC ISSUE OF 8,240,000 NEW ORDINARY SHARES OF RM1.00 EACH AND THE OFFER FOR SALE OF 6,000,000 ORDINARY SHARES OF RM1.00 EACH IN EDARAN. THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF ANY INVESTMENT.

THE PLACEMENT/ISSUE/OFFER PRICE OF RM2.15 PER ORDINARY SHARE WAS ENTIRELY DETERMINED AND AGREED UPON BY THE COMPANY, THE OFFERORS AND ASEAMBANKERS AS THE ADVISER AND MANAGING UNDERWRITER BASED ON VARIOUS RELEVANT FACTORS. INVESTORS SHOULD FORM THEIR OWN VIEWS ON THE VALUATION OF THE SECURITIES AND THE REASONABLENESS OF THE BASES USED.

THE VALUATION OF THE PROPERTIES APPROVED OR ACCEPTED BY THE SC SHALL ONLY BE UTILISED FOR THE PURPOSE OF THE LISTING EXERCISE APPROVED BY THE SC AND SHALL NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC OF THE VALUES OF THE SUBJECT PROPERTIES FOR ANY OTHER PURPOSES.

THE KUALA LUMPUR STOCK EXCHANGE ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST OF THE MAIN BOARD OF THE KUALA LUMPUR STOCK EXCHANGE IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF EDARAN OR ITS ORDINARY SHARES.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC AND LODGED WITH THE REGISTRAR OF COMPANIES, MALAYSIA WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

**TIME TABLE**

<b>MILESTONES</b>		<b>DATE</b>
OPENING OF THE PLACEMENT/ISSUE/OFFER	:	30 March 2001
CLOSING OF THE PLACEMENT/ISSUE/OFFER	:	16 April 2001
TENTATIVE BALLOTING OF APPLICATIONS	:	24 April 2001
TENTATIVE ALLOTMENT DATE	:	8 May 2001
TENTATIVE LISTING AND QUOTATION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF EDARAN ON THE MAIN BOARD OF THE KUALA LUMPUR STOCK EXCHANGE	:	16 May 2001

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## DEFINITIONS

In this Prospectus, unless otherwise indicated, the following words and abbreviations shall have the following meanings:

“Acquisitions”	:	Acquisition of EKOM and Acquisition of EMAC collectively
“Acquisition of EKOM”	:	Acquisition by EDARAN of the entire issued and paid-up share capital of EKOM comprising 1,500,000 ordinary shares of RM1.00 each from Kauthar for a purchase consideration of RM14,441,238 satisfied by the issuance of 11,740,844 new ordinary shares of RM1.00 each in EDARAN at an issue price of RM1.23 per new ordinary share
“Acquisition of EMAC”	:	Acquisition by EDARAN of the entire issued and paid-up share capital of EMAC comprising 100,000 ordinary shares of RM1.00 each from Sabri bin Hashim, Abdul Shukri bin Abdullah, Mohd Salleh bin Lamsah, Mohd Shu’ aib bin Ishak, Rizuwan bin Mohd Murad, Ahmad Yasri bin Mohd Hashim, Mohd Sopiyan bin Mohd Rashdi and IASB, for a purchase consideration of RM25,612,735 satisfied by the issuance of 20,823,362 new ordinary shares of RM1.00 each in EDARAN at an issue price of RM1.23 per new ordinary share
“ACS”	:	Advanced Communication Solutions Sdn Bhd (463473-K)
“ADA”	:	Authorised Depository Agent
“ADA Code”	:	ADA (Broker) Code
“Aseambankers”	:	Aseambankers Malaysia Berhad (15938-H)
“CDS”	:	Central Depository System
“Closing Date”	:	Date stated in the Prospectus as the date of closing of the application list for the Placement/Issue/Offer shares
“EALS”	:	Edar ALS Sdn Bhd (297880-V)
“ECP”	:	EC Partners Sdn Bhd (451094-W)
“ECOMM”	:	Edaran Communications Sdn Bhd (211702-M)
“EDARAN” or “the Company”	:	Edaran Digital Systems Berhad ( <i>formerly known as Alpine Technologies Berhad</i> ) (241644-W)
“EDARAN Group” or “the Group”	:	EDARAN and its subsidiary companies
“EKOM”	:	Edaran Komputer Sdn Bhd (155273-A)
“EMAC”	:	Elitemac Resources Sdn Bhd (241753-H)
“EPS”	:	Earnings per share
“ESTS”	:	Employees Share Trust Scheme
“e-commerce”	:	Electronic commerce

**DEFINITIONS (Cont'd)**

“FIC”	:	Foreign Investment Committee																																										
“IASB”	:	Initiative Aims Sdn Bhd (519761-M)																																										
“IPO” or “Initial Public Offer”	:	A Placement, Public Issue and Offer for Sale collectively																																										
“ISP”	:	Internet Service Provider																																										
“IT”	:	Information Technology																																										
“Kauthar”	:	Kauthar Sdn Bhd (83864-P)																																										
“KLSE”	:	Kuala Lumpur Stock Exchange (30632-P)																																										
“Listing”	:	Listing of and quotation for the entire issued and paid-up share capital of the Company comprising 60,000,000 ordinary shares of RM1.00 each on the Main Board of the KLSE																																										
“MCD”	:	Malaysian Central Depository Sdn Bhd (165570-W), a subsidiary of KLSE																																										
“MIDFCCS”	:	MIDF Consultancy and Corporate Services Sdn Bhd (1132-H)																																										
“MITI”	:	Ministry of International Trade and Industry																																										
“m-commerce”	:	Mobile commerce																																										
“NTA”	:	Net tangible assets																																										
“Offer for Sale”	:	Offer for sale of 6,000,000 ordinary shares of RM1.00 each in the Company at an Offer Price of RM2.15 per ordinary share by the Offerors to the public payable in full on application, subject to the terms and conditions of this Prospectus																																										
“Offer Shares”	:	The 6,000,000 ordinary shares of RM1.00 each offered for sale by the Offerors																																										
“Offerors”	:	The shareholders of EDARAN and their respective Offer Shares are as follows: -																																										
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“PE Multiple”	:	Price earnings multiple																																										
“Placement”	:	Placement of 1,360,000 new ordinary shares of RM1.00 each at a Placement Price of RM2.15 per new ordinary share to the Placees																																										
“Placement/Issue/Offer Price”	:	The Placement/Issue/Offer price of RM2.15 per ordinary share for the Placement/Public Issue/Offer for Sales respectively																																										

**DEFINITIONS (Cont'd)**

“Placement Shares”	:	The 1,360,000 new ordinary shares of RM1.00 each in the Company being the subject of the Placement
“Placees”	:	Certain clients and selected suppliers of the Group who are entitled to the Placement
“Public Issue”	:	The public issue of 8,240,000 new ordinary shares of RM1.00 each in the Company at an Issue Price of RM2.15 per new ordinary share payable in full upon application, subject to the terms and conditions of this Prospectus
“Public Issue Shares”	:	The 8,240,000 new ordinary shares of RM1.00 each in the Company being the subject of the Public Issue
“Rights Issue”	:	The rights issue of 17,835,792 new ordinary shares of RM1.00 each at par on the basis of approximately five hundred forty eight (548) new ordinary shares for every one thousand (1,000) existing shares held after the Acquisitions
“Rights Issue Shares”	:	The 17,835,792 new ordinary shares of RM1.00 each in the company being subject to the Rights Issue
“RM” and “sen”	:	Malaysian Ringgit and sen respectively
“ROC”	:	Registrar of Companies, Malaysia
“SC”	:	Securities Commission
“Stakeholder”	:	Messrs. Lee, Ong & Kandiah
“sq. ft.”	:	Square foot/feet
“Underwriting Agreement”	:	Underwriting Agreement dated 11 December 2000, pursuant to the underwriting of the Placement/Issue/Offer Shares
“Underwriting Shares”	:	The Placement/Issue/Offer Shares subject of the IPO, that have been fully underwritten by the Managing Underwriter and the Underwriters
“UPS”	:	Uninterrupted Power Supply
“USD”	:	United States Dollars

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**CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name</b>	<b>Nationality</b>	<b>Designation</b>	<b>Address</b>	<b>Occupation</b>
Tan Sri Dato' Tajudin bin Ramli	Malaysian	Chairman	No. 9, Jalan 16/9 46350 Petaling Jaya Selangor Darul Ehsan	Director
Mohd Salleh bin Lamsah	Malaysian	Managing Director	No. 33, Jalan SS 22/38 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	General Manager/ Director
Mohd Shu'aib bin Ishak	Malaysian	Executive Director	Lot 3354, Kg Palimbayan Indah Sungai Pencala 60000 Kuala Lumpur	General Manager/ Director
Dato' Idrus bin Zainol	Malaysian	Director	No. 50, Jalan SS 19/1B Sri Intan, 47500 Subang Jaya Selangor Darul Ehsan	Director
Bistamam bin Ramli	Malaysian	Director	No. 2, Lorong 16/7A Jalan 16/7 46350 Petaling Jaya Selangor Darul Ehsan	Director
Dato' Abdul Halim bin Abdullah	Malaysian	Independent Non-Executive Director	No. 8, Jalan SS 3/94 Seaport 47300 Petaling Jaya Selangor Darul Ehsan	Director
Shaifubahrim bin Mohd Saleh	Malaysian	Independent Non-Executive Director	No. 19, Jalan SS 1/25 Kg Tunku 47300 Petaling Jaya Selangor Darul Ehsan	Director

**AUDIT COMMITTEE**

<b>Name</b>	<b>Responsibility</b>	<b>Directorship</b>
Dato' Abdul Halim bin Abdullah	Chairman	Independent Non-Executive Director
Mohd Salleh bin Lamsah	Member	Managing Director
Shaifubahrim bin Mohd Saleh	Member	Independent Non-Executive Director

**CORPORATE DIRECTORY (Cont'd)**

- COMPANY SECRETARY** : Rizana bte Mohd Daud  
(LS 03437)  
No. 2, Lorong 16/7A  
Jalan 16/7  
46350 Petaling Jaya  
Selangor Darul Ehsan
- REGISTERED OFFICE** : 15<sup>th</sup> Floor, Menara TR  
161B, Jalan Ampang  
50450 Kuala Lumpur
- Telephone: 603-2163-3302  
Facsimile: 603-2163-3303  
Website: www.edaran.com
- HEAD/MANAGEMENT OFFICE** : No. 32, Jalan 1/76C  
Desa Pandan  
55100 Kuala Lumpur
- Telephone: 603-9200-1102  
Facsimile: 603-982-7479
- AUDITORS** : Ernst & Young (AF: 0039)  
4<sup>th</sup> Floor, Kompleks Antarabangsa  
Jalan Sultan Ismail  
50250 Kuala Lumpur
- Mea & Co. (AF: 0744)  
5C, Jalan 4/6  
Pandan Indah  
55100 Kuala Lumpur
- REPORTING ACCOUNTANTS** : Ernst & Young (AF: 0039)  
4<sup>th</sup> Floor, Kompleks Antarabangsa  
Jalan Sultan Ismail  
50250 Kuala Lumpur
- SOLICITORS FOR THE IPO** : Lee Ong & Kandiah  
Advocates & Solicitors  
Suite 2.07-2.10, 2<sup>nd</sup> Floor  
Wisma Mirama  
Jalan Wisma Putra  
50250 Kuala Lumpur
- PROFESSIONAL AND  
INDEPENDENT VALUERS** : Jurunilai Bersekutu (VE (2) 0092/1)  
No. 76.2, Jalan 1/76D  
Desa Pandan  
55100 Kuala Lumpur

**CORPORATE DIRECTORY (Cont'd)**

- TAX CONSULTANT** : Taxation Services Sdn Bhd (10709-X)  
Level 16, Tower C  
Megan Phileo Avenue  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur
- PRINCIPAL BANKERS** : Malayan Banking Berhad (3813-K)  
Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur
- Bumiputra Commerce Bank Berhad (13491-P)  
KL3 Business Centre  
19<sup>th</sup> Floor  
6, Jalan Tun Perak  
P.O. Box 10753  
50050 Kuala Lumpur
- ISSUING HOUSE** : MIDF Consultancy & Corporate Services Sdn Bhd  
(11324-H)  
Tingkat 12, Bangunan MIDF  
195A, Jalan Tun Razak  
50400 Kuala Lumpur
- REGISTRAR** : Malaysian Share Registration Services Sdn Bhd (378993-D)  
7<sup>th</sup> Floor, Exchange Square  
Bukit Kewangan  
50200 Kuala Lumpur
- ADVISER &  
MANAGING UNDERWRITER** : Aseambankers Malaysia Berhad (15938-H)  
33rd Floor, Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur
- UNDERWRITERS** : MIDF Consultancy & Corporate Services Sdn Bhd  
(11324-H)  
Tingkat 12, Bangunan MIDF  
195A, Jalan Tun Razak  
50400 Kuala Lumpur
- Kuala Lumpur City Securities Sdn Bhd (126994-W)  
Lot 3.07, Level 3  
Bangunan Angkasaraya  
Jalan Ampang  
50450 Kuala Lumpur
- Hwang-DBS Securities Berhad (14389-U)  
16<sup>th</sup> Floor, Plaza Masalam  
2 Jalan Tengku Ampuan Zabedah E9/E  
40100 Shah Alam  
Selangor Darul Ehsan

**CORPORATE DIRECTORY (Cont'd)**

**MARKETING AND RESEARCH  
CONSULTANTS**

: Deloitte Touche Tohmatsu Management Solutions Sdn Bhd  
(474377-V)  
Level 12, Uptown 1  
No. 1, Jalan SS 21/58  
Damansara Uptown  
47400 Petaling Jaya  
Selangor Darul Ehsan

AC Nielsen (Malaysia) Sdn Bhd (10909-V)  
19/F, Menara MPPJ  
Jalan Tengah  
46200 Petaling Jaya  
Selangor Darul Ehsan

**LISTING SOUGHT**

: Main Board of the Kuala Lumpur Stock Exchange

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**EDARAN DIGITAL SYSTEMS BERHAD**  
*(Formerly Known As Alpine Technologies Berhad)*  
 Company No. 241644-W  
*(Incorporated in Malaysia under the Companies Act, 1965)*

**1. SUMMARY INFORMATION**

The summary information is only a summary of the salient information about EDARAN Group and that investors shall read and understand the whole prospectus prior to deciding whether to invest. The summary information set out below is derived from this Prospectus and should be read in conjunction with the full text of the Prospectus.

**1.1 History and Business**

EDARAN is principally an investment holding company while the principal activities of its subsidiary and associated companies are as follows: -

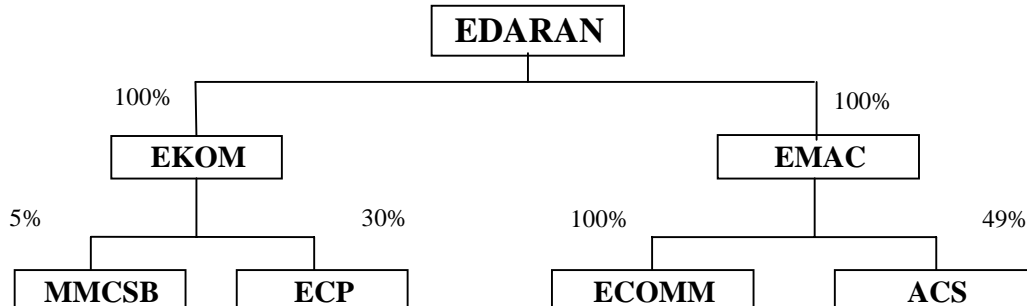
<b>Subsidiary companies</b>	<b>Principal activities</b>
EKOM	Provisioning, installation, commissioning, integration and maintenance of information technology products and related services.
EMAC	Investment holding and provisioning, installation, commissioning and maintenance of power supply equipment for telecommunication systems.
<b>Subsidiary of EMAC</b> ECOMM	Provisioning, installation, commissioning, integration and maintenance of telecommunication equipment and related services.
<b>Associate of EKOM</b> ECP #	Providing services for implementing electronic commerce.
<b>Associate of EMAC</b> ACS #	Supplying, delivering, installation, testing and commissioning digital switches and providing engineering and training services.

*Note: -*

# *The Directors of EDARAN have indicated that ECP and ACS are not intended to be held long term.*

Further, EKOM has a 5% shareholding in MRCB Multimedia Consortium Sdn Bhd (443715-A) (“MMCSB”), which is principally involved in designing, developing and implementing one of the Government Flagship e-Government Application (Human Resource Management Information System). Detailed information on the history and business of the EDARAN Group is further set out in Section 5 of this Prospectus.

The structure of the EDARAN Group after the Acquisitions is set out below: -



**1. SUMMARY INFORMATION (Cont'd)****1.2 Description of Promoters, Directors, Major Shareholders and Management Committee**

The promoters, directors, major shareholders and management committee of the EDARAN Group are as follows: -

**(a) Promoters**

Name	Designation	After the Placement, Public Issue and Offer			
		Direct		Indirect	
		No. of Ordinary Shares	%	No. of Ordinary Shares	%
Kauthar	Shareholder	15,769,440	26.28	-	-
Tan Sri Dato' Tajudin bin Ramli	Chairman	2	-	15,769,440 <sup>(a)</sup>	26.28
Sabri bin Hashim	Shareholder	14,263,564	23.77	-	-

**(b) Directors**

Name	Designation	After the Placement, Public Issue and Offer			
		Direct		Indirect	
		No. of Ordinary Shares	%	No. of Ordinary Shares	%
Tan Sri Dato' Tajudin bin Ramli	Chairman	2	-	15,769,440 <sup>(a)</sup>	26.28
Mohd Salleh bin Lamsah	Managing Director	1,398,428	2.33	-	-
Mohd Shu'aib bin Ishak	Executive Director	1,398,428	2.33	-	-
Dato' Idrus bin Zainol Bistamam bin Ramli	Director	2	-	-	-
Dato' Abdul Halim bin Abdullah	Independent Non-Executive Director	-	-	-	-
Shaifubahrim bin Mohd Saleh	Independent Non-Executive Director	-	-	-	-

**(c) Major Shareholders**

Name	Designation	After the Placement, Public Issue and Offer			
		Direct		Indirect	
		No. of Ordinary Shares	%	No. of Ordinary Shares	%
Kauthar	Shareholder / Promoter	15,769,440	26.28	-	-
Tan Sri Dato' Tajudin bin Ramli	Chairman / Promoter	2	-	15,769,440 <sup>(a)</sup>	26.28
Sabri bin Hashim	Shareholder / Promoter	14,263,564	23.77	-	-
Abdul Shukri bin Abdullah	Shareholder	4,611,136	7.69	-	-
IASB	Shareholder	5,000,000 <sup>(b)</sup>	8.33	-	-

**1. SUMMARY INFORMATION (Cont'd)****(d) Management Committee**

Name	Designation	After the Placement, the Public Issue and the Offer for Sale			
		Direct		Indirect	
		No. of Ordinary Shares	%	No. of Ordinary Shares	%
Mohd Salleh bin Lamsah	Managing Director/ Director of ECOMM	1,398,428	2.33	-	-
Mohd Shu'aib bin Ishak	Executive Director/ Director of ECOMM	1,398,428	2.33	-	-
Mohd Sopiyan bin Mohd Rashdi	Group Financial Controller/ Director of EMAC	280,286	0.47	-	-
Md Arif bin Hj Hasan	Chief Operating Officer	-	-	-	-

Notes: -

(a) Deemed interested through his substantial interest in Kauthar.

(b) IASB is the trustee holding the shares on behalf of the eligible employees and Directors of EDARAN Group as well as employees of Kauthar via ESTS.

Detailed information on the promoters, major shareholders and senior management of the EDARAN Group is further set out in Section 7 of this Prospectus.

**1.3 Description of Technology Used**

The three operating companies comprising EDARAN Group are considered well positioned in the IT and telecommunications industries based on 12 years of involvement in system integration and development as well as the supply of communication and data equipment. It can be further stated that they are considered uniquely positioned to optimize their 'convergence' industry expertise and to leverage this in 'new economy' technology markets.

**(a) EKOM**

EKOM is an IT solutions and services provider (systems integrator), which focuses on implementation and maintenance of computer systems. EKOM has a deep understanding of the need of those clients who seek EKOM to competently handle the complexities of their IT systems. EKOM's track record demonstrates that it has provided sound guidance in assisting customers selecting IT solutions and products.

Presently, EKOM has supplied and installed a wide range of products including mainframe systems and minicomputers, servers, personal computers and printer products from or in conjunction with or on behalf of: -

- NEC
- Sun Microsystem
- IBM
- Lotus
- Acer
- Compaq
- Hewlett Packard
- Fujitsu
- Oracle
- Informix
- Cisco
- Novell

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**1. SUMMARY INFORMATION (Cont'd)**

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EKOM's IT services also include network integration (for wide and local area networks), site preparation and cabling, application development in designing special software, development of customised software solutions, information system planning, feasibility analysis and hardware and software recommendation.

(b) **ECOMM**

ECOMM is involved in the telecommunication industry and is primarily focused on system integration (SI), provisioning, installation, commissioning and delivery of telecommunication equipment. Telecommunication equipment and services supplied include:

- data communication equipment
- radio equipment/microwave equipment
- power supply equipment and batteries
- communication antenna
- network service and management system
- fibre optic cable

ECOMM also has support from international technology organisations including Siemens, Argus Corporation and Lucent Technologies, which provide technical knowledge and expertise in the distribution and installation of their respective products.

In providing the above, ECOMM has also developed a competitive edge in managing fibre optic and microwave transmission, installation and commissioning, service maintenance, support and upgrading of telecommunication equipment.

(c) **EMAC**

EMAC is principally an investment holding and service company specialising in the provisioning, installation, commissioning and maintenance of power supply equipment for the telecommunication industry. EMAC also provides consultancy services and training to customers on power systems requirements.

Detailed information on the technology used by the EDARAN Group is further set out in Section 5.4 of this Prospectus.

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**1. SUMMARY INFORMATION (Cont'd)****1.4 Financial Statistics for the Past Five (5) Financial Years**

The following table sets out a summary of the proforma consolidated audited results of the EDARAN Group for the past five (5) financial years ended 30 June 2000 and 5 months period ended 30 November 2000 and is based on the assumption that the Group has been in existence throughout the period under review.

The table should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 10 of this Prospectus: -

	<----- Year Ended 30 June ----->					5 months period ended 30 November
	1996	1997	1998	1999	2000	2000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	72,487	96,205	91,744	123,684	87,308	54,614
Profit before interest, depreciation and taxation	4,370	13,550	8,221	18,069	19,011	6,208
Depreciation	(787)	(1,110)	(1,220)	(1,515)	(1,597)	(577)
Interest Expense	(391)	(2,217)	(2,865)	(4,031)	(2,965)	(805)
Profit before taxation	3,192	10,223	4,136	12,523	14,449	4,826
Taxation	(1,430)	(2,945)	(1,924)	(227)	(4,684)	(1,616)
Profit after taxation	1,762	7,278	2,212	12,296	9,765	3,210
No. of ordinary shares in issue <sup>1</sup> ('000)	32,564	32,564	32,564	32,564	32,564	32,564
Gross EPS (sen)	9.80	31.39	12.70	38.46	44.37	14.82
Net EPS (sen)	5.41	22.35	6.79	37.76	29.99	9.86

*Notes:*

- (1) *The number of ordinary shares in issue refers to the number of ordinary shares issued after the Acquisitions but before the completion of the Rights Issue, Placement and Public Issue and assuming that EDARAN has been in existence since July 1995.*
- (2) *As the financial accounting dates of EMAC and ECOMM are not coterminous with EDARAN prior to financial year ended 1997, EMAC and ECOMMs' financial results have been prorated to 30 June where appropriate.*
- (3) *There were no extraordinary items and no exceptional items for the period under review.*
- (4) *For the financial year ended 30 June 1997, the proforma Group's turnover increased by RM24 million or 33% mainly due to progress billings of RM22 million from EMAC's project with Celcom Group as well as progress billings of RM17 million from EKOM's project with Ibu Pejabat Polis Kontinjen / Ibu Pejabat Polis Daerah. Both projects collectively constituted 41% of the proforma Group's turnover in 1997. The sharp increase of profit before taxation by RM7.0 million or 220% mainly due to higher stage of completion for the project from Celcom Group and Ibu Pejabat Polis Kontinjen / Ibu Pejabat Polis Daerah projects. The increase was also due to completion of project with Jabatan Kastam & Eksais DiRaja Malaysia;*
- (5) *For the financial year ended 30 June 1998, there was a sharp drop in profit before taxation for the financial year due to the lower progress billings for EKOM's Ibu Pejabat Polis Kontinjen/Ibu Pejabat Polis Daerah projects and EMAC's projects as well. However, the proforma Group's turnover declined approximately by RM5 million only as there were many new projects obtained during the year, which at that time were still at an initial stage.*

**1. SUMMARY INFORMATION (Cont'd)**

- (6) For the financial year ended 30 June 1999, the proforma Group's turnover increased significantly by RM32 million or 35% mainly due to the commencement of Microwave Phase II project in the financial year ended 1998 and Microwave Phase III project in the financial year ended 1999. The sharp increase of profit before taxation by RM8.0 million or 203% mainly due to higher stage of completion for the Microwave Phases II and III projects. In addition, the sharp increase was also due to engineering services project awarded by Ericsson and Lucent Technologies (M) Sdn Bhd which contributed higher margin;
- (7) The taxation charged for the financial year ended 1999 relates to under provision of tax in prior year.
- (8) The proforma profit and loss accounts of the Group exclude the financial results of EALS, ECP and ACS throughout the relevant periods under review. The exclusion is on the basis that EALS has been disposed of in the financial year ended 2000. In addition, ECP and ACS are not intended to be held long term.
- (9) For the financial year 2000, the proforma Group's turnover decreased significantly by RM35 million or 28% mainly due to completion by ECOMM of the fibre optic cable and Microwave Phase I and II projects for Celcom Group and the cancellation initiated by the Celcom Group of an advance billing in respect of the Microwave Phase III project raised by ECOMM in the financial year ended 1999 for an amount of RM10 million. The significant decrease in ECOMM's turnover is mitigated by the increase in EKOM's turnover by 19%.

**1.5 Proforma Consolidated Balance Sheet as at 30 November 2000**

	COMPANY<----- GROUP----->				
	Audited as at 30 November 2000 RM	After Proposed Acquisitions RM'000	After Proposed Rights Issue RM'000	After Proposed Placement RM'000	After Proposed Public Issue RM'000
FIXED ASSETS	-	13,695	13,695	13,695	13,695
ASSOCIATED COMPANIES	-	520	520	520	520
OTHER INVESTMENTS	-	355	355	355	355
CURRENT ASSETS	2	120,848	138,684	141,608	156,324
CURRENT LIABILITIES	692,486	88,085	88,085	88,085	88,085
Net Current (Liabilities) / Assets	(692,484)	32,763	50,599	53,523	68,239
DEFERRED EXPENDITURE	692,486	692	692	692	692
	2	48,025	65,861	68,785	83,501
SHARE CAPITAL	2	32,564	50,400	51,760	60,000
RESERVES	-	11,159	11,159	12,723	19,199
SHAREHOLDERS' FUNDS	2	43,723	61,559	64,483	79,199
DEFERRED & LONG TERM LIABILITIES	-	4,302	4,302	4,302	4,302
	2	48,025	65,861	68,785	83,501
Net Tangible (Liability)/Asset per share (RM)	(346,242)	1.32	1.21	1.23	1.31

Further details of the proforma balance sheets are disclosed in Section 9 of this Prospectus.

**1. SUMMARY INFORMATION (Cont'd)****1.6 Audit Qualifications for the Previous Financial Years**

EDARAN and its group of companies during the period under review have not been subject to any audit qualification to the accounts.

**1.7 Principal Statistics Relating to the Placement, Public Issue and Offer for Sale****(a) Share Capital*****Authorised* RM**

100,000,000 ordinary shares of RM1.00 each 100,000,000

***Issued and fully paid-up***

50,400,000 ordinary shares of RM1.00 each 50,400,000

***To be issued pursuant to the: -***

Placement - 1,360,000 new ordinary shares of RM1.00 each 1,360,000

Public Issue - 8,240,000 new ordinary shares of RM1.00 each 8,240,000

**Enlarged share capital 60,000,000**

Offer for Sale – 6,000,000 ordinary shares of RM1.00 each 6,000,000

**(b) Placement/Issue/Offer Price Per Ordinary Share RM2.15****(c) Proforma Consolidated NTA**

	<b>RM'000</b>	<b>NTA Per Ordinary Share RM</b>
Proforma Consolidated NTA as at 30 November 2000	78,507	1.31

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**1. SUMMARY INFORMATION (Cont'd)****(d) Proforma Consolidated Profit Forecast****Financial Year Ending 30 June 2001** **RM'000****Turnover** **124,534**

Consolidated profit before taxation 16,193

Less: Taxation (4,534)

Consolidated profit after taxation 11,659

Weighted average number of shares in issue ('000) 41,596

Gross EPS (RM) 0.39

Net EPS (RM) 0.28

Gross PE Multiple based on the Placement/Issue/Offer Price of RM2.15 per ordinary share (times) 5.52

Net PE Multiple based on the Placement/Issue/Offer Price of RM2.15 per ordinary share (times) 7.67

**(e) Dividend Forecast****Financial Year Ending 30 June 2001**

Gross dividend per ordinary share (sen) 5.00

Gross dividend yield based on the Placement/Issue/Offer Price of RM2.15 per ordinary share (%) 2.33

Net dividend yield (%) 1.67

Net dividend cover (times) 5.40

**1.8 Utilisation of Proceeds**

The gross proceeds arising from the Rights Issue, Placement and Public Issue estimated to be approximately RM38.48 million and would be utilised by the Group in the following manner:

	<b>RM'000</b>	<b>Timeframe for Full Utilisation of Proceeds (Calendar Year)</b>
Repayment of Borrowings	15,593	Second quarter of 2001
Working Capital	15,391	Fourth quarter of 2001
Listing Expenses	3,000	Second quarter of 2001
Business Development	4,492	Fourth quarter of 2001
Total	<u>38,476</u>	

The further details of the utilisation of proceeds are disclosed in Section 2.5 of this Prospectus.

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**1. SUMMARY INFORMATION (Cont'd)**

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**1.9 Material Litigation, Commitments and Contingent Liabilities**

Neither EDARAN nor its subsidiaries are engaged in any material litigation, material commitments and material contingent liabilities save and except for a claim by Schneider (M) Sdn Bhd against ECOMM for an alleged breach of contract for an amount claimed of RM1,002,111. The parties have agreed to submit the claim to arbitration and is pending negotiation of the terms of the Joint Reference Agreement by the solicitors.

The Directors in consultation with their solicitors are of the opinion that ECOMM has a fair chance of defending the claim. Except for the above, the Directors are not aware of any other existing material contingent liabilities and material commitments in respect of the companies within the EDARAN Group.

Detailed information on material litigation is further set out in Section 14.5 of this Prospectus. The detailed information on commitments and contingent liabilities of the EDARAN Group are further set out in Section 9.1.4 of this Prospectus.

**1.10 Risk Factors**

The EDARAN Group is subject to certain market risks and business risks, which might have a material effect on the Group's businesses. The details of the risk factors are disclosed in Section 4 of this Prospectus.

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## 2. DETAILS OF THE IPO

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An application shall be made to the KLSE within three (3) market days of the issuance of this Prospectus for admission to the Official List of the Main Board of the KLSE and for dealing in and quotation for the entire issued and fully paid-up ordinary shares of EDARAN, including the Placement/Issue/Offer Shares, which are the subject of this Prospectus. These ordinary shares will be admitted to the Main Board of the KLSE and official quotation will commence after receipt of confirmation from MCD that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of the applications will be conditional upon permission being granted by the KLSE to deal in and quotation for all the issued shares of the Company on the Main Board of the KLSE. Monies paid in respect of any application accepted will be returned without interest if the said permission is not granted. Admission to listing is not being sought on any other stock exchange.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, the KLSE has prescribed EDARAN as a CDS counter. In consequence thereof, the shares offered through this Prospectus will be deposited directly with MCD and any dealings in these shares will be carried out in accordance with the aforesaid Acts and the Rules of MCD.

An applicant should state his/her CDS Account number in the space provided in the Application Form if he/she presently has such an account. Where an applicant does not presently have a CDS Account, he/she should state in the Application Form his/her preferred ADA Code.

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by EDARAN. Neither the delivery of this Prospectus nor any offer made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the EDARAN Group since the date hereof.

The distribution of this Prospectus and the sale of the Placement/Issue/Offer Shares in certain other jurisdictions may be restricted by law. Persons into whose possession this Prospectus may come are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation of an offer to buy any Placement/Issue/Offer Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

**If you are in any doubt about this Prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant or any other professional adviser.**

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## 2. DETAILS OF THE IPO (Cont'd)

### 2.1 Opening and Closing of Application Lists

The Application Lists will open at 10.00 a.m. on 16 April 2001 and will remain open until 8.00 p.m. on the same day or for such further period or periods as the Directors of EDARAN and the Offerors in their absolute discretion may decide.

The dates of special events for this IPO are as follows: -

Opening Date of the Issue	:	30 March 2001
Closing Date of the Issue	:	16 April 2001
Tentative Balloting Date	:	24 April 2001
Tentative Allotment Date	:	8 May 2001
Tentative Listing Date	:	16 May 2001

### 2.2 Details of the IPO

The IPO shall be subject to the terms and conditions of this Prospectus and upon acceptance, the Placement/Issue/Offer Shares will be allocated in the following manner:

#### (i) Placees of the Group

1,360,000 Placement Shares will be reserved for the Placees of the EDARAN Group.

#### (ii) Malaysian Public

8,240,000 Public Issue Shares and 6,000,000 Offer Shares will be made available for application by Malaysian citizens, Companies, Societies, Co-operatives and Institutions of which at least 30% shall be set aside strictly for Bumiputera Individuals, Companies, Societies, Co-operatives and Institutions.

The ordinary shares under paragraph (i) above are not required to be underwritten and are therefore not underwritten. However, in the event that any of the Placement Shares under paragraph (i) above are not taken up by the Placees of the EDARAN Group, such shares will be made available for application by members of the Malaysian investing public. All the shares under paragraph (ii) above have been fully underwritten together with any ordinary shares not subscribed for by the Placees of the Group under paragraph (i) above.

### 2.3 Basis of Arriving at the Placement/Issue Price and the Offer Price

The Placement/Issue/Offer price of RM2.15 per ordinary share was determined and agreed upon by the Company and Aseambankers as the Adviser and Managing Underwriter based on various factors after taking into account the following: -

- the Group's financial and operating history and conditions as outlined in Section 5 of this Prospectus;
- the prospects of the industries in which the Group operates as outlined in Section 6 of this Prospectus;
- the forecast net PE multiple of 7.67 times based on the forecast net EPS of 23 sen based on the weighted average number of shares in issue of 41,595,788 ordinary shares of RM1.00 each;
- the proforma Group NTA per share of RM1.31 as at 30 November 2000; and
- the forecast gross dividend yield of 2.33%.

## 2. DETAILS OF THE IPO (Cont'd)

### 2.4 Purposes of the IPO

The purposes of the IPO are as follows:

- (i) to provide an opportunity for the Malaysian public, Placees and eligible employees and directors of the EDARAN Group through ESTS to participate in the continuing growth of the Group;
- (ii) to provide EDARAN Group with access to the capital market to raise funds to finance the future growth and expansion of the Group;
- (iii) to meet the Government objective of promoting the listing of Bumiputera companies on the KLSE; and
- (iv) to obtain a listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Board of the KLSE.

### 2.5 Proceeds of the Rights Issue, the Placement and the Public Issue

The Rights Issue, the Placement and the Public Issue are expected to raise gross proceeds of approximately RM17.84 million, RM2.92 million and RM17.72 million respectively which shall accrue to the Company. The estimated RM3 million in respect of expenses and fees incidental to the listing of and quotation for the entire issued and paid-up share capital of EDARAN on the Main Board of the KLSE shall be borne by the Company.

The gross proceeds arising from the Rights Issue, the Placement and the Public Issue estimated to be approximately RM38.48 million would be utilised by the Group in the following manner:

	RM'000	Timeframe for Full Utilisation of Proceeds (Calendar Year)
Repayment of Borrowings ^	15,593	Second quarter of 2001
Working Capital	15,391	Fourth quarter of 2001
Listing Expenses #	3,000	Second quarter of 2001
Business Development *	4,492	Fourth quarter of 2001
Total	38,476	

Note:

^ *The total amount of EDARAN Group borrowings as at 19 March 2001 amounts to approximately RM24.259 million. There will be an interest savings of approximately RM473,000 per annum from the repayment of the Group's borrowings. The average interest rates range from 3.5% to 8.5% per annum.*

# *Out of the estimated listing expenses of RM3 million, approximately RM1.4 million has been set aside as the remuneration for various advisers and experts engaged by the Company.*

\* *The proceeds reserved for the business development purposes will be utilised as follows:-*

No.	Description	(RM'000)
1.	Consultancy and preparation for "Branding and Image"	600
2.	Investment in new business activities (inclusive of capital expenditure) and engagement of business consultants	3,320
3.	Training (local & overseas), marketing and promotion to equip employees with new business direction	572



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## **2. DETAILS OF THE IPO (Cont'd)**

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### **2.6 Proceeds of the Offer for Sale**

The gross proceeds of the Offer for Sale of RM12.90 million shall accrue to the Offerors and no part of the proceeds of the Offer for Sale is receivable by EDARAN. The Offerors shall bear expenses such as broking, stamp duty, registration and share transfer fees and underwriting commission relating to the Offer Shares.

### **2.7 Underwriting Commission and Brokerage**

The Underwriters mentioned earlier in this Prospectus have agreed to underwrite the 8,240,000 Public Issue Shares and 6,000,000 Offer Shares, which are made available to the Malaysian public, and any ordinary shares not subscribed for by selected Placees under paragraph 2.2(i) above. Underwriting commission relating to the Placement Shares, the Public Issue Shares and the Offer Shares to be underwritten is payable by the Company and the Offerors at the rate of 1.50% of the Placement/Issue/Offer Price of RM2.15 per ordinary share.

Brokerage relating to the Placement Shares, the Public Issue Shares and the Offer Shares is payable by the Company and the Offerors at the rate of 1% of the Placement/Issue/Offer Price of RM2.15 per ordinary share in respect of successful applications which bear the stamp of Aseambankers, a member company of the KLSE, a member of the Association of Banks in Malaysia, a member of the Association of Merchant Banks in Malaysia or MIDFCCS.

### **2.8 Salient Terms of the Underwriting Agreement**

The salient terms of the Underwriting Agreement are as follows: -

- (a) Each of the Underwriters severally agrees to underwrite for its proportion of the underwritten shares at the Placement/Issue/Offer Price and in accordance with the terms of the Underwriting Agreement. Further, the Managing Underwriter agrees to underwrite the Placement Shares not subscribed for by the Placees prior to the Closing Date at the Placement Price and in accordance with the terms of the Underwriting Agreement;
- (b) The Company and/or the Offerors will, as soon as practicable and in any event not later than 12 noon (Malaysia time) on the day which is ten (10) Market Days following the Closing Date, give notice in writing to the Underwriters of the number of the Underwritten Shares which have not been applied for and the number of Shares which each Underwriter is required to take up. The Underwriters, each in the proportion set will, in respect of those Underwritten Shares specified in the notice, apply or procure applications on the terms of this Prospectus for such Underwritten Shares at the Placement/Issue/Offer Price for each such Underwritten Share not later than 4 p.m. (Malaysia time) on the day which is fourteen (14) Market Days following the Closing Date and pay or procure payment to the Company and/or the Offerors (as shall be applicable) of the total amount payable for such Underwritten Shares (less the underwriting commission);
- (c) The Company and the Offerors shall pay to the Underwriters an underwriting commission of 1.5 per cent of the Placement/Issue/Offer Price for the total number of Underwritten Shares underwritten by the Underwriters, amounting to an aggregate underwriting commission of RM503,100. Such payment is to be made by the Company and the Offerors, within seven (7) days of the listing and quotation of the entire issued and paid-up ordinary share capital of the Company on the KLSE.

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**2. DETAILS OF THE IPO (Cont'd)**

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- (d) The Managing Underwriter may by notice in writing to the Company and the Offerors, rescind the Underwriting Agreement if at any time up to 8.00 p.m. on the Closing Date: -
- (i) any adverse change in the financial condition of the Company or any of its subsidiaries from that set forth in this Prospectus and which is material in the context of the invitation by the Company to the public in respect of the Placement/Issue/Offer Shares or any material breach of any of the warranties or undertakings contained in Clause 8 of the Underwriting Agreement or any Governmental regulation, which would severely affect the business of the Company or its subsidiaries; or
  - (ii) any specified event comes to the knowledge of the Managing Underwriter. Specified event means an event occurring after the date of the Underwriting Agreement and before the Closing Date which if it had occurred before the date of the Underwriting Agreement would have been rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect; or
  - (iii) any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market(s) in Malaysia and/or overseas) or foreign exchange controls which has resulted or is likely to result in:-
    - (a) a material fluctuation or adverse conditions in the stock market(s) in Malaysia and/or overseas; or
    - (b) it becoming for any reason uncommercial or otherwise contrary to or outside the usual commercial customs or practices of Malaysia for the Managing Underwriter to observe or perform or be obliged to observe or perform the terms of the Underwriting Agreement or the invitation by the Company to the public in respect of the Placement/Issue/Offer shares; or
    - (c) the success of the proposed invitation by the Company to the public in respect of the Placement/Issue/Offer shares being materially prejudiced; or
  - (iv) any change in Government regulation or other occurrence of any nature whatsoever which seriously affects or will affect the invitation by the Company to the public or makes it inadvisable or inexpedient to proceed with the invitation; or
  - (v) any Act of God, war, strike, lockout, industrial action, fire, flood, drought, tempest, riots, landslides, political instability or the events of force majeure whatsoever which, in the opinion of the Managing Underwriter, seriously affects or will affect the invitation or makes it inadvisable or inexpedient to proceed with the invitation or seriously affects or will affect the ability of the Managing Underwriter to observe or perform the terms of the Underwriting Agreement or the invitation.

### 3. SHARE CAPITAL

	<b>RM</b>
<i>Authorised</i>	
100,000,000 ordinary shares of RM1.00 each	100,000,000
<i>Issued and fully paid-up</i>	
50,400,000 ordinary shares of RM1.00 each	50,400,000
To be issued pursuant to:	
- Placement of 1,360,000 new ordinary shares of RM1.00 each	1,360,000
- Public Issue of 8,240,000 new ordinary shares of RM1.00 each	8,240,000
Total	<u>60,000,000</u>

The Placement/Issue/Offer Price of RM2.15 per ordinary share is payable in full upon application.

There is only one class of shares in the Company, namely, ordinary shares of RM1.00 each, all of which rank pari passu with one another. The Placement Shares and the Public Issue Shares will rank pari passu in all respects with the other existing issued ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of this Prospectus. The shares issued pursuant to the Acquisitions and the Rights Issue will rank pari passu in all respects with the other existing issued ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of this Prospectus.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of ordinary shares in the Company shall, in proportion to the amount paid-up on the ordinary shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions and the whole of any surplus in the event of the liquidation of the Company, in accordance with its Articles of Association.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorized representative shall have one vote for each ordinary share held.

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**4. RISK FACTORS**

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The EDARAN Group is subject to certain risks inherent in the industries its businesses are involved. Although the Group seeks to limit these risks, no assurance can be given that any changes to these factors will not have a material effect on the Group's businesses.

**Special Risks****i) Availability of Resources**

Having been in business for more than 10 years, the EDARAN Group has established close association with its vendors and suppliers. However, should EDARAN have not established close association with its vendors and suppliers, EDARAN would then be less competitive i.e. in terms of pricing and sourcing of products and/or services for its customers. Multinationals like Fujitsu and NEC of Japan and IBM, Compaq, Hewlett-Packard and Lucent Technologies of the USA and Siemens of Germany, which the Company has more than 10 years business relationship, are among the names on EDARAN's long list of vendors and suppliers.

In relation to human resource, which is an important asset to the Group, the Group has not encountered any major difficulty in staff turnover as evidenced by support received from key personnel who have been with the Group since its early days and the number of employees recruited is growing.

**ii) Customer Base**

The Group has a wide spectrum of customers from both public and private sectors. Confidence and trust earned from previous projects implemented, has also led from time to time recurring contracts awarded to the Group. The EDARAN Group is currently handling RM346.85 million worth of on-going contracts and expects to be awarded with approximately an additional RM207.54 million worth of contracts within the next three financial years.

As at 30 November 2000, Celcom and Jabatan Kastam dan Eksais Diraja Malaysia are the largest customers of EDARAN Group contributing 46.99% and 24.43% of the Group's average turnover for the past three (3) years respectively. An overly dependent on certain customers would be disadvantageous to EDARAN Group, as it would subject EDARAN Group to the well being of its customers businesses. Nevertheless, with the efforts of EDARAN Group to venture into other IT related industries, the Board of Directors of EDARAN is of the opinion that the Group will not be overly dependent on these customers in the near future.

**iii) High Proportion of Overdue Debts**

The high proportion of overdue debts owing from certain trade debtors would be disadvantageous to the EDARAN Group as it would limit and subject EDARAN to the well being of the said trade debtors' business. As at 31 January 2001, the amount owing from trade debtors is approximately RM88.323 million and of which the amount overdue/over the credit period is approximately RM68.608 million.

Celcom and JKED are the two major customers of EDARAN, nevertheless the EDARAN Group has various customers from both public and private sectors as stated in Section 5.9 of this Prospectus. In addition, EDARAN Group also has retail customers, which the Group services mostly on call and order basis. It is the exercise for EDARAN Group to continue keeping in touch with its customers for existing and future services. Furthermore, such risk of high proportion of overdue debts has been mitigated by way of a security pledge (in terms of a bank guarantee and pledge of securities) from certain trade debtor equivalent to the amount of the overdue debts over the credit period.

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**4. RISK FACTORS (Cont'd)**

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**iv) Dependence on Key Personnel**

The EDARAN Group believes that its continued success will depend significantly on the abilities and continued efforts of its Directors and senior management. The loss of any key members of the Group could affect the Group's continued ability to grow at high pace. It is not only due to technical skill of the personnel but also the rapport and confidence that the person carries. However, the Group has made efforts to train its staff in all aspects in building up the capability and value of the Company. The support of the long service is a key factor of transition.

The future success of the Group will also depend on its ability to attract skilled personnel and to retain them. Measures and precautions have been taken in grooming younger members of the management level in learning, executing and managing business activities.

**v) Control By Major Shareholders**

Upon completion of the Placement, the Public Issue and the Offer for Sale, the major shareholders of EDARAN include, inter-alia, Kauthar, Abdul Shukri bin Abdullah and Sabri bin Hashim. Collectively, Kauthar, Abdul Shukri bin Abdullah and Sabri bin Hashim will effectively hold 57.7% of the equity interest in the Company and consequently, it is likely that they will be able to effectively influence the outcome of certain matters requiring the votes of the Company's shareholders unless they are required to abstain from voting by law and/or the relevant authorities.

**vi) Profit Forecast**

This Prospectus contains certain forecast for EDARAN that is based on assumptions, which the Directors deem to be reasonable, but which nevertheless are subject to uncertainties and contingencies. Because of the subjective judgments and inherent uncertainties of profit forecast and because events and circumstances frequently do not occur as expected, there can be no assurance that the profit forecast contained herein will be realised and actual results may be materially different than those shown. Investors will be deemed to have read and understood the description of the assumptions and uncertainties underlying the profit forecast that are contained herein.

The management has taken every efforts and steps to strengthen the underlying factors as well as to minimize the role of uncertainties and contingencies. The forecast is using conservative approach and excludes all factors, which are beyond control of the Group.

**General Risks**

**i) Marketability of EDARAN Shares**

Prior to this IPO, there have been no public market for EDARAN shares and there can be no assurance regarding the future development of the market for the shares. The Placement/Issue/Offer Price of RM2.15 per ordinary share has been determined after taking into consideration a number of factors, including but not limited to the Group's financial and operating history and standing, the future prospects of the Group and the industry in which the Group is involved, the NTA of the Group and the prevailing market condition at the time of application to the SC for the listing of EDARAN shares.

There is no assurance that the issue will correspond to the price at which EDARAN shares will trade on the Main Board of the KLSE upon or subsequent to its listing or that an active market for EDARAN shares will develop and continue upon or subsequent to its listing.

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**4. RISK FACTORS (Cont'd)**

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**ii) Market Risk**

EDARAN will certainly be subjected to the inherent risks within the IT and communication industries, particularly the rapid changes in technology, increase in capital investment required as well as the general economic and business fluctuation.

EDARAN seeks to minimize these risks through continuously providing follow up and delivering innovative quality services to its clients. To enhance its competitiveness, EKOM for instance is currently focusing towards being an Application Service Provider, outsourcing and facilities management.

Acknowledgement the fact that the market keeps changing, the Group continuously keeps abreast with the development in the IT and communication industries and has taken several steps to minimize the risk, which include: -

- 1) EDARAN has built an experienced and dedicated management team which is able to assess the market risk and consequently, to alert the Company on its forthcoming;
- 2) Continuously providing the respective employee with the training and exposure inclusive the arrangement with the multinational principal; and
- 3) From time to time, the Group participates in exhibitions and fairs to keep track of the latest technology development both locally and overseas as well as to analyse the relevant market demand.

**iii) Globalisation**

A major challenge is globalisation, when only the fittest will be able to compete with the major players, especially multinational companies with all their added expertise in software development and strong financial backing to sustain their position in the borderless world. Hence it is imperative that EDARAN is close in touch with the technology advancement, understanding the capability as well as the binding limitation on practical perspective. The ability to translate, modify and/or apply them will create opportunity to the Group in providing related services.

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**5. INFORMATION ON THE EDARAN GROUP**

**5.1 Incorporation and Principal Activities**

EDARAN was incorporated in Malaysia on 1 June 1992 under the Companies Act, 1965 as a private limited company under the name Alpine Technologies Sdn Bhd. It was subsequently converted into a public limited company on 29 December 1999 as Alpine Technologies Berhad and assumed its present name on 29 November 2000.

EDARAN is principally an investment holding company while the principal activities of its subsidiary and associated companies are as follows:

<b>Subsidiary companies</b>	<b>Principal Activities</b>
EKOM	Provisioning, installation, commissioning, integration and maintenance of information technology products and related services.
EMAC	Investment holding and provisioning, installation, commissioning and maintenance of power supply equipment for telecommunication systems.
<b>Subsidiary of EMAC</b>	
ECOMM	Provisioning, installation, commissioning, integration and maintenance of telecommunication equipment and related services.
<b>Associate of EKOM</b>	
ECP #	Providing services for implementing electronic commerce.
<b>Associate of EMAC</b>	
ACS #	Supplying, delivering, installation, testing and commissioning digital switches and providing engineering and training services.

*Note: -*

*# The Directors of EDARAN have indicated that the associate companies, namely ECP and ACS which were acquired in 1997 and 1998 respectively are not intended to be held long term.*

Further, EKOM has a 5% shareholding in MMCSB, which is principally involved in designing, developing and implementing one of the Government Flagship e-Government Application (Human Resource Management Information System).

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## 5. INFORMATION ON THE EDARAN GROUP (Cont'd)

### 5.2 Changes in Share Capital

The present authorised share capital of EDARAN is RM100,000,000 divided into 100,000,000 ordinary shares of RM1.00 each. On completion of the Rights Issue, the issued and paid-up share capital shall be RM50,400,000 comprising 50,400,000 ordinary shares of RM1.00 each. Details of the changes in the issued and paid-up share capital of the Company since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued and Paid-Up Share Capital RM
01.06.1992	2	1.00	Subscribers' shares	2
02.01.2001	32,564,206	1.00	32,564,206 new ordinary shares of RM1.00 each at an issue price of RM1.23 per ordinary share issued in consideration for the Acquisitions	32,564,208
19.01.2001	17,835,792	1.00	Rights Issue of 17,835,792 new ordinary shares of RM1.00 each at an issue price of RM1.00 per ordinary share	50,400,000

Upon completion of the Placement and the Public Issue, the issued and paid-up share capital of EDARAN will further increase to RM60,000,000 comprising 60,000,000 ordinary shares of RM1.00 each.

### 5.3 The Restructuring Scheme

In conjunction with the listing of EDARAN's shares on the Main Board of the KLSE, the Company undertook a restructuring exercise, which was approved by the FIC, MITI and SC on 9 September 2000, 20 September 2000 and 1 November 2000 respectively. On 7 December 2000, EDARAN had made an appeal to the SC in relation to certain conditions imposed by the SC on its approval. Subsequently on 20 December 2000, the SC had approved the appeal made by EDARAN subject to certain conditions as disclosed in Section 5.3.8 of this Prospectus. The details of the restructuring scheme are as follows: -

#### 5.3.1 Capital Restructuring of EMAC

The restructuring involved a change in the existing shareholding structure of EMAC in order to reward various key personnel and employees that have been contributing to the success of the company by incorporating the ESTS. The details of the restructuring are shown below: -



## 5. INFORMATION ON THE EDARAN GROUP (Cont'd)

Shareholder of EMAC	Shareholding Before Capital Restructuring		Shareholding After Capital Restructuring	
	No. of Shares	%	No. of Shares	%
Sabri bin Hashim	99,999	99.99	51,000	51.00
Abdul Shukri bin Abdullah	-	-	16,495	16.495
Mohd Salleh bin Lamsah	-	-	5,000	5.00
Mohd Shu'aib bin Ishak	-	-	5,000	5.00
Rizuan bin Mohd Murad	1	0.01	5,000	5.00
Ahmad Yasri bin Mohd Hashim	-	-	1,000	1.00
Mohd Sopiyan bin Mohd Rashdi	-	-	1,000	1.00
IASB#	-	-	15,505	15.505
<b>Total</b>	<b>100,000</b>	<b>100.00</b>	<b>100,000</b>	<b>100.00</b>

Note:

# IASB is the trustee which holds the shares on behalf of the eligible employees and Directors of the EDARAN Group as well as the employees of Kauthar via the ESTS.

### 5.3.2 The ESTS

The establishment of an ESTS whereby 15,505 existing ordinary shares of RM1.00 each in EMAC, held by Sabri bin Hashim shall be sold to IASB pursuant to the Restructuring, which will hold the shares and the shares of EDARAN derived therefrom in trust for the benefit of the eligible employees and Directors of EDARAN Group as well as the employees of Kauthar.

### 5.3.3 Incorporation of Revaluation Surplus

EDARAN undertook the revaluation of landed properties on 19 July 2000 and thereafter the revaluation surplus/(deficit) arising from the revaluation of the landed properties owned by EKOM, EMAC and ECOMM amounting to RM874,333, RM(396,142) and RM(1,719,148) respectively will be incorporated into the accounts of the respective companies in the financial year ending 30 June 2001. The valuation of the landed properties owned by EKOM, EMAC and ECOMM were undertaken by Messrs Jurunilai Bersekutu, an independent valuer which was approved by the SC via its letter dated 1 November 2000. Jurunilai Bersekutu undertook the valuation on 19 July 2000 where three (3) methods of valuation namely comparison, investment and cost methods were used to arrive at the market value of the landed properties. The Valuation Certificate by Messrs Jurunilai Bersekutu is enclosed in section 12 of this Prospectus. Further details of the landed properties are disclosed in Section 5.7 of this Prospectus.

### 5.3.4 The Proposed Acquisitions by EDARAN

#### i) EKOM

EDARAN acquired the entire issued and paid-up share capital of EKOM comprising 1,500,000 ordinary shares of RM1.00 each for a purchase consideration of RM14,441,238 satisfied by the issuance of 11,740,844 new ordinary shares of RM1.00 each in EDARAN at an issue price of RM1.23 per share.

## 5. INFORMATION ON THE EDARAN GROUP (Cont'd)

### ii) EMAC

EDARAN acquired the entire issued and paid-up share capital of EMAC comprising 100,000 ordinary shares of RM1.00 each for a purchase consideration of RM25,612,735 satisfied by the issuance of 20,823,362 new ordinary shares of RM1.00 each in EDARAN at an issue price of RM1.23 per share.

The liabilities of EKOM and EMAC which have been assumed by EDARAN pursuant to the Acquisitions are approximately RM23.03 million and RM55 million respectively based on the audited accounts of financial year ended 30 June 2000 which mainly consists of trade creditors of the companies.

The purchase consideration for EKOM and EMAC was based on their respective NTA value as at 30 June 2000 after adjustments for revaluation surplus/(deficit) of the properties of the respective acquiree companies as detailed below: -

Company	Consolidated	Adjustment for	Adjusted
	Audited NTA as at 30 June 2000	Revaluation Surplus/ (Deficit)	Consolidated Audited NTA as at 30 June 2000
	RM	RM	RM
EKOM	13,566,905	874,333	14,441,238
EMAC	27,728,025	(2,115,290)	25,612,735
<b>Total</b>	<b>41,294,930</b>	<b>(1,240,957)</b>	<b>40,053,973</b>

The vendors' shareholdings in EDARAN after the Acquisitions are as follows: -

Vendors	EKOM	EMAC	After Acquisitions	
			No. of Shares in EDARAN	% Holding in EDARAN
Kauthar	1,500,000	-	11,740,844	36.05
Sabri bin Hashim	-	51,000	10,619,915	32.61
Abdul Shukri bin Abdullah	-	16,495	3,434,813	10.55
Mohd Salleh bin Lamsah	-	5,000	1,041,168	3.20
Mohd Shu'aib bin Ishak	-	5,000	1,041,168	3.20
Rizuwan bin Mohd Murad	-	5,000	1,041,168	3.20
Ahmad Yasri bin Mohd Hashim	-	1,000	208,234	0.64
Mohd Sopiyan bin Mohd Rashdi	-	1,000	208,234	0.64
IASB	-	15,505	3,228,662	9.91
<b>Total</b>	<b>1,500,000</b>	<b>100,000</b>	<b>32,564,206</b>	<b>100.00</b>

All the 32,564,206 new ordinary shares of RM1.00 each of EDARAN issued pursuant to the Acquisitions are free from all charges, liens and encumbrances.

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## 5. INFORMATION ON THE EDARAN GROUP *(Cont'd)*

### 5.3.5 Rights Issue

Upon completion of the Capital Restructuring of EMAC and the Acquisitions, EDARAN undertook a Rights Issue of 17,835,792 new ordinary shares of RM1.00 each at an issue price of RM1.00 per Rights Issue Share to all the existing shareholders of EDARAN. The Rights Issue was undertaken on the basis of five hundred and forty eight (548) new ordinary shares for every existing one thousand (1,000) ordinary shares in EDARAN. The Proposed Capital Restructuring of EMAC and the Acquisitions were completed on 23 and 25 November 2000 respectively and the Proposed Rights Issue was completed on 19 January 2001.

### 5.3.6 Placement of Shares

In order to reward the existing major suppliers and clients of the EDARAN Group, the management of EDARAN has proposed to undertake a Placement of 1,360,000 new ordinary shares of RM1.00 each at a Placement Price of RM2.15 per new ordinary share to the Placees which have been nominated by the management of EDARAN.

The Placees nominated by EDARAN are as follows: -

<b>No.</b>	<b>Name</b>
1.	Formula Mutakhir (M) Sdn Bhd
2.	Neural Services Sdn Bhd
3.	Argus Advance Technology (M) Sdn Bhd
4.	Calicom Sdn Bhd
5.	Saujana Paradigma Sdn Bhd
6.	Cal Airsea Freight (M) Sdn Bhd
7.	Koperasi Pekerja – Pekerja Jabatan Perdana Menteri Malaysia Berhad
8.	Yayasan Kebajikan Kastam Malaysia
9.	Koperasi Celcom Berhad
10.	Kumpulan Pintasan (M) Sdn Bhd
11.	Koperasi Jabatan Kastam Malaysia Berhad
12.	Power Protection (M) Sdn Bhd
13.	GiatAce Sdn Bhd

### 5.3.7 Proposed Public Issue and Offer for Sale

To facilitate the listing of and quotation for EDARAN shares on the Main Board of the KLSE, the Company will make a Public Issue of 8,240,000 new ordinary shares of RM1.00 each at an Issue Price of RM2.15 per new ordinary share and the Offerors will Offer for Sale 6,000,000 ordinary shares of RM1.00 each at an Offer Price of RM2.15 per ordinary share to the Malaysian Public for application.

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## 5. INFORMATION ON THE EDARAN GROUP (Cont'd)

### 5.3.8 Approvals and Conditions

The FIC, MITI and SC approved the Placement, the Public Issue and the Offer for Sale on 9 September 2000, 20 September 2000 and 1 November 2000 respectively.

EDARAN had on 7 December 2000 appealed against certain conditions imposed by the SC pursuant to the SC's approval dated 1 November 2000. Subsequently, the SC had on 20 December 2000 approved the appeal made by EDARAN subject to certain conditions as disclosed in the ensuing table.

The conditions imposed by FIC, MITI and SC on the restructuring scheme of EDARAN as well as the status of compliance of the said conditions are as follows: -

Authority	Conditions	Status of Compliance
FIC	<ul style="list-style-type: none"> <li>EDARAN should have at least 51% equity interest directly held by Bumiputera upon the flotation exercise</li> </ul>	Upon listing, at least 65.67% of the equity interest of the Company will be held by identifiable Bumiputera shareholders
	<ul style="list-style-type: none"> <li>To obtain the approval of MITI for the listing</li> </ul>	Obtained on 20 September 2000
MITI	<ul style="list-style-type: none"> <li>At least 51% equity interest of the Company must be held by Bumiputeras upon flotation</li> </ul>	Upon listing, at least 65.67% of the equity interest of the Company will be held by identifiable Bumiputera shareholders
	<ul style="list-style-type: none"> <li>To obtain FIC's approval</li> </ul>	Obtained on 9 September 2000
	<ul style="list-style-type: none"> <li>To obtain SC's approval</li> </ul>	Obtained on 1 November 2000
SC	<p><b>As per SC's approval dated 1 November 2000</b></p> <ul style="list-style-type: none"> <li>All loans/advances given to the Directors and shareholders must be settled prior to this issuance of the Prospectus</li> </ul>	Met. Ernst & Young and Mea & Co., the Auditors of EDARAN Group had provided written confirmations to that effect.
	<ul style="list-style-type: none"> <li>To obtain the relevant approval for the renovation works made on P. T. No. 1866, 1867 and 1868, Mukim Ampang, prior to the issuance of this Prospectus.</li> </ul>	Messrs. Prisma Athira Architect on behalf of EDARAN had on 6 September 2000 submitted an application to the authority for the renovation works made.

EDARAN had on 7 December 2000 also appealed against this condition to the SC. The SC vide its letter dated 20 December 2000 required EDARAN to place RM500,000 from the proceeds of the Offer for Sale to a Stakeholder until the approval for the renovation of P.T. No. 1866, 1867 and 1868, Mukim Ampang has been received from the relevant authority.

On 5 March 2001, Kauthar and Lee Ong & Kandiah (as the Stakeholder) entered into a Settlement Agreement for the aforesaid placement of RM500,000 with a stakeholder.

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**5. INFORMATION ON THE EDARAN GROUP (Cont'd)**


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<b>Authority</b>	<b>Conditions</b>	<b>Status of Compliance</b>
	<ul style="list-style-type: none"> <li>• To retain its Bumiputera company status during and after listing</li> </ul>	The Bumiputera status of EDARAN will be retained upon and after the listing.
	<ul style="list-style-type: none"> <li>• Moratorium on the shares issued to the promoters/major shareholders of EDARAN</li> </ul>	The promoters/major shareholders of EDARAN have fully accepted the moratorium imposed on the shares issued to them, please refer to Section 8 of this Prospectus for further details.
	<ul style="list-style-type: none"> <li>• To ensure all transactions between EDARAN and companies related to the promoters and major shareholders are transacted at arm's - length and do not involve any special terms above the regular commercial terms which are disadvantageous to EDARAN. In that connection, the Audit Committee is required to monitor the aforesaid transaction and Directors of EDARAN are required to report the aforesaid transactions in the financial reports, if any.</li> </ul>	EDARAN had on 15 February 2001 confirmed that all transactions between EDARAN and companies related to the promoters and major shareholders are and will be transacted at arm's-length and do not involve any special terms, which are disadvantageous to EDARAN. Furthermore, the Audit Committee will monitor the aforesaid transactions and the Directors of EDARAN will report the aforesaid transactions in the financial report.
	<ul style="list-style-type: none"> <li>• EDARAN/Aseambankers is required to state in the Prospectus the following matters: -               <ul style="list-style-type: none"> <li>(a) risks in relation to the business of EDARAN Group and steps taken and to be taken to mitigate the said risks; and</li> <li>(b) dependency on Jabatan Kastam &amp; Eksais DiRaja Malaysia and Celcom Group and the steps taken to lessen EDARAN's dependency on the said clients.</li> </ul> </li> </ul>	<p>Duly stated in section 4 of this Prospectus.</p> <p>Duly stated in section 4 (ii) of this Prospectus.</p>
	<ul style="list-style-type: none"> <li>• EDARAN/Aseambankers is required to comply fully to the relevant requirements of the SC Guidelines in relation to the listing of EDARAN.</li> </ul>	Duly complied.

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**5. INFORMATION ON THE EDARAN GROUP (Cont'd)**


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<b>Authority</b>	<b>Conditions</b>	<b>Status of Compliance</b>
	<b>As per SC's approval dated 20 December 2000 and 19 January 2001</b>	
	<ul style="list-style-type: none"> <li>• A company in which a director and a substantial shareholder has an interest is required to settle the overdue debts within twelve (12) months as proposed by EDARAN. In that connection, EDARAN is required to provide a security for the overdue debts, which has not been settled by a company in which a director and a substantial shareholder has an interest before the issuance of the Prospectus.</li> <li>• EDARAN is required to request from the SC, its approval for the said security.</li> </ul>	<p>A company in which a director and a substantial shareholder has an interest had on 6 December 2000 agreed to the repayment program as proposed by EDARAN within the 12 months period.</p> <p>A company in which a director and a substantial shareholder has an interest and the Offerors, namely Kauthar and Sabri bin Hashim had provided the relevant security in terms of RM10.0 million bank guarantee from a company in which a director and a substantial shareholder has an interest and EDARAN shares from the Offerors for the overdue debts. The SC had vide its letter dated 19 January 2001 consented to the said securities.</p> <p>Kauthar and Sabri bin Hashim had on 5 March 2001 entered into a share mortgage agreement with Messrs. Lee, Ong &amp; Kandiah (as the Stakeholder) to take into effect the securitisation of the EDARAN shares.</p>
	<ul style="list-style-type: none"> <li>• EDARAN is required to place RM500,000 from the proceeds of the Offer for Sale to a stakeholder until the approval for the renovation of P. T. No. 1866, 1867 and 1868, Mukim Ampang have been received from the relevant authority. In that relation, EDARAN is required to obtain the approval for the said 6 months period from 1 November 2000.</li> </ul>	<p>Kauthar had on 5 March 2001 entered into an agreement with Messrs. Lee, Ong &amp; Kandiah (as the Stakeholder) for the placement of RM500,000 cash.</p>
	<ul style="list-style-type: none"> <li>• EDARAN/Aseambankers is required to fully disclose in the Prospectus the following matters: -               <ul style="list-style-type: none"> <li>(a) the amount owing from a company in which a director and a substantial shareholder has an interest and the aging analysis; and</li> <li>(b) statement/comments from the Directors of EDARAN on the recoverability of the said amount overdue.</li> </ul> </li> </ul>	<p>The following matters are duly disclosed in the Prospectus as follows: -</p> <p>Duly disclosed in Section 9.1.5</p> <p>Duly disclosed in Section 9.1.6</p>

**5. INFORMATION ON THE EDARAN GROUP (Cont'd)**

<b>Authority</b>	<b>Conditions</b>	<b>Status of Compliance</b>
	<ul style="list-style-type: none"> <li>• The Directors of EDARAN is required to provide to the SC, written confirmation that the overdue debts from a company in which a director and a substantial shareholder has an interest is recoverable before the issuance of the Prospectus.</li> </ul>	<p>The Directors of EDARAN had on 15 February 2001 confirmed that the overdue debts from a company in which a director and a substantial shareholder has an interest is recoverable.</p>

**5.4 Business Overview of the EDARAN Group**

*Services Provided by the EDARAN Group*

EDARAN Group is a *one-stop total solutions provider* offering a wide spectrum of cross-sellable telecommunications and IT products and services. Presently, its business activities are carried out by the three main companies of the Group, namely EKOM, ECOMM and EMAC.

**EKOM**

The focus of the company's business is on computer system integration. System integration (SI) allows EKOM to provide customised solutions to its clients by integrating discrete computer hardware and software components to meet the customers' specifications. Some of the services provided by EKOM are as follows:

**(a) SI Services**

Through SI, EKOM provides a total solution consolidating around a combination of IT services and/or IT products tailored to customers specific requirements. The solution contains all the necessary hardware, software, application development, IT consulting and networking components, usually in conjunction with training, support and maintenance.

**(b) Application Development**

From confirming business requirements to design, development, testing and installation of systems, EKOM employs a proven and systematic project methodology to ensure smooth implementation of the whole solution. The development and implementation of computer applications addresses: -

- Identifying user requirements;
- Designing the solution;
- Developing application systems;
- Testing and acceptance of application systems; and
- Implementing the solution.

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**5. INFORMATION ON THE EDARAN GROUP (Cont'd)**


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Apart from development and delivery of application systems, EKOM also offers application support and maintenance, which includes: -

- Handling change requests;
- Rectifying application errors;
- Providing post implementation reviews; and
- Analysing new requirements for system enhancements.

By means of successfully completing numerous large SI projects, EKOM has proven its capabilities in delivering various types of systems and particularly in mission critical, on-line real-time based transactional environments.

**(c) Network Management Services**

EKOM is a value added network service provider offering fast and effective end-to-end data communications solutions. The Network Management services include: -

- Site preparation and cabling of specific sites within buildings; and
- Network integration for wide area networks (WAN) and local area networks (LAN).

**(d) Consultancy Services**

EKOM offers a variety of IT services, which are not only technical but addresses all aspects of IT, to meet requirements of businesses in the following areas:

- Applications systems development;
- Network facilities management;
- Feasibility analysis;
- Hardware and software selection;
- Training; and
- Turnkey management.

**(e) Total or Partial IT Outsourcing Service**

From Hardware Maintenance to Data Centre Outsourcing, EKOM can offer a wide range of services. Initially, identifying and addressing customers' need, EKOM formulates reliable and cost effective solutions to ensure its customers' long-term viability. Through the anticipated future provision of outsourcing, the Group's customers are able to redirect resources from non-core activities and would be able to concentrate to run its core business.

Outsourcing can be broadly classified as: -

- Total outsourcing - managing all activities of a customer's service inclusive of asset and personnel, e.g. application development, data centre, network, desktop and records management.
- Partial outsourcing - handling only specific or other activities of a customer's technology solutions.



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**5. INFORMATION ON THE EDARAN GROUP (Cont'd)**


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The following is a brief description of some IT outsourcing services:

- (i) Infrastructure management - this is the continuous management and operation of data center based information system services for customers. The provision of services can use either customer or service provider owned hardware from either the customer's own premises or a remote service provider data center. The scope of service can range from a single system to the outsourcing of a complete IT infrastructure. The infrastructure Platform includes mainframes, mid-range and distributed systems from a wide range of manufacturers.
- (ii) Applications Management/Development – this is a contract for the continuous management and execution of any or all activities related to the maintenance, enhancement and evolution of applications.
- (iii) Business Process Management – this is the management of a client’s processes through remote outsourcing using advanced computer and communications technology, and computerized workflow management techniques.

In the above scenarios, the customer still maintains control by retaining strategic direction, decision-making and judgmental processes while EDARAN Group manages and performs the rule based activities, while managing and supporting systems.

**(f) Help Desk and Maintenance Services**

EKOM provides a one-stop service, which is a focal point for customers experiencing telecommunications and IT related problems. Two types of programmes are offered to customers:

- 1. Limited programme - this service operates on a 9 a.m. to 5 p.m. basis
- 2. Extended programme - operates on a 24 hours x 365 days basis.

The above services are available in all states of Malaysia and are especially important for:

- 1. Mission critical systems; and
- 2. Strategic locations e.g. Malaysian Airline System Berhad

**(g) Total Solutions**

Through effort and dedication, EKOM has been able to provide the Government and commercial sectors with total solutions. Among their achievements are:

- Computerisation of one of the Prime Minister’s Department with services namely Unit Penyelarasan dan Perlaksanaan (“UPP”) Net, platform for the project monitoring system, nationwide network linkage and support.
- Development of nationwide network for Kintetsu Integrated Air Services Sdn Bhd, an international freight forwarding company.
- IT infrastructure installation and Sistem Maklumat Kastam application development for Jabatan Kastam & Eksais Diraja Malaysia.

## 5. INFORMATION ON THE EDARAN GROUP (Cont'd)

### ECOMM

The company provides engineering services, hardware, infrastructure, fiber optic cable and microwave links to the telecommunication industry. ECOMM has an edge in providing:

- Fiber Optic Transmission equipment and services;
- Network Management System;
- Structured cabling; and
- Communication network consultancy service.

### EMAC

EMAC is an investment holding company, which has expertise and experience in the power supply systems, consisting of batteries and rectifiers to the telecommunications industry.

A major customer of both ECOMM and EMAC is Celcom (M) Sdn Bhd, (Celcom) Malaysia's leading mobile communications provider. Systems and services provided to Celcom include:

- Microwave Radio Transmission;
- Fibre Optic Transmission;
- Power Rectifier System; and
- Network Management System.

### *Products Provided by EDARAN Group*

EDARAN Group, through its dealerships with various suppliers, representing major brand names such as Siemens, Oracle and NEC, offers an extensive range of hardware, software and communications products to its customers.

The products supplied by EDARAN Group are as follows: -

COMPANY	PRODUCTS	PRINCIPAL
<b>EKOM</b>	<ul style="list-style-type: none"> <li>• Mainframe systems, Computer hardware/software systems</li> <li>• Servers</li> <li>• Personal computers, Notebook, Printers</li> <li>• Intelligent Crew Management Systems</li> <li>• Relational Database Management Systems</li> <li>• Inventory Systems</li> </ul>	<ul style="list-style-type: none"> <li>• NEC</li> <li>• IBM, NEC, Fujitsu, Sun, Compaq, Hewlett Packard etc.</li> <li>• NEC, IBM, Fujitsu, Compaq, Acer, Dell, Hewlett Packard etc.</li> <li>• Silverlake</li> <li>• Oracle, Informix, Unify</li> <li>• Datastream</li> </ul>
<b>ECOMM</b>	<ul style="list-style-type: none"> <li>• Synchronous Digital Hierarchy Systems (SDH)</li> <li>• Digital Microwave Radio Systems</li> <li>• Integrated Customer Care Systems</li> <li>• Marketing Decision Support Systems</li> <li>• Spread Spectrum Radio Technology Systems</li> </ul>	<ul style="list-style-type: none"> <li>• Siemens</li> <li>• Siemens, Siae Microelettronica</li> <li>• Hewlett Packard, Clarify</li> <li>• EMC, Hewlett Packard</li> <li>• Western Multiplex</li> </ul>

**5. INFORMATION ON THE EDARAN GROUP (Cont'd)**

<b>COMPANY</b>	<b>PRODUCTS</b>	<b>PRINCIPAL</b>
	<ul style="list-style-type: none"> <li>• Fraud Management Systems</li> <li>• Remote Connectivity</li> <li>• Frame Relay, X.25, Telebit Modem, Asynchronous Transfer Mode (ATM), Prepaid Card</li> <li>• Infotac, Personal Messenger, Mobile Data Products</li> <li>• Voice Messaging Systems</li> <li>• Multipoint Network Products</li> </ul>	<ul style="list-style-type: none"> <li>• Compaq</li> <li>• Telepartner International</li> <li>• Global One</li> <li>• Motorola</li> <li>• Lucent Technologies</li> <li>• Multipoint Network</li> </ul>
<b>EMAC</b>	<ul style="list-style-type: none"> <li>• Power Supply Systems (Batteries)</li> <li>• Power Supply Systems (Rectifier)</li> <li>• Power Supply Climate Systems</li> </ul>	<ul style="list-style-type: none"> <li>• Exide Technologies</li> <li>• Argus Technology</li> <li>• Emerson</li> </ul>

**Market Position of EDARAN Group**

EDARAN Group is an established provider of IT and telecommunication products and services, system integration and application development in Malaysia. For a group such as EDARAN to survive in the communications, software, hardware, network and e-market industry, the infrastructure facilitating the necessary flexibility, reliability, redundancy and fail-safe operation are crucial for ongoing success.

The long list of EDARAN Group's successful achievements and its long-term relationships established with local IT and telecommunication companies and Government agencies are proof of their reputation, experience and expertise in a highly technical k-based industry. The cutting edge that the Group has over all of its competitors is the acknowledgement of its value-added services, supported by well equipped and knowledgeable service consultants.

The Group is well positioned as one of the major players in the IT and telecommunications support industry. Although the Group competes with other players in the industry, there is at the same time an interchange of business activities among the Group with its competitors.

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**5. INFORMATION ON THE EDARAN GROUP (Cont'd)**


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The dominant factors, which contribute to the Group's success, are as follows:

1. Expertise - in-depth knowledge of critical applications, systems and the application of appropriate convergence technology.
2. Vision - awareness of what is happening and what the possibilities are.
3. Partnership - the Group addresses the requirement for in-depth expertise through partnership with multiple vendors each contributing specific values:
  - Expertise which provides appropriate solutions for well-defined problems;
  - Products with value-added potential;
  - Well-designed product, meeting all existing standards and also readily adapted; and
  - Demonstrated ability to provide solutions.

*(Source: Extracted from AC Nielsen Report as disclosed in Section 11)*

**Sources of Raw Material**

Most of EDARAN Group's hardware peripheral requirements are sourced locally to make it easier for the Group to monitor their availability and enable faster access. Occasionally, to avoid interruptions of supply, power system equipment is sourced from an offshore principal. The Group is also value added resellers (VAR) of products from foreign companies such as Siemens AG, Global One and Motorola.

**Research and Development ("R&D")**

In a rapidly changing IT industry, service business need to be technically sound and innovative in order to stay competitive. New and upgraded versions of software and hardware are constantly being introduced into the market. Hence, R&D is essential for product innovation and product improvement to ensure a continuance of serving a customer's need.

Although, as a distributor, EDARAN Group does not develop its own products, it represents giants and leaders in product development of the IT industry, who are investing in R&D activities in order to stay competitive. Hence, the Group has the advantage of not only enjoying the benefits of distributing world-class products but also relieved of the heavy costs of investing in R&D. Nevertheless, the management of EDARAN Group is well aware that high levels of technical competence are required in the IT industry with strong capabilities in overall technical knowledge, software development, customer applications and the integration of products to meet customers' requirements.

Hence, EDARAN Group has throughout the years accumulated experiences and technical knowledge to integrate its principals' products to provide total solutions packaged according to individual customer's requirements. The Group further provides value-added services by identifying and recommending compatible hardware and software products to fulfill its customers' need, which do involve a certain amount of R&D activities in order for integrated systems to perform perfectly. The EDARAN Group has invested more than 12 years learning the trade and developing its business. It has placed great emphasis on new technologies and has invested substantially on technical expertise in the advancement of its business. The Group has gained experience and expertise through its representation of niche products and its association with equipment principals, who provide continuous R&D expertise and technical knowledge in the usage of their products and equipment.

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## 5. INFORMATION ON THE EDARAN GROUP (*Cont'd*)

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### **Interruption of Business during the Past Twelve Months**

The EDARAN Group is currently managed by a group of professionals, which have charted the growth of the Group to its position as at to-date. Through the proper and detailed planning by this group of professionals, during the past 12 months, the EDARAN Group did not faced any interruptions in the businesses, which have had a significant effect on the operations of the Group.

### **Competitive Advantage of the EDARAN Group**

EDARAN Group has developed a competitive edge in both IT and telecommunication fields. It has both the expertise and engineering services and equipment that create effective and efficient telecommunication infrastructure. With its experience in the industry for more than 10 years, the Group is also able to integrate the best convergence technologies, system integration and application development tailored to a wide variety of business need.

The Group believes that its competitive edge is due to the following factors:

- Established long term partnership with key customers;
- All systems supplied and implemented by the Group are functioning smoothly;
- Substantial expertise and knowledge of equipment and excellent service;
- Good support from principal suppliers;
- Strong business network, an integrated organisation with a diversified range of products and technological knowledge; and
- An established reputation with public and Government agencies based on performance on past and on-going projects.

EDARAN Group's inherent strength and capability is drawn from a team of experienced and knowledgeable management and personnel. It is also able to draw on technological expertise from its suppliers, who provide the Group with access to emerging technologies, together with R&D on customised applications software.

### **Human Resource**

Presently, the EDARAN Group has 113 employees. In line with Government's concept of "Our people, Our asset", the Group places great emphasis on the training and development of its human resources.

The backbone of the EDARAN Group is its qualified and experienced engineering and technical staff to ensure high standards of service, applications development and solutions provision. Most senior management personnel are long serving employees with the Group.

The Group believes that its success will depend to a certain extent upon the abilities and continued efforts of its existing Directors and senior management, as well as its ability to attract and retain new skilled personnel. Every effort is presently undertaken to groom younger members to play key roles in the Group's business operations. Technical staff are trained overseas by the Group's equipment principals including companies such as Siemens AG, Argus Technology and Lucent Technologies.

## 5. INFORMATION ON THE EDARAN GROUP (Cont'd)

The breakdown of different categories of employees of EDARAN Group as at 19 March 2001 is as follows: -

Category of Employees	No. of Employees
<b>EDARAN</b>	
Managerial & professional	6
Technical & supervisory	4
Administration	2
General workers	-
Total	<b>12</b>
<b>EKOM</b>	
Managerial & professional	6
Technical & supervisory	34
Administration	6
General workers	4
Total	<b>50</b>
<b>ECOMM</b>	
Managerial & professional	3
Technical & supervisory	28
Administration	8
General workers	2
Total	<b>41</b>
<b>EMAC</b>	
Managerial & professional	1
Technical & supervisory	7
Administration	-
General workers	2
Total	<b>10</b>
<b>EDARAN Group – Total</b>	<b>113</b>

### Modes of Distribution

Throughout more than 12 years of operations, EDARAN Group has built up an experienced team of sales personnel, consultants and engineers to market its services and products. The management of EDARAN Group has strategically focused the Group as telecommunication and IT services provider, which markets and distributes its services through direct and personalised marketing to commercial sectors, Government departments and institutions.

Further, in order to solicit new contracts in this competitive market, the Group has adopted the strategy to actively participate in tenders, direct and personalised marketing, initiate recurring services from existing customers and through the referrals of new business from existing customers.

The methods of EDARAN Group's distribution include mainly:

- Direct marketing to principal markets e.g. Government and its agencies; and
- Through existing client network.

## 5. INFORMATION ON THE EDARAN GROUP (Cont'd)

### 5.5 Promoters

The details of the promoters of the EDARAN Group and their shareholding in EDARAN after the Placement, the Public Issue and the Offer for Sale are as follows: -

Name	Place of Incorporation/ Nationality	No. of Ordinary Shares Held			
		Direct	%	Indirect	%
Kauthar	Malaysia	15,769,440	26.28	-	-
Tan Sri Dato' Tajudin bin Ramli	Malaysian	2	-	15,769,440*	26.28
Sabri bin Hashim	Malaysian	14,263,564	23.77	-	-

Note: -

\* Deemed interested by virtue of his substantial shareholding in Kauthar

### 5.6 Subsidiaries and Associated Companies

The subsidiaries and associated companies of EDARAN, all of which are incorporated in Malaysia are as follows: -

Name	Date/Place of Incorporation	Authorised Capital RM	Issued & Paid-Up Share Capital RM	Effective Equity Interest %	Principal Activities
<b>Subsidiary companies</b>					
EKOM	13.08.1986 Malaysia	5,000,000	1,500,000	100	Provisioning, installation, commissioning, integration and maintenance of information technology products and related services.
EMAC	03.06.1992 Malaysia	500,000	100,000	100	Investment holding and provisioning, installation, commissioning and maintenance of power supply equipment for telecommunication systems.
<b>Associate of EKOM</b>					
ECP	25.10.1997 Malaysia	100,000	100,000	30	Providing services for implementing electronic commerce.
<b>Subsidiary of EMAC</b>					
ECOMM	24.01.1991 Malaysia	1,000,000	500,000	100	Provisioning, installation, commissioning, integration and maintenance of telecommunication equipment and related services.
<b>Associate of EMAC</b>					
ACS	04.06.1998 Malaysia	5,000,000	1,000,000	49	Supplying, delivering, installation, testing and commissioning digital switches and providing engineering and training services.

## 5. INFORMATION ON THE EDARAN GROUP (Cont'd)

Further details of the subsidiaries of EDARAN are as follows: -

### 5.6.1 EKOM

#### (i) History and Business

EKOM was incorporated in Malaysia on 13 August 1986 as a private limited company under the Companies Act, 1965. EKOM commenced its operation on 1 February 1988. EKOM is a wholly owned subsidiary of EDARAN. The principal activities of EKOM are provisioning, installation, commissioning, integration and maintenance of information technology products and related services.

#### (ii) Share Capital

The present authorised share capital of EKOM is RM5,000,000 divided into 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM1,500,000 comprising 1,500,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of EKOM since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value		Consideration	Resultant Issued and Paid-Up Share Capital
		RM			RM
13.08.1986	2	1.00		Subscribers' shares	2
03.03.1988	99,998	1.00		Cash	100,000
20.05.1993	400,000	1.00		Cash	500,000
15.05.1994	1,000,000	1.00		Cash	1,500,000

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## 5. INFORMATION ON THE EDARAN GROUP (Cont'd)

### (iii) Subsidiary and Associated Companies

As at the date of this Prospectus, EKOM does not have any subsidiary company. However, EKOM has an associate company, which details are as follows: -

Associate Company	Date/Place of Incorporation	Authorised Capital RM	Issued & paid-up Share Capital RM	Effective Equity Interest (%)	Principal Activities
ECP	25.10.97 Malaysia	100,000	100,000	30	Providing services for implementing electronic commerce

### (iv) Profit and Dividend Track Record

The audited profit and dividend track record of EKOM for the past five (5) financial years ended 30 June 2000 and the latest audited accounts for the 5-month period ended 30 November 2000 is set out below: -

	<-----Financial Year Ended 30 June----->					5 months period ended 30 November 2000
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2000 RM'000
Turnover	30,055	34,065	34,527	45,187	53,808	23,720
Profit before interest, taxation and depreciation	2,269	2,872	3,172	4,680	6,415	3,673
Depreciation	(291)	(522)	(639)	(696)	(726)	(192)
Interest expense	(143)	(707)	(1,362)	(927)	(751)	(308)
Profit before taxation	1,835	1,643	1,171	3,057	4,938	3,173
Taxation	(733)	(562)	(412)	(48)	(1,652)	(990)
Profit after taxation	1,102	1,081	759	3,009	3,286	2,183
No. of ordinary shares in issue	1,500	1,500	1,500	1,500	1,500	1,500
Net EPS (sen)	73.47	72.07	50.60	200.6	219.07	145.5
Gross dividend rate (%)	-	-	-	-	-	-

## 5. INFORMATION ON THE EDARAN GROUP (Cont'd)

Notes:

- (1) *During the financial year ended 30 June 1999, EKOM acquired 30% of equity interest in ECP. However ECP's financial results is not equity accounted for as it is not intended to be held long term. The significant increased in EKOM's turnover by RM11.0 million or 31% is mainly due to the implementation of project with Jabatan Kastam & Eksais DiRaja Malaysia.*
- (2) *There were no extraordinary items and exceptional items for the period under review.*
- (3) *The decrease of profit before taxation for the financial year ended 1998 was due to the lower progress billings for Ibu Pejabat Polis Kontinjen/Ibu Pejabat Polis Daerah project.*
- (4) *The taxation charged in 1999 relates to under provision of tax in the prior year.*

### 5.6.2 EMAC

#### (i) History and Business

EMAC was incorporated in Malaysia on 3 June 1992 as a private limited company under the Companies Act, 1965. The principal activities of EMAC are investment holding and in the provisioning, installation, commissioning and maintenance of power supply equipment for telecommunication systems. EMAC commenced business operations in June 1993

EMAC is a wholly owned subsidiary of EDARAN. As part of Celcom's vendor development program, on 3 August 1999 EMAC was appointed as one of the key vendors for Celcom.

#### (ii) Share Capital

The present authorised share capital of EMAC is RM500,000 divided into 500,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of EMAC since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued and Paid-Up Share Capital RM
03.06.1992	2	1.00	Subscribers' share	2
15.05.1994	99,998	1.00	Cash	100,000

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## 5. INFORMATION ON THE EDARAN GROUP (Cont'd)

### (iii) Subsidiary and Associated Companies

The subsidiary and associate companies of EMAC are as follows: -

Name	Date/Place of Incorporation	Authorised Capital RM	Issued & Paid-Up Share Capital RM	Effective Equity Interest %	Principal Activities
<b>Subsidiary</b> ECOMM	24.01.1991 Malaysia	1,000,000	500,000	100	Provisioning, installation, commissioning, integration and maintenance of telecommunication equipment and related services
<b>Associate</b> ACS	04.06.1998 Malaysia	5,000,000	1,000,000	49	Supplying, delivering, installation, testing and commissioning digital switches and providing engineering and training services

### iv) Profit and Dividend Track Record

The audited profit and dividend track record of EMAC for the past five (5) financial years/period and the latest audited accounts for the 5-month period ended 30 November 2000 is set out below: -

	Year ended 30 September 1996 RM'000	Nine months ended 30.6.97 RM'000	Financial Year Ended 30 June			5 months period ended 30 November 2000 RM'000
			1998 RM'000	1999 RM'000	2000 RM'000	
Turnover	7,336	26,046	7,318	12,585	9,524	1,949
Profit/(Loss) before interest, taxation and depreciation	(605)	2,988	1,491	4,505	5,552	642
Depreciation	(19)	(124)	(149)	(177)	(204)	(94)
Interest expense	(4)	(431)	(225)	(207)	(241)	(90)
Profit / (Loss) before taxation	(628)	2,433	1,117	4,121	5,107	458
Taxation	(1)	(402)	(1,032)	(26)	(1,500)	(176)
Profit / (loss) after taxation	(629)	2,031	85	4,095	3,607	282
No. of ordinary shares in issue	100	100	100	100	100	100
Net EPS (RM)	(6.29)	20.31	0.85	40.95	36.07	2.82
Gross dividend rate (%)	-	-	-	-	-	-

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**5. INFORMATION ON THE EDARAN GROUP (Cont'd)**

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*Notes:*

- (1) *There were no extraordinary items and exceptional items for the period under review.*
- (2) *For the financial year ended 30 June 1997, EMAC's turnover increased significantly by RM20.0 million or 327% due to commencement of rectifiers and batteries project.*
- (3) *The sharp decline of the turnover and profit before taxation for the financial year ended 1998 was due to the fairly advanced stage of completion of existing projects.*
- (4) *For the financial year ended 30 June 1999, EMAC's turnover increased significantly by RM5.0 million or 72% due to higher stage of completion for rectifiers and batteries project. The increase was also due to the commencement of newly awarded engineering services project by Ericsson.*
- (5) *The taxation charged in 1999 relates to under provision of tax in the prior year.*

**5.6.3 ECOMM**

**i) History and Business**

ECOMM was incorporated in Malaysia on 24 January 1991 primarily to focus on provisioning, installation, commissioning, integration and maintenance of telecommunication equipment and related services. ECOMM commenced business operations in January 1993.

ECOMM is a wholly owned subsidiary of EMAC, which in turn is a wholly owned subsidiary of EDARAN. As part of Celcom's vendor development program, on 3 August 1999 ECOMM was appointed as one of the key vendors for Celcom.

**ii) Share Capital**

The present authorised share capital of ECOMM is RM1,000,000 divided into 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each.

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## 5. INFORMATION ON THE EDARAN GROUP (Cont'd)

The changes in the issued and paid-up share capital of ECOMM since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Issued And Paid-Up Share Capital RM
24.01.1991	2	1.00	Subscribers' share	2
17.08.1992	24,998	1.00	Cash	25,000
11.12.1992	75,000	1.00	Cash	100,000
15.05.1994	400,000	1.00	Bonus Issue of 4 new ordinary shares of RM1 each for every 1 ordinary share held	500,000

### iii) Subsidiaries and Associated Companies

As at to date, the company does not have any subsidiary and associated company.

### iv) Profit and Dividend Track Record

The audited profit and dividend track record of ECOMM for the past five (5) financial years/period and the latest audited accounts for the 5-month period ended 30 November 2000 is set out below: -

	Year ended 30 September 1996 RM'000	Nine months ended 30.6.97 RM'000	Financial Year Ended 30 June			5-month Period Ended 30 November 2000 RM'000
			1998 RM'000	1999 RM'000	2000 RM'000	
Turnover	32,060	34,252	49,899	65,912	23,976	28,945
Profit before interest, taxation and depreciation	2,626	7,842	3,558	8,884	7,044	1,893
Depreciation	(586)	(313)	(432)	(642)	(667)	(291)
Interest expense	(311)	(1,000)	(1,278)	(2,897)	(1,973)	(407)
Profit before taxation	1,729	5,873	1,848	5,345	4,404	1,195
Taxation	(645)	(1,820)	(480)	(152)	(1,532)	(450)
Profit after taxation	1,084	4,053	1,368	5,193	2,872	745
No. of ordinary shares in issue	500	500	500	500	500	500
Net EPS (RM)	2.17	8.11	2.74	10.39	5.74	1.49
Gross dividend rate (%)	-	-	97.2	-	-	-

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**5. INFORMATION ON THE EDARAN GROUP (Cont'd)**

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*Notes:*

- (1) *There were no extraordinary items and exceptional items for the period under review.*
- (2) *For financial year ended 30 June 1998, ECOMM's turnover increased significantly by RM16.0 million or 46% mainly due to the commencement of SDH II, Upgrading of Central Processing Units and Digital Compression Multiple Equipment projects.*
- (3) *The taxation charged in 1999 relates to under provision of tax in the prior year.*
- (4) *For financial year ended 30 June 1999, ECOMM's turnover increased significantly by RM16.0 million or 32% mainly due to commencement of Microwave Phase III project and higher stage of completion of Microwave Phase II project.*
- (5) *The sharp decline of the turnover and profit before taxation for the 2000 financial year was due to the completion of major projects such as fibre optic cable and Microwave Phases I & II with Celcom Group.*

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## 5. INFORMATION ON THE EDARAN GROUP (Cont'd)

## 5.7 Landed Properties

Registered / Beneficial owner	Location	Existing Use, Built-up Area And / Or Approximate Age of Building	Land Area and Tenure	Net Book Value/Cost @ 30.06.2000 RM'000	Market Value as Appraised by Valuer and Approved by SC RM'000	Revaluation Surplus/ (Deficit) RM'000
EKOM	HS (D) 50146, Lot No. PT 1702 Mukim of Ampang, District and State of Wilayah Persekutuan (No. 32, Jalan 1/76C, Desa Pandan, 55100 Kuala Lumpur)	Terrace Shophouse (9,171 sq. ft.) Age: 6 years	3,059 sq. ft. (99 years expiring on 06.07.2085 with the remaining term of approximately 85 years)	2,608	2,400	(208)
<del>EKOM</del>	HS (D) 50136, Lot No. PT 1692 (No. 21, Jalan 2/76C Desa Pandan 55100 Kuala Lumpur)	Terrace Shophouse (4,914 sq. ft.) Age : 6 years	1,650 sq. ft.	609	1,100	491
	HS (D) 50137, Lot No. PT 1693 (No. 19, Jalan 2/76C Desa Pandan 55100 Kuala Lumpur)	Terrace Shophouse (4,914 sq. ft.) Age: 6 years	1,650 sq. ft (99 years expiring on 06.07.2085 with the remaining term of approximately 85 years)	609	1,200	591
	Mukim of Ampang, District and State of Wilayah Persekutuan				Total 2,300	1082
<del>EKOMM</del> *	HS (D) 50312, Lot No. PT 1866, (No. 2, Jalan 4/76C Desa Pandan 55100 Kuala Lumpur)	Terrace Shophouse (7,536 sq. ft) Age: 5 years	3,120 sq. ft	6,419	PT 1866 -2,100	(1,719)
	HS (D) 50313, Lot No. PT 1867, (No. 4, Jalan 4/76C Desa Pandan 55100 Kuala Lumpur)	Terrace Shophouse (4,774 sq. ft) Age: 5 years	1,760 sq. ft		PT 1867 -1,300	
	HS (D) 50314, Lot No. PT 1868 (No. 6, Jalan 4/76C Desa Pandan 55100 Kuala Lumpur)	Terrace Shophouse (4,774 sq. ft) Age: 5 years	1,760 sq. ft (99 years expiring on 07.07.2085 with the remaining term of approximately 85 years)		PT 1868 -1,300	
	Mukim of Ampang, District and State of Wilayah Persekutuan				Total 4,700	

## 5. INFORMATION ON THE EDARAN GROUP (Cont'd)

Registered / Beneficial owner	Location	Existing Use, Built-up Area And / Or Approximate Age of Building	Land Area and Tenure	Net Book Value/Cost @ 30.06.2000 RM'000	Market Value as Appraised by Valuer and Approved by SC RM'000	Revaluation Surplus/ (Deficit) RM'000
EMAC	HS (D) 50130, Lot No. PT 1686 Mukim of Ampang, District and State of Wilayah Persekutuan (No. 33, Jalan 2/76C Desa Pandan 55100 Kuala Lumpur)	Terrace Shophouse (10,785.5 sq. ft.) Age: 6 years	3,597 sq. ft (99 years expiring on 06.07.2085 with the remaining term of approximately 85 years)	3,036	2,600	(436)
EMAC	HS (D) 50259, Lot No. PT 1815 Mukim of Ampang District and State of Wilayah Persekutuan (No. 23-1, First Floor, Jalan 5/76B Desa Pandan 55100 Kuala Lumpur)	Terrace Shophouse Level 2, 1,650 sq. ft. Age: 7 years.	(99 years expiring on 06.07.2085 with the remaining term of approximately 85 years)  Strata title for this property is yet to be issued.	260	300	40
<b>Total</b>				<b>13,541</b>	<b>12,300</b>	<b>(1,241)</b>

Note: -

\* Currently, ECOMM is awaiting the approval from the relevant authority for the renovation works made on P.T. No. 1866, 1867 and 1868, Mukim Ampang.

The properties listed below were acquired during the period of two (2) years preceding the valuation by Jurunilai Bersekutu: -

Registered / Beneficial owner	Location	Date of Transaction	Price (RM'000)
EKOM	HS (D) 50136, Lot No. PT 1692 HS(D) 50137 Lot No. PT 1693 Mukim of Ampang, District and State of Wilayah Persekutuan	25 June 1999	650
			650
			1,300
EMAC	HS (D) 50259, Lot No. PT 1815 Mukim of Ampang, District and State of Wilayah Persekutuan	13 July 1999	265
<b>Total</b>			<b>1,565</b>



## 5. INFORMATION ON THE EDARAN GROUP (Cont'd)

### 5.8 Details of Major Licences and Permits

Licence/Authority	Date of Issue	Conditions	Status of Compliance
ECOMM Licence To Provide Value Added Network Data Services In Malaysia/ Ministry Of Energy, Telecommunications And Posts	1 January 1998 (the licence shall be of a duration of five (5) years and subject to the Minister's approval it may be renewed)	To seek the Minister's approval for any proposed share disposal to foreign party	Complied as at to date

### 5.9 Major Customers

In its 12 years in the telecommunication and IT industries, EDARAN Group has acquired a long list of customers from Government agencies to large enterprises in the commercial sector. This will ensure the Group's presence in the market for many years to come. It has plans to provide total local support to cut operating costs and to decrease its dependence on its offshore principals, namely NEC Corporation, Siemens AG and Siae Microelectronica.

EDARAN Group has endeavoured to venture into other avenues relating to the IT industry. Hence, the Board of EDARAN foresees that the Group will not be overly dependent on any single customer in the future. The Group's top customers are Jabatan Kastam dan Eksais Diraja Malaysia and Celcom (M) Sdn Bhd. However, EDARAN Group has a wide spectrum of customers comprising both public and private sectors. Confidence and trust earned from previous projects implemented, has led to recurring contracts awarded to the Group. The major customers of EDARAN Group for the two (2) financial years ended 30 June 1999 and 2000 are set out in the table below: -

**Top customers of EDARAN Group As At Financial Year Ended 30 June 1999 and 2000**

	1999	2000	Years *
<b>EKOM</b>			
0.1% to 5%	Jabatan Perdana Menteri	Jabatan Perdana Menteri	1
	Bandar Baru Kelang Medical Center	Bandar Baru Kelang Medical Center	1
	Dewan Bahasa dan Pustaka	-	1
	Jabatan Perkhidmatan Awam	Jabatan Perkhidmatan Awam	3
	Celcom (M) Sdn Bhd	-	8
	Kintetsu Integrated Air Services Sdn Bhd	Kintetsu Integrated Air Services Sdn Bhd	8
	Pusat Sistem Maklumat Bersepadu (UiTM)	Pusat Sistem Maklumat Bersepadu (UiTM)	1
	NEC Corporation Japan	NEC Corporation Japan	11
	Jabatan Kimia Malaysia	Jabatan Kimia Malaysia	4
	Kementerian Sains, Teknologi & Alam Sekitar	-	2
	Tanjong Rhu Resorts	Tanjong Rhu Resorts	3
	Tenaga Nasional Berhad	Tenaga Nasional Berhad	2
5.1% to 9.9%	Malaysian Airline System Berhad	Malaysian Airline System Berhad	5
10% to 29.9%	Jabatan Kastam & Eksais DiRaja Malaysia	-	11
30% to 50%	-	Jabatan Kastam & Eksais DiRaja Malaysia	11

## 5. INFORMATION ON THE EDARAN GROUP (Cont'd)

	1999	2000	Years *
<b>ECOMM</b>			
0.1% to 5%	Lucent Technologies (M) Sdn Bhd	-	3
	Malaysian Airline System Berhad	-	4
5.1% to 9.9%	-	Lucent Technologies (M) Sdn Bhd	3
10% to 29.9%	-	Celcom (M) Sdn Bhd	8
30% to 50%	Celcom (M) Sdn Bhd	-	8
<b>EMAC</b>			
0.1% to 5%	Ericsson	Ericsson	3
5.1% to 9.9%	Celcom (M) Sdn Bhd	Celcom (M) Sdn Bhd	5
10% to 29.9%	-	-	
30% to 50%	-	-	

Note: \* Years of relationship.  
The percentage of the above major customers is based on the turnover for years 1999 and 2000.

### 5.10 Major Suppliers

Most of EDARAN Group's hardware peripheral requirements are sourced locally to make it easier for the Group to monitor their availability and enable faster access. Occasionally, to avoid interruptions of supply, power system equipment is sourced from offshore principals, namely Argus Technology Ltd, Canada and Exide Technologies. The Group is also value added resellers (VAR) of products from foreign companies such as Siemens, Global One and Motorola. Major suppliers are Mitsui, Mesiniaga and Siemens for the financial year ended 30 June 1999 and 2000. The table below sets out the major suppliers of EDARAN Group: -

#### Top suppliers of EDARAN Group As At Financial Year Ended 30 June 1999 and 2000

	1999	2000	Products	Years *
<b>EKOM</b>				
0.1% to 5%	Compaq Computer Corporation (M) Sdn Bhd	-	PCs, Notebooks, Servers & Printers, Software and accessories	11
	CSA Distributors Sdn Bhd	CSA Distributors Sdn Bhd	Computer hardware/software and accessories	8
	Control Data System Sdn Bhd	Control Data System Sdn Bhd	Computer hardware/software and accessories	7
	Fujitsu Computer System (M) Sdn Bhd	Fujitsu Computer System (M) Sdn Bhd	Computer hardware/software and accessories	6
	Applied Business System Sdn Bhd	Applied Business System Sdn Bhd	PCs, Notebooks, Servers & Printers, Software and accessories	5
	Power Protection (M) Sdn Bhd	Power Protection (M) Sdn Bhd	Computer hardware and accessories	5
	Unisys (M) Sdn Bhd	-	Computer hardware and accessories	4
	Wellnet Sdn Bhd	Wellnet Sdn Bhd	Training and services	3
	SL Information Systems Sdn Bhd	-	Computer hardware/software and accessories	3
	Mesiniaga (M) Bhd	-	Computer hardware/software and accessories	2
	EC Partners Sdn Bhd	EC Partners Sdn Bhd	Computer hardware/software and accessories	2
	-	NEC Sales (M) Sdn Bhd	PCs, Notebooks, Servers & Printers	12
	-	GiatAce Sdn Bhd	Computer hardware/software and accessories	4
5.1% to 9.9%	Mitsui and Co. Ltd	-	Computer hardware/software and accessories	7
	NEC Sales (M) Sdn Bhd	-	PCs, Notebooks, Servers & Printers	12
	GiatAce Sdn Bhd	-	Computer hardware/software and accessories	4
	-	Mesiniaga (M) Bhd	Computer hardware/software and accessories	2

## 5. INFORMATION ON THE EDARAN GROUP (Cont'd)

	1999	2000	Products	Years *
10% to 29.9%	-	-	-	-
30% to 50%	-	Mitsui and Co. Ltd	Computer hardware/software and accessories	7
<b>ECOMM</b>				
0.1% to 5%	Photon Technologies Sdn Bhd	Photon Technologies Sdn Bhd	Fibre Optic Cable	4
	Hewlett Packard Sales (M) Sdn Bhd	Hewlett Packard Sales (M) Sdn Bhd	Computer hardware/software, Notebook and accessories	2
	-	Compaq Computer Corporation (M) Sdn Bhd	PCs, Notebooks, Servers & Printers, Software and accessories	6
5.1% to 9.9%	Siae Microelectronica	-	Digital Microwave Radio Systems	6
	Compaq Computer Corporation (M) Sdn Bhd	-	PCs, Notebooks, Servers & Printers, Software and accessories	6
	-	Siemens (M) Sdn Bhd	Synchronous Digital Hierarchy System	6
10% to 29.9%	Siemens (M) Sdn Bhd	-	Synchronous Digital Hierarchy System	6
30% to 50%	-	-	-	-
<b>EMAC</b>				
0.1% to 5%	Argus Technology Ltd	Argus Technology Ltd	Rectifier	5
	Exide Technologies	Exide Technologies	Batteries	5
5.1% to 9.9%	-	-	-	-
10% to 29.9%	-	-	-	-
30% to 50%	-	-	-	-

Note: \* Years of relationship.

The percentage of the above major suppliers is based on the purchases for years 1999 and 2000.

### 5.11 Prospects of EDARAN Group

#### (a) Prospects for IT and Telecommunication Related Services

Within the Internet and electronic commerce driven economy, a wide range of new IT and telecommunication industry services have experienced dramatic uptake in recent times.

Through the global trend analysis and market research conducted by Deloitte, Touche Tohmatsu, EDARAN Group has assessed the range of services now in demand in conjunction with a review of its existing core business. It has selected a 'portfolio' of new or enhanced services, which are easily integrated with existing capabilities and augment its existing business.

A key strategy in the selection and provision of enhanced services has been for EDARAN Group to differentiate themselves totally from hitherto classified dot.com businesses.

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**5. INFORMATION ON THE EDARAN GROUP (Cont'd)**

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Whereas dot.com businesses market the technology environment per se, EDARAN Group focuses on the provision of pragmatic services, which enable customers to take advantage of the technology environment.

**Impact of e-commerce 'hyper growth'**

A study conducted by Forrester Research Inc. ("Forrester") in the United States of America predicts that most Asian, South American and Western European nations will reach a state of electronic-commerce "hyper growth" within the next four years, transforming the Internet into a fully global business engine. Forrester estimates that global e-commerce, including both business-to-business ("B2B") and business-to-consumer ("B2C"), will reach USD6.9 trillion by 2004, up from a projected USD655.8 billion in 2000.

According to the Forrester report, growth in Western Europe has already commenced with most nations entering "hyper growth" in 2001. Asia Pacific nations are expected to reach hyper growth in 2002, with most attaining that point in 2003. South American growth will probably commence a year after the Asia Pacific nations.

e-commerce 'hyper growth' will beneficially impact on the provision of services by specialist IT/telecommunication organisations such as EDARAN Group as customers clamour for new economy/technology solutions for which EDARAN Group has created significant understanding and capability.

(Source: Deloitte Touche Tohmatsu, Independent Feasibility Report, as disclosed in Section 11)

**Impact of Malaysia uptake of Internet usage**

Malaysian internet usage is expected to grow to about 1.9 million subscribers in year 2000 and continue to grow to almost 4 million by year 2004. Internet revenue is expected to grow from about RM800 million in year 2000 to about RM1.9 billion in year 2001 and increase to RM3.8 billion and RM7.6 billion in year 2002 and 2003 respectively. According to IDC, internet devices revenue is expected to grow from about RM3 billion in year 1999 gradually increasing to about RM7 billion in year 2002. Internet commerce revenue is also expected to grow dramatically from about RM400 million in year 1999/2000 to about RM3.8 billion by the end of year 2002. IDC projects the growth in internet commerce in Malaysia to grow sharply to the year 2004 reaching about RM13 billion in revenue.

(Source: Deloitte Touche Tohmatsu, Independent Feasibility Report, as disclosed in Section 11)

As internet-oriented business continues to grow, m-commerce will further accelerate that growth. The development of m-commerce is seen as supplemental to the use of personal computers. Size, content and mobility enable users access to more timely information across a range of new applications. It has been reported that Malaysia is among the first ten countries in the Asia Pacific region to carry out trial services.

The projected growth of internet usage and its associated product/services sets bode well for EDARAN Group's continued success in the systems integration, trading and maintenance businesses, enabling it to capitalise not only on its convergence industry capabilities but also its current customer base and technology 'partners' offerings.

(Source: Deloitte Touche Tohmatsu, Independent Feasibility Report, as disclosed in Section 11)

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**5. INFORMATION ON THE EDARAN GROUP (Cont'd)**

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**The impact of convergence**

Convergence is the term applied to describe the merging/consolidation of information technology and telecommunication infrastructure. Terms such as 'the network is the computer' are now common. Previously defined hand-held portable devices such as wireless phones and palm pilots are now 'mobile terminal devices'. Wireless technology removes dependence on the physical connectivity of users to processing computers. In addition, convergence, optimising the Internet, provides 'any to any' global connectivity.

This converged environment favours 'new-tech' niche vendors, telephone companies, ISP, telecommunication vendors and IT services companies/systems integrators. It particularly favours organisations who have already obtained recognition and installed bases in multiple parts of the converged spectrum. EDARAN Group is perceived as having significant differentiation and opportunity as a vendor of multiple components in both the IT and telecommunication domains. As such, EDARAN Group can be characterised as potentially an 'early market mover' with significant opportunity to leverage its converged hybridisation.

**(b) The Prospects of the EDARAN Group**

**Organisational Uniqueness**

The EDARAN Group comprises three companies, which in the past 12 years, have been involved in SI, maintenance and training, applications development, provision of engineering services, supply of telecommunication equipment and trading in the supply of power systems to the telecommunication industry. In essence, the EDARAN Group is a business highly focused on IT and telecommunications. Involvement and a track record in these two industries form the basis for EDARAN Group to extend its reach and influence across its current 'blue chip' customer base, optimising its existing capabilities as a 'convergence' oriented organisation.

**Customer Base**

Historical track record has demonstrated EDARAN Group's ability to deliver major contracts to a major telco company, Celcom (M) Sdn Bhd, and several Government bodies including Jabatan Kastam dan Eksais DiRaja Malaysia and Polis DiRaja Malaysia, as well as private sector companies such as Malaysian Airline System Berhad and Bandar Baru Kelang Medical Centre. EDARAN Group has obtained a deep understanding of and insight into its customers' needs and an in-depth understanding of the applications. It has also achieved dramatic productivity improvements. Ongoing support from this strong customer base can accelerate the demand growth on EDARAN Group for its selected new and enhanced services.

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**5. INFORMATION ON THE EDARAN GROUP (Cont'd)**


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**Experienced Management and Staff**

A considered strength of EDARAN Group is its horizontal and open style of management, which enables decisions on project management to be made quickly and efficiently.

<b>Category of Employees as at 19 March 2001</b>	<b>No. of Employees</b>
<b>EDARAN</b>	
Managerial & professional	6
Technical & supervisory	4
Administration	2
General workers	-
Total	<b>12</b>
<b>EKOM</b>	
Managerial & professional	6
Technical & supervisory	34
Administration	6
General workers	4
Total	<b>50</b>
<b>ECOMM</b>	
Managerial & professional	3
Technical & supervisory	28
Administration	8
General workers	2
Total	<b>41</b>
<b>EMAC</b>	
Managerial & professional	1
Technical & supervisory	7
Administration	-
General workers	2
Total	<b>10</b>
<b>EDARAN Group – Total</b>	<b>113</b>

**Strong Financial Fundamentals**

EDARAN Group has strong financial fundamentals, built up over the years, and is considered one of the more prominent Malaysian Bumiputra companies with 12 years of extensive experience in IT/telecommunications support industries. In view of this, EDARAN Group is deemed to be a contributor to Malaysia's vision of an advanced IT and knowledge-based society and has the respect of customers and industry colleagues.

**Strategic Alliances**

During past years, EDARAN Group has formed a number of strategic alliances with both local and foreign enterprises and enjoys support from worldwide organizations such as Siemens, Argus Technology, Global One and NEC. This also provides a channel for continuous access to technical knowledge, expertise and research and development.

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**5. INFORMATION ON THE EDARAN GROUP (Cont'd)**

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**Focused Mission and Strategy**

EDARAN Group is already a major supplier of products, systems and services for organizations wishing to capitalise on the growth of the IT and telecommunications industry. EDARAN Group has formulated a strategy to develop new avenues and faster means to further service its markets. With this strategy in place, EDARAN Group's mission is to become a leading IT/telecommunication support services company in Malaysia, providing an array of high quality products and services in line with continuous change in industry dynamics addressing its customers' need of convergence industry solutions.

**Cross-selling Capability**

The full matrix of EDARAN Group's services conveniently cross-sell each other. In this way, it is feasible to sell full outsourcing from an initial facilities management base, linking further SI work and maintenance – both in the IT and telecommunication domains.

**(c) Limitations and Threats and Mitigating Factors that Affects the EDARAN Group****Branding and Image**

Currently, the EDARAN Group is a niche player in the IT/telecommunication market. Customer recognition and support is high based on continuous provision of high quality services and applications. However, EDARAN Group does not have a strong brand image in the market outside of its current customer base. This is about to be addressed through new hires and the contracting of specialist professional services.

**Continuous Research and Development ('R&D')**

As at 19 March 2001, EDARAN Group has 113 employees with more than 50% qualified experienced engineering and technical staff.

However, in order for EDARAN Group to further enhance the quality of its services and products, there is a need to create an R&D facility. This would strengthen competitiveness by developing and introducing new technologies to assist customers. In line with the Group's vision to expand into other IT/telecommunication products and services, an R&D arm is currently under consideration.

This potential weakness is mitigated by EDARAN Group's association with numerous multi-national organisations with which it partners in the delivery of technology into Malaysia. The Group can optimise significant inwards knowledge transfer.

As a systems integrator, EDARAN Group selects and implements proven technology products and services within a framework of multi-vendor contracts and alliances. In this respect, EDARAN Group is not developing products per se. The applicability of R&D therefore is more oriented towards keeping abreast of technology innovation and ensuring that appropriate levels of knowledge transfer are maintained.

EDARAN Group's policy regarding R&D is to continue building strong, active relationships with overseas alliance partners and vendor/principals. By acting as the local systems integrator, the Group will obtain the appropriate knowledge transfer from overseas into the local market.

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## 5. INFORMATION ON THE EDARAN GROUP (*Cont'd*)

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At present, EDARAN Group has a base of technical staff acting as the liaison points to international vendors. This area is likely to become more functional, certainly in terms of training, as the Group establishes enhanced facilities from its own customised premises.

### **Management Culture and Skills**

The 'new economy' demands new levels of customer service. The provision of everything 'at the speed of light' requires a new organisational culture, which all companies need to address. EDARAN Group is no exception and a change management plan is underway in conjunction with the employment of in-house and sub-contracted specialist skills.

Additionally, the scope of extended services identified by EDARAN Group includes significant emphasis on enhanced customer linkages, e.g. call center, Virtual Private Network services and other means, which will improve the Group's own customer management as well as generate new revenues.

### **Possible 'Late-Comer'**

The current local maxim is, "If you want to go into e-commerce, you must go now." However, there is usually a premium for being there first. Observers suggest that Malaysia is about two to three years behind the US. However, this could be a poor yardstick based on Internet and e-commerce evolution, which is so rapid that it is almost certain that the gap will narrow. e-commerce in Malaysia may mature sooner than forecasted and as such, the EDARAN Group's offering of IT/telecommunication related services may be viewed as possibly being "right on cue".

In any respect, EDARAN Group will enjoy opportunities in a business environment post the 'dot.com' era, relying as it is on sound fundamental business objectives and a firm profitable financial footing based on many years involvement in the market.

### **Marketability of New Services and Competition**

Each of the current core business services offered by EDARAN Group is profitable and in demand. The strategically selected enhanced services augment the current core business and market forecasts are favourable. There is no perceived threat in respect to marketability.

In respect to competition, EDARAN Group has strategised to concentrate on an existing customer base and grow market share from that foundation. Given that the enhanced services will be a mechanism to deliver further value to customers, it is considered likely that EDARAN Group will be able to compete on better than 'par' within the market. Competition in the wider market will be met by means of customer testimonials and the proven value of being identified as a 'one-stop-shop' or total solutions provider.

### **Rapid changes in Technology**

The EDARAN Group has strategised to meet this challenge by keeping abreast of continuous improvements in collaboration with its team of international vendor partners. The market forecasts for the services sets being offered are all of growth for at least the medium term. In this respect, it appears that the Group has selected the most appropriate business extensions.



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**5. INFORMATION ON THE EDARAN GROUP (Cont'd)**

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**(d) Opportunities Available to EDARAN Group****Leverage on existing customer base**

The EDARAN Group has a reputable client base with which it has been doing business for many years. There is an opportunity for the EDARAN Group to introduce new technological innovation to these clients. Not only is EDARAN Group's customer base characterised as 'blue-chip' but also each customer is of the type identified as highly likely to adopt the services sets being offered. The value of customer testimonials is also considered as being high and highly marketable.

**Further alliance with existing partners**

Alliance with strategic partners is a key ingredient for some of the new services that EDARAN Group is intending to make available. This may take the form of alliances with existing partners based on historical track record or new alliances with new partners. Relationships with existing partners would provide considerable leverage for the EDARAN Group to further form alliances.

**'One-Stop-Shop'**

EDARAN Group has successfully used a 'building block' approach to construct an integrated services set, which enables 'up-selling' to an organisation, e.g. basic SI through maintenance services. The enhanced services that the Group intends to offer, consolidate further on existing business and extend the up-selling capability with associated telecommunications/convergence facilities. This grouping of services provides a 'one-stop-shop' differentiation, which is likely to be appealing to the Group's targeted markets.

**Telehousing**

EDARAN Group has expertise and track record in convergence industry solutions, and has the capability to offer fully outsourced services, there is scope to offer communications outsourcing under a fully Managed Network Services umbrella.

**Scaling-up via Enhanced Maintenance Services**

The projected development of a franchised or sub-contracted field-force for maintenance of existing EDARAN Group customers as well as for work in support of third party vendors' equipment appears an attractive strategy to establish scale in the Malaysian market. This should at minimum, enable a level of pre-eminence and competitive differentiation.

**(e) The Barriers to Competitors Against the EDARAN Group****Financial Resources**

There are many competitors providing one or more of the services and products that EDARAN Group supplies or intends to supply. However, in order to stay in business, adequate financial resources will be required. Funding is required for capital investment, working capital, R&D into new technology innovations as well as marketing, advertising and branding. To date, many listed companies have entered into deals to extend their activities to e-commerce. The rationale for such being the belief that e-commerce will bring significant returns as the so-called 'new economy' blooms. Unlike a start-up company which could find difficulties raising adequate resources for new ventures, EDARAN Group has already been successful in the IT and telecommunication service industry for 12 years. Consequently, it has built up adequate resources to proceed with the intended rollout of its IT and telecommunication strategy.

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## 5. INFORMATION ON THE EDARAN GROUP (Cont'd)

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### Technology and Human Resources

In an Economist Intelligence Unit (EIU) survey as reported in CFO Asia magazine (June 2000), around 50% of respondents (comprising senior executives of companies in North America, Europe and Asia Pacific) viewed technology constraints as a barrier to e-business implementation. The respondents view lack of required IT staff capability as a barrier. Likewise retraining current employees and reorganization within the company to embrace web-based business, require culture to become more entrepreneurial and implemented by people with specialised e-business skills. With the current labour market for IT skilled staff in Malaysia under-resourced, EDARAN Group can differentiate itself based on the scale and stability of its employees.

### Market Size and Market Space

The Malaysian market in which EDARAN Group is operating can be characterized as strong in public sector and large corporates with a burgeoning market developing in the Small Medium Enterprise and Small Office/Home Office (SOHO) sectors.

Given that EDARAN Group has established a successful track record with key public sector clients and to a degree, in the private sector, its market position could be described as “partially entrenched”. This constitutes a potential barrier to competitors particularly if EDARAN Group consolidates around its customer relationships with enhanced services.

The market space in EDARAN Group’s chosen domain is highly likely to demand ‘convergence’ oriented solutions for which EDARAN Group is well placed. Current structure and future strategy in support of a ‘one-stop-shop’ should also be appealing to customers.

Testimonials and a continued successful track record should also assist the Group obtain further customers in its focused vertical and horizontal markets.

There are no significant barriers apparent which could be considered likely to hamper EDARAN Group’s future growth. At the same time, there is scope to further entrench its position in terms of retaining and growing market share.

### 5.12 Strategies Adopted by EDARAN Group

The following section describes business areas and services using current market place terminology.

To optimise industry and technology growth impacts, EDARAN Group has identified several types of new and extended IT and telecommunication related business areas to complement its current core strategic offerings. The business areas identified are as follows:

#### Professional Services

- Application Service Provision (ASP)
- Call Center Provider/Services (To enhance maintenance and support operations with its customer base)
- Enhanced Maintenance Services
- Enhanced Systems Integration

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**5. INFORMATION ON THE EDARAN GROUP (Cont'd)**

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- Network Outsourcing (Managed Network Services [MNS])
- Outsourcing and Facilities Management (FM)

**Communications Based Services**

- Enhanced 'Last Mile' operations
- Voice over Internet Protocol (VOIP) Services
- Virtual Private Network (VPN) based services environment (establishing support services for customers wishing to enter the VPN domain)
- Wireless Application Protocol (WAP) based services environment (extending current SI services to cater for WAP-based customer requested applications)

**Telehousing/Co-location**

- Telehousing/Co-location (of IT and telecommunication equipment)

A more detailed description of the above said business areas are as follows: -

**Application Service Provision (ASP)**

The provision of a contractual service offering to deploy, manage, host or rent access to software applications from a centrally managed facility. ASP vendors are responsible for either directly or indirectly providing all the specific support and expertise aimed at managing access to a software application or set of applications.

**Call Center Services**

A call center is traditionally defined as a physical location where calls are placed, or received, in high volume for the purpose of sales, marketing, customer service, telemarketing, technical support or other specialized business activity. One early definition describes a call center as a place of doing business by phone that combines a centralized database with an automatic call distribution system. However, with the shift towards Internet the definition of call center has expanded to include the following applications: -

- ◆ Telemarketing centers;
- ◆ Fundraising and collections organizations;
- ◆ Help desks, both internal and external;
- ◆ Outsourcers (better known as service bureau) that use their large capacity to serve multiple companies;
- ◆ Reservation centers e.g. airlines and hotels;
- ◆ Catalogue retailers;
- ◆ "E-tailing" centers and e-commerce transaction centers that do not handle calls so much as "automated customer interactions".

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**5. INFORMATION ON THE EDARAN GROUP (Cont'd)**


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**Enhanced Maintenance Services**

It addresses four lines of business: -

- i) Extension to existing maintenance and support services extended to clients for equipment supplied as part of one-off or systems integration contracts. The extensions include using
  - (a) call center technologies and facilities to build stronger links to customers (enhance relationships); provide wider services (introduction of more extensive Service Level Agreements [SLAs]); and assume more direct responsibility for equipment/systems uptime and performance (move to facilities management /outsourcing relationships).
  - (b) network-oriented facilities such as web-based support options and private network facilities, in either case providing the customer with advanced online links to specialist assistance or self-help options.
- ii) Assumption of responsibility for maintenance contracts on behalf of equipment vendors e.g. assuming the contract for field maintenance (including preventative maintenance) under the terms of vendor warranties. In this sense, EDARAN Group would optimize and grow its existing maintenance operation across equipment types with which it is already familiar.
- iii) Development of a larger maintenance field force by entering into sub-contract or franchised arrangements with location-specific niche technical maintenance companies. In this sense, the sub-contracted company appears to the customer base as an integrated part of EDARAN Group's business. Branding of such 'third parties' would incorporate signage, quality levels, warranty, SLA, central dispatch and trouble-ticket tracking and professional performance.
- iv) Creation of a 'center of excellence' training and demonstration center which is used to undertake all EDARAN Group's training requirements as well as offering facilities and trainers to third parties e.g. equipment vendors.

There is scope to utilize the field force created in (iii) above to undertake maintenance responsibilities for the vendors described in (ii).

**Enhanced Systems Integration**

The development of wider skill-sets and capabilities to undertake core business systems integration projects but subject to all or any of the following: -

- Larger scale
- Vertical Industry or application oriented
- New e-business oriented applications
- Wider, convergence-oriented projects

In essence, the term enhanced systems integration implies the development of ownership of specific niche markets and an overall scaling-up of facilities and capabilities.

**Network Outsourcing**

Sometimes also known as Managed Network Services (MNS), it is similar in concept to IT outsourcing with the service provider accepting specific responsibility for the customers' communications facilities.

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**5. INFORMATION ON THE EDARAN GROUP (Cont'd)**

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It can include all the aspects of outsourcing in a communications sense and where the service provider houses the communications equipment can be said to be a telehousing or co-location operation.

**Outsourcing and Facilities Management (FM)**

Facilities Management (FM) is the practice of coordinating and managing the physical workplace with the people and work of the customer organization. It integrates the principles of business administration, IT architecture and management.

Although facilities management service has been in existence since the evolution of the office, only in relatively recent years has it received worldwide recognition. Business entities have come to realize that maintaining a well-managed and highly efficient facility is critical to success. New technologies, environmental consciousness and health concerns have also had a major impact on the importance of and need for facility professionals in organizations. A facilities management agreement can also be very similar to outsourcing, where the assets of the customer organization transfer to the services provider and where generally the central computing facilities transfer to the service providers' site. Generally within a FM contract, the technology assets remain on the balance sheet of the customer. The FM services provider supplies management personnel in situ on the customer site.

Outsourcing is the term applied where an organization, usually a large corporation or public sector department, engages an outside party of experts to operate, manage and maintain its IT department. This can include the site, the people and the facility per se or any combination of such. Often, the department becomes too big and the customer is not able to economically employ or maintain professionals in the area. Outsourcing in Asia and in Malaysia in particular is relatively new. Uptake is currently in its early stage and the market appears wide open.

FM is the antecedent to outsourcing and covers the above arrangements but without the physical transfer of the financial assets of the customers' technology base to the services vendor. Outsourcing full ownership of people and plant generally re-defines the customer's access and usage of computing/technology to very much a 'utility' commodity.

**Virtual Private Network (VPN) Services**

A virtual private network (VPN) is essentially a perceived 'dedicated network' for a user organization, which in fact is enabled by 'tunneling' data (using VPN transmission protocols and formatting) over an existing network.

A VPN securely transports data packets across the network backbone by establishing tunnel endpoints that negotiate a common encryption and authentication scheme prior to transport. A VPN inexpensively connects networks together on a Wide Area Network (WAN) and allows remote access to network services transparently and securely with the same degree of convenience and security as if users were locally connected to conventional networks and hosts. VPNs are implemented utilizing encryption and authentication features within firewalls, routers and appliances.

In the last ten years or so, telcos have spent heavily on data networks, establishing the bandwidth to bring internet, e-mail, web and database applications to every office location. But as these networks grow more complex, they become more difficult for IT departments to manage. Opportunities now exist to assist customers migrate to VPN usage, simplifying communications and often reducing communications costs.

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**5. INFORMATION ON THE EDARAN GROUP (Cont'd)**

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**Voice Over Internet Protocol (VOIP) Services**

VOIP works via a server hosting Internet protocol as the key to enabling connectivity between parties. The VOIP server provides the gateway component required, bridging the call between the telephone network and the Internet. The caller indicates whether he/she would like to use a regular phone, Internet or request delayed connection. The server then establishes a call to the customer. When the customer answers this call, the server initiates a second call to the business. The business and customer are then connected.

**Wireless Application Protocol (WAP)**

WAP is a new global standard that enables mobile devices, such as cellular phones, personal digital assistants and other 'wireless' appliances, to access and interact with internet and intranet information and services. The first wave, in 1999, saw content providers focusing on consumer information, such as news and updates. The second wave, occurring currently, is characterized by mobile intranet and extranet connectivity. Users can send and receive e-mail, access enterprises' directories, undertake customer relationship management and travel-related applications as well as e-brokering via their company's intranet and extranet. The third wave of WAP technology, which is expected to swell this year, is oriented to mobile e-commerce (m-commerce) and e-business. Thus, products and services can be purchased online from websites via mobile devices. This facility is considered an important influence on the generation of new procurement and supply-chain applications.

The combination of WAP and m-commerce will likely generate a huge demand for new systems development and integration services. Apart from commerce oriented applications, it is also anticipated that other new areas will be identified for development; e.g. in the United States, location dependent services and city navigation are available to help users find their destinations, using GPS facilities associated with the hand-set.

**'Last Mile' Services**

'Last Mile' Services is the term applied where work is undertaken at the extremity of the network (either public or private) through to the physical connection of devices to and/or at the customers' premises (customers' premises equipment/CPE).

Within a 'last mile' services set a vendor can be involved in all or any of the following:-

- provision of 'last mile' communications technology and devices
- communications connections between devices and the network
- provisions of CPE
- maintenance of CPE
- support/help services (including help desk/call center)
- cabling and floor plan design and installation
- provision of modems (including cable modems)
- provision of networking and processing services and applications to the CPE/devices
- Consulting services

In all cases the 'last mile' service provider represents the customer in liaising with or on behalf of the network provider(s) / operator(s).

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**5. INFORMATION ON THE EDARAN GROUP (Cont'd)**

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**Telehousing / Co-location**

Telehousing or Co-location are the terms used to identify a specialized service providing for the physical housing, maintenance and support of customers' communications and network devices within a customized, secure location. The telehousing / co-location facility usually embodies all of the characteristics of a 'fault tolerant', disaster recovery 'bunker'. Facilities provided include rack location of devices through to device monitoring and maintenance – usually on a 24 hours X 365days basis. The physical facility is generally designed to provide access to all network operators. Typical users of such facilities include banking and finance network operators and organizations requiring full security or resilient backup. As communications becomes both more complex and potentially costly for customers, there is a growing trend towards 'outsourcing' the full communications facility. This also obviates the need for customers to attract and retain specialist human resources.

**5.13 Future Plans of EDARAN Group**

EDARAN Group has planned to offer the following services over the next three (3) years that comprise professional services and telecommunication based services.

**Professional Services****(a) Application Service Provision (“ASP”)**

EDARAN Group will continue to source new software to be made available to its existing and potential new clients over a network and subject to rental arrangements. Once the new software becomes available, revenue will be generated from the licences fees charged for the services provided.

**(b) Call Centre Services**

EDARAN Group plans to incorporate call center services including planning, equipment supply, consulting and SI. The inclusion of a call center supporting EDARAN Group in its own right is expected to enhance maintenance services as well as generating revenues.

**(c) Enhanced Maintenance Services**

Enhanced maintenance services include the development of a franchised field force, as well as entering into subcontracted maintenance with third party vendors.

**(d) Enhanced System Integration (“SI”)**

Building on its previous track record in the areas of SI, the Group intends to extend activities around this core business. Due to rapid change in industry dynamics, particularly based on the influence of e-business, EDARAN Group expects its clients will generate high demand for new applications development to optimise an enhanced networking infrastructure and e-commerce/m-commerce need.

**(e) Network and IT Outsourcing/Facilities Management**

In line with projected global growth trends, EDARAN Group has strategised for anticipated increase in demand for these services where essentially EDARAN will assume responsibility for customers' IT and telecommunication operations. The Group expects additional revenue to be generated from management fees and on-going hardware sales.

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**5. INFORMATION ON THE EDARAN GROUP (Cont'd)**

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**Communication Based Services**

**(a) Voice Over Internet Protocol (“VOIP”) and Virtual Private Network (“VPN”) Services**

EDARAN Group will mainly be involved in the provision of consulting services, and the provision of hardware and associated maintenance.

**(b) Wireless Application Protocol (“WAP”) Services**

As WAP has recently been introduced to the Malaysian market, EDARAN Group will be able to provide specialized equipment, hardware and software and also related maintenance work through its existing relationships in the telecommunication industry.

**(c) “Last Mile” Operations**

As this is an extension of a successful existing business of EDARAN Group, the infrastructure and expertise are already in place. EDARAN Group has entered into a memorandum of understanding with a private party to run last mile operation.

This market is an exciting opportunity for EDARAN Group as growth oriented mobile business will require substantial consultancy and advisory services. New WAP applications may be incorporated as part of enhanced maintenance services and the potential for revenue generated in this segment is significant.

**(d) Telehousing/Co-location**

EDARAN Group has not projected any revenue for this service at this time. It is an opportunity available for EDARAN Group to address as part of Managed Network Services for which it can harness its expertise in the IT and telecommunication sectors.

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## 6. INDUSTRY OVERVIEW

### 6.1 IT

During the economic and financial crisis, which has been affecting the region, Malaysia experienced a severe depreciation of its currency, a plunge in the stock market from above 1,000 points to about 260 points and a sharp decline in Gross Domestic Product growth from about 8% to about 1-2%. This consequently led to currency and stock exchange control measures being invoked by the Malaysian Government in September 1998 and the subsequent pegging of the Malaysian Ringgit to the US Dollar. Based on the following study conducted by International Data Corporation (“IDC”), it is their opinion that the pegging of the Malaysian Ringgit to the US Dollar will have some implications on the IT market. Prior to the control measures being announced, IDC had forecast that the Malaysian IT market would continue to register positive growth as tabulated below:

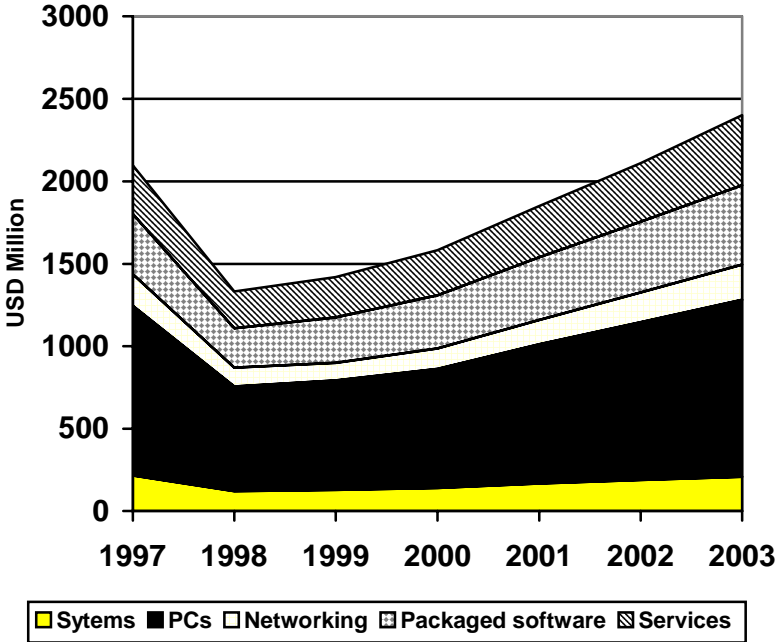
	1997	1998	1999	2000	2001	2002	2003	Compounded Average Growth Rate %
	USD Million	USD Million	USD Million	USD Million	USD Million	USD Million	USD Million	
Systems	216.2	120.8	127.8	138.3	166.8	189.2	208.4	11.5
PCs	1,029.2	633.7	663.4	723.6	844.5	955.2	1,072.5	11.1
Networking (Data)	191.7	116.3	107.9	123.1	148.4	181.6	214.6	13.0
Packaged software	364.2	236.5	274.8	323.7	379.3	429.2	480.4	15.2
Services	296.4	223.4	245.1	273.3	311.6	354.7	425.2	13.7
<b>Total</b>	2,097.7	1,330.7	1,419.1	1,581.9	1,850.5	2,109.9	2,401.2	12.5

(Source: Deloitte Touche Tohmatsu, Independent Feasibility Report, as disclosed in Section 11)

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6. INDUSTRY OVERVIEW (Cont'd)

Malaysia Overall IT Market Review and Forecast by Technology Segment, 1997-2003

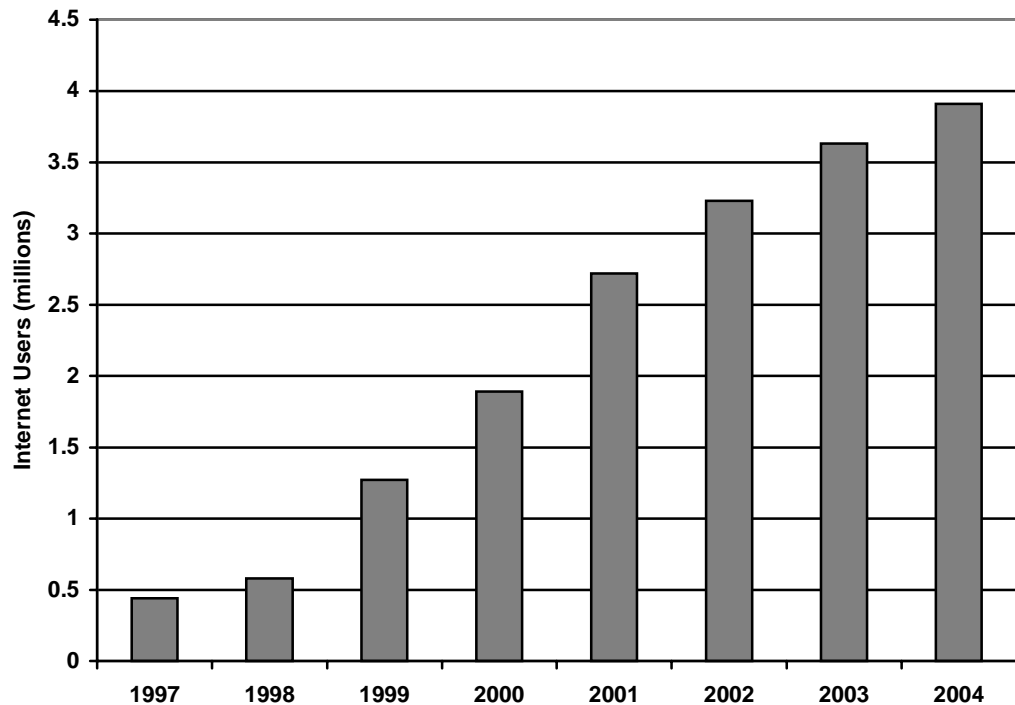


It was considered that services growth in 1999 would not likely reach its full potential due to two major factors: banking industry reforms and year 2000 uncertainty. Most companies ceased implementing new systems in the last quarter of 1999 due to the risk of introducing year 2000 bugs. Real growth is expected in year 2000 onwards as spending picks up again in the services sector.

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## 6. INDUSTRY OVERVIEW (Cont'd)

However, despite the economic slump, the Internet market in Malaysia (and thereon potential e-business) has continued to experience strong growth primarily due to support from Government. Internet usage as compiled by International Data Corporation is as follows:



### Internet subscribers in Malaysia (1997 – 2004)

(Source: Deloitte Touche Tohmatsu, Independent Feasibility Report, as disclosed in Section 11)

The number of Internet users in Malaysia doubled between 1998 and 1999, indicating the economic crisis did not put a damper on the need to get online. IDC expects this growth to continue for the next few years, particularly with the increase in the number of active Internet Service Providers (ISPs), as well as continued encouragement of Government. Business sector growth of Internet usage will be influenced by Governmental push for internet connectivity as the way for Malaysian businesses to become competitive in the global market via e-commerce.

IDC also believes Malaysia's Internet commerce revenue (both B2C and B2B) is set to soar from just below USD60 million last year to USD164 million this year (Source: International Data Corporation, 1999). However, the firm's tighter parameters tend to bring down numbers as compared with the estimates of others. For example, Malaysian Business magazine in April 2000 reported that based on statistics from the Multimedia Development Corporation, e-commerce activities would reach RM4 billion by next year, a giant leap from RM631 million last year and RM1.3 billion this year.

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## 6. INDUSTRY OVERVIEW (*Cont'd*)

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Such statistics may be enough to steer many businesses to e-commerce application development. Properly exploited, e-commerce is a source of sustainable competitive advantage as the Internet's connectivity and swiftness can help to boost revenues, slash production cycles and costs, improve customer service and broaden market share.

Continued support by Government, particularly the development of the MSC and its supporting telecommunications infrastructure, as well as the emergence of new and innovative technology and applications, will continue to spur the growth of the IT services environment in Malaysia. The Minister of Energy, Communications and Multimedia, Datuk Amar Leo Moggie, has stated that the country has to expand its computer density to 7.7 million from the present 2.5 million personal computer installed base in order to achieve the world average of 35% installed.

(Source: Deloitte Touche Tohmatsu, Independent Feasibility Report, as disclosed in Section 11)

### 6.2 Communications

Mobile phone manufacturers and mobile phone networks are enthusiastic about Wireless Application Protocol ("WAP") services in Malaysia. Celcom (M) Sdn Bhd, is expecting 51% of its current 850,000 GSM customer base to be data users. Celcom (M) Sdn Bhd launched their WAP services in the second quarter and are hoping to generate substantial revenue. Ericsson (Malaysia) Sdn Bhd ("Ericsson") predicts that 600 million global users will employ mobile Internet services by the year 2004, thus making it more popular than fixed Internet on personal computers. In respect to Malaysia, Ericsson predicts that mobile line subscriptions should increase to around 3.5 million by the end of year 2000

(Source: Deloitte Touche Tohmatsu, Independent Feasibility Report, as disclosed in Section 11)

The Minister of Energy, Communications and Multimedia, Datuk Amar Leo Moggie, states that local communications operators have spent more than RM30 billion during the period 1995 to 1999 to provide communications infrastructure in Malaysia. The country had registered a market penetration rate of 10 cellular phones for every 1,000 population, which was one of the highest in the developing world. The number of mobile customers is expected to break the six million mark or 25 for every 1,000 population by the year 2005.

(Source: Deloitte Touche Tohmatsu, Independent Feasibility Report, as disclosed in Section 11)

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## 6. INDUSTRY OVERVIEW (Cont'd)

### 6.3 Future Growth

In overview, the Malaysian market for communications based services, looks set to be an active and growth oriented domain. New industries are springing up to serve the Internet economy, with growth prospects of up to 100% a year. Meanwhile, the personal computer market will track at 5.8% compound annual revenue growth through 2003. Growth prospects are as follows:

Segment	Description	1999 USD million	2003 USD million	Market compound annual growth
Software Application Service Providers	These 'net-age' distributors will deliver, maintain and update for a monthly fee.	296	4,507	98%
Storage Service Providers	At present, corporations invest a lot of time and money in storing and backing up their data – a mundane task most would gladly outsource.	11	5,498	374%
IT and Web-site Operations Providers	Players range from hosting companies that will rent space in their data centers to netsourcing companies that take over an entire IT operation for a fee.	2,129	13,444	59%
Network Service Providers	These companies are still investing in broadband networks to carry all the applications and services that will reside on the web.	17,050	31,676	17%
Information appliances	As the web becomes crucial to both work and personal communications, web access devices such as wireless and set-top boxes will be in high demand.	4,700	14,500	56%
B2B e-services Hosts	These companies handle everything from linking via the net to online customer service.	7,993	76,006	100%

(Source: Deloitte Touche Tohmatsu, Independent Feasibility Report, as disclosed in Section 11)

**6. INDUSTRY OVERVIEW (Cont'd)**

In addition, the exploding e-business software market is expected to grow as follows:

<b>Segment</b>	<b>Description</b>	<b>1999 USD million</b>	<b>2002 USD million</b>
Content Management	Companies that organise and manage thousands of pages on the web.	592	2,249
e-commerce	Building product catalogs, collecting payment and tracking deliveries.	2,094	6,462
Electronic Marketing	Marketers targeting sales and advertising by mapping customers' interests and predicting when and what they are likely to buy.	462	2,248
Online customer support	Automating customer service tasks such as responding to web-based questions or email queries about billing, delivery and products.	224	1,457
Procurement	Enabling companies to automate purchasing systems and coordinate with suppliers.	542	3,061
E-market places	Building online market places, connecting many buyers with many sellers.	124	1,453

(Source : Deloitte Touche Tohmatsu, Independent Feasibility Report, as disclosed in Section 11)

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**6. INDUSTRY OVERVIEW (Cont'd)**

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**6.4 Industry Players and Competition**

The local IT industry is highly competitive. There are about 3,000 IT companies in Malaysia (mostly small), with about 1,000 in system integration and application development. Approximately 200 of the 1,000 are focused on projects from the public sector.

The key players in the higher end of the industry, which are currently listed on the KLSE are as follows: -

- (a) Computer Systems Advisers (M) Berhad (“CSAM”) was incorporated as a private limited company in Malaysia on 6 November 1975. It was listed on the Second Board of KLSE on 28 April 1997.
- (b) Mesiniaga Berhad (“Mesiniaga”) was incorporated in Malaysia on 17 December 1981 as a private limited company, subsequently converted into a public limited company on 24 December 1996.
- (c) Patimas Computers Berhad (“Patimas”) was incorporated in Malaysia on 15 July 1992 as a private limited company and converted to a public company on 7 March 1997. It was listed on the Second Board of KLSE on 23 December 1997
- (d) Dataprep Holdings Berhad (“Dataprep”) was incorporated in Malaysia on 13 June 1989, as a public company and was listed on Second Board of KLSE on 28 November 1991.
- (e) Fujitsu Systems Business (Malaysia) Berhad (“Fujitsu”) was incorporated on 27 February 1984 as a private limited company, which was converted to a public company on 22 December 1993. It was listed on the Second Board of KLSE on 24 October 1994.
- (f) Hei Tech Padu Berhad (“Hei Tech”) was incorporated on 5 August 1994 as a private limited company, which was converted into a public limited company on 24 March 2000. It was listed on the Main Board of KLSE on 20 November 2000.

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## 6. INDUSTRY OVERVIEW (Cont'd)

The core business of the above said companies are as follows: -

Company Name	Principal Activities and Services
<b>CSAM</b>	<ul style="list-style-type: none"> <li>• System integration and software services</li> <li>• Information technology systems provision</li> <li>• Customer service and support</li> <li>• Distribution</li> <li>• Electronic commerce and Internet</li> <li>• Outsourcing and strategic consulting</li> </ul>
<b>Mesiniaga</b>	<ul style="list-style-type: none"> <li>• End-to-end data/ voice infrastructure and networking solutions, system integration</li> <li>• software development, education and training</li> <li>• installation and maintenance of hardware and software</li> <li>• systems, operation and facilities management</li> <li>• E-business (electronic commerce solutions)</li> </ul>
<b>Patimas</b>	<ul style="list-style-type: none"> <li>• Product development</li> <li>• Product distribution and reselling</li> <li>• Consultancy system integration</li> <li>• Design and programming</li> </ul>
<b>Dataprep</b>	<ul style="list-style-type: none"> <li>• Data processing and software</li> <li>• Computer systems and peripherals, personal computers and computer software</li> <li>• Research and development of computer software.</li> </ul>
<b>Fujitsu</b>	<ul style="list-style-type: none"> <li>• Distribution of computers</li> <li>• Computer and software products and the provision of related installation and maintenance services.</li> <li>• System integration and application software.</li> </ul>
<b>Hei Tech</b>	<ul style="list-style-type: none"> <li>• Total business solutions in IT</li> <li>• Turnkey software development</li> <li>• Application development</li> <li>• Management consultancy and IT consulting services</li> </ul>

It is important to take into account the activities on the table above. The companies are engaged in activities that are similar to EDARAN Group but there are also activities outside the scope of the Group.

(Source: Extracted from AC Nielsen Report, as disclosed in Section 11)

Based on the above comparison, it is apparent that the competition in the IT industry is extremely intense. The Government of Malaysia is encouraging the growth of IT industry in the country. Hence, there are no rigid legislative restrictions to entrepreneurs and small operators to venture into the business. However, for telecommunication industry, where existing operations are relatively stabilized, new entrants will have difficulty penetrating the market due to their lack of connectivity.

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## 6. INDUSTRY OVERVIEW (*Cont'd*)

### 6.5 Laws and Regulations

The governing laws and regulation pertaining to EDARAN Group's business are as follows: -

- Evidence Act of 1950;
- Telecommunication Act 1950;
- Copyright Act 1987, which was last amended in 1997 to fulfill the requirements of the Multimedia Super Corridor;
- Cyber Law of Malaysia comprising Digital Signature Act 1997 and Computer Crimes Act 1997; and
- Communications and Multimedia Act, 1998.

### 6.6 Demand / Supply

According to the Seventh Malaysia Plan (SMP) 1996-2000, information is at the leading edge of global competition. The Government through SMP: -

- Ensures the widespread application of IT within and across sectors to stimulate productivity and competitiveness as well as improving quality of life;
- Has increased awareness in IT among the population with the implementation of the MSC, as well as the continuing provision of new and/or the upgrading of the present telecommunication infrastructure;
- Expanded IT education and training in line with the anticipated demand for IT related skills, knowledge and expertise;
- Reviewed legislation that might impede the development of IT; and
- Promoted and developed the IT industry, in terms of design and production of innovative products, systems and services to generate new growth opportunities as well as skills and employment in high-tech areas and developing Malaysia into an IT hub with international IT companies operating in Malaysia.

(Source: Extracted from AC Nielson Report, as disclosed in Section 11)

EDARAN Group is well equipped with the knowledge and expertise to optimise the environment being cultivated by Government

### 6.7 Prospects and Outlook of the Industry

The prospect and outlook of the IT and telecommunications industry is bright. The Government has emphasised a commitment to the future development of IT in Malaysia and is continuing to pursue a knowledge and information-based economy with IT and multimedia being identified as strategic enabling tools assisting the achievement of these efforts. The thrust will be to develop and expand the requisite infrastructure that will contribute to the creation of IT-based industries, as well as to instill an IT-culture amongst citizens.

IT growth has been carefully shaped and guided by strategic five-year developmental master plans which provides the backdrop for Vision 2020, a national agenda that sets out specific goals and objectives for long-term development. The strategic agenda covers five main areas: e-economy, e-public service, e-learning, e-community and e-sovereignty to meet the need of an information based economy.

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**6. INDUSTRY OVERVIEW (Cont'd)**

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With this in mind, the Multimedia Super Corridor (MSC) was created to assist companies world wide to test the limits of technology. The MSC will also accelerate Malaysia's entry into the Information Age, and through it, help actualise Vision 2020. It will bring together an integrated environment with all the unique elements and attributes necessary to create the perfect global multimedia climate.

**6.8 Industry Reliance On and Vulnerability To Imports**

Most of the IT companies have a certain degree of collaboration with international providers to develop solutions and applications for their clients. Hence, the industry to some extent is reliant on foreign partners for some IT applications. However, with the increase of local IT expertise as well as more foreign companies investing in Malaysia, Malaysian IT industry will be less dependent on foreign input in the future.

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## 7. INFORMATION ON SHAREHOLDERS, DIRECTORS AND SENIOR MANAGEMENT

### 7.1 Major Shareholders and Promoters

The major shareholders and promoters of the EDARAN Group upon listing of the Company are as follows: -

	Designation	After the Placement, Public Issue and Offer			
		Direct		Indirect	
		No. of Ordinary Shares	%	No. of Ordinary Shares	%
Kauthar	Shareholder	15,769,440	26.28	-	-
Tan Sri Dato' Tajudin bin Ramli	Chairman	2	- <sup>(a)</sup>	15,769,440 <sup>(b)</sup>	26.28
Sabri bin Hashim	Promoter	14,263,564	23.77	-	-
Abdul Shukri bin Abdullah	Director	4,611,136	7.69	-	-
IASB	Trustee	5,000,000	8.33	-	-

Note: -

(a) Shareholding is negligible

(b) Deemed interested through his substantial interest in Kauthar.

(c) IASB is the trustee holding the shares on behalf of the eligible employees and Directors of the EDARAN Group as well as the employees of Kauthar via the ESTS.

Further details of the promoters as well as major shareholders of EDARAN are as follows: -

#### 7.1.1 Kauthar

##### (i) Background Information

Kauthar was incorporated as a private limited company on 22 April 1982 in Malaysia under the Companies Act, 1965. Kauthar has an authorised capital of RM5,000,000 divided into 5,000,000 ordinary shares of RM1.00 each of which all have been issued and paid-up.

The company is principally an investment holding company and provider of accounting and secretarial services.

##### (ii) Directors

The particulars of Kauthar's Directors and their respective shareholdings in the company as at 19 March 2001 is set out below: -

Name	Nationality	<-----No. of Ordinary Shares----->			
		Direct	%	Indirect	%
Abdul Shukri bin Abdullah	Malaysian	-	-	-	-
Fazlan Azri bin Tajudin	Malaysian	-	-	5,000,000 <sup>#</sup>	100

Note: # Deemed interested by virtue of his parents' shareholding in Kauthar

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**7. INFORMATION ON SHAREHOLDERS, DIRECTORS AND SENIOR MANAGEMENT (Cont'd)**


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**(iii) Present Substantial Shareholders and Bumiputera Shareholders**

Substantial Bumiputera Shareholders	<----- No. of Shares Held ----->			
	Direct	%	Indirect	%
Tan Sri Dato' Tajudin bin Ramli	4,750,000	95.0	250,000*	5.0
Puan Sri Datin Faridah bte Abdullah	250,000	5.0	4,750,000*	95.0

Note: \* Deemed interested by virtue of his/her spouse's shareholding in the company.

**7.1.2 Sabri bin Hashim**

**Sabri bin Hashim** aged 56, is a businessman. He is the Director and substantial shareholder (51% of EMAC subsequent to Proposed Restructuring) of EMAC. He graduated from University of Malaya in 1970 and holds a Bachelor of Science Degree. He joined the banking industry when he was attached with Bank Bumiputra Malaysia Berhad (now known as Bumiputra Commerce Bank Berhad) between 1971 to 1986. In 1987, he was appointed as a Director of Pakatan Permai Sdn Bhd a position he still holds. Pakatan Permai Sdn Bhd is mainly involved in trading of motor vehicle spare parts.

He has invested into several private companies including EMAC. He has also been appointed to the Board of several private limited companies.

**7.1.3 Abdul Shukri bin Abdullah**

**Abdul Shukri Bin Abdullah**, aged 53, obtained a Bachelor of Arts from the University of Malaya in 1969. He has vast experience in the areas of administration and property. He started his career with the Government service when he joined the Public Service Department where he served for about seven years. His last position was that of Assistant District Officer in 1977. He started his career in the private sector when he moved to Kumpulan Guthrie Berhad ("Guthrie"). He assumed various positions within the group before he resigned in 1993. His last position in Guthrie was the Development Controller of Land. In 1993, he joined Kauthar as the General Manager cum Director.

He is currently the Executive Director of Technology Resources Properties Sdn Bhd, a position he has held since June 2000. Technology Resources Properties Sdn Bhd is principally engaged in property investment, general construction and hospitality business. He also sits on the Board of several private limited companies.

**7.1.4 Tan Sri Dato' Tajudin bin Ramli**

Please refer to his profile as disclosed in Section 7.3.1 of this Prospectus.

## 7. INFORMATION ON SHAREHOLDERS, DIRECTORS AND SENIOR MANAGEMENT (Cont'd)

### 7.1.5 IASB

#### 1. Background Information

IASB, was incorporated as a private limited company on 11 July 2000 in Malaysia under the Companies Act, 1965. It has an authorised capital of RM100,000 divided into 100,000 ordinary shares of RM1.00 each of which RM2.00 have been issued and paid-up. The company is to be used solely as the vehicle to offer the shares to the employees and Directors of the Group and employees of Kauthar, pursuant to the ESTS.

#### 2. Directors

The particulars of IASB's Directors and their respective shareholdings in the company as at 19 March 2001 are set out below: -

Name	Nationality	<---- No. of Ordinary Shares ----->			
		Direct	%	Indirect	%
Ong Chee Kwan	Malaysian	1	50.0	-	-
Lim Hui Ming	Malaysian	1	50.0	-	-

#### 3. Present Substantial Shareholders

Substantial Shareholders	<---- No. of Ordinary Shares ----->			
	Direct	%	Indirect	%
Ong Chee Kwan	1	50.0	-	-
Lim Hui Ming	1	50.0	-	-

For additional information of the Trustee and ESTS, please refer to Subsection 5.3.2 of this Prospectus.

### 7.2 Changes in the Major Shareholders/Promoters of the Company for the Past 3 Years

Date	Major Shareholder	Shareholding			Shareholding After Change
		Before Change	Addition	(Disposal)	
01.06.1992	Tan Sri Dato' Tajudin bin Ramli	1	-	-	1
01.06.1992	Dato' Idrus bin Zainol	1	-	-	1
02.01.2001	Kauthar	-	11,740,844	-	11,740,844
02.01.2001	Sabri bin Hashim	-	10,619,915	-	10,619,915
02.01.2001	Abdul Shukri bin Abdullah	-	3,434,813	-	3,434,813
02.01.2001	IASB	-	3,228,662	-	3,228,662
19.01.2001	Tan Sri Dato' Tajudin bin Ramli	1	1	-	2
19.01.2001	Dato' Idrus bin Zainol	1	1	-	2
19.01.2001	Kauthar	11,740,844	6,430,596	-	18,171,440
19.01.2001	Sabri bin Hashim	10,619,915	5,816,649	-	16,436,564
19.01.2001	Abdul Shukri bin Abdullah	3,434,813	1,878,323	-	5,313,136
19.01.2001	IASB	3,228,662	1,771,338	-	5,000,000

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**7. INFORMATION ON SHAREHOLDERS, DIRECTORS AND SENIOR MANAGEMENT (Cont'd)**

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**7.3 Directors, Senior Management Teams and Employees****7.3.1 Board of Directors**

The details of the existing and proposed Directors of EDARAN are as follows: -

**TAN SRI DATO' TAJUDIN BIN RAMLI**, aged 54, was appointed to the Board on 1 June 1992 and subsequently on 15 December 2000 was appointed as the Chairman of EDARAN. He is a shareholder of Kauthar and was appointed as a Director of EKOM with effect 1 March 1988.

He is presently the Chairman/Chief Executive of two listed companies on the KLSE, namely Technology Resources Industries Bhd ("TRI") and Naluri Berhad (formerly known as Malaysian Helicopter Services Bhd) ("Naluri").

He graduated from the University of Malaya in Business Economics. He was with Dunlop Malaysia Industries Bhd in 1971 before joining the banking industry in 1975 as Corporate Finance Manager for Amanah Merchant Bankers Bhd (now known as Alliance Merchant Bankers Berhad). He later assumed the post of Chief Executive Officer in 1981 at Utama Wardley Berhad.

In 1984, he became the Chairman of a company, then known as Raleigh Cycles (M) Bhd. His business venture shifted to a new paradigm with his involvement in cellular phone business in 1987 via Celcom (M) Sdn Bhd ("Celcom"), which is now the leading cellular phone operator in Malaysia. In 1990, he assumed his position as Chief Executive Officer of TRI.

He diversified his business span to transportation and tourism industries initially through his interest in Naluri and subsequently in MAS. He assumed the post of Chairman of Naluri on 28 May 1998 and was then appointed as Chairman of MAS on 6 August 1994 until 14 February 2001.

Tan Sri Dato' Tajudin is the President of ASEAN Chamber of Commerce and also the President for both the National Chamber of Commerce and Industry of Malaysia and the Malay Chambers of Commerce of Malaysia. He is one of the founders of the Commonwealth Company of Technology Management and serves as Co-Chairman of the Malaysian Industry and Government Group for High Technology.

**MOHD SALLEH BIN LAMSAH**, aged 56, was appointed as the Managing Director of EDARAN on 15 December 2000. He completed the Graduate Diploma Program of British Institute of Management in 1966. He worked as a MARA officer before pursuing a degree in Economics at Western Maryland College in USA under the American Fullbright scholarship in 1967. Upon returning to Malaysia, he worked with the branch of International Computers Limited as the Trainee Computer Programmer. His last position with the company was Sales Director. He further gained exposure in the computer sector when he moved in 1981 to Business Computers Sdn Bhd as a Sales Manager.

In February 1988, he was entrusted to set up EKOM of which he assumed the position of the General Manager. He was appointed as a Director of ECOMM on 24 January 1991.

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**7. INFORMATION ON SHAREHOLDERS, DIRECTORS AND SENIOR MANAGEMENT (Cont'd)**

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**MOHD SHU'AIB BIN ISHAK**, aged 42, was appointed as an Executive Director of EDARAN on 15 December 2000. He obtained a Bachelor in Electrical Engineering from the University of Technology Malaysia and has vast experience in the telecommunications industry. Upon his graduation in 1982, he worked with Jabatan Telekom Malaysia as an Assistant Controller. He resigned from the Government service in 1985 to join a private company, Electroscop (M) Sdn. Bhd. as an Implementation Controller. Subsequently, he became the General Manager cum Director of KYM Industries Sdn Bhd in 1988. He joined EDARAN Group when he was appointed as the General Manager cum Director of ECOMM on 24 January 1991.

**DATO' IDRUS BIN ZAINOL**, aged 56, was appointed to the Board of EDARAN on 1 June 1992. He is a businessman. Currently he is the Executive Chairman/Chief Executive Officer of Cendanasari Insurance Brokers Sdn Bhd, a licensed insurance broker, a position he held since 1988. He also sits on the Board of several private companies.

**BISTAMAM BIN RAMLI**, aged 38, was appointed as the Director of EDARAN on 15 December 2000. He is a chartered accountant by profession and is a fellow member of the Certified Association of Chartered Accountants. He started his career with Bank Negara Malaysia ("BNM") in 1986. While with BNM, he was seconded to Ernst & Young, an international accounting firm for three years from 1988. Subsequently in 1992, he joined Alpine Resources Sdn Bhd, then the holding company for Celcom as the General Manager.

He sits on the Board of EKOM since 1 July 1992 and further, he was appointed to the Board of other private companies. Bistamam is at present the Group Executive Vice President for TRI/Celcom, an appointment he assumed in July 1997. He also sits on the Board of Directors of Naluri since 24 April 1997.

**DATO' ABDUL HALIM BIN ABDULLAH**, aged 54, was appointed to the Board of EDARAN on 15 December 2000. He holds a Bachelor of Arts (Hons) Degree from the University of Malaya. He is the Senior Vice President/Executive Director of MAS Catering Sdn Bhd, a position he held since June 2000.

Previously, Dato' Abdul Halim was in the Government service and had served in various departments including the Statistics Department, (1969-73), the Public Services Department, the Prime Minister's Department (1973-76), the Malaysian Embassy in Jakarta (Education Attache 1977 - 80), Road Transport Department (1980-83) and State Development Office, Sabah (1983-88). In 1988, he was posted to his homestate as the General Manager, Kedah Regional Development Authority (1988-92). His last posting before joining the private sector was the State Secretary of Penang (1992-94).

His business exposure started when he was appointed as the Executive Director of Technology Resources Properties Sdn Bhd in 1994. At the same time, he was appointed to the Board of several private companies.

**SHAIFUHAHRIM BIN MOHD SALEH** aged 41, was appointed to the Board of EDARAN on 15 December 2000. He has been in the IT Industry for the last 18 years. During these years, he served a total of 10 years at IBM and Oracle System where his focus was the Government Sector, Defense Industry, Perbadanan Nasional Berhad and public and utilities sector. Subsequently he was attached with Logica Plc and Data General before his last multinational corporation assignment as Managing Director of Banyan Systems, Asia Region. He then assumed the position of Executive Director of Sepakat Computer Consultants Sdn Bhd in July 1998. He was appointed as Managing Director of Aironet Wireless Communication Inc. ("Aironet") in October 1999. Subsequently after the acquisition of Aironet by Cisco System Inc., on 16 March 2000, he was appointed as the Managing Director of Cisco System (Malaysia) Sdn Bhd.

## 7. INFORMATION ON SHAREHOLDERS, DIRECTORS AND SENIOR MANAGEMENT (*Cont'd*)

Shaifubahrim has been with Persatuan Industri Komputer Malaysia (“PIKOM”) for more than 8 years. He was elected as PIKOM’s Chairman in August 1997 and reelected in July 1998 for a second term. At present he is one of PIKOM’s Advisors.

He is a Board member of the National Human Resources Development Council (HRDC), a member of the National Y2K Steering Committee, member of Penang IT Council and Council member of a few local universities.

He is a Council Member of National Information Technology Council (NITC) . He was appointed as a Board member of Multimedia Development Corporation, the agency responsible for the Multimedia Super Corridor (MSC) project. He was elected as a Council Member for the Science and Technology Group of Majlis Perundingan Ekonomi Negara Kedua (MAPEN II) in August 1999.

### 7.3.2 Management Committee

The Management Committee will oversee the day-to-day management of EDARAN Group.

The Management Committee members of EDARAN Group are as follows:-

- (i) Mohd Salleh bin Lamsah;
- (ii) Mohd Shu’aib bin Ishak;
- (iii) Mohd Sopiyan bin Mohd Rashdi; and
- (iv) Md Arif bin Hj Hasan.

Further details of the Management Committee members of EDARAN Group are as follows: -

#### **MOHD SALLEH BIN LAMSAH**

Please refer to Section 7.3.1 of this Prospectus.

#### **MOHD SHU’AIB BIN ISHAK**

Please refer to Section 7.3.1 of this Prospectus.

**MOHD SOPIYAN BIN MOHD RASHDI**, aged 39, is currently the Group Financial Controller of EDARAN Group and he is responsible for all financial and corporate matters. He was appointed on the Board of EMAC on 26 February 1996.

He received a Diploma in Accountancy from University Teknologi MARA (UiTM) (formerly known as MARA Institute of Technology - ITM) in 1984 before working with Mayban Finance Berhad as an Accounts Executive for two years. Subsequently, he pursued his studies at the same institute to obtain an Advanced Diploma in Accountancy. Upon his graduation in 1988, he joined BNM and during his five years of employment with BNM, he was seconded to TPU Sdn. Bhd., a Government owned entity set up to rehabilitate companies in financial difficulties. He is a member of the Malaysian Institute of Accountants. He joined the EDARAN Group in 1993 as Assistant Finance & Administration Manager for EKOM.

**MD ARIF BIN HJ HASAN**, aged 42, is the Chief Operating Officer of EKOM. He has served for about 13 years in EKOM and is responsible for all matters on services rendered by EDARAN Group.



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**7. INFORMATION ON SHAREHOLDERS, DIRECTORS AND SENIOR MANAGEMENT (Cont'd)**

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He obtained a Diploma in Mechanical Engineering from MARA Institute of Technology (now known as University Teknologi MARA (UiTM)) in 1984 and subsequently worked as the Customer Engineer with IBM World Trade Centre. He resigned to continue his studies in England and graduated with a Bachelor of Science with Honours in Mechanical Engineering from the University of Sussex, Falmer, Brighton, England (1985 – 1988). Upon his return, he joined the Group in October 1988 as the Customer Engineer for EKOM. While with the company, he attended a series of courses organised by the NEC of Japan. He is a graduate engineer registered with the Malaysian Board of Engineers.

Details of other employees assisting the Management Committee are as follows: -

**ABDUL AZIZ BIN SHIK RAZAK**, aged 41, is currently the Customer Engineering Manager of EKOM. He has been with EKOM for more than 9 years and at present, he is responsible for all technical matters of EKOM.

He obtained a Bachelor of Science with Honours in Electrical and Electronics Engineering in 1984 from the University of Strathclyde, Glasgow, Scotland. Upon his graduation, he worked with Business Computer Sdn Bhd as an Engineering Supervisor. In January 1991, he joined the EDARAN Group as the Technical Specialist of EKOM.

**SAMSUDDIN BIN ABDULLAH**, aged 44, is EKOM's System Manager, a position he has held since 1995. Currently, he is responsible for all assignments of EKOM on a project basis. He obtained a Certificate of COBOL Programming from the Goon Computer and Management Studies Centre Sdn Bhd in 1982 and the NCC Basic Certificate in Systems Analysis from NCC the National Centre for Information Technology in 1984. He started his career with EAC Data as a Programmer. While with EAC Data, he was seconded to the Singapore office for a year. In July 1985, he joined Business Computers Sdn Bhd and subsequently moved to Infosis Sdn Bhd in March 1989. During his tenor with Infosis Sdn Bhd, he was appointed as the Project Manager/Leader for several Government projects. He joined the EDARAN Group in July 1992 as the Project Leader for EKOM.

**RUZAINI BIN YUSOF**, aged 37, is currently the Project Manager of ECOMM and is responsible for all technical matters in ECOMM.

He worked in Pusat Penyelidikan Atom Tun Dr Ismail, the Government owned operator of the Nuclear Reactor as a Technician. In 1985, he continued his studies at ITM and obtained a Diploma in Electrical (Electronics) Engineering in 1988 and an Advanced Diploma in Electrical (Electronics) Engineering in 1990. Upon completion of his studies in 1990, he worked with Uniphone Sdn. Bhd. ("Uniphone") as the Project Engineer. In 1995, he moved to Voiceline Construction Sdn. Bhd. as the Technical Manager and ten months later, he took up a position as the Project Manager with Client Vision Electrical Sdn. Bhd. He joined ECOMM in 1996.

**MOHD AZMI BIN EBNI HAJAR**, aged 39, joined EDARAN in January 2001 as the Group Human Resources and Administration Manager.

Mohd Azmi graduated from the ITM/Ohio University Bachelor of Business Administration twinning programme in 1988. Prior to joining EDARAN, he was attached to Padiberas Nasional Berhad as the Senior Manager, Human Resource Department from 1999 to 2000.

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**7. INFORMATION ON SHAREHOLDERS, DIRECTORS AND SENIOR MANAGEMENT (Cont'd)**


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His experience in Personnel Department started when he joined National Panasonic Malaysia (“Nasional Panasonic”) in 1989 for a period of 2 years. During his stint in Nasional Panasonic, he had undergone a training programme in Human Resource Management at the Overseas Training Centre, Osaka, Japan. In 1991, he joined Kumpulan Guthrie Berhad and his last position was the HR Head, Guthrie Medicare Sdn Bhd (1991-1996). Subsequently, he worked with NCR Malaysia Sdn Bhd for one year as the Human Resource Administrator before serving the BSN Commercial Bank Berhad as the Human Resource Portfolio Manager from 1997 to 1999.

**HAZALI BIN SHAMSUDIN**, aged 40, is the Corporate Budget and Reporting Manager of EDARAN.

He obtained a Diploma in Accountancy from Ungku Omar Polytechnic in 1983. Subsequently, he graduated with a Bachelor of Science in Business Administration from the Northern Arizona University, USA in 1985 and a Master of Business Administration from the United States International University, USA in 1987. He started his working career in October 1983 with the Scholarship Division, Ministry of Education as an Executive Accounting Officer for 7 months. In 1987, he worked with Mahmood Security Sdn Bhd as the Marketing and Financial Officer.

He joined Bank Negara Malaysia in 1988 and was in service for about 9 years. He was the Administrative Officer of the Bank Regulation Department (1988-1990), and served as the Assistant Secretary, Foreign Investment Committee of the Economics Planning Unit (1991-1995) on a secondment basis, and as a Senior Administrative Officer, of the Banking Department (1995-1996). Subsequently he worked as the Assistant Manager of HLG Capital Market Sdn Bhd and as the Manager, Corporate Finance Department of Ernst & Young from 1996 to 1997. In September 1997, he worked with Kauthar Sdn Bhd as the Manager, Finance & Corporate Services until January 2001 when he was transferred to EDARAN.

**MOHAMMAD ZA’ED BIN RAMLI**, aged 39, is currently the Project Manager of EMAC and is responsible for all technical matters in EMAC.

He obtained a Diploma in Civil Engineering from the University of Technology Malaysia in 1984. Thereafter, he worked as Technical Assistant at Uniphone Usahasama Sdn Bhd where he was seconded to Sumitomo Electric and for Telekom Malaysia Berhad for two projects in Indonesia. He was also appointed as the Business Coordinator for Sapura in Brunei Darussalam. He moved to Time Automation and Management Services Sdn. Bhd. in 1993 as a Technical Executive. He joined ECOMM in April 1995 as Project Manager. He served for fourteen months up to June 1996 before being transferred to EMAC as Technical Manager. He was seconded to ACS in June 1998 where he had served for almost two years as Deputy Departmental Manager. He was then transferred back to EMAC in early 2000.

**AMIR BIN ALI**, aged 38, is currently the Business Development Manager of ECOMM.

He obtained a Bachelor of Science Degree in Business Administration majoring in management from the University of Southwestern Louisiana in 1987. Upon graduation, he was engaged by Nicomsteel Centre Sdn Bhd as an Administrative Executive. In 1991, he worked as an Analyst Programmer of Komputrax Sdn Bhd and he moved to Progressive Impact Technology Sdn Bhd in 1992 also as an Analyst Programmer.

He joined EKOM as the Account Manager in August 1994. In 1997, he was seconded as the IT Support Manager to EALS, a former subsidiary of EKOM. In May 2000, he was transferred to ECOMM.

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**7. INFORMATION ON SHAREHOLDERS, DIRECTORS AND SENIOR MANAGEMENT (Cont'd)**


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**7.4 Proposed Aggregate Remuneration and Benefits of Directors and Chief Executive Officer for Services for the Current Financial Year**

For the financial year ended 30 June 2000, the remuneration and fees paid to the Directors for services to the Company and its subsidiary companies was RM164,640. For the financial year ending 30 June 2001, the proposed amount payable to the Directors for services to the Company and its subsidiary companies is RM432,000.

**7.5 Audit Committee**

The Audit Committee of EDARAN Group comprises the following individuals: -

**DATO' ABDUL HALIM BIN ABDULLAH**, please refer to Section 7.3.1 of this Prospectus.

**BISTAMAM BIN RAMLI**, please refer to Section 7.3.1 of this Prospectus.

**SHAIFUBAHRIM BIN MOHD SALEH**, please refer to Section 7.3.1 of this Prospectus.

**7.6 Declaration by Directors and Senior Management**

As at the date of this Prospectus, none of the directors or key management personnel is or has been involved in any of the following events (whether in or outside Malaysia): -

- (a) A petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel save and except for:-
  - (i) Tan Sri Dato' Tajudin bin Ramli, who was a Director of DMC Telecom (Malaysia) Sdn Bhd ("DMC"), which has been wound up. The winding up petition against DMC was filed on 23 June 1995 by American Express. The winding up order against DMC was granted on 22 November 1995. The debt involved in the petition against DMC instituted by American Express is RM107,061.30.
  - (ii) Encik Mohd Salleh bin Lamsah, who was a Director of Business Computers Sdn Bhd ("BCSB"), which has also been wound up. The winding up petition against BCSB was filed on 24 February 1993 by NEC Singapore Pte Ltd ("NEC"). The winding up order against BCSB was granted on 8 June 1993. The debt involved in the petition against BCSB instituted by NEC is RM636,958.
  - (iii) Encik Shaifubahrim bin Mohd Saleh who is a defendant in a suit instituted by a financial institution. The suit against Encik Shaifubahrim is due to a suit made against a consultant company for an education trust foundation, of which Encik Shaifubahrim is one of the Guarantor. The name of the education trust fund foundation is Yayasan Amanah Pembinaan Insan. The debt involved in the suit against Encik Shaifubahrim by the then Bumiputra Merchant Bankers Berhad is RM446,567.61. The parties involved are in midst of settling the suit out of court; or

**7. INFORMATION ON SHAREHOLDERS, DIRECTORS AND SENIOR MANAGEMENT (Cont'd)**

- (b) Convicted in a criminal proceeding or named subject of a pending criminal proceeding; or
- (c) Subject of any order, judgment or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

**7.7 Employees**

As at 19 March 2001, the EDARAN Group has a total workforce of 113 employees. None of the employees of the EDARAN Group is a member of any labor union, and the relationship between the management and the employees is good.

The EDARAN Group currently has the following number of employees:

<b>Company</b>	<b>No. of Employee</b>
EDARAN	12
EKOM	50
ECOMM	41
EMAC	10
<b>Total</b>	<b>113</b>

**7.8 Family Relationship**

Save for Tan Sri Dato' Tajudin bin Ramli who is the brother of Bistamam bin Ramli and Rizana bte Mohd Daud who is the wife of Bistamam bin Ramli there are no family relationships between the Directors or senior management of EDARAN Group.

**7.9 Existing or Proposed Service Agreements**

None of the existing or proposed Directors as well as the senior management of the Company have any existing or proposed service agreement with the Company or any of its subsidiary company.

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**8. MORATORIUM ON SALE OF SHARES**

It is a condition of the SC, in approving the flotation of EDARAN on the Main Board of the KLSE that the major shareholders and promoters of EDARAN are not allowed to sell, transfer or assign their shares in EDARAN amounting to 45% of the enlarged issued and paid-up share capital of EDARAN for a period of one year from the date of admission of EDARAN to the Main Board of the KLSE. Thereafter, they are permitted to sell, transfer or assign their shares in EDARAN subject to a maximum of one third per annum (on a straight line basis) of their respective shareholdings under moratorium, such permission to sell being cumulative so that the restriction on sale shall cease to apply upon expiry of the fourth year after the date of listing on EDARAN on the Main Board of the KLSE.

The restriction, which is fully accepted by the major shareholders and promoters, is specifically endorsed on the share certificates representing the respective shareholdings of the major shareholders and promoters, which are under moratorium to ensure that trading of these shares are not allowed in compliance with the restriction imposed by the SC.

The restriction to be endorsed on these share certificates are as follows: -

“The shares comprised herein are not capable of being sold, transferred or assigned for a period as determined by the SC (“the moratorium period”). Accordingly, the shares comprised herein will not constitute good delivery pursuant to the Rules of the Exchange during the moratorium period. No share certificate or certificates will be issued to replace this certificate during the moratorium period unless the same shall be endorsed with this restriction.”

The moratorium on sale of shares by the substantial shareholders and promoters is as follows: -

Substantial Shareholders	Shareholding After the IPO		Shares Placed under Moratorium	
	No. of Ordinary Shares Held	% of the Issued and Paid-up Share Capital	No. of Ordinary Shares Held	% of the Issued and Paid-up Share Capital
Kauthar	15,769,440	26.28	10,961,000	18.27
Sabri bin Hashim	14,263,564	23.77	9,915,000	16.52
Abdul Shukri bin Abdullah	4,611,136	7.69	3,205,000	5.34
Mohd Salleh bin Lamsah	1,398,428	2.33	973,000	1.62
Mohd Shu'aib bin Ishak	1,398,428	2.33	973,000	1.62
Rizuwan bin Mohd Murad	1,398,428	2.33	973,000	1.62
<b>Total</b>	<b>38,839,424</b>	<b>64.73</b>	<b>27,000,000</b>	<b>45.00</b>

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