

DATASONIC GROUP BERHAD

(Company No. 809759-X)
(Incorporated in Malaysia under the Companies Act, 1965)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING:

(I) PUBLIC ISSUE OF 20,373,996 NEW ORDINARY SHARES OF RM0.50 EACH ("SHARES") IN THE FOLLOWING MANNER:

- 6,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE PUBLIC;
- 4,009,996 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;
- 8,517,000 NEW SHARES AVAILABLE FOR APPLICATION BY BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY;
- 1,847,000 NEW SHARES BY WAY OF PLACEMENT TO SELECTED INVESTORS;

AND

(II) OFFER FOR SALE OF UP TO 7,932,000 EXISTING SHARES BY WAY OF PLACEMENT TO SELECTED INVESTORS;

AT AN ISSUE/OFFER PRICE OF RM2.00 PER SHARE, PAYABLE IN FULL UPON APPLICATION

Adviser, Underwriter and Placement Agent

Joint Adviser

Joint Underwriter



INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO SECTION 4 HEREIN FOR THE 'RISK FACTORS'.

THIS PROSPECTUS IS DATED 3 AUGUST 2012

This Prospectus contains photographs of assets which do not belong to Datasonic Group Berhad and its subsidiary companies and are for illustration purposes only.



Level 6, Bangunan Setia 1, No. 15 Lorong Dungun,
Damansara Heights, 50490 Kuala Lumpur
Tel: (603) 2087 6000 Fax: (603) 2087 6001

www.datasonic.com.my



RESPONSIBILITY STATEMENTS

Our Board, Promoters and Offeror (as defined herein) have seen and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, after having made all reasonable enquiries, that to the best of their knowledge and belief, there is no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.

Alliance Investment Bank Berhad, being our Principal Adviser, Underwriter and Placement Agent and HwangDBS Investment Bank Berhad being our Joint Underwriter acknowledges that, based on all available information and to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our Public Issue and Offer for Sale (as defined herein).

MainStreet Advisers Sdn Bhd, being our Joint Adviser 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 our Public Issue and Offer for Sale (as defined herein).

STATEMENTS OF DISCLAIMER

The Securities Commission ("SC") has approved the Public Issue and Offer for Sale (as defined herein) and a copy of this Prospectus has been registered by the SC. The approval and registration of this Prospectus should not be taken to indicate that the SC recommends our Public Issue and Offer for Sale or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment.

The SC is not liable for any non-disclosure on our part and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN OUR COMPANY. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

Approval has been obtained from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the securities being offered. Our admission to the official list of Bursa Securities is not to be taken as an indication of the merits of our Public Issue and Offer for Sale, our Company or our securities.

Bursa Securities is not liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of this Prospectus, together with the application form, has also been lodged with Companies Commission of Malaysia ("CCM") who takes no responsibility for its contents.

OTHER STATEMENTS

As with all investments, you should be aware of all potential risks in investing in such companies and should make the decision to invest after giving due and careful consideration by referring to amongst others, this Prospectus, our latest financial statements and corporate announcements. You are strongly recommended to seek advice from your stockbroker, solicitor, accountant or other professional advisers.

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 (“CMSA”).

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning our Public Issue and Offer for Sale for which any of the persons set out in Section 236 of the CMSA, e.g. directors and advisers, are responsible.

The securities of this company is classified as Shariah compliant by the Shariah Advisory Council of the SC based on the latest audited financial year. This classification remains valid from the date of issue of the prospectus until the next Shariah compliance review undertaken by the Shariah Advisory Council of the SC. The new status is released in the updated list of Shariah-compliant securities, on the last Friday of May and November of each year.

This Prospectus is prepared and published solely for our Public Issue and Offer for Sale in Malaysia under the laws of Malaysia. Our Issue Shares (as defined herein) are issued in Malaysia solely based on the contents of this Prospectus. Our Board, Promoters, Offeror, Principal Adviser, Joint Adviser, Underwriter and Placement Agent have not authorised anyone to provide you with information which is not contained in this Prospectus.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our Public Issue and Offer for Sale, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility, if you are or may be subject to the laws of any country or jurisdiction other than Malaysia, to consult your legal and/or other professional advisers as to whether your application for our Public Issue and Offer for Sale would result in the contravention of any law of such country or jurisdiction.

Further, it shall also be your sole responsibility to ensure that your application for our Public Issue and Offer for Sale would be in compliance with the terms of this Prospectus and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you have accepted our Public Issue and Offer for Sale in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

The distribution of this Prospectus and the accompanying documents are subject to Malaysian laws. Our Board, Promoters, Offeror, Principal Adviser, Joint Adviser, Underwriter and Placement Agent take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Our Board, Promoters, Offeror, Principal Adviser, Joint Adviser, Underwriter and Placement Agent have not taken any action to permit a Public Issue and Offer for Sale of our securities based on this Prospectus or the distribution of this Prospectus outside Malaysia.

This Prospectus may not be used as an offer to sell or an invitation to buy our securities in any jurisdiction or in any circumstance in which such an offer or invitation is not authorised or is unlawful. This Prospectus shall also not be used to make an offer of or invitation to buy our securities to any person to whom it is unlawful to do so. Our Board, Promoters, Offeror, Principal Adviser, Joint Adviser, Underwriter and Placement Agent require you to inform yourself and to observe such restrictions.

This Prospectus can also be viewed or downloaded from Bursa Securities’ website at www.bursamalaysia.com. The contents of the electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

You may obtain a copy of the electronic prospectus from the website of Affin Bank Berhad at www.affinOnline.com, the website of CIMB Investment Bank Berhad at www.eipocimh.com and the website of CIMB Bank Berhad at www.cimbclicks.com.my. You may also obtain a copy of the electronic prospectus from the website of Malayan Banking Berhad at www.maybank2u.com.my, the website of Public Bank Berhad at www.pbebank.com and the website of RHB Bank Berhad at www.rhb.com.my via hyperlink to the website of Bursa Securities.

The internet is not a fully secured medium. Internet applications may be subject to risks in data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond control of the Internet Participating Financial Institution. These risks cannot be borne by the Internet Participating Financial Institution.

If you are in doubt about the validity or integrity of an electronic prospectus, you should immediately request from us, Malaysian Issuing House Sdn Bhd or our Principal Adviser a paper/printed copy of this prospectus. If there is any discrepancy between the contents of the electronic prospectus and the paper/printed copy of this prospectus, the contents of the paper/printed copy of this prospectus, which is identical to the copy of the prospectus registered with the SC, shall prevail. The electronic prospectus submitted to the SC and Bursa Securities is the same as the registered paper printed copy.

In relation to any reference in this prospectus to third party internet sites (referred to as "**Third Party Internet Sites**") whether by way of hyperlinks or by way of description of the third party internet sites, you acknowledge and agree that:

- (i) We do not endorse and is not affiliated in any way to the Third Party Internet Sites. Accordingly, we are not responsible for the availability of, or the content or any data, files or other material provided on the Third Party Internet Sites. You bear all risks associated with the access to or use of the third party internet sites;
- (ii) We are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third Party Internet Sites. We are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, files or other material provided by such parties; and
- (iii) Any data, file or other material downloaded from the Third Party Internet Sites is done at your discretion and risk. We are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an electronic prospectus is hosted on the website of the Internet Participating Financial Institution, you are advised that:

- (i) The Internet Participating Financial Institution is only liable in respect of the integrity of the contents of the electronic prospectus, i.e. to the extent that the content of the electronic prospectus on the web server of the Internet Participating Financial Institution may be viewed via web browser or other relevant software. The Internet Participating Financial Institution is not responsible for the integrity of the contents of the electronic prospectus, which has been obtained from the web server of the Internet Participating Financial Institution, and subsequently communicated or disseminated in any manner to you or other parties; and
- (ii) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the electronic prospectus, the accuracy and reliability of the electronic prospectus cannot be guaranteed because the internet is not a fully secured medium.

The Internet Participating Financial Institution is not liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the electronic prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institution, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities is set out below:

EVENT	TENTATIVE DATE / TIME
Issuance of Prospectus/ Opening of application for our Public Issue and Offer for Sale	3 August 2012 at 10.00 a.m.
Closing of application for our Public Issue and Offer for Sale	17 August 2012 at 5.00 p.m.
Balloting of applications	23 August 2012
Allotment of shares to successful applicants	30 August 2012
Listing on the Main Market	3 September 2012

Our Board, Promoters and Offeror together with our Principal Adviser, Underwriter and Joint Underwriter, may mutually decide at their absolute discretion to extend the date for the closing of applications to any later date or dates. If the date of closing of application is extended, the dates of balloting, allotment and listing would be extended accordingly. We will publish any extension of the date of closing of application in a widely circulated English and Bahasa Malaysia newspaper in Malaysia prior to the original closing date of application. **Late applications will not be accepted.**

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to “our Company” in this Prospectus are to Datasonic Group Berhad, while references to “our Group” are to our Company and our subsidiary companies. References to “we”, “us”, “our” and “ourselves” are to our Company or our Group or any member of our Group, as the context requires. Unless the context otherwise requires, references to “Management” are to our Executive Directors and our Key Management Personnel as disclosed in this Prospectus and statements as to our beliefs, expectations, estimates and opinions are those of our Board.

Certain abbreviations, acronyms and technical terms used are defined in the “Definitions” section of this Prospectus. Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include companies and corporations.

Unless otherwise stated, any reference to dates and times in this Prospectus shall be a reference to dates and times in Malaysia.

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

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus; provided that where no source is stated, it can be assumed that the information originates from us.

In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by Protégé Associates Sdn Bhd, an independent business and market research consulting firm. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate. However, neither we nor our Principal Adviser have independently verified these data. Neither we nor our Principal Adviser make any representation as to the correctness, accuracy or completeness of such data, hence accordingly, you should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved and you should not place undue reliance on the third party projections cited in this Prospectus.

The information on our website or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements, which include all statements other than those of historical facts including amongst others, those regarding our Group's financial position, business strategies, plans and objectives of our Management for future operations. Some of these statements can be identified by words that have a bias towards or are forward-looking such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond our Group's control that could cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. As such, we cannot assure you that the forward-looking statements in this Prospectus will be realised.

Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and the environment in which our Group operates. Additional factors that could cause our Group's actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 4 - Risk Factors and Section 12 - Management Discussion and Analysis of Financial Condition, Results of Operations and Prospects of this Prospectus.

These forward-looking statements are based on information available to us as at the date of this Prospectus. Subject to the provisions of Section 238 of the CMSA, we expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statements contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward looking statements that are contained herein.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

DEFINITIONS

Unless otherwise defined or the context otherwise requires, the following definitions shall apply throughout this Prospectus:

Acquisitions	: The Acquisition of Datasonic Technologies, Acquisition of Datasonic Corporation and Acquisition of Smart Consult Solutions, collectively
Acquisition of Datasonic Corporation	: Acquisition by Datasonic of the entire issued and paid-up share capital in Datasonic Corporation comprising 10,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM19,441,000 which was wholly satisfied by the issuance of 38,882,000 new Datasonic Shares at an issue price of RM0.50 per share
Acquisition of Datasonic Technologies	: Acquisition by Datasonic of the entire issued and paid-up share capital in Datasonic Technologies comprising 7,466,667 ordinary shares of RM1.00 each for a total purchase consideration of RM9,098,000 which was wholly satisfied by the issuance of 18,196,000 new Datasonic Shares at an issue price of RM0.50 per share
Acquisition of Smart Consult Solutions	: Acquisition by Datasonic of the entire issued and paid-up share capital in Smart Consult Solutions comprising 100,001 ordinary shares of RM1.00 each for a total purchase consideration of RM100,000 which was wholly satisfied by the issuance of 200,000 new Datasonic Shares at an issue price of RM0.50 per share
Act	: Companies Act, 1965, as amended from time to time and any re-enactment thereof
ADA	: Authorised Depository Agent
Alliance or Principal Adviser or Underwriter or Placement Agent	: Alliance Investment Bank Berhad (21605-D)
Application Form(s)	: The printed application form(s) for the application of our IPO Shares accompanying this Prospectus
ASEAN	: Association of South East Asian Nations
ATM(s)	: Automated Teller Machine(s)
Board	: Board of Directors of Datasonic
BPA	: Biro Pengaduan Awam (Public Complaints Bureau)
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
CAGR	: Compounded Annual Growth Rate
CCM	: Companies Commission of Malaysia
CDS	: Central Depository System

DEFINITIONS (Cont'd)

CDS Account	: An account established by Bursa Depository for a depositor for the recording of deposits or withdrawals of securities and for dealings in such securities by the depositor
Central Depositories Act	: The Securities Industry (Central Depositories) Act, 1991, as amended from time to time and any re-enactment thereof
CMSA	: Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof
CEO	: Chief Executive Officer
Crowe Horwath or Reporting Accountants	: Crowe Horwath (AF 1018)
Datacard Corporation	: Datacard Corporation, US
Datasonic Group or Group	: Datasonic and its subsidiary companies, collectively
Datasonic or Company	: Datasonic Group Berhad (809759-X)
Datasonic Share(s) or Share(s)	: Ordinary share(s) of RM0.50 each in Datasonic
Datasonic Corporation	: Datasonic Corporation Sdn Bhd (63636-X), a wholly-owned subsidiary company of Datasonic
Datasonic Technologies	: Datasonic Technologies Sdn Bhd (219626-X), a wholly-owned subsidiary company of Datasonic
Dibena Enterprise	: Dibena Enterprise Sdn Bhd (72184-P)
Dibena Technologies	: Dibena Technologies Sdn Bhd (636686-D)
EBITDA	: Earnings before interest, taxation, depreciation and amortisation
EMV	: Europay MasterCard and Visa, a global standard for inter-operation of integrated circuit card (ID cards or chip cards) and ID card capable point of sale terminals and ATM, for authenticating credit and debit transactions
EPS	: Earnings per share
ESA or Electronic Share Application	: Application for our Public Issue Shares through a Participating Financial Institution's ATM
FYE	: Financial year ended/ending
FPE	: Financial period ended/ending
Government	: Government of Malaysia and its related institutions, agencies, corporations
GMPC	: Government Multi-Purpose ID Card (MyKad, MyKid and MyPR)
GP	: Gross profit

DEFINITIONS (Cont'd)

HwangDBS or Joint Underwriter	: HwangDBS Investment Bank Berhad (14389-U)
ICT	: Information and Communication Technology
ID	: Identity
IMR Report	: Protégé Associates Independent Market Research Report titled 'The Smart Cards Market in Malaysia'
ICAO	: International Civil Aviation Organisation
IPO	: Public Issue and Offer for Sale, collectively
IPO Price	: The issue/offer price of RM2.00 per IPO Share
IPO Share(s)	: The Public Issue Shares and the Offer for Sale Shares, collectively
JCI	: Joint Commission International
Joint Underwriters	: Alliance and HwangDBS
Issuing House	: Malaysian Issuing House Sdn Bhd (258345-X)
Listing	: The admission to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM45,000,000 comprising 90,000,000 Shares on the Main Market
Listing Requirements	: Main Market Listing Requirements of Bursa Securities, as amended or expanded from time to time
Listing Scheme	: The Acquisitions, Public Issue, Offer for Sale and Listing, collectively
LPD	: 14 June 2012, being the latest practicable date prior to the issuance of this Prospectus
MainStreet Advisers or Joint Adviser	: MainStreet Advisers Sdn Bhd (790320-P)
Market Day	: Any day between Monday and Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for trading of securities
MDEC	: Multimedia Development Corporation Sdn Bhd (389346-D)
MEPS	: Malaysian Electronic Payment System
MITI	: Ministry of International Trade and Industry
MOF	: Ministry of Finance
MSC	: Multimedia Super Corridor Malaysia
NA	: Net assets
NBV	: Net book value

DEFINITIONS (Cont'd)

Non-Government	: Customers who are not Government which comprise mainly the financial institutions (such as Citibank Berhad, Hong Leong Bank Berhad, RHB Bank Berhad, EON Bank Berhad, UOB Bank (M) Berhad, Alliance Bank Malaysia Berhad and etc.) and commercial entities (such as Huawei Technologies (M) Sdn Bhd, Genting Malaysia Berhad, Morpho Cards (Singapore) Pte Ltd, GHIL Systems Sdn Bhd, Autovation Data Sdn Bhd and etc.)
NRD	: National Registration Department
Offer for Sale	: Offer for sale by the Offeror of up to 7,932,000 Shares by way of placement to selected investors at the IPO Price
Offer for Sale Share(s) or Offer Share(s)	: Up to 7,932,000 Datasonic Shares to be offered for sale by the Offeror
Offeror	: Dato' Abu Hanifah bin Noordin
Participating Financial Institution(s)	: The participating financial institution(s) for the ESA as listed in Section 16 of this Prospectus
PAT	: Profit after tax
PBT	: Profit before tax
PE Multiple	: Price-earnings multiple
PMPC	: Payment Multi-Purpose Card
Promoters	: Dibena Enterprise Sdn Bhd, Dato' Abu Hanifah bin Noordin and Handrianov Putra bin Abu Hanifah, collectively
Prospectus	: This prospectus dated 3 August 2012 in relation to our IPO
Protégé Associates	: Protégé Associates Sdn Bhd (675767-H)
Public	: All persons or members of the public but excluding our Directors, substantial shareholders and persons connected or associated with them (as defined in the Listing Requirements)
Public Issue	: The 20,373,996 new Datasonic Shares, representing approximately 22.64% of the enlarged issued and paid-up share capital of Datasonic at the IPO Price
Public Issue Share(s) or Issue Share(s)	: 20,373,996 Datasonic Shares to be issued pursuant to the Public Issue
QC	: Quality control
R&D	: Research and development
RPS	: Regional personalisation solution, a service bureau that provide outsourcing of card personalisation services
RM and sen	: Ringgit Malaysia and sen, respectively
SC	: Securities Commission

DEFINITIONS (Cont'd)

Smart Consult Solutions	:	Smart Consult Solutions Sdn Bhd (647764-K), a wholly-owned subsidiary company of Datasonic
sq. ft.	:	Square feet
Underwriting Agreement	:	The underwriting agreement dated 5 July 2012 made between our Company and our Joint Underwriters for the underwriting of 6,000,000 Public Issue Shares
US	:	United States of America
USD	:	US Dollar

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

DEFINITIONS (Cont'd)**Technical References**

- DPS : Data processing system is a system which processes data that has been captured and encoded in a format recognisable by the data processing system or has been created and stored by another unit of an information processing system
- FTP : File transfer protocol is a standard network protocol used to transfer files between two computers on the internet which is built on a client-server architecture and utilises separate control and data connections between the client and server
- HAL : Hardware abstraction layer is a layer of programming that allows a computer operating system to interact with a hardware device at a general or abstract level rather than at a detailed hardware level
- Total HIS : Total hospital information system is a comprehensive, integrated information system designed to manage the administrative, financial and clinical aspects of a hospital
- HSBB : High speed broadband is a broadband service that offers bandwidth delivered at network speeds of 10 megabits per second and above. Unlike normal broadband connections which deliver bandwidth at network speeds ranging between 384kilobits per second and 4 megabits per second, basic high speed broadband packages allow Malaysians to experience high speed internet of up to 100 times faster than the usual rate while businesses will be able to have maximum speeds of up to 1,000 megabits per second
- MMU : Memory management unit is a computer hardware component responsible for handling accesses to memory requested by the central processing unit
- NGN : Next generation network is a broad terms used to describe key architectural evolutions in telecommunication core and access networks. The general idea behind the next generation network is that the network transports all information and services (voice, data, and all sorts of media such as video) by encapsulating these into packets, similar to those used on the internet. Examples of NGN include telecommunication network equipments such as internet multimedia subsystem, element management system, signaling gateway, media gateway and access gateway
- OS : An operating system is a software, consisting of programs and data, that runs on computers, manages computer hardware resources, and provides common services for execution of various application software. Operating system is the most important type of system software in a computer system. Without an operating system, a user cannot run an application program on their computer, unless the application program is self-booting
- P3 : P3 stands for personalisation preparation process which is a personal computer-based application that runs in conjunction with Thales e-Security Cryptographic Modules (Crypto Module) for the generation of smart card data for smart card personalisation
- POC : A proof of concept is a realisation of a certain method or idea(s) to demonstrate its feasibility

DEFINITIONS (Cont'd)

- polycarbonate datapage : Polycarbonate datapage is the second page in the new ICAO compliant e-Passport document. Polycarbonate was chosen as opposed to polyvinyl chloride, acrylonitrile butadiene styrene or polyethylene terephthalate because of the ability to support laser engraving. The polycarbonate datapage will carry the passport holder's detail, photo and the machine readable zone including other security features like kinegram, ultraviolet, invisible personal information, and etc
- RSA : Rivest, Shamir and Adleman is an algorithm for public-key cryptography. It is the first algorithm known to be suitable for signing as well as encryption, and was one of the first great advances in public key cryptography. It is widely used in electronic commerce protocols, and is believed to be sufficiently secure given sufficiently long keys and the use of up-to-date implementations
- Smart card personalisation : Smart card personalisation entails the supply of printing system and solutions, consumables, cards, printer spare parts, technical and maintenance services, personalisation of financial cards, ID cards and loyalty cards, project management and smart card professional services
- Smart card personalisation services : Smart card personalisation services refer to services which include printing, embossing, indent printing, laminating, topcoat application and envelop insertion on smart cards such as financial cards, ID cards and loyalty cards
- Triple DES : Triple data encryption standard is a mode of encryption algorithm that encrypts data three times
- UAT : User acceptance testing is a test conducted to determine if the requirements of a specification or contract are met
- UPS : Uninterrupted power supply is an electrical apparatus that provides emergency power to a load when the input power source, typically the utility mains fails

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

	PAGE
I. CORPORATE DIRECTORY	1
2. SUMMARY INFORMATION	5
2.1 Our History and Business	5
2.2 Promoters, Substantial Shareholders, Directors and Key Management Personnel	9
2.3 Summary of Our IPO	10
2.4 Financial Highlights	11
2.5 Dividend Policy	15
2.6 Risk Factors	15
3. PARTICULARS OF OUR IPO	16
3.1 Our Listing Scheme	16
3.2 Share Capital	20
3.3 Purpose of Our IPO and Listing	20
3.4 Pricing of Our IPO Shares	21
3.5 Dilution	22
3.6 Use of Proceeds	24
3.7 Brokerage, Underwriting Commission and Placement Fee	25
3.8 Salient Terms of the Underwriting Agreement	26
4. RISK FACTORS	35
4.1 Risks Relating to Our Business and Industry	35
4.2 Risks Relating to Investment in Our Shares	40
5. INFORMATION ON OUR GROUP	42
5.1 Our History	42
5.2 Share Capital	46
5.3 Subsidiary Companies	46
5.4 Listing Scheme	49
5.5 Key Achievements and Milestones	53
6. BUSINESS OVERVIEW	56
6.1 Our Business	56
6.2 Principal Activities and Products	57
6.3 Seasonality	72
6.4 Production	72
6.5 Technology Used and Design & Development	73
6.6 Quality Assurance	77
6.7 Major Customers	79
6.8 Suppliers	83
6.9 Major Licences, Permits and Registrations	87
6.10 Intellectual Property Rights	97

TABLE OF CONTENTS (Cont'd)

6.11	Dependency on Patents, Intellectual Property Rights, Licences, Industrial, Commercial or Financial Contracts	100
6.12	Regulatory Requirements and Environmental Issue	100
6.13	Interruptions to Business and Operations	101
6.14	Property, Plant and Equipment	101
6.15	Future Plans, Strategies and Prospects.....	106
7.	EXECUTIVE SUMMARY OF THE IMR REPORT	112
8.	INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT PERSONNEL.....	133
8.1	Promoters and Substantial Shareholders.....	133
8.2	Board of Directors	136
8.3	Audit, Nomination and Remuneration Committees.....	151
8.4	Key Management Personnel	153
8.5	Declarations by Promoters, Directors and Key Management Personnel	159
8.6	Family Relationships and Associations	159
8.7	Benefits Paid or Intended to be Paid.....	159
8.8	Agreements with Directors and Key Management Personnel	160
8.9	Information on Employees.....	160
9.	APPROVALS AND CONDITIONS	163
9.1	Approvals from Relevant Authorities	163
9.2	Moratorium on Sale of Shares	165
10.	RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST	166
10.1	Existing and Proposed Related Party Transactions.....	166
10.2	Transactions that are Unusual in Nature or Conditions	170
10.3	Interests in Similar Businesses, Interests in Businesses of Our Customers or Suppliers and Other Conflicts of Interest	170
10.4	Loans Made by Our Group to or for the Benefit of Related Parties	172
10.5	Declaration by Experts.....	172
11.	PROFORMA HISTORICAL FINANCIAL INFORMATION.....	173
11.1	Proforma Consolidated Statements of Comprehensive Income.....	173
11.2	Proforma Consolidated Statements of Financial Position.....	174
11.3	Proforma Consolidated Statement of Cash Flows	177
11.4	Reporting Accountants' Letter on Proforma Consolidated Financial Information	179

TABLE OF CONTENTS (Cont'd)

12.	MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS	203
12.1	Overview	203
12.2	Results of Operations	208
12.3	Capitalisation and Indebtedness.....	238
12.4	Order Book	238
12.5	Impact of Inflation	239
12.6	Government/Economic/Fiscal/Monetary Policies	239
12.7	Dividend Policy	239
13.	ACCOUNTANTS' REPORT	240
14.	DIRECTORS' REPORT	401
15.	ADDITIONAL INFORMATION.....	402
15.1	Share Capital.....	402
15.2	Articles of Association.....	402
15.3	Material Contracts	405
15.4	Material Litigation, Claims or Arbitration	407
15.5	Repatriation of Capital and Remittance of Profit.....	408
15.6	Public Take-Over Offers.....	408
15.7	Consents.....	408
15.8	Documents Available for Inspection	408
15.9	Responsibility Statement	409
16.	PROCEDURES FOR APPLICATION AND ACCEPTANCE.....	410
16.1	Opening and Closing of Application	410
16.2	Methods of Application	410
16.3	Procedures for Application	410
16.4	Applications using Application Forms	411
16.5	Applications using Electronic Share Application	415
16.6	Over/Under-subscription	421
16.7	Applications using Internet Share Application	422
16.8	Applications and Acceptances	430
16.9	CDS Accounts	431
16.10	Notice of Allotment	432
16.11	List of ADAs.....	433

1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name/Designation	Address	Occupation	Nationality
General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd) <i>Independent Non-Executive Chairman</i>	Lot 6, Jalan Palong The Mines Resort City 43300 Seri Kembangan Selangor Darul Ehsan	Director	Malaysian
Dato' Abu Hanifah bin Noordin <i>Managing Director</i>	2, Lorong Chan Chin Mooi Satu Taman Tasik Titiwangsa 53200 Kuala Lumpur	Director	Malaysian
Chew Ben Ben <i>Deputy Managing Director</i>	284-18-3, The Heritage Condominium Jalan Pahang Setapak 53200 Kuala Lumpur	Director	Malaysian
Handrianov Putra bin Abu Hanifah <i>Executive Director</i>	2, Lorong Chan Chin Mooi Satu Taman Tasik Titiwangsa 53200 Kuala Lumpur	Director	Malaysian
Raghibir Singh a/l Hari Singh <i>Executive Director</i>	15, Jalan 21/5, Sea Park 46300 Petaling Jaya Selangor Darul Ehsan	Director	Malaysian
Md Diah bin Ramli <i>Executive Director</i>	92A, Jalan KE 3/2 Kota Emerald 48000 Rawang Selangor Darul Ehsan	Director	Malaysian
Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir <i>Independent Non-Executive Director</i>	9771 Jalan 2/1 Kampung Melayu Kepong (FRIM) 52100 Kuala Lumpur	Director	Malaysian
Dato' Wan Ibrahim bin Wan Ahmad <i>Independent Non-Executive Director</i>	24, Jalan SS4B/1 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan	Director	Malaysian
Dato' Wan Mohd Safiain bin Wan Hasan <i>Independent Non-Executive Director</i>	129 Taman Desa Minang 68100 Batu Caves Selangor Darul Ehsan	Director	Malaysian
Yee Kim Shing @ Yew Kim Sing <i>Independent Non-Executive Director</i>	18 Jalan Chelagi Damansara Heights 50490 Kuala Lumpur	Director	Malaysian
Zaiful Ayu Ibrahim bin Ibrahim <i>Independent Non-Executive Director</i>	66, Jalan Burhanuddin Helmi 2 Taman Tun Dr Ismail 60000 Kuala Lumpur	Director	Malaysian

1. CORPORATE DIRECTORY (Cont'd)**AUDIT COMMITTEE**

Name	Designation	Directorship
Yee Kim Shing @ Yew Kim Sing	Chairman	Independent Non-Executive Director
Dato' Wan Ibrahim bin Wan Ahmad	Member	Independent Non-Executive Director
Dato' Wan Mohd Safiain bin Wan Hasan	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Dato' Wan Mohd Safiain bin Wan Hasan	Chairman	Independent Non-Executive Director
Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir	Member	Independent Non-Executive Director
Zaiful Ayu Ibrahim bin Ibrahim	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Wan Ibrahim bin Wan Ahmad	Chairman	Independent Non-Executive Director
Dato' Wan Mohd Safiain bin Wan Hasan	Member	Independent Non-Executive Director
Chew Ben Ben	Member	Deputy Managing Director

COMPANY SECRETARY

: Tai Yit Chan (MAICSA 7009143)
 Choong Lee Wah (MAICSA 7019418)
 Lot 6.05, Level 6, KPMG Tower
 8 First Avenue, Bandar Utama
 47800 Petaling Jaya
 Selangor Darul Ehsan
 Tel: (603) 7720 1188
 Fax: (603) 7720 1111

REGISTERED OFFICE

: Lot 6.05, Level 6, KPMG Tower
 8 First Avenue, Bandar Utama
 47800 Petaling Jaya
 Selangor Darul Ehsan
 Tel: (603) 7720 1188
 Fax: (603) 7720 1111

HEAD OFFICE

: Level 6, Bangunan Setia 1
 No. 15 Lorong Dungun
 Damansara Heights
 50490 Kuala Lumpur
 Tel: (603) 2087 6000
 Fax: (603) 2087 6001
 Website: www.datasonic.com.my

REPORTING ACCOUNTANTS & AUDITORS

: Crowe Horwath (AF1018)
 Level 16, Tower C
 Megan Avenue II
 12, Jalan Yap Kwan Seng
 50450 Kuala Lumpur
 Tel: (603) 2166 0000
 Fax: (603) 2166 1000

1. CORPORATE DIRECTORY (Cont'd)

- SOLICITORS** : Azman Davidson & Co.
Suite 13.03, 13th Floor
Menara Tan & Tan
207 Jalan Tun Razak
50400 Kuala Lumpur
Tel: (603) 2164 0200
Fax: (603) 2164 0280
- INDEPENDENT MARKET RESEARCHER** : Protégé Associates Sdn Bhd (675767-H)
Suite C-06-06, Plaza Mont' Kiara
2 Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur
Tel: (603) 6201 9301
Fax: (603) 6201 7302
- PRINCIPAL BANKERS** : AmBank (M) Berhad (8515-D)
Level 18, Menara Dion, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: (603) 2026 3939
Fax: (603) 2026 6855
- Malayan Banking Berhad (3813-K)
Shah Alam Business Centre
Level 2, Bangunan Maybank
Lot 10, Persiaran Perbandaran
Section 14, 40000 Shah Alam
Selangor Darul Ehsan
Tel: (603) 5511 6949
Fax: (603) 5511 6946
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (258345-X)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: (603) 7841 8000
Fax: (603) 7841 8150
- SHARE REGISTRAR** : Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: (603) 7841 8000
Fax: (603) 7841 8152
- PRINCIPAL ADVISER, UNDERWRITER AND PLACEMENT AGENT** : Alliance Investment Bank Berhad (21605-D)
Level 3, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: (603) 2692 7788
Fax: (603) 2691 9028

1. CORPORATE DIRECTORY (Cont'd)

JOINT ADVISER	: MainStreet Advisers Sdn Bhd (790320-P) 25-7 Block B, Jaya One 72A Jalan Universiti 46200 Petaling Jaya Selangor Darul Ehsan Tel: (603) 7968 3398 Fax: (603) 7954 2299
JOINT UNDERWRITER	: HwangDBS Investment Bank Berhad (14389-U) Suite 23-01, Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur Tel: (603) 9195 6888 Fax: (603) 9195 6900
LISTING SOUGHT	: Main Market of Bursa Securities

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

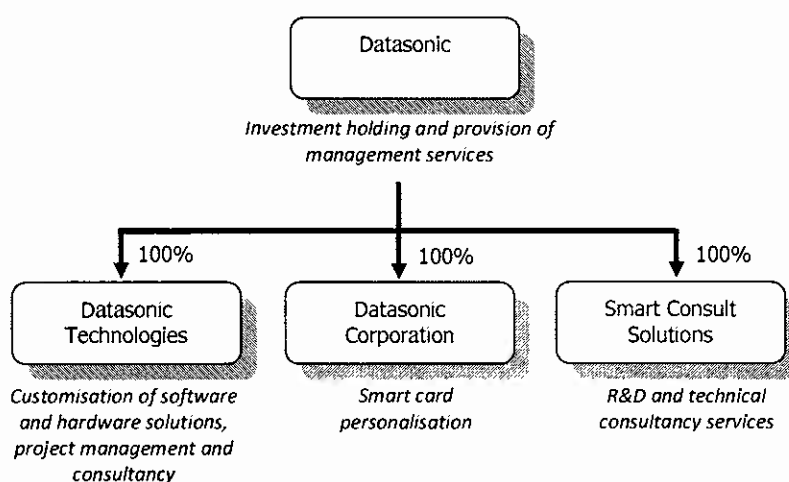
2. SUMMARY INFORMATION

THIS INFORMATION SUMMARY SETS OUT THE SALIENT INFORMATION CONTAINED IN THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THIS INFORMATION SUMMARY TOGETHER WITH THE FULL TEXT OF THIS PROSPECTUS BEFORE YOU DECIDE WHETHER TO INVEST IN OUR SHARES.

2.1 OUR HISTORY AND BUSINESS

Our Company was incorporated under the Act on 13 March 2008 as a public limited company under its current name. We subsequently converted to a private limited company on 22 June 2011, to facilitate the Acquisitions and converted back to a public limited company on 29 June 2011.

Our Group is involved in the provision of ICT solutions including the smart card personalisation (such as secure ID or chip-based credit / debit / bank cards), customisation of software and hardware solutions, project management, consultancy, R&D and technical consultancy services. Our Group structure is as follows:



Our history began with the operations of Datasonic Corporation which was incorporated on 22 October 1980. Datasonic Corporation was originally named Bumi Packaging & Storage (M) Sdn Bhd. At the initial stage, the company was selling ICT products in the form of computer forms and credit card imprinters to financial institutions in Malaysia.

The company then subsequently ventured into the personalisation services and started its business relationship with Datacard Corporation in 1983. In 1991, Datacard Corporation became a 49% joint-venture partner in Datasonic Corporation (which was named Datacard Toppan Moore (M) Sdn Bhd at that point). As a result of the joint venture, we were awarded the distribution rights for Datacard® Central Issuance Systems and Solutions in Malaysia.

Since 1999, Datasonic Corporation has been the technology provider and exclusive sub-contractor of Dibena Enterprise, who was appointed as the Chairman and key member of GMPC Corporation Sdn Bhd, a consortium of five companies for the national ID or MyKad project. GMPC Corporation was formed to implement the pilot phase of the GMPC project in 1999. Under the Multi Purpose Card Flagship Application agreement between the Government and GMPC Corporation, dated 1 June 1999, the Government has agreed to award the GMPC project to GMPC Corporation, a consortium company, which consist of 5 members namely Dibena Enterprise, IRIS Technologies (M) Sdn Bhd, Unisys MSC Sdn Bhd, Tricubes NCR JV Sdn Bhd and CSA MSC Sdn Bhd, to undertake the GMPC project.

2. SUMMARY INFORMATION *(Cont'd)*

Datasonic Corporation through Dibena Enterprise is the only consortium member which was assigned to design, set up and commission a personalisation centre as well as to supply smart card personalisation systems and solutions, consumables and provide technical support and maintenance services to NRD. The other consortium members include CSA MSC Sdn Bhd which provides the networking and computer hardware; Unisys MSC Sdn Bhd which conducts the system integration services and interface to legacy system; Tricubes NCR JV Sdn Bhd which provides smart card readers (Card Acceptance Devices) and IRIS Technologies (M) Sdn Bhd which provides raw cards (MyKad), chip with OS and readers. Upon procuring the GMPC project, GMPC Corporation will then sub-contract the entire GMPC project to each of its consortium members based on their respective roles.

Datasonic Corporation is the only ICT vendor involved in three (3) major smart card programs in the country, namely the GMPC, PMPC i.e. ATM chip-based card and EMV chip-based credit card migration in the country. The GMPC project was officially launched in 2001 with the purpose of migrating paper based IDs card with new smart IDs card with multiple applications for all Malaysian citizens; and the smart card ATM and EMV migration underwent a national rollout in 2003 as part of the goal of reducing fraudulent financial transactions which were then prevalent with magnetic stripe cards.

In 2003, Datasonic Corporation established a RPS centre in cooperation with Bank Simpanan Nasional to provide outsourcing services for the personalisation of financial PMPC, ATM and EMV credit cards for major banks in Malaysia. In 2007, Datasonic Corporation established its own independent RPS centre in order to increase its production capacity to accommodate its increasing number of clients from the financial sector. Datasonic Corporation's Central Issuance Card Printing System (operated by the RPS centre) was well-received particularly from Malaysian financial institutions and this spurred the company's growth in the market.

In 2005, Dato' Abu Hanifah bin Noordin acquired Dibena Enterprise and assumed the position of Executive Chairman/ CEO of the company and was also appointed as Chairman of GMPC Corporation Sdn Bhd. In 2006, following the acquisition of Datacard QSS Sdn Bhd (now known as Datasonic Corporation) by Dibena Enterprise, he assumed the position of CEO of Datasonic Corporation.

In February 2006, Dibena Enterprise acquired from Datacard Corporation its entire shareholdings in Datasonic Corporation to expand its technology and solutions services. This was to be followed by the acquisition of Datasonic Technologies a year later in 2007. Datasonic Technologies, (formerly known as Guthrie Technologies Sdn Berhad) was incorporated on 26 June 1991. The acquisition of the company by Dibena Enterprise from Kumpulan Guthrie Berhad occurred during the latter's merger with the Sime Darby Group and Dibena Enterprise has since met the acquisition objective which was to further expand Dibena Enterprise's portfolios to provide large-scale government ICT projects and solution services and project management services.

Datasonic Technologies is involved in the provision of ICT solutions and services which include project management for the implementation of ICT system solutions. These solutions are customised software and hardware solutions for the government ministries and agencies, and large industries like healthcare, telecommunications, and others. Among some of its key projects include the following:

- **Visa & Pass System for the Immigration Department of Malaysia**

Responsible for the entire design, development and implementation of Visa & Pass system for the Immigration Department of Malaysia since 1997 to the present. Subsequent to the implementation, Datasonic Technologies was also tasked with the technical support, enhancement and maintenance of the system.

- **BPA System for the Prime Minister's Department**

As the primary system provider, Datasonic Technologies is responsible for the entire development, supply, installation, commissioning, maintenance and technical support of the BPA system and its expansion into the Government sector.

2. SUMMARY INFORMATION (Cont'd)

- **OKU (“Orang Kurang Upaya”) Project for Ministry of Women, Family and Community Development**

Assigned as the total system provider, Datasonic Technologies is responsible for the entire front-end and back-end architecture and system design, development, installation, supplying and printing of the OKU card to the disabled group throughout Malaysia.
- **SMOKU (“Sistem Maklumat Orang Kurang Upaya”) Project for Ministry of Women, Family and Community Development**

Datasonic Technologies secured the 2nd phase of OKU project and is responsible for the enhancement of SMOKU system for Ministry of Women, Family and Community Development.
- **NGN Project for Telekom Malaysia Berhad**

Involved in the NGN project for Telekom Malaysia Berhad since 2007 to present. As the local partner to Telekom Malaysia Berhad and Huawei Technologies (Malaysia) Sdn Bhd, Datasonic Technologies is involved in establishing, installing, commissioning and decommissioning of the access network equipment and system for Telekom Malaysia Berhad.
- **Call Centre Services Project for Perbadanan Tabung Pendidikan Tinggi Nasional (“PTPTN”)**

Datasonic Technologies secured the project which involves the provision of systems solution, hardware and software as well as the implementation of call centre services for PTPTN in order to manage their higher education fund inquiries and other related matters.
- **Supply of New Raw MyKad with Chips for NRD**

Datasonic Technologies secured the project which involves the supply of four (4) million of new raw MyKad with 100% polycarbonate material, new security features, OS and chips to NRD.
- **Supply of Consumables for New MyKad project**

Datasonic Technologies secured the project which involves the supply of consumables for new MyKad to NRD.
- **Maintenance of Data Center and Helpdesk system for the Immigration Department of Malaysia**

Datasonic Technologies secured the project which involves the provision of maintenance services of the data center and helpdesk system in the Immigration Department of Malaysia.
- **Maintenance of Existing Passport Printers for the Immigration Department of Malaysia**

Datasonic Technologies secured the project which involves the provision of maintenance services of the existing passport printers, software and application system for the production of passports to the Immigration Department of Malaysia for its immigration offices in Malaysia and overseas.

2. SUMMARY INFORMATION (Cont'd)

- **Supply of New Passport Polycarbonate Datapage and Laser Engraving Personalisation Equipments for the Immigration Department of Malaysia**

Datasonic Technologies secured the project which involves the supply of new passport polycarbonate datapage and laser engraving personalisation equipments to the Immigration Department of Malaysia.

- **Supply of Consumables for the Existing Passport Printers to the Immigration Department of Malaysia**

Datasonic Technologies secured the project which involves the supply of consumables for the existing passport printers.

- **Other projects**

Datasonic Technologies is also involved in the design, supply, delivery, installation, commissioning, testing and maintenance of other ICT project across the government agencies and private institutions, which include, among others, the provision of computer hardware and software solutions.

Over the years, the business of our Group grew from the provision of secure ID and smart card personalisation into more diversified products and services e.g. Government ICT projects and services, project management and provision of other ICT solutions services, namely provision of customised integrated ICT software and hardware systems and solutions.

Smart Consult Solutions was incorporated in Malaysia on 2 April 2004 as a private limited company to provide R&D and technical consultancy to both Datasonic Corporation and Datasonic Technologies. Our Group utilises Smart Consult Solutions as our main channel to conduct R&D activities for the smart card OS solutions and other key ICT developments which include development of centralised and decentralised card issuance system and solutions, multi-purpose ID system, integrated front-end and back-end system solutions as well as web-based Total HIS to support the current and future business of our Group. Smart Consult Solutions was granted the MSC status by MDEC on 18 May 2012.

We believe that our performance has and will continue to be driven by the following:

- (i) Exclusive distributor of Datacard® Central Issuance Systems and Solutions in Malaysia;
- (ii) Established relationships with foreign smart card players;
- (iii) Technical competencies;
- (iv) Expertise in project management;
- (v) Experienced leadership team;
- (vi) Commitment in R&D;
- (vii) Established relationships with the Government; and
- (viii) One-stop centre for smart card personalisation.

Details of our Group, business and future plans are set out in Sections 5 and 6 of this Prospectus respectively.

2. SUMMARY INFORMATION *(Cont'd)*

2.2 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Our promoters, substantial shareholders, directors and key management personnel are as follows:

Name	Designation
<u>Promoters</u>	
Dibena Enterprise	-
Dato' Abu Hanifah bin Noordin	Managing Director
Handrianov Putra bin Abu Hanifah	Executive Director
<u>Directors</u>	
General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)	Independent Non-Executive Chairman
Dato' Abu Hanifah bin Noordin	Managing Director
Chew Ben Ben	Deputy Managing Director
Handrianov Putra bin Abu Hanifah	Executive Director
Raghibir Singh a/l Hari Singh	Executive Director
Md Diah bin Ramli	Executive Director
Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir	Independent Non-Executive Director
Dato' Wan Ibrahim bin Wan Ahmad	Independent Non-Executive Director
Dato' Wan Mohd Safiain bin Wan Hasan	Independent Non-Executive Director
Yee Kim Shing @ Yew Kim Sing	Independent Non-Executive Director
Zaiful Ayu Ibrahim bin Ibrahim	Independent Non-Executive Director
<u>Key Management Personnel</u>	
Talya Zholeikha binti Abu Hanifah	Head of Human Resources and Administration
Tham Choon Sarn	Head of Business Development
Siti Rohana binti Abd Majid	Head of Telecommunications
Nor Adnan bin Zainal Abidin	Head of Sales and Marketing, Government Sector
Chew Chi Hong	Chief Operating Officer
Chiu Hooi Yen	Group Financial Controller
Saleh bin Shahid	General Manager
Zeti Akhtar binti Mahfar	Customer Support Manager – Public Sector
Nor Hasniza binti Mohd Hassan	Project Manager

2. SUMMARY INFORMATION (Cont'd)

2.3 SUMMARY OF OUR IPO

Size of our Public Issue : 20,373,996 new Datasonic Shares, representing approximately 22.64% of our Company's enlarged issued and paid-up share capital which are reserved for the application by the Public, eligible Directors, employees of our Group and persons who have contributed to the success of our Group, of which at least 50% of the Public Tranche (as defined in Section 3.1.1(i) of this Prospectus) will be to the extent possible allocated to Bumiputera individuals, companies, societies, co-operatives and institutions

Size of our Offer for Sale : Up to 7,932,000 Datasonic Shares, representing approximately up to 8.81% of our Company's enlarged issued and paid-up share capital to be offered for sale by the Offeror to selected investors

IPO Price : RM2.00 per IPO Share

Utilisation of proceeds from the Public Issue : The gross proceeds from the Public Issue amounting to RM40.75 million is intended to be utilised in the following manner:

Purpose	RM'000	%
Capital expenditure	27,100	66.51
R&D expenditure	6,000	14.72
Working capital	5,000	12.27
Estimated listing expenses	2,648	6.50
Total gross proceeds	40,748	100.00

Total enlarged issued and paid-up share capital after Listing : RM45,000,000 comprising 90,000,000 Datasonic Shares

Market capitalisation upon Listing : RM180,000,000

Further details of our IPO and utilisation of proceeds from our Public Issue are set out in Sections 3.1 and 3.6 respectively of this Prospectus.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

2. SUMMARY INFORMATION (Cont'd)

2.4 FINANCIAL HIGHLIGHTS

2.4.1 Proforma Consolidated Statements of Comprehensive Income

The table below sets out our proforma consolidated statements of comprehensive income for the FYE 31 December 2008 to 2011 and the FPE 29 February 2012. The proforma consolidated statements of comprehensive income for the past four (4) FYE 31 December 2008 to 2011 and the FPE 29 February 2012 are provided for illustrative purposes assuming that our Group's current structure has been in existence throughout the financial years under review. Additionally, the following selected unaudited historical consolidated financial information for the FPE 28 February 2011 has been prepared for information only.

You should read the summary of our proforma consolidated financial information which has been presented below together with the management's discussion and analysis of financial conditions and results of operations and the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Sections 11.4 and 12 of this Prospectus respectively.

	Audited				Unaudited	Audited
	< ----- FYE 31 December ----- >				FPE 28 February	FPE 29 February
	2008	2009	2010	2011	2011	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	27,524	32,149	39,551	78,407	7,303	17,316
Cost of sales	(7,374)	(8,031)	(14,155)	(35,318)	(1,798)	(6,296)
Gross profit	20,150	24,118	25,396	43,089	5,505	11,020
Other income	362	233	326	143	21	348
	20,512	24,351	25,722	43,232	5,526	11,368
Administrative expenses	(8,392)	(9,842)	(13,194)	(20,194)	(2,399)	(3,280)
Other expenses	(517)	(1,627)	(1,037)	(1,158)	(136)	(121)
Profit from operations	11,603	12,882	11,491	21,880	2,991	7,967
Finance costs	(67)	(155)	(133)	(163)	(31)	(102)
PBT	11,536	12,727	11,358	21,717	2,960	7,865
Income tax expense	(2,956)	(3,624)	(3,746)	(5,837)	(710)	(2,170)
PAT	8,580	9,103	7,612	15,880	2,250	5,695
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	8,580	9,103	7,612	15,880	2,250	5,695
PAT / Total comprehensive income attributable to:						
Owners of the Company	8,580	9,103	7,612	15,880	2,250	5,695

2. SUMMARY INFORMATION (Cont'd)

	Audited				Unaudited	Audited
	< ----- FYE 31 December ----- >				FPE 28	FPE 29
	2008	2009	2010	2011	February	February
	RM'000	RM'000	RM'000	RM'000	2011	2012
				RM'000	RM'000	
PBT	11,536	12,727	11,358	21,717	2,960	7,865
Depreciation	1,039	1,270	1,699	2,079	128	340
Interest expense	65	151	126	143	31	54
Interest income	(55)	(51)	(43)	(85)	(18)	(19)
EBITDA	12,585	14,097	13,140	23,854	3,101	8,240
No. of Shares ('000)*	69,626	69,626	69,626	69,626	69,626	69,626
Gross EPS (sen)**	16.57	18.28	16.31	31.19	25.50^	67.80^
Net EPS (sen)***	12.32	13.07	10.93	22.81	19.38^	49.08^
Gross profit margin (%)	73.21	75.02	64.21	54.96	75.37	63.64
PBT margin (%)	41.91	39.59	28.72	27.70	40.53	45.42
PAT margin (%)	31.17	28.32	19.25	20.25	30.81	32.89

Notes:

* Number of Shares in issue after the Acquisitions but before the Public Issue.

** The gross EPS is computed based on the consolidated PBT divided by the number of Shares in issue after the Acquisitions but before the Public Issue.

*** The net EPS is computed based on the consolidated PAT divided by the number of Shares in issue after the Acquisitions but before the Public Issue.

^ Annualised to twelve (12) months for comparison purposes.

2.4.2 Proforma Consolidated Statements of Financial Position

Our proforma consolidated statements of financial position have been prepared for illustrative purpose only based on our audited statements of financial position as at 29 February 2012 and have been prepared on the assumption that the Listing had been effected on 29 February 2012.

We advise you to read the proforma consolidated statements of financial position presented below together with the notes included in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus.

2. SUMMARY INFORMATION (Cont'd)

	<----- Proforma ----->		
		(I)	(II)
	As at 29 February 2012 RM'000	After the Acquisitions^ RM'000	After (I), Public Issue and Utilisation of Listing Proceeds RM'000
ASSETS			
Non-Current Assets			
Investments in club membership	-	110	110
Property, plant and equipment	614	13,373	40,473
Development costs	-	5,707	11,707
	614	19,190	52,290
Current Assets			
Work-in-progress	-	5,818	5,818
Inventories	-	1,350	1,350
Trade receivables	-	24,863	24,863
Other receivables, deposits and prepayments	1,279	3,190	1,980
Amount owing by immediate holding company	-	11,789	11,789
Amount owing by related companies	5,151	1,253	1,253
Cash and cash equivalents	2	2,878	9,088
	6,433	51,141	56,141
TOTAL ASSETS	7,047	70,331	108,431
EQUITY AND LIABILITIES			
Equity			
Share capital	#	34,813	45,000
Share premium	-	-	29,398
Retained profits / (Accumulated losses)	41	24,778	23,293
Merger deficit	-	(11,072)	(11,072)
TOTAL EQUITY	41	48,519	86,619

2. SUMMARY INFORMATION (Cont'd)

	←----- Proforma ----->		
		(I)	(II)
	As at 29 February 2012 RM'000	After the Acquisitions^ RM'000	After (I), Public Issue and Utilisation of Listing Proceeds RM'000
Non-Current Liabilities			
Term loans	-	4,105	4,105
Deferred taxation	-	315	315
	-	4,420	4,420
Current Liabilities			
Trade payables	-	5,068	5,068
Other payables and accruals	151	5,342	5,342
Amount owing to immediate holding company	642	1,759	1,759
Amount owing to related companies	-	747	747
Term loans	-	1,062	1,062
Amount owing to a director	6,174	-	-
Provision for taxation	39	3,413	3,413
Dividend payable	-	1	1
	7,006	17,392	17,392
TOTAL LIABILITIES	7,006	21,812	21,812
TOTAL EQUITY AND LIABILITIES	7,047	70,331	108,431
Number of Shares in issue ('000)	*	69,626	90,000
NA / (Net liabilities) (RM'000)	41	48,519	86,619
NA / (Net liabilities) per Share (RM)	10,250.00	0.70	0.96

Notes:

RM2.00.

^ After adjusting for dividend payment of RM5.00 million paid by Datasonic Corporation and RM2.00 million by Datasonic Technologies respectively.

* Being issued and paid-up share capital of RM2.00 comprising 4 Shares of RM0.50 each.

2. SUMMARY INFORMATION *(Cont'd)*

2.5 DIVIDEND POLICY

It is our Board's policy to recommend dividends to allow our shareholders to participate in the profits of our Group. However, our ability to declare dividends or make other distributions to our shareholders in the future years is subject to various factors such as having profits and excess funds, which are not required to be retained to fund our business.

Our Board will consider the following factors that they currently intend to apply when recommending dividends for approval by our shareholders or when declaring any interim dividends:

- (i) The level of cash and level of indebtedness;
- (ii) Required and expected interest expense, cash flow, our profits and return on equity and retained earnings;
- (iii) Our expected results of operations and future level of operations; and
- (iv) Our projected levels of capital expenditure and other investment plans.

The payment and amount of any dividends and distributions to our shareholders will be at the discretion of our Board and will depend on factors stated above. There can be no assurance as to whether dividend distribution will occur as intended, the amount of dividend payment or timing of such payment.

Details of our dividend policy are also set out in Section 12.7 of this Prospectus.

2.6 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks and investment considerations as set out in Section 4 of this Prospectus (which may not be exhaustive), and are summarised below:

Risks relating to our business and the industry:

- Our industry is marked by rapid changes in technology;
- We operate in a competitive environment;
- We are subject to political, economic and regulatory uncertainties;
- We are dependent on a major supplier;
- We are dependent on our parent company, Dibena Enterprise and our end customer, NRD;
- We need to maintain the necessary certifications and approvals required for our business;
- We are dependent on the continued employment and performance of our Directors and key management personnel;
- We commence work for our customers in the Government sector based on letter of awards;
- We may be held liable if we are unable to adequately protect the confidential information provided to us by our customers;
- We are exposed to exchange rate fluctuations; and
- We are exposed to risk relating to insurance coverage on our Group's assets.

Risks relating to investments in our Shares:

- Delay or abortion of our Listing;
- No prior market for our Shares and possible volatility of our Share price;
- Control by Promoters; and
- Dividend payments.

3. PARTICULARS OF OUR IPO

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY BEFORE APPLYING FOR OUR IPO SHARES.

3.1 OUR LISTING SCHEME

3.1.1 Public Issue

Our Public Issue is subject to the terms and conditions of this Prospectus, and upon acceptance, will be allocated the aggregate of 20,373,996 new Shares in the manner explained below which is subject to clawback and reallocation:

(i) Public (“Public Tranche”)

6,000,000 Public Issue Shares, representing approximately 6.67% of our enlarged issued and paid-up share capital, will be available for application by the Public, of which at least 50% shall be set aside for Bumiputera investors including individuals, companies, societies, co-operatives and institutions.

Any Public Issue Shares reserved under the Public Tranche which is not fully subscribed for by the Public will be made available for subscription by our eligible Directors, employees and persons who have contributed to the success of our Group under the Pink Form Tranche as described in Section 3.1.1 (ii) below. Any remaining Public Issue Shares will subsequently be made available for subscription by our selected investors under the Placement Tranche as described in Section 3.1.1 (iv) below and, if undersubscribed, such Public Issue Shares will be subscribed by our Joint Underwriters based on the terms of the Underwriting Agreement.

(ii) Our eligible Directors, employees and persons who have contributed to the success of our Group (“Pink Form Tranche”)

In recognition of their contributions to the success of our Group, we have reserved 4,009,996 Public Issue Shares, representing approximately 4.46% of our enlarged issued and paid-up share capital, for subscription by our eligible Directors, employees and persons who have contributed to the success of our Group.

We will allocate the Public Issue Shares to our eligible Directors, employees and persons who have contributed to the success of our Group in the following manner:

Eligibility	No. of Eligible Persons	No. of Shares Allocated ‘000
Our eligible Directors ⁽¹⁾	10	1,799,996
Our eligible employees ⁽²⁾	296	2,120,000
Eligible persons who have contributed to the success of our Group ⁽³⁾	7	90,000
Total	313	4,009,996

3. PARTICULARS OF OUR IPO (Cont'd)

Notes:

- (1) *As approved by our Board, the criteria for allocation to our eligible Directors are based on, amongst others, their position in our Group. The Public Issue Shares under the Pink Form Tranche to be allocated to our eligible Directors are as follows:*

Name	Designation	No. Of Shares Allocated
General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)	Independent Non-Executive Chairman	500,000
Chew Ben Ben	Deputy Managing Director	200,000
Handrianov Putra bin Abu Hanifah	Executive Director	200,000
Raghibir Singh a/l Hari Singh	Executive Director	200,000
Md Diah bin Ramli	Executive Director	199,996
Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir	Independent Non-Executive Director	100,000
Dato' Wan Ibrahim bin Wan Ahmad	Independent Non-Executive Director	100,000
Dato' Wan Mohd Safiain bin Wan Hasan	Independent Non-Executive Director	100,000
Yee Kim Shing @ Yew Kim Sing	Independent Non-Executive Director	100,000
Zaiful Ayu Ibrahim bin Ibrahim	Independent Non-Executive Director	100,000
		1,799,996

- (2) *As approved by our Board, the criteria for allocation to our eligible employees are based on, amongst others, seniority, length of service, category of employee and job performance in our Group.*
- (3) *The criteria for allocation to eligible persons who have contributed to the success and growth of our Group such as eligible employees of Dibena Enterprise and its subsidiary companies, the holding company based on amongst others, seniority, length of service, category of employee and job performance.*

The Public Issue Shares reserved under the Pink Form Tranche will not be underwritten as written irrevocable undertakings to subscribe for these Public Issue Shares have been procured from the respective eligible Directors, employees and persons who have contributed to the success of our Group.

(iii) Bumiputera Investors Approved by MITI (“MITI Tranche”)

8,517,000 Public Issue Shares, representing approximately 9.46% of our enlarged issued and paid-up share capital, have been reserved for Bumiputera investors approved by the MITI.

The Public Issue Shares for placement to Bumiputera investors approved by MITI shall be subject to the following reallocation provisions:

- (a) Any of the Public Issue Shares not subscribed by the Bumiputera investors under the MITI Tranche shall be made available for application by the Bumiputera public who are applicants under the Public Tranche;
- (b) If there are insufficient Bumiputera public applicants under the Public Tranche for reallocation of unsubscribed Public Issue Shares pursuant to paragraph (a) above, such unsubscribed Public Issue Shares shall be made available for the application by the Public; and

3. PARTICULARS OF OUR IPO *(Cont'd)*

(c) Subsequently, any unsubscribed Public Issue Shares by the Public pursuant to paragraph (b) above will be made available for subscription by our selected investors and/or our eligible Directors, employees and person who have contributed to the success of our Group.

(iv) Selected Investors via Placement (“Placement Tranche”)

1,847,000 Public Issue Shares, representing approximately 2.05% of our Company’s enlarged issued and paid-up share capital, have been reserved for placement to selected investors.

The Public Issue Shares reserved under the Placement Tranche are not underwritten as written irrevocable undertakings to subscribe for these Public Issue Shares have been procured from the respective selected investors.

The basis of allocation for our Public Issue Shares takes into account the desirability of distributing the Public Issue Shares to a reasonable number of applicants with a view of broadening our shareholders base to meet the public spread requirements as per the Listing Requirements and to establish a liquid and adequate market for our Shares.

There is no over-allotment or ‘greenshoe’ option that will result in an increase in the amount of Public Issue Shares.

The salient terms of the Underwriting Agreement are set out in Section 3.8 of this Prospectus.

3.1.2 Offer for Sale

Concurrent with our Public Issue, the Offeror will offer for sale up to 7,932,000 Offer Shares, representing approximately up to 8.81% of our enlarged issued and paid-up share capital to selected investors, identified by us or our Placement Agent.

Any Offer for Sale Shares which are not fully subscribed for by the selected investors shall be made available for application by other selected investors. Thereafter, any Offer for Sale Shares that are reallocated to the other selected investors which are not subscribed for, shall be made available for application by the Public and then to our employees and persons who have contributed to the success of our Group. Should the Offer for Sale Shares be thereafter undersubscribed, the Offeror will retain the unsubscribed Offer for Sale Shares.

The Offer for Sale Shares will not be underwritten by our Joint Underwriters.

3.1.3 Listing on Bursa Securities

Bursa Securities had, on 8 March 2012, granted its approval-in-principle for the admission of our Company to its Official List and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM45,000,000 comprising 90,000,000 Shares on the Main Market.

3. PARTICULARS OF OUR IPO (Cont'd)

The details and shareholdings of the Offeror before and after the Offer for Sale and IPO are as follows:

Offeror/Address	Relationship with our Group	< ---- Before IPO ---- >		< ----- Offer for Sale of Shares ----- >		< ----- After IPO ----- >	
		Shares held	% held*	Shares held	% held*	No. of Shares held	% held [^]
Dato' Abu Hamifah bin Noordin 2, Lorong Chan Chin Mooi Satu Taman Tasik Titiwangsa 53200 Kuala Lumpur	Promoter and substantial shareholder	21,874,004	31.42	7,932,000	11.39	13,942,004	15.49

Notes:

* Based on our issued and paid-up share capital of 69,626,004 Datasonic Shares.

[^] Based on our enlarged issued and paid-up share capital of 90,000,000 Datasonic Shares after our IPO.

3. PARTICULARS OF OUR IPO (Cont'd)

3.2 SHARE CAPITAL

	RM
<i>Authorised share capital</i>	
2,000,000,000 ordinary shares of RM0.50 each	1,000,000,000
<i>Issued and fully paid-up share capital as at the date of this Prospectus</i>	
69,626,004 ordinary shares of RM0.50 each	34,813,002
<i>To be issued and credited as fully paid-up pursuant to our Public Issue</i>	
20,373,996 new ordinary shares of RM0.50 each	10,186,998
<i>Enlarged issued and paid-up share capital upon Listing</i>	
90,000,000 ordinary shares of RM0.50 each	45,000,000
IPO Price	2.00
<i>Market capitalisation upon Listing</i>	180,000,000

We have only one (1) class of shares in our Company, namely ordinary shares of RM0.50 each. Our Public Issue Shares will upon allotment rank *pari passu* in all respects with one another and all other existing issued and paid-up share capital in our Company, including voting rights and the rights to all dividends and other distributions that may be declared subsequent to the date of allotment of our Public Issue Shares.

Subject to any special rights attached to any shares which we may issue in the future, our shareholders shall, in proportion to the capital paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and in the event of our liquidation, our shareholders shall be entitled to any surplus in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association and the provisions of the Act.

Each shareholder is entitled to vote at our general meetings in person or by proxy or by attorney and on a show of hands, every person present who is a shareholder or authorised representative or proxy or attorney of a shareholder shall have one (1) vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share held. A proxy may but need not be a member of our Company or a qualified legal practitioner or an approved company auditor or a person approved by CCM and the provisions of Section 149(1)(b) of the Act shall not apply to our Company.

3.3 PURPOSES OF OUR IPO AND LISTING

The purposes of our IPO and Listing are:

- (i) to enable us to gain access to the capital market to raise funds for our future expansion and growth when the need arises in the future, through other forms of capital raising avenues;
- (ii) to provide an opportunity for investors and institutions to participate in the continuing growth of our Group; and
- (iii) to enhance our stature and heighten our public profile as well as increase market awareness of our products and services in so as to assist us in expanding our customer base.

3. PARTICULARS OF OUR IPO (Cont'd)

3.4 PRICING OF OUR IPO SHARES

The IPO Price was determined and agreed upon by our Directors, Promoters and Alliance as our Principal Adviser, Underwriter and Placement Agent, after taking into account the prevailing market conditions and the following factors:

- (i) A net PE multiple of 11.34 times based on our Group's proforma net EPS of approximately 17.64 sen, computed based on our Group's proforma PAT of approximately RM15.88 million for the FYE 31 December 2011 and our enlarged issued and paid-up share capital of 90.00 million Shares after our Public Issue.

We have also recorded a proforma PAT of approximately RM5.70 million for the two (2) months FPE 29 February 2012. On an annualised basis, based on our enlarged issued and paid-up share capital of 90.00 million Shares after our Public Issue, this translates into a net PE multiple of 5.26 times.

- (ii) Our proforma consolidated NA per share of approximately RM0.70 per Share, computed based on our Group's proforma NA of approximately RM48.52 million as at 29 February 2012 and our issued and paid-up share capital of 69.63 million Shares before our Public Issue;

- (iii) Our competitive strengths:

- Exclusive distributor of Datacard® Central Issuance Systems and Solutions in Malaysia
- Established relationships with foreign smart card players;
- Technical competencies;
- Expertise in project management;
- Experienced leadership team;
- Commitment in R&D;
- Established relationships with the Government; and
- One-stop centre for smart card personalisation

Further details of our competitive strengths are described in Section 6.2.6 of this Prospectus.

You should note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the price of our Shares being traded. You should bear in mind the risk factors as set out in Section 4 of this Prospectus and form your own views on the valuation of our Public Issue Shares before deciding on whether to invest in our Shares.

3. PARTICULARS OF OUR IPO *(Cont'd)*

3.5 DILUTION

Dilution is the amount by which the IPO Price to be paid by applicants for our Public Issue Shares exceeds our NA per share after the Public Issue as follows:

	RM
IPO Price	2.00
Proforma consolidated NA per share as at 29 February 2012 before our Public Issue	0.70
Increase in proforma consolidated NA per share contributed by new investors	0.26
Proforma consolidated NA per share after our Public Issue (after adjusting the effect of the utilisation of proceeds)	0.96
Dilution in the proforma consolidated NA per share to new investors	1.04
Dilution in the proforma consolidated NA per share as a percentage of the Public IPO Price	52.00%

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

3. PARTICULARS OF OUR IPO (Cont'd)

The following table summarises the total number of Shares acquired by our Directors, Promoters, substantial shareholders, key management personnel or persons connected to them during the past three (3) years prior to the date of this Prospectus and the average cost per Share to them and to the new investors who subscribe for our Public Issue Shares pursuant to the Public Issue:

Promoters, Directors, Offeror, substantial shareholders, key management personnel or persons connected to them	No. of Shares Before IPO	No. of Shares From IPO ^	Total Consideration RM	Average Cost Per Share RM
<u>Promoters and substantial shareholders</u>				
Dibena Enterprise	47,752,000	-	23,876,000	0.50
Dato' Abu Hanifah bin Noordin	21,874,004	-	10,937,002	0.50
Handrianov Putra bin Abu Hanifah	-	200,000	400,000	2.00
<u>Directors</u>				
General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)	-	500,000	1,000,000	2.00
Dato' Abu Hanifah bin Noordin	21,874,004	-	10,937,002	0.50
Handrianov Putra bin Abu Hanifah	-	200,000	400,000	2.00
Chew Ben Ben	-	200,000	400,000	2.00
Raghibir Singh a/l Hari Singh	-	200,000	400,000	2.00
Md Diah bin Ramli	-	199,996	399,992	2.00
Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir	-	100,000	200,000	2.00
Dato' Wan Ibrahim bin Wan Ahmad	-	100,000	200,000	2.00
Dato' Wan Mohd Safiain bin Wan Hasan	-	100,000	200,000	2.00
Yee Kim Shing @ Yew Kim Sing	-	100,000	200,000	2.00
Zaiful Ayu Ibrahim bin Ibrahim	-	100,000	200,000	2.00
<u>Key management personnel</u>				
Talya Zholeikha binti Abu Hanifah	-	200,000	400,000	2.00
Tham Choon Sarn	-	200,000	400,000	2.00
Siti Rohana binti Abd Majid	-	200,000	400,000	2.00
Chew Chi Hong	-	200,000	400,000	2.00
Chiu Hooi Yen	-	200,000	400,000	2.00
Nor Adnan bin Zainal Abidin	-	30,000	60,000	2.00
Saleh bin Shahid	-	30,000	60,000	2.00
Zeti Akhtar binti Mahfar	-	20,000	40,000	2.00
Nor Hasniza binti Mohd Hassan	-	20,000	40,000	2.00

Note:

^ Assuming full subscription of his/her Pink Form Tranche allocation.

3. PARTICULARS OF OUR IPO (Cont'd)

3.6 USE OF PROCEEDS

Our Company will not receive any proceeds from the Offer for Sale. The gross proceeds from the Offer for Sale amounting up to RM15.86 million will accrue entirely to the Offeror.

Based on the IPO Price, gross proceeds of RM40.75 million will be raised from our Public Issue. The proceeds shall accrue entirely to our Company and are intended to be utilised in the following manner:

Purposes	RM'000	%	Estimated timeframe for use (from the listing date)
(i) Capital expenditure	27,100	66.51	Within 3 years
(ii) R&D expenditure	6,000	14.72	Within 2 years
(iii) Working capital	5,000	12.27	Within 1 year
(iv) Estimated listing expenses	2,648	6.50	Upon listing
Total gross proceeds	40,748	100.00	

Notes:

(i) *Capital expenditure*

Our Group has earmarked approximately RM27.10 million of the proceeds from our Public Issue for the following:

- (a) *Setting up of a new premise on our newly acquired leasehold land together with a commercial building, Wisma Sinflora, Petaling Jaya, for our new headquarter cum RPS centre to facilitate our Group's business expansion. The new headquarter cum RPS centre is expected to have a built-up area of approximately 16,000 sq. ft. This will enable our Group to increase our production capacity by approximately 3,500 cards per day. For further details on our newly acquired leasehold land together with the commercial building, please refer to Section 6.15.1(ii) of this Prospectus*

We intend to allocate RM8.00 million of the proceeds for the following purposes:

	RM'000
<i>Purchase of a piece of leasehold land and commercial building to house our new headquarter cum RPS centre</i>	4,300
<i>Renovation for new headquarter cum RPS centre</i>	2,900
<i>Purchase of one (1) unit of MX6000 issuance system and solutions</i>	800
<i>Total</i>	8,000

- (b) *Setting up a manufacturing plant for the production of smart cards (new raw MyKad with 100% polycarbonate material for NRD). The manufacturing plant is expected to occupy approximately 11,000 sq. ft. of production floor space and a production capacity of approximately 750,000 smart cards per month. The location of the proposed manufacturing plant has yet to be identified at this stage.*

We intend to allocate RM19.10 million of the proceeds for the following purchases:

	RM'000
<i>Purchase of a piece of land and factory building to house our new manufacturing plant</i>	8,000
<i>Renovation for manufacturing plant</i>	1,680
<i>Printing system and solutions</i>	3,200
<i>Card laminator/punching machine</i>	3,250
<i>Card milling and embedding production system</i>	900
<i>Pre-personalisation and OS loading machine</i>	1,570
<i>Reliability and QC testing equipment</i>	500
<i>Total</i>	19,100

3. PARTICULARS OF OUR IPO (Cont'd)

For further details on the setting up of this manufacturing plant, please refer to Section 6.15.1(ii) of this Prospectus.

(ii) *R&D expenditure*

The amount of RM6.00 million is proposed to be utilised for the development of new applications/systems, the recruitment of new R&D staff (an additional headcount of up to 11 personnel to our existing R&D facilities over the next two (2) years) and provision of training and resources to strengthen the current R&D team. The breakdown is as follow:

	RM'000
<i>Development of new applications/systems (i.e. smart card software system and card OS, integrated centralise and decentralised smart card solutions, multi-purpose secure ID solutions, border control system and wireless and web-based HIS system)</i>	4,400
<i>R&D staff cost and staff related expenses</i>	1,200
<i>Training and travelling</i>	400
<i>Total</i>	<u>6,000</u>

(iii) *Working capital*

Our requirement for working capital will increase in tandem with our future plans. Therefore, we expect to utilise approximately RM5.00 million of the proceeds raised as additional working capital to finance our day-to-day operations, including inter-alia, purchase of inventories, including increasing headcount and defrayment of operational expenses.

(iv) *Estimated listing expenses*

The estimated listing expenses for the Listing to be borne by us are as follows:

	RM'000
<i>Professional advisory fees</i>	1,426
<i>Fees to the authorities and Issuing House</i>	160
<i>Underwriting commission, placement fee and brokerage fees</i>	509
<i>Printing and advertising cost</i>	553
<i>Total</i>	<u>2,648</u>

Note:

Any variation to the actual listing expenses will result in an adjustment to the working capital of our Group. The Offeror shall bear all expenses such as brokerage, stamp duty, registration and share transfer fees relating to the Offer Shares.

Pending the utilisation of the proceeds from our Public Issue as mentioned above, the proceeds will be placed in short-term deposits with licensed financial institutions or short-term money market instruments. The anticipated proceeds for each of the abovementioned categories are sufficient to fund its intended purposes.

3.7 BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEE

Brokerage

Brokerage relating to our Public Issue Shares made available for application by the Public is payable by us at the rate of one percent (1%) of the IPO Price, in respect of successful applications bearing the stamp of Alliance, a participating organisation of Bursa Securities, a member of the Association of Banks in Malaysia, a member of the Malaysian Investment Banking Association or the Issuing House.

3. PARTICULARS OF OUR IPO (Cont'd)

Underwriting commission

Alliance and HwangDBS, as our Joint Underwriters, have agreed to underwrite up to 6,000,000 Public Issue Shares under the Public Tranche, which is reserved for application by the Public as set out in Section 3.1.1(i) of this Prospectus. Underwriting commission is payable by us to our Joint Underwriters at the rate 2.0% of the total value of the underwritten Shares at the IPO Price.

Placement fee

Alliance has arranged for the placement of up to 9,779,000 IPO Shares under the Placement Tranche and Offer for Sale at a rate of between 0.5% and 2.0% of the value of the IPO Shares based on the IPO Price.

3.8 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into an underwriting agreement with our Joint Underwriters on 5 July 2012 ("Underwriting Agreement") to underwrite up to 6,000,000 Public Issue Shares as set out in Section 3.1.1(i) of this Prospectus subject to the clawback and reallocation provisions as set out therein. The following salient terms are reproduced from the Underwriting Agreement. The terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement.

3. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

3.1 As a condition of the agreement by the Underwriters to underwrite the Underwritten Shares and in consideration thereof, the Company hereby represents, warrants and undertakes to the Underwriters and each of them that:

3.1.1 the Directors have made all reasonable enquiries to ensure all material facts have been duly disclosed in the Prospectus, and have verified the completeness and accuracy of all such information and to the best of their knowledge and belief, no material facts have been omitted which would make any statements contained in the Prospectus misleading or not true and shall if required by the Underwriters, supply the Underwriters with evidence as to the accuracy therein and where such information relate to opinions or expectations, the basis of such opinions or expectations;

3.1.2 the Prospectus:

- (a) will comply in all respects with the Act, the CMSA and/or any other applicable law and any rules, regulations and guidelines thereunder and shall be in form and substance satisfactory and acceptable to the SC, Bursa Securities and all other relevant authorities;
- (b) will contain all information which is or may be material in the context of the Initial Public Offering, and such information as contained therein will be true, complete, and accurate in all material respects; and
- (c) will not omit to state or disclose any fact or information required or necessary to be stated therein with regard to the Initial Public Offering and all statements of fact and information so made and/or disclosed, in the light of the circumstances under which they are made or disclosed, are true and accurate and not misleading in any respect;

3. PARTICULARS OF OUR IPO (Cont'd)

- 3.1.3 the Initial Public Offering, issuance of the Prospectus and compliance by the Company with the terms of this Agreement:
- (a) do not and will not conflict with, or result in a breach of any of the terms or provisions of the Memorandum and Articles of Association of the Company or any company in the Group or any existing law, regulation, guidelines or listing requirements applicable to or affecting the Company or any company in the Group or the Initial Public Offering; and
 - (b) do not and will not infringe the terms of, or constitute a default under, any judgment, order, licence, permit, approval, consent, trust deed, agreement or other instrument or obligation to which the Company or any company in the Group is a party or by which the Company or any company in the Group or any part of the undertakings, assets, properties or revenues of the Company or any company in the Group is bound or affected;
- 3.1.4 save as disclosed in the Prospectus and the documents (if any) attached thereto and as has been disclosed in writing to the Underwriters prior to the date hereof:
- (a) there is no litigation, arbitration, administrative or winding-up proceedings (including investigations or inquiries by Bursa Securities and the SC), criminal charge or investigation current or pending, or to the knowledge of the Company (after due and careful enquiry), threatened against the Company or any company in the Group, the effect of which would materially and adversely affect the financial condition of the Company or the Group as a whole, and after making due and careful enquiries, the Company is not aware of any facts or circumstances likely to give rise thereto; and
 - (b) neither the Company nor any company in the Group is in default or in breach of any agreement to which it is bound, or of the terms of any licence, permit, approval, consent, directive, legislation or regulation of any relevant authority (including Bursa Securities and the SC) applicable to or affecting it, the effect of which would materially and adversely affect the financial condition or business of the Company or the Group as a whole;
- 3.1.5 no circumstances or situations have arisen and/or are existing, which will or are likely to materially and adversely affect the financial condition or business of the Company or the Group as a whole, or the success of the Initial Public Offering;
- 3.1.6 the Group will carry on and operate its business and affairs with due diligence and efficiency and in accordance with sound financial and commercial standards and practices;
- 3.1.7 save as disclosed in the Prospectus and the documents (if any) attached thereto and as has been disclosed in writing to the Underwriters prior to the date hereof, neither the Company nor any company in the Group has entered into any contract and/or commitment of an unusual or onerous nature, which, in the context of the Initial Public Offering, might be material for disclosure;

3. PARTICULARS OF OUR IPO (Cont'd)

- 3.1.8 no information has been withheld from the Underwriters which would or may in any way affect the Underwriters' willingness or decision to underwrite the Underwritten Shares;
- 3.1.9 all necessary consents, waivers, approvals, authorisations or other orders of all regulatory authorities required for or in connection with the execution of this Agreement and the issue of the Issue Shares and any other matters contemplated hereby:
- (a) have been or will be unconditionally obtained prior to the issuance of the Prospectus; or
 - (b) if granted subject to conditions, such conditions have been fulfilled or will be fulfilled to the satisfaction of the Underwriters by the due date; and
 - (c) are or will remain in full force and effect,
- and all other actions will be taken by or on behalf of the Company to comply with all other legal and other requirements to ensure that this Agreement, the issuance of the Prospectus, the Initial Public Offering and any other matters contemplated herein will not infringe any existing law or the terms of any such consent, approval, order or authorisation;
- 3.1.10 all information furnished or supplied or to be furnished or supplied to the Underwriters for the purpose of or in connection with the Initial Public Offering is true, complete and accurate in all material respects and nothing has been furnished or supplied or omitted from such information which would or may make any of the information materially untrue, incomplete, inaccurate or misleading, or which would or may reasonably be expected to affect the willingness of the Underwriters to underwrite the Underwritten Shares;
- 3.1.11 every statement of forecast, opinion, intention and expectation made in the Prospectus and the documents (if any) attached thereto are truly, fairly, reasonably, and honestly held by the Directors of the Company and have been or will be made after due and careful enquiries and consideration and represent or will represent reasonable expectations based on facts known to the Company as at the date of such disclosure, and to the extent it is based on assumptions those assumptions are reasonable;
- 3.1.12 the Initial Public Offering, the execution and delivery by the Company of the Prospectus and this Agreement and the performance of the obligations to be assumed thereunder and hereunder by the Company, as the case may be, have been duly authorised by all necessary corporate action of the Company, including but not limited to the approval of the shareholders of the Company in a general meeting (if and to the extent it is required) and upon due execution of this Agreement, the obligations assumed hereunder will constitute the legally valid, binding and enforceable obligations of the Company in accordance with their terms;

3. PARTICULARS OF OUR IPO (Cont'd)

- 3.1.13 all companies in the Group are companies duly incorporated under the laws of its place of incorporation and validly existing with full power and authority to conduct its business in the jurisdiction where it carries on business and is not in liquidation and no steps have been taken by any person or company for or with a view to the appointment of a liquidator, receiver and/or manager or judicial manager of the Company or any company in the Group or of any of their respective assets, properties or undertakings;
- 3.1.14 the accounts of the Group have been prepared in accordance with the law and on a basis consistently applied in accordance with accounting principles, standards and practices generally accepted in Malaysia so as to give a true and fair view of the financial results and state of affairs of the Company and/or the Group for the three (3) financial years ended 31 December 2011 and the Group has made adequate provisions for appropriate disclosures of all known material liabilities whether actual or contingent, of the Group as a whole as at such dates and have complied in all respects with the requirements of all relevant laws and accounting principles and practices then in force and generally accepted in Malaysia and since 31 December 2011, there has been no material adverse change in the financial position of the Company and/or the Group taken as a whole, save as may be disclosed in the Prospectus and the documents (if any) attached thereto, or prior to the Closing Date, in any public announcement or publicly available document or as has been disclosed to the Underwriters prior to the date of this Agreement;
- 3.1.15 other than indebtedness contested in good faith by the Company and/or the Group as disclosed in the Prospectus and the documents (if any) attached thereto and to the best of the knowledge and belief of the Company, no outstanding indebtedness of the Company and/or the Group has become or is likely to become payable by reason of default by the Company and/or the Group and no event has occurred or is, so far as the Company is aware, impending which with the lapse of time, or the fulfillment of any condition, or the giving of any notice, may result in any such indebtedness becoming so payable;
- 3.1.16 all taxes (whether income tax, property tax or otherwise) of the Group, in particular but not limited to, all taxes which are material in the context of the Initial Public Offering, for which the Company and/or the Group is liable or which ought to have been paid, have been duly paid or adequately provided for in the audited accounts of the Group; all the returns, notices or information which are required to be made or given by the Group for taxation, have been so made, are up to date, correct and on a proper basis, and are not subject to any dispute with any relevant or appropriate authorities and there are no present circumstances (of which the Company is or ought reasonably to be aware) which are likely to give rise to any such dispute;
- 3.1.17 the records, statutory books and books of accounts of the Group are duly entered and maintained in accordance with all legal requirements applicable thereto and contain true, full and accurate records of all matters required to be dealt with therein and all such books and records and documents (including documents of title) are in their possession or under their control and all accounts, documents and returns required to be delivered or made to the CCM or other relevant authorities have been duly and correctly delivered or made;

3. PARTICULARS OF OUR IPO (Cont'd)

- 3.1.18 the Group have full power and authority to own, lease and operate its assets and properties and to conduct its respective businesses as presently conducted and described in the Prospectus and save as disclosed in the Prospectus all authorizations, permits, approvals or consents as may be required from agencies, regulatory bodies, administrative or governmental bodies for such purposes have been obtained and are valid and all restrictions and/or conditions in connection thereto have been duly complied with and adequately disclosed in the Prospectus;
- 3.1.19 all the assets and properties of the Group which are of an insurable nature have at all material times been and are at the date hereof, adequately insured against fire and other risks normally insured against by companies carrying on similar businesses or owning property of a similar nature. In respect of such insurances, all premiums have been duly paid to date and all the policies are in force and are not voidable on account of any act, omission or non-disclosure on the part of the insured party;
- 3.1.20 there will be no material variation between the Prospectus in the form attached hereto and the Prospectus in the form registered with the SC without the prior written consent of the Underwriters;
- 3.1.21 that the Issue Shares shall be listed and quoted on the Main Market of Bursa Securities within two (2) calendar months from the Closing Date or such other period as may be approved by the relevant authorities and agreed in writing by the Parties; and
- 3.1.22 the recitals to this Agreement are true, complete and accurate.
- 3.2. The Company irrevocably and unconditionally, covenants and undertakes with the Underwriters to do the following:
- 3.2.1 to pay all stamp duty and other documentary taxes or duties, payable on, or in connection with, the creation, issue and distribution of the Issue Shares and the execution of this Agreement including any interest and penalties resulting from delay or omission on the part of the Company;
- 3.2.2 to comply with all the requirements and provisions of the Act, the CMSA, the LR and all other applicable laws, rules and regulations and the requirements of the SC, Bursa Securities and any other relevant authorities;
- 3.2.3 to comply with all the conditions, if any, imposed by the SC and Bursa Securities and any other relevant authority for the listing of and quotation for the entire issued and paid-up share capital of the Company on the Main Market of Bursa Securities;
- 3.2.4 to promptly and without any delay whatsoever notify the Underwriters of any breach of any of the representations, warranties, undertakings or agreements or of any facts, information, situations or circumstances which the Company in its reasonable opinion believes may materially and adversely affect the financial condition or business of the Company and/or the Group as a whole, or the success of the Initial Public Offering and without prejudice to the generality of the foregoing, to take such steps as may be reasonably requested by the Underwriters to remedy and/or publicise the same, at any time prior to the Closing Date;

3. PARTICULARS OF OUR IPO (Cont'd)

- 3.2.5 to give to the Underwriters any or all information and/or documents which the Underwriters may require in respect of the accounts or affairs of the Company or the Group or in connection with the Initial Public Offering or the other proposals contained in the Prospectus and the documents (if any) attached thereto;
 - 3.2.6 to fix the Closing Date together with the Underwriters;
 - 3.2.7 to do all other things and sign or execute such other documents as may reasonably be required by the Underwriters in order to complete the Initial Public Offering;
 - 3.2.8 to obtain and maintain the listing of the Company's Shares on the Main Market of Bursa Securities;
 - 3.2.9 to procure the fulfillment of the conditions precedent in Clause 2.2; and
 - 3.2.10 not to vary or publish any substantial amendment or supplement to the Prospectus without the consent in writing of the Underwriters which consent shall not be unreasonably withheld and to ensure that the Prospectus is in form and substance satisfactory and acceptable to and approved by the SC.
- 3.3 The commitment of the Underwriters to underwrite the Underwritten Shares is being made on the basis of the representations, warranties, covenants and undertakings of the Company in this Clause 3 and with the intention that such representations, warranties, covenants and undertakings shall remain true and accurate in all respects up to and including the Closing Date, and in consideration of such commitment to underwrite, the Company irrevocably and unconditionally undertakes with the Underwriters that it shall:
- 3.3.1 hold and keep the Underwriters fully and effectively indemnified and shall save it harmless against any and all damages, losses, liabilities, costs, claims, charges, proceedings, expenses, actions or demands (including but not limited to all costs, charges and expenses, and legal fees (on a solicitor and client basis), paid or incurred in disputing or defending any such claim or action) which the Underwriters may incur or suffer or which may be brought against the Underwriters as a result of any misrepresentation by the Company or any breach on its part of such representations, warranties, covenants or undertakings or any failure by the Company to perform its obligations under this Agreement, in particular but not limited to the Company's failure to deposit the Underwritten Shares allotted to the Underwriters or its nominee pursuant to Clause 5 into the Securities Accounts of the Underwriters (unless the Underwriters shall have been advised in writing of a change or termination of any of such representations, warranties, covenants or undertakings prior to the Closing Date, pursuant to Clause 3.3.2 below and the Underwriters shall have elected not to terminate this Agreement notwithstanding such advice) or any failure by the Company to perform its obligations herein which entitles the Underwriters to terminate this Agreement pursuant to the provisions of Clause 2.3 and/or Clause 8;

3. PARTICULARS OF OUR IPO (Cont'd)

- 3.3.2 forthwith notify the Underwriters of any misrepresentation or of anything which has or may have rendered or will or may render untrue or incorrect any of its representations, warranties or undertakings at any time prior to the Closing Date, which shall come to its notice or of which it becomes aware or which shall occur at any time prior to the Closing Date, but the giving of any such notice shall not affect or prejudice any of the rights of the Underwriters hereunder;
- 3.3.3 not to publish any amendment or supplement to the Prospectus which the Underwriters has not previously been notified in writing of or to which the Underwriters or its legal advisers shall reasonably object but the giving of any such notice shall not affect or prejudice any of the rights of the Underwriters hereunder;
- 3.3.4 to notify in writing and discuss with the Underwriters any announcement proposed to be made to the public which would conflict in any respect with any statement in the Prospectus but the giving of any such notice and any such discussion shall not affect or prejudice any of the rights of the Underwriters hereunder; and
- 3.3.5 to the extent permitted by law, not to publish any information which will or is likely to affect the market price of the Shares without the prior written notice to and the prior written consent of the Underwriters unless required to do so by law.
- 3.4 If any action, proceeding, claim or demand shall be brought or asserted against the Underwriters in respect of which indemnity is sought from the Company, then the Underwriters shall notify the Company in writing thereof, and the Company shall to the extent required by the Underwriters and permitted by law assume the defense thereof on behalf of and/or in the name of the Underwriters, including the appointment of legal advisers selected by the Underwriters subject to the consent of the Company in the appointment of the legal advisers which consent should not be unreasonably withheld, and the Company shall bear all fees and expenses in relation thereto or arising therefrom.
- 3.5 At any time prior to the Closing Date, the Company shall at the request of the Underwriters furnish or deliver to the Underwriters all information and documents which the Underwriters reasonably request for, for the purpose of verifying the truth, completeness or accuracy of the representations, warranties and undertakings contained herein.
- 3.6 The representations, warranties, covenants and undertakings set out in this Agreement shall survive the execution of this Agreement and shall be deemed to be repeated on each day up to the date of delivery of the notice of allotment in respect of the Underwritten Shares subscribed for by the Underwriters as if made on each such day with reference to the facts and circumstances existing on each such day and the rights and remedies conferred upon the Underwriters by the aforesaid representations, warranties, agreements and indemnities shall continue in full force and effect notwithstanding completion of the subscription and issue of the Issue Shares or any investigation by or on behalf of the Underwriters.

3. PARTICULARS OF OUR IPO (Cont'd)

8. TERMINATION

8.1 Notwithstanding anything herein contained, the Joint Underwriters may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if:

8.1.1 there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 3, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company to the satisfaction of the Joint Underwriters, or by the Closing Date, whichever is earlier; or

8.1.2 there is withholding of information which is required to be disclosed to the Underwriter and Joint Underwriter pursuant to this Agreement, and if capable of remedy, is not remedied within such number of days as stipulated within the notice after notice of such breach shall be given to the Company, which, in the opinion of the Underwriter and Joint Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Initial Public Offering, or the distribution or sale of the Issue Shares; or

8.1.3 there shall have occurred, happened or come into effect any of the following circumstances:

(a) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or the occurrence of any combination of any of the foregoing;

(b) any new law, regulation, directive, policy or ruling or any material change in law, regulation, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority which would prohibit or impede the obligations of the Underwriter and Joint Underwriter or any event or series of events beyond the reasonable control of the Underwriter and Joint Underwriter;

(c) any material and adverse change to the business or financial condition of the Company or the Group;

(d) approval for the Initial Public Offering is withdrawn, modified and/or subject to terms and conditions not acceptable to the Underwriter and Joint Underwriter;

which would have or can reasonably be expected to have, a material adverse effect on the success of the Initial Public Offering, or the distribution or sale of the Issue Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms; or

8.1.4 there is failure on the part of the Company to perform any of its obligations herein contained; or

3. PARTICULARS OF OUR IPO (Cont'd)

- 8.1.5 if the Closing Date is more than two (2) calendar months from the date of this Agreement or any later date as the Company, the Underwriter and Joint Underwriter may mutually agree upon, this Agreement will automatically lapse without the requirement for any notice in writing to be given to such effect and the Joint Underwriters will be released and discharged from its obligations.
- 8.2 Subject to prior consultation with the Company, the Joint Underwriters may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if any of the following occurs:
- 8.2.1 there is a material change in any law, regulation, directive, policy or ruling in any jurisdiction which seriously affects or will seriously affect the business or financial condition of the Company and/or any company in the Group;
- 8.2.2 any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), economic conditions or exchange control or currency exchange rates which in the reasonable opinion of the Underwriter and Joint Underwriter is likely to have a Material Adverse Effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FBM KLCI is, at the close of normal trading on Bursa Securities, on any Market Day:
- (i) on or after the date of this Agreement; and
- (ii) prior to the Listing Date,
- lower than 85%, of the level of index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of this Agreement and remains at or below that level for at least three (3) consecutive Market Days, it shall be deemed a material adverse change in the stock market condition; or
- 8.2.3 the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities for three (3) or more consecutive Market Days.
- 8.3 Upon such notice(s) being given under this Clause 8, the Underwriter and Joint Underwriter shall be released and discharged of its obligations under this Agreement without prejudice to its rights whereby this Agreement shall be of no further force or effect and no Party shall be under any liability to any other in respect of this Agreement, except that the Company shall remain liable in respect of its obligations and liabilities under Clause 3, any antecedent breaches and under Clause 12 for the payment of the costs and expenses already incurred up to the date of termination or in connection with such termination and for the payment of any taxes, duties or levies within seven (7) days from the date of the same being due.

4. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS BEFORE INVESTING IN OUR SHARES.

If you are in any doubt as to the information contained in this section, you should consult your stockbroker, bank manager, solicitors, accountants or other professional adviser.

4.1 RISKS RELATING TO OUR BUSINESS AND INDUSTRY

4.1.1 Our industry is marked by rapid changes in technology

The market for our products and services is marked by rapid changes to data security technology and mediums, frequent new product introductions, evolving industry standards and changes in customer preferences.

We spend considerable time and resources promoting the use of smart cards, including the development of new applications and solutions via customisation of integrated solutions and services and by participating actively in R&D to ensure that our products, services and solutions are relevant to our customers.

There are, however, a number of alternatives to smart card technology, including wireless devices that do not require smart cards, software-based solutions, magnetic stripe cards, multi media card / secure digital cards and universal serial bus tokens and products. If these alternative systems develop and become industry standard, smart card producers and providers, like us, would suffer in a loss of market share, reduced revenue and growth opportunities, and may need to invest significant resources to identify and develop new markets for our products and services.

As such, our ability to keep pace with the technological changes such as changing market trends, evolving industry standards and technological obsolescence will influence our revenues and profits. Our Group's future success is dependent on our ability to enhance our products in a timely manner to respond to the changing environment.

Even though we are active in the R&D of new products and technologies, there is no assurance that our R&D efforts will lead to the successful introduction of new and improved products or designs. We may encounter delays in connection with our R&D efforts. New products often take longer to develop, have fewer features than originally considered desirable and exceeds budgeted costs than initially estimated. There may be delays in starting production of new products on commercial scale and new products may not be commercially successful. Delays or deficiencies in development, delivery of or lack of demand for new products or higher costs targets could have a negative effect on our business, operating results or financial condition.

4.1.2 We operate in a competitive environment

We operate in a competitive environment. We face competition from ten (10) to fourteen (14) established market players for the smart card solutions market in Malaysia. Our main competitors include Asia Smart Card Centre Sdn Bhd, CASSIS Services Sdn Bhd, DZ Card (M) Sdn Bhd, Gemalto Sdn Bhd and IRIS Corporation Berhad.

(Source: IMR Report)

4. RISK FACTORS (Cont'd)

However, by having an established track record and an early presence in the market, we have a competitive edge over other newer competitors as we will not be faced with the barriers to entry such as high initial investment and capital expenditure required to set up personalisation centres and the technical capability in meeting stringent standards of certification bodies / compliance regulations (e.g. for EMV cards).

(Source: IMR Report)

Notwithstanding the competitive environment in our industry, we believe our competitive strengths and advantages will give us the edge to maintain our market position and market share. For further details of our competitive strengths, refer to Section 6.2.6 of this Prospectus.

4.1.3 We are subject to political, economic and regulatory uncertainties

Any adverse development in the political, economic and regulatory environment in Malaysia as well as in countries where our Group sources our supplies or market our products could materially and adversely affect the financial and operational conditions as well as the overall profitability of our Group.

Political and economic uncertainties include but are not limited to changes in general economic and business conditions, government legislations and policies affecting our industry, inflation, fluctuations in foreign exchange rates and interest rates, political or social development, risks of war, expropriation, nationalisation, renegotiation or nullification of existing contracts, methods of taxation and currency exchange controls.

While we will continue to take precautionary measures such as efficient operation procedures, there can be no assurance that any material change in political, economic and regulatory conditions will not materially affect our operations and financial performance.

4.1.4 We are dependent on a major supplier

We have been relatively dependent on our top supplier, namely Datacard Corporation, for the supply of our printing system and solutions, including consumables. Purchases from Datacard Corporation accounted for approximately 61.49%, 34.92%, 26.13%, 31.39% and 33.76% of our Group's total purchases for the FYE 31 December 2008 to 2011 and the FPE 29 February 2012, respectively.

Our Group's distributorship for Datacard Corporation, for printing system and solutions, including consumables in Malaysia is subject to renewal. The renewal itself will depend on our ability to meet the performance targets set by Datacard Corporation. In this regard, in the event that we are unable to meet such performance targets, there is a risk that our distributorship may not be renewed upon expiry.

Our Group has established a long term business relationship with Datacard Corporation since 1983. We have been the exclusive distributor of Datacard® Central Issuance Systems and Solutions in Malaysia since 1991 and this exclusive right has recently been extended for a period of three (3) years from 1 April 2011 to 31 March 2014.

In addition to the above, our Group has also entered into a new exclusive distributorship agreement with Digital Identification Solutions Pte Ltd for the supply of LCP9000 desktop laser printers and consumables on 10 October 2011 for the MyKad project. The total purchases from Digital Identification Solutions Pte Ltd for the FYE 31 December 2011 constituted approximately 11.00% of our Group's total purchases. Our Group expects to continue purchasing from Digital Identification Solutions Pte Ltd over the duration of the MyKad project.

4. RISK FACTORS (Cont'd)

4.1.5 We are dependent on our parent company, Dibena Enterprise and our end customer, NRD

Since 1999, Datasonic Corporation has been the technology provider and exclusive sub-contractor of Dibena Enterprise, who in turn is the key member of GMPC Corporation Sdn Bhd, a consortium of five (5) companies for the national ID or MyKad project.

As a result of the business arrangement between our Company and Dibena Enterprise, we derive a substantial portion of our revenue from providing printing system and solutions, including consumables, and provision of maintenance and technical support services to our end customer, the NRD. For the FYE 31 December 2008 to 2011 and the FPE 29 February 2012, our revenue generated from the NRD, through Dibena Enterprise, amounted to 47.73%, 54.95%, 35.52%, 44.41% and 1.67%, respectively, of our total revenue.

If the NRD significantly reduces its purchases of our products or services, defers or cancels orders, terminates its relationship with us, or reorganises in a way which affects its sourcing of printing system and solutions, including consumables, and provision of maintenance and technical support services, our revenue for the relevant year would decline and our financial condition would be affected.

Our Group will continue to be dependent on NRD. The dependency is expected to be sustained given the two (2) new contracts secured from NRD, namely the supply of centralised and decentralised MyKad issuance system for JPN headquarters and 14 JPN branches nationwide and the supply of 4 million of new raw MyKad with 100% polycarbonate material, new security features, OS and chip to NRD.

Our dependence on the NRD is mitigated by our track record of achievements over the years for the development and deployment of various system and solutions to other ministries and government agencies and non-government customers as highlighted in Section 5.5 of this Prospectus and our commitment in R&D and technical competencies in developing new and customised ICT solutions as highlighted in Section 6.2.6 of this Prospectus.

In April 2011, our parent company, Dibena Enterprise, has received a letter of award from the Ministry of Home Affairs for the supply, delivery, installation and commissioning of decentralised printing equipment for the NRD. This is expected to further strengthen our business relationship with the NRD and contribute to our growth given that we are the exclusive sub-contractor for Dibena Enterprise for this project.

Notwithstanding the dependency on Dibena Enterprise, we believe that necessary steps have been taken by our Group to mitigate the dependency by obtaining a letter of irrevocable undertaking as provided in Section 10.3 of the Prospectus. In addition, since 2010, Government projects/contracts are now being tendered directly by our Group via Datasonic Technologies and awarded directly by the Government to our Group. This is demonstrated by the recent award by the Government of several contracts directly to Datasonic Technologies in 2011 and 2012 as set out in Section 5.5 of this Prospectus.

Apart from this NRD project, our Group is also the sub-contractor for Dibena Enterprise for the NGN project for Telekom Malaysia Berhad. For the FYE 31 December 2008 to 2011 and the FPE 29 February 2012, our total revenue generated from the NRD and NGN project, through Dibena Enterprise, amounted to 47.73%, 57.81%, 57.26%, 58.32% and 8.38%, respectively, of our Group revenue. However, our Group is of the view that the NGN project is deemed as a one-off contract in nature and non-recurring.

4. RISK FACTORS (Cont'd)

4.1.6 We need to maintain the necessary certifications and approvals required for our business

We have obtained certain certifications from various certification bodies. Details of our major certifications from certification bodies such as Visa International and MasterCard International are set out in Section 6.9 of this Prospectus. These certifications are subject to periodic inspection which is conducted on an annual basis by the relevant bodies and the standard of compliance required in relation thereto may be subject to changes from time to time.

Revocation of our certifications and/or non-renewal of the certifications by the certification bodies may have an adverse effect on our operations, business and reputation as we may lose certain customers and our track record may be tarnished with the non-renewal of certifications. This may result in substantial monetary losses, which would materially and adversely impact our Group's profitability.

While we have not experienced any difficulty in renewing and maintaining these certifications and approvals in the past, as and when required, we cannot assure you that in the future the relevant certification bodies will continue to renew or maintain such certifications or approvals.

Notwithstanding the above, our Group has to-date been able to fulfil the relevant conditions imposed by the relevant bodies since we first obtained the required certifications.

4.1.7 We are dependent on the continued employment and performance of our Directors and key management personnel

Competition for qualified management and technical personnel is intense in our industry. Our performance and operations are largely dependent upon our ability to retain our Directors and key management personnel. The loss of any of our Directors and key management personnel could have an adverse effect on our Group. Our success will also depend on our ability to continue to attract and recruit qualified and skilled technical personnel, when required.

We recognise the importance of attracting and retaining our key management personnel and have put in place competitive compensation packages and reward schemes. At the senior management level, we have introduced succession planning in our Group. To ensure smooth succession planning at the middle level, we train and groom younger members of our management team to gradually take on greater responsibilities.

Notwithstanding our efforts to create a conducive working environment and providing motivation to our employees, there is no assurance that the above measures would be successful in retaining our Directors and key management personnel.

4.1.8 We commence work for our customers in the Government sector based on letter of awards

We normally proceed with work upon the receipt of the letter of award for some of our customers in the Government sector, i.e. before the execution of a full written contract which sets out the detailed terms and conditions governing contract performance. The final contract normally takes two (2) to six (6) months to be finalised after the receipt of the awards letter. In the event that the terms and conditions of the contract are materially different from those stated in the letter of award, this could have an adverse effect on our Group.

Nevertheless, our Group's relationship with a majority of our customers in the Government sector has been established and nurtured over ten (10) years. This long-term business relationship implies a satisfactory and beneficial customer-supplier relationship and forms the basis for our continuous business in the future. Furthermore, there have been no material disputes on the terms and conditions relating to the contracts with our customers in the Government sector in the past.

4. RISK FACTORS (Cont'd)

4.1.9 We may be held liable if we are unable to adequately protect the confidential information provided to us by our customers

We receive and store confidential information from our customers, including information relating to our customers' clients. Such confidential information is used to personalise our products in accordance with our customers' specifications. For example, in the financial services market, we receive confidential information relating to the card user, including bank account numbers and credit or debit parameters, and encode the personal identification numbers or personal identification numbers that activate and allow use of the financial card.

All confidential data information relating to the card user, including bank account numbers and credit or debit parameters, are encrypted by our Group's software system with dual control access to ensure no single one personnel can access into the data individually. Our Group's system also ensures that all confidential data are masked automatically during the printing of physical data report to prevent leakage and fraudulent use of customer data. In addition, all customer data will be automatically purged by our system on the same day upon completion of the personalisation process.

Nevertheless, we cannot assure you that we will be able to prevent every attempt, internal or external, to breach our security systems or to misappropriate or fraudulently use confidential data. If this occurs, we may be subject to claims against us for failure to adequately protect our customers' confidential information. Our defence against such claims could be time consuming and expensive, and if we lose, we could be liable for damages caused to our customers by the security breach. A breach of our security systems could also materially and adversely affect our reputation, which might cause us to lose customers and record lower revenues and profits. However, we have insured public liability insurance to ensure our liability against the breach of security system and/or fraudulence use of confidential data is adequately covered.

Our Group has secured public liability insurance of up to RM1,000,000, to ensure that our Group's liability against the breach of security system and/or fraudulent use of confidential data is adequately covered. We believe that this is adequate given that we have not experienced any breach of security which caused a fraudulent use of confidential data which resulted in us having to make any claims from the public liability insurance.

Our security systems have been designed in accordance with the requirements of Visa International and MasterCard International certification bodies and we perform our security system review on a regular basis to ensure both our physical and logical security systems meet these certification bodies' requirements.

There have been no breaches of our security systems or confidential data from our operations. As at the LPD, we are not aware of any breach to our security systems or any fraudulent use of confidential data from our operations.

4.1.10 We are exposed to exchange rate fluctuations

We are exposed to foreign exchange risks as a significant portion of our purchases are carried out in foreign currencies. Our purchases of printing system and solutions, including consumables, which are mainly transacted in USD, are affected by foreign exchange fluctuations. For example, a devaluation of the RM against the USD would adversely affect our results of operations and earnings to the extent that we need to convert RM into USD for our operational needs. For the FYE 31 December 2011 and the FPE 29 February 2012, approximately 63.53% and 70.97% of our purchases respectively were imported from overseas. As at the LPD, our Group does not have any export sales.

4. RISK FACTORS (Cont'd)

To mitigate this risk, we maintain foreign currency accounts for the purpose of holding foreign currencies for future payments on purchases to be transacted in foreign currencies. We constantly monitor our foreign exchange exposure and will convert part of our cash into foreign currency as and when it is necessary, mainly based on expected payments to be made and our expectation on the movement of the exchange rate.

Nevertheless, there is no assurance that any foreign currency exchange fluctuations will not materially impact our revenue and profits.

4.1.11 We are exposed to risk relating to insurance coverage on our Group's assets

At present, our Group's factory, office premises, plant and machinery, inventory of raw materials and finished products are insured based on the net book value of our assets in order to ensure that all our assets are adequately insured against unforeseen circumstances such as fire, flood, loss, damage, robbery and theft. We ensure the continuity of our insurance by renewing all the insurances annually. The total amount insured is RM9.12 million representing approximately 90.01% of the NBV of the assets (including inventories but net of NBV for land amounting to RM4.59 million) as at FPE 29 February 2012.

Although we have taken all reasonable steps to ensure that all our key assets are adequately covered by insurance, no assurance can be given that the insurance coverage will be sufficient to compensate for the replacement cost of our assets or any consequential loss arising thereof.

Notwithstanding the above measures, steps and efforts undertaken by our Company to mitigate the abovementioned risks relating to our business and industry, there can be no assurance and guarantee that we can successfully manage all the risks including our ability to compete successfully in the future, our ability to obtain sufficient supply of raw materials from our regular suppliers, no assurance that our customers will continue to place orders with us in the future and at the same levels as they had previously, our ability to successfully manage our exposure to exchange rate fluctuations and financial risks and our ability to attract and to retain our key management personnel with similar level of experience and capabilities. Failure to do so could have a material and adverse impact on our business, financial condition and the results of our operations.

4.2 RISKS RELATING TO INVESTMENT IN OUR SHARES**4.2.1 Delay or abortion of our Listing**

Our Listing may be potentially delayed or aborted in the event of the following:

- (a) our Joint Underwriters exercising their rights pursuant to the Underwriting Agreement to discharge itself from its obligations; or
- (b) we are unable to meet the public spread requirement of at least 25% of our enlarged issued and paid-up share capital to be held by a minimum of 1,000 public shareholders holding not less than 100 Shares each, at the time of our Listing.

We expect to meet the public shareholding requirement at the point of Listing by allocating the IPO Shares to the required number of public shareholders during the balloting/private placement processes. However, in the event that we are unable to meet the above requirement, monies paid in respect of any application accepted will be returned to you without interest within fourteen (14) days after we become liable to repay it.

4. RISK FACTORS (Cont'd)

4.2.2 No prior market for our Shares and possible volatility of our Share price

There is no prior market for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or if developed, that such market will be sustained. In addition, our Shares could trade at prices that may be lower than our IPO Price as a result of many factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These include, amongst others, prevailing global and local economic conditions, the depth and liquidity of the market for our Shares and investors' individual perceptions of our Group.

4.2.3 Control by Promoters

Upon Listing, our Promoters will collectively hold approximately 68.77% of our enlarged issued and paid-up share capital. Depending on how they choose to vote and because of their shareholdings, our Promoters will generally be expected to have significant influence on the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting by law and/or as required by the relevant authorities.

Nevertheless, as a step towards good corporate governance, we have appointed six (6) Independent Non-Executive Directors and set up an Audit Committee to ensure that, *inter-alia*, any future transactions involving related parties are entered into on arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to our minority shareholders.

4.2.4 Dividend payments

Our Company, being an investment holding company derives income mainly from dividends received from our subsidiary companies. Hence, our ability to pay future dividends is largely dependent on the performance of our subsidiary companies.

In determining the size of any dividend recommendation, we will also take into consideration a number of factors, including but are not limited to our financial performance, cash flow requirements, debt servicing and financing commitments, future expansion plans, loan covenants and compliance with regulatory requirements. Whilst we endeavour to make payments of dividends, no assurance can be given that we are able to pay any dividends in the future as a result of factors stated above. Please refer to Section 12.7 of this Prospectus for further information on our dividend policy.

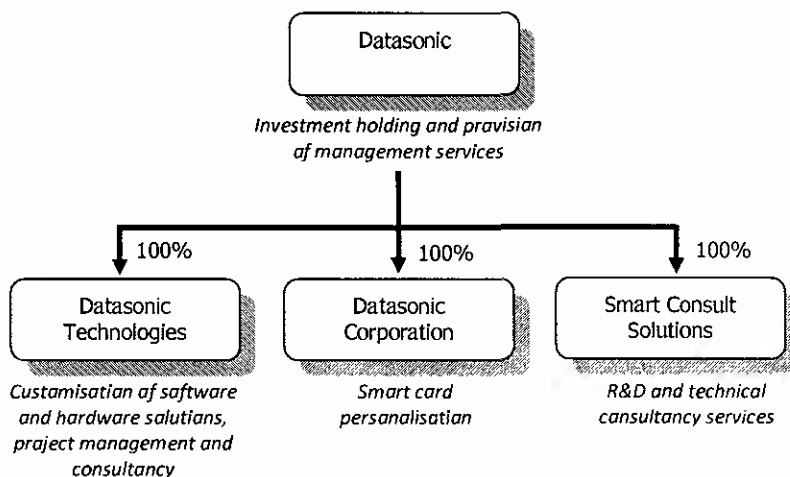
THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

5. INFORMATION ON OUR GROUP

5.1 OUR HISTORY

Our Company was incorporated under the Act on 13 March 2008 as a public limited company under its current name. We subsequently converted to a private limited company on 22 June 2011, to facilitate the Acquisitions and converted back to a public limited company on 29 June 2011.

Our Group is involved in the provision of ICT solutions including the smart card personalisation (such as secure ID or chip-based credit / debit / bank cards), customisation of software and hardware solutions, project management, consultancy, R&D and technical consultancy services. Our Group structure is as follows:



Our history began with the operations of Datasonic Corporation which was incorporated on 22 October 1980. Datasonic Corporation was originally named Bumi Packaging & Storage (M) Sdn Bhd. At the initial stage, the company was selling ICT products in the form of computer forms and credit card imprinters to financial institutions in Malaysia.

The company then subsequently ventured into the personalisation services and started its business relationship with Datacard Corporation in 1983. In 1991, Datacard Corporation became a 49% joint-venture partner in Datasonic Corporation (which was named Datacard Toppan Moore (M) Sdn Bhd at that point). As a result of the joint venture, we were awarded the distribution rights for Datacard® Central Issuance Systems and Solutions in Malaysia.

Since 1999, Datasonic Corporation has been the technology provider and exclusive sub-contractor of Dibena Enterprise, who was appointed as the Chairman and key member of GMPC Corporation Sdn Bhd, a consortium of five companies for the national ID or MyKad project. GMPC Corporation was formed to implement the pilot phase of the GMPC project in 1999. Under the Multi Purpose Card Flagship Application agreement between the Government and GMPC Corporation, dated 1 June 1999, the Government has agreed to award the GMPC project to GMPC Corporation, a consortium company, which consist of 5 members namely Dibena Enterprise, IRIS Technologies (M) Sdn Bhd, Unisys MSC Sdn Bhd, Tricubes NCR JV Sdn Bhd and CSA MSC Sdn Bhd, to undertake the GMPC project.

Datasonic Corporation through Dibena Enterprise is the only consortium member which was assigned to design, set up and commission a personalisation centre as well as to supply smart card personalisation systems and solutions, consumables and provide technical support and maintenance services to NRD. The other consortium members include CSA MSC Sdn Bhd which provides the networking and computer hardware; Unisys MSC Sdn Bhd which conducts the system integration services and interface to legacy system; Tricubes NCR JV Sdn Bhd which provides smart card readers (Card Acceptance Devices) and IRIS Technologies (M) Sdn Bhd which provides raw cards (MyKad), chip with OS and readers. Upon procuring the GMPC project, GMPC Corporation will then sub-contract the entire GMPC project to each of its consortium members based on their respective roles.

5. INFORMATION ON OUR GROUP (Cont'd)

Datasonic Corporation is the only ICT vendor involved in three (3) major smart card programs in the country, namely the GMPC, PMPC i.e. ATM chip-based card and EMV chip-based credit card migration in the country. The GMPC project was officially launched in 2001 with the purpose of migrating paper based IDs card with new smart IDs card with multiple applications for all Malaysian citizens; and the smart card ATM and EMV migration underwent a national rollout in 2003 as part of the goal of reducing fraudulent financial transactions which were then prevalent with magnetic stripe cards.

In 2003, Datasonic Corporation established a RPS centre in cooperation with Bank Simpanan Nasional to provide outsourcing services for the personalisation of financial PMPC, ATM and EMV credit cards for major banks in Malaysia. In 2007, Datasonic Corporation established its own independent RPS centre in order to increase its production capacity to accommodate its increasing number of clients from the financial sector. Datasonic Corporation's Central Issuance Card Printing System (operated by the RPS centre) was well-received particularly from Malaysian financial institutions and this spurred the company's growth in the market.

In 2005, Dato' Abu Hanifah bin Noordin acquired Dibena Enterprise and assumed the position of Executive Chairman/ CEO of the company and was also appointed as Chairman of GMPC Corporation Sdn Bhd. In 2006, following the acquisition of Datacard QSS Sdn Bhd (now known as Datasonic Corporation) by Dibena Enterprise, he assumed the position of CEO of Datasonic Corporation.

In February 2006, Dibena Enterprise acquired from Datacard Corporation its entire shareholdings in Datasonic Corporation to expand its technology and solutions services. This was to be followed by the acquisition of Datasonic Technologies a year later in 2007. Datasonic Technologies, (formerly known as Guthrie Technologies Sdn Berhad) was incorporated on 26 June 1991. The acquisition of the company by Dibena Enterprise from Kumpulan Guthrie Berhad occurred during the latter's merger with the Sime Darby Group and Dibena Enterprise has since met the acquisition objective which was to further expand Dibena Enterprise's portfolios to provide large-scale government ICT projects and solution services and project management services.

Datasonic Technologies is involved in the provision of ICT solutions and services which include project management for the implementation of ICT system solutions. These solutions are customised software and hardware solutions for the government ministries and agencies, and large industries like healthcare, telecommunications, and others. Among some of its key projects include the following:

- **Visa & Pass System for the Immigration Department of Malaysia**

Responsible for the entire design, development and implementation of Visa & Pass system for the Immigration Department of Malaysia since 1997 to the present. Subsequent to the implementation, Datasonic Technologies was also tasked with the technical support, enhancement and maintenance of the system.

- **BPA System for the Prime Minister's Department**

As the primary system provider, Datasonic Technologies is responsible for the entire development, supply, installation, commissioning, maintenance and technical support of the BPA system and its expansion into the Government sector.

- **OKU Project for Ministry of Women, Family and Community Development**

Assigned as the total system provider, Datasonic Technologies is responsible for the entire front-end and back-end architecture and system design, development, installation, supplying and printing of the OKU Card to the disabled group throughout Malaysia.

5. INFORMATION ON OUR GROUP (Cont'd)

- **SMOKU (“Sistem Maklumat Orang Kurang Upaya”) Project for Ministry of Women, Family and Community Development**

Datasonic Technologies secured the 2nd phase of OKU project and is responsible for the enhancement of SMOKU system for Ministry of Women, Family and Community Development.
- **NGN Project for Telekom Malaysia Berhad**

Involved in the NGN project for Telekom Malaysia Berhad since 2007. As the local partner to Telekom Malaysia Berhad and Huawei Technologies (Malaysia) Sdn Bhd, Datasonic Technologies is involved in establishing, installing, commissioning and decommissioning of the access network equipment and system for Telekom Malaysia Berhad.
- **Call Centre Services Project for PTPTN**

Datasonic Technologies secured the project which involves the provision of systems solution, hardware and software as well as the implementation of call centre services for PTPTN in order to manage their higher education fund inquiries and other related matters.
- **Supply of New Raw MyKad with Chips for NRD**

Datasonic Technologies secured the project which involves the supply of four (4) million of new raw MyKad with 100% polycarbonate material, new security features, OS and chips to NRD.
- **Supply of Consumables for New MyKad project**

Datasonic Technologies secured the project which involves the supply of consumables for new MyKad to NRD.
- **Maintenance of Data Center and Helpdesk system for the Immigration Department of Malaysia**

Datasonic Technologies secured the project which involves the provision of maintenance services of the data center and helpdesk system in the Immigration Department of Malaysia.
- **Maintenance of Existing Passport Printers for the Immigration Department of Malaysia**

Datasonic Technologies secured the project which involves the provision of maintenance services of the existing passport printers, software and application system for the production of passports to the Immigration Department of Malaysia for its immigration offices in Malaysia and overseas.
- **Supply of New Passport Polycarbonate Datapage and Laser Engraving Personalisation Equipments for the Immigration Department of Malaysia**

Datasonic Technologies secured the project which involves the supply of new passport polycarbonate datapage and laser engraving personalisation equipments to the Immigration Department of Malaysia.
- **Supply of Consumables for the Existing Passport Printers to the Immigration Department of Malaysia**

Datasonic Technologies secured the project which involves the supply of consumables for the existing passport printers.

5. INFORMATION ON OUR GROUP (Cont'd)

- **Other projects**

Datasonic Technologies is also involved in the design, supply, delivery, installation, commissioning, testing and maintenance of other ICT project across the government agencies and private institutions, which include, among others, the provision of computer hardware and software solutions.

Over the years, the business of our Group grew from the provision of secure ID and smart card personalisation into more diversified products and services e.g. government ICT projects and services, project management and provision of other ICT solutions services, namely provision of customised integrated ICT software and hardware systems and solutions.

Smart Consult Solutions was incorporated in Malaysia on 2 April 2004 as a private limited company to provide R&D and technical consultancy to both Datasonic Corporation and Datasonic Technologies. Our Group utilises Smart Consult Solutions as our main channel to conduct R&D activities for the smart card OS solutions and other key ICT developments which include development of centralised and decentralised card issuance system and solutions, multi-purpose ID system, integrated front-end and back-end system solutions as well as web-based HIS to support the current and future business of our Group. Smart Consult Solutions was granted the MSC status by MDEC on 18 May 2012.

Due to Dato' Abu Hanifah bin Noordin's interest in Dibena Enterprise and our Group which may result in potential conflict of interest, our Group has taken the necessary steps to ensure that Dibena Enterprise does not, in the future, undertake any projects which will be in conflict with the business activities undertaken by the Datasonic Group by obtaining a letter of irrevocable undertaking dated 19 August 2011 from Dibena Enterprise to undertake the following:

- Dibena Enterprise and its group of companies ("Dibena Group") shall not engage, participate, compete (whether directly or indirectly) with Datasonic Group in similar business activities other than those of Datasonic Group;
- Dibena Group shall not bid or tender for any projects which are of similar business with Datasonic Group either directly or indirectly through any of the companies under Dibena Group; and
- Dibena Group shall not enter into similar business arrangement with any third party which will be in direct competition with the principal activities of Datasonic Group.

Datasonic has also procured a similar letter of irrevocable undertaking dated 19 August 2011 directly from Dato' Abu Hanifah bin Noordin.

In addition, Datasonic Technologies has already been identified as the tendering company by our Group as evidenced by the granting of the "Company Registration Certificate" by the MOF on 18 September 2008 to 17 September 2011, which was renewed on 18 September 2011 to 17 September 2014 (as disclosed in Section 6.9 of the Prospectus) for the submission of bid / tender of Government's projects in the field of provider / provision of service under sectors, fields and sub-fields as listed below:

- a. Clothing/safety equipment ("pakaian/ alat keselamatan");
- b. Personal computer & related peripheral & services;
- c. Small to large multi-user systems & services;
- d. Workstations and related peripheral & services;
- e. Software product & services;
- f. Other computer related services;
- g. Networking products & services;
- h. Laminated License/Certification & Security Pass;
- i. Communication products ("alat perhubungan");
- j. Teaching Aid Equipments ("alat bantuan mengajar");
- k. Signaling and Communications/Broadcasting Equipments ("alat semboyan perhubungan/ penyiaran"); and
- l. Hospital/ Laboratory Equipments ("alat kelengkapan hospital/ makmal").

5. INFORMATION ON OUR GROUP (Cont'd)

As such, since 2010, Government projects/contracts are now tendered directly by our Group via Datasonic Technologies and awarded directly by the Government to our Group. This is demonstrated by the recent award by the Government of several contracts in 2010 and 2011 such as the supply of consumables and the supply of new raw MyKad with 100% polycarbonate material, new security features, OS and chips to NRD as set out in Section 5.5 of this Prospectus.

As the Government has awarded the said contracts directly to Datasonic Technologies, it appears that the existing structure of GMPC Project (MyKad project) is no longer applicable.

5.2 SHARE CAPITAL

Our present authorised share capital is RM1,000,000,000 comprising 2,000,000,000 ordinary shares of RM0.50 each, of which RM34,813,002 comprising 69,626,004 Shares are issued and credited as fully paid-up. Upon completion of our IPO, our issued and paid-up share capital will increase to RM45,000,000 comprising 90,000,000 Shares. The changes in our issued and paid-up share capital since our incorporation are as follows:

Date of Allotment	No. of Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
13.03.2008	4	0.50	Subscribers' shares	2
11.06.2012	69,626,000	0.50	Shares issued as consideration for the Acquisitions	34,813,002

There are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotments. As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in our Company.

5.3 SUBSIDIARY COMPANIES

5.3.1 Datasonic Technologies

(i) History and Business

Datasonic Technologies was incorporated on 26 June 1991 in Malaysia under the Act as a private limited company under the name of Urbina Holdings Sdn Bhd. The company changed its name to Guthrie Systems Sendirian Berhad on 9 October 1991, to Guthrie DDE Sendirian Berhad on 17 January 1992 and to Guthrie Technologies Sdn Berhad on 9 April 1998 before assuming its current name on 27 February 2008. Datasonic Technologies commenced operations in 1998. It is principally involved in provision of customisation of software and hardware solutions, project management and consultancy.

(ii) Share Capital

Datasonic Technologies' present authorised share capital is RM8,000,000 comprising 8,000,000 ordinary shares of RM1.00 each, of which RM7,466,667 comprising 7,466,667 ordinary shares of RM1.00 each have been issued and fully paid-up.

5. INFORMATION ON OUR GROUP (Cont'd)

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

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
26.06.1991	2	1.00	Cash	2
31.07.1992	5,899,998	1.00	Cash	5,900,000
22.04.1993	1,566,667	1.00	Cash	7,466,667

There are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotments. As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Datasonic Technologies.

(iii) Shareholders and Directors

Datasonic Technologies is our wholly-owned subsidiary company and its Directors are Dato' Abu Hanifah bin Noordin, Dato' Wan Ibrahim bin Wan Ahmad, Siti Rohana binti Abd. Majid, Prof Dato' Dr Hj Abdul Razak bin Hj Omar, Md Diah bin Ramli, Datin Popi Riandani binti Dody Muchtar, Saverinus Phillip P. Kitingan, Zaiful Ayu Ibrahim bin Ibrahim, Talya Zholeikha binti Abu Hanifah and Handrianov Putra bin Abu Hanifah.

(iv) Subsidiary and Associated Companies

Datasonic Technologies does not have any subsidiary or associated company.

5.3.2 Datasonic Corporation

(i) History and Business

Datasonic Corporation was incorporated on 22 October 1980 in Malaysia under the Act as a private limited company under the name of Bumi Packaging & Storage (M) Sdn Bhd. The company changed its name on 9 March 1983 to Jacob Plastic & Packaging Industries (M) Sdn Bhd, on 15 September 1990 to Datacard (Malaysia) Sdn Bhd, on 23 January 1991 to Datacard Toppan Moore (M) Sdn Bhd, on 24 February 1997 to Datacard-IDT (Malaysia) Sdn Bhd and on 16 February 2004 to Datacard QSS Sdn Bhd. The company subsequently assumed its present name on 19 May 2006. Datasonic Corporation commenced operations in 1983. It is principally involved in the provision of smart card personalisation.

(ii) Share Capital

Datasonic Corporation's present authorised share capital is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each, of which RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

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

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
22.10.1980	4	1.00	Subscriber shares	4
03.04.1991	299,996	1.00	Cash	300,000

5. INFORMATION ON OUR GROUP (Cont'd)

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
29.04.1998	432,000	1.00	Otherwise than cash by way of dividend	732,000
28.09.2007	9,268,000	1.00	Otherwise than cash by way of bonus issue	10,000,000

There are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotments. As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Datasonic Corporation.

(iii) Shareholders and Directors

Datasonic Corporation is our wholly-owned subsidiary and its Directors are Dato' Abu Hanifah bin Noordin, Raghbir Singh A/L Hari Singh, Tham Choon Sarn, Md Diah bin Ramli, Chew Ben Ben and Dato' Wan Ibrahim bin Wan Ahmad.

(iv) Subsidiary and Associated Companies

Datasonic Corporation does not have any subsidiary or associated company.

5.3.3 Smart Consult Solutions

(i) History and Business

Smart Consult Solutions was incorporated on 2 April 2004 in Malaysia under the Act as a private limited company. Smart Consult Solutions commenced operations in 2012. It is principally involved in the provision of R&D and technical consultancy services.

(ii) Share Capital

Smart Consult Solutions' present authorised share capital is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, of which RM100,001 comprising 100,001 ordinary shares of RM1.00 each have been issued and fully paid-up.

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

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Cumulative Total RM
2 April 2004	100,001	1.00	Cash	100,001

There are no discounts, special terms or instalment payment terms applicable to the payment of consideration for the above allotments. As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Smart Consult Solutions.

(iii) Shareholders and Directors

Smart Consult Solutions is our wholly-owned subsidiary company and its Directors are Dato' Abu Hanifah bin Noordin, Chew Ben Ben, Tham Choon Sarn and Teng Boon Hou @ Andrew Teng.

5. INFORMATION ON OUR GROUP (Cont'd)

(iv) Subsidiary and Associated Companies

Smart Consult Solutions does not have any subsidiary or associated company.

5.4 LISTING SCHEME

In conjunction with and as an integral part of our Listing, we proposed a Listing Scheme which was approved by the SC on 27 September 2011. The Listing Scheme involves the following:

5.4.1 Acquisitions

Datasonic Technologies

Datasonic acquired the entire equity interest in Datasonic Technologies of RM7,466,667 comprising 7,466,667 ordinary shares of RM1.00 each for a total purchase consideration of RM9,098,000 satisfied entirely by the issuance of 18,196,000 Datasonic Shares at an issue price of RM0.50 per Datasonic Share.

Pursuant to the conditional share sale agreement dated 24 June 2011, Datasonic acquired the entire equity interest in Datasonic Technologies from the existing shareholder of Datasonic Technologies as follows:

Shareholder	No. of Ordinary Shares Acquired	% of Issued and Paid-Up Share Capital	Purchase Consideration RM	No. of Datasonic Shares Issued
Dibena Enterprise	7,466,667	100.00	9,098,000	18,196,000

The purchase consideration of RM9,098,000 was arrived at on a willing buyer-willing seller basis and represents approximately the audited NA of Datasonic Technologies as at 31 December 2010 of RM9,098,508.

Datasonic Technologies has on 8 June 2012 declared a dividend of RM2.00 million to its existing shareholders based on the audited FPE 29 February 2012. The said dividend was paid on 24 July 2012.

The acquisition of Datasonic Technologies was completed on 11 June 2012.

Datasonic Corporation

Datasonic acquired the entire equity interest in Datasonic Corporation of RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM19,441,000 satisfied entirely by the issuance of 38,882,000 Datasonic Shares at an issue price of RM0.50 per Datasonic Share.

Pursuant to the conditional share sale agreement dated 24 June 2011, Datasonic acquired the entire equity interest in Datasonic Corporation from the existing shareholders of Datasonic Corporation as follows:

5. INFORMATION ON OUR GROUP (Cont'd)

Shareholders	No. of Ordinary Shares Acquired	% of Issued and Paid-Up Share Capital	Purchase Consideration RM	No. of Datasonic Shares Issued
Dibena Enterprise	7,550,000	75.5	14,678,000	29,356,000
Dato' Abu Hanifah bin Noordin	2,449,999	24.5	4,762,998	9,525,996
Nor'aini binti Mat	1	*	2	4
	<u>10,000,000</u>	<u>100.0</u>	<u>19,441,000</u>	<u>38,882,000</u>

Note:

* *Negligible.*

The purchase consideration of RM19,441,000 was arrived at on a willing buyer-willing seller basis and represents approximately the audited NA of Datasonic Corporation as at 31 December 2010 of RM19,440,600.

In addition, Datasonic Corporation has declared a single tier exempt dividend for FYE 31 December 2010 to its respective shareholders being Dibena Enterprise and Dato' Abu Hanifah bin Noordin. He has subsequently has by way of letter dated 24 June 2011 instructed Datasonic Corporation to pay his entitlement of RM6,174,000 directly to Datasonic.

In consideration thereof, Datasonic has on 11 June 2012 issued 12,348,000 new Datasonic Shares to Dato' Abu Hanifah bin Noordin.

Datasonic Corporation has two (2) subsidiary companies, namely Hong Zhong Systems & Solutions (HK) Ltd, a 99.99% owned subsidiary company and Million Mega Network Sdn Bhd, a 51% owned subsidiary company. As part of the Listing Scheme, Datasonic Corporation has on 11 June 2012 disposed Hong Zhong Systems & Solutions (HK) Ltd and Million Mega Network Sdn Bhd to Dibena Enterprise for a consideration of RM1.00 and RM765,000 respectively. The disposal consideration for Hong Zhong Systems & Solutions (HK) Ltd was arrived at on a willing buyer-willing seller basis given that the company recorded negative shareholders funds as at 31 December 2010 of RM1.21 million, whilst the disposal consideration for Million Mega Network Sdn Bhd was based on the cost of investment by Datasonic Corporation in the company.

Datasonic Corporation has fully provided for the diminution in value of its cost of investment in Hong Zhong Systems & Solutions (HK) Ltd. Therefore the disposal consideration of RM1.00 will result in a gain of a similar amount. Whereas for Million Mega Network Sdn Bhd, the disposal at cost of investment will result in no-gain-no-loss position.

Datasonic Corporation has on 8 June 2012 declared a dividend of RM5.00 million to its existing shareholders based the on the audited FPE 29 February 2012. The said dividend was paid on 24 July 2012.

The acquisition of Datasonic Corporation was completed on 11 June 2012.

Smart Consult Solutions

Datasonic acquired the entire equity interest in Smart Consult Solutions of RM100,001 comprising 100,001 ordinary shares of RM1.00 each for a total purchase consideration of RM100,000 satisfied entirely by the issuance of 200,000 Datasonic Shares at an issue price of RM0.50 per Datasonic Share.

5. INFORMATION ON OUR GROUP (Cont'd)

Pursuant to the share sale agreement dated 24 June 2011, Datasonic acquired the entire equity interest in Smart Consult Solutions from the existing shareholder of Smart Consult Solutions as follows:

Shareholder	No. of Ordinary Shares Acquired	% of Issued and Paid-Up Share Capital	Purchase Consideration RM	No. of Datasonic Shares Issued
Dibena Enterprise	100,001	100.00	100,000	200,000

The purchase consideration was arrived at on a willing buyer-willing seller basis and represents approximately the paid-up capital of Smart Consult Solutions as at 31 December 2010. The net liabilities of Smart Consult Solutions as at 31 December 2010 are RM755,031.

The acquisition of Smart Consult Solutions was completed on 11 June 2012.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

5. INFORMATION ON OUR GROUP (Cont'd)

5.4.2 Public Issue

In conjunction with our Listing, we will undertake a public issue of 20,373,996 new Shares, representing approximately 22.64% of our enlarged issued and paid-up share capital at the IPO Price to be allocated in the following manner:

(i) Public Tranche

6,000,000 Public Issue Shares, representing approximately 6.67% of our enlarged issued and paid-up share capital, have been reserved for application by the Public, of which at least 50% shall be set aside for Bumiputera investors including individuals, companies, societies, co-operatives and institutions;

(ii) Pink Form Tranche

4,009,996 Public Issue Shares, representing approximately 4.46% of our enlarged issued and paid-up share capital, have been reserved for application by our eligible Directors, employees and persons who have contributed to the success of our Group;

(iii) MITI Tranche

8,517,000 Public Issue Shares, representing approximately 9.46% of our Company's enlarged issued and paid-up share capital, have been reserved for Bumiputera investors approved by the MITI; and

(iv) Placement Tranche

1,847,000 Public Issue Shares, representing approximately 2.05% of our enlarged issued and paid-up share capital, have been reserved for placement to selected investors.

The Public Issue Shares shall rank *pari passu* in all respects with our existing issued and paid-up Shares, including voting rights and the rights to all dividends and other distributions that may be declared subsequent to the date of allotment thereof.

5.4.3 Offer for Sale

In conjunction with our Listing, the Offeror will offer up to 7,932,000 Offer Shares, representing approximately up to 8.81% of our enlarged issued and paid-up share capital to selected investors, identified by us or our Placement Agent.

5.4.4 Listing on Bursa Securities

The admission and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM45,000,000 comprising 90,000,000 Shares on the Main Market of Bursa Securities was approved in-principle on 8 March 2012.

5. INFORMATION ON OUR GROUP (Cont'd)

5.5 KEY ACHIEVEMENTS AND MILESTONES

Our key achievements and milestones since inception are as follows:

Year	Key achievements and milestones
1980	<ul style="list-style-type: none"> Incorporated Datasonic Corporation in Malaysia under the Act.
1983	<ul style="list-style-type: none"> Datasonic Corporation started its business relationship with Datacard Corporation.
1991	<ul style="list-style-type: none"> Datacard Corporation acquires 49.00% of Datasonic Corporation, leading to the joint-venture partnership between the companies and was awarded distribution rights for Datacard® products and services in Malaysia. Datasonic Technologies was incorporated in Malaysia under the Act.
1997-1999	<ul style="list-style-type: none"> Datasonic Corporation established its presence in the Malaysian card personalisation market by capturing a market share in the financial services sector in Malaysia. Datasonic Technologies was awarded a contract by Immigration Department of Malaysia for the provision of computerisation hardware and software services for Visa and Pass system.
1998-2001	<ul style="list-style-type: none"> Datasonic Technologies was awarded another contract by Permodalan Nasional Berhad for modernisation and computerisation of Visa and Pass system for Immigration Department of Malaysia.
1999	<ul style="list-style-type: none"> Datasonic Corporation became the sole sub-contractor to Dibena Enterprise in the GMPC pilot project for the NRD.
1999-2003	<ul style="list-style-type: none"> Datasonic Technologies was awarded a contract by Immigration Department of Malaysia to supply consumables and provide maintenance services for Foreign Worker Card Printing system.
2001	<ul style="list-style-type: none"> Datasonic Technologies was awarded a contract by Heitech Padu Berhad for upgrading of Visa and Pass Central system for Immigration Department of Malaysia.
2001-2003	<ul style="list-style-type: none"> Datasonic Technologies was awarded a contract by Prime Minister's Department for provision of BPA system.
2002-2003	<ul style="list-style-type: none"> Datasonic Technologies was awarded the contract by Immigration Department of Malaysia for expansion of Visa and Pass system to other local branches of Immigration Department of Malaysia. Datasonic Technologies was awarded the contract by Immigration Department of Malaysia for expansion of Visa and Pass system to other overseas branches of Immigration Department of Malaysia.
2003	<ul style="list-style-type: none"> Datasonic Corporation cooperated with Bank Simpanan Nasional to set-up the RPS centre for the production of PMPC, ATM cards, EMV chip-based credit cards, and other related services to local and foreign financial institutions. The RPS centre was certified by Visa International and MasterCard International for its strict adherence to international security standards for financial card issuance services.
2003-2004	<ul style="list-style-type: none"> Datasonic Technologies was awarded a contract by Immigration Department of Malaysia for supply of Foreign Worker Card Printing system to Immigration Department of Malaysia.

5. INFORMATION ON OUR GROUP (Cont'd)

Year	Key achievements and milestones
2003-2005	<ul style="list-style-type: none"> Datasonic Corporation was appointed as the exclusive sub-contractor to Dibena Enterprise in the national roll-out of the GMPC MyKad project, MyKid project and MyPR (Permanent Resident) project for the NRD.
2004	<ul style="list-style-type: none"> Smart Consult Solutions was incorporated in Malaysia under the Act
2005-2007	<ul style="list-style-type: none"> Datasonic Technologies was awarded the contract by the Prime Minister's Department for provision of support and maintenance services for BPA system or the BPA system of Prime Minister's Department.
2007	<ul style="list-style-type: none"> Datasonic Corporation set-up a new RPS centre in Petaling Jaya Highway Centre with increased production capacity to meet current and future demands for financial card issuance. The new personalisation centre was certified by Visa International, MasterCard International, Proton World International, and Malaysian Electronic Payment System Sdn Bhd for its strict adherence to the international security standards for financial card issuance.
2007-2010	<ul style="list-style-type: none"> Datasonic Technologies was awarded the contract by the Prime Minister's Department for development, supply, installation and commissioning, training and technical support services for 'System Pemantauan Aduan Agensi Awam' ("iSPAAA") for BPA system of Prime Minister's Department.
2008	<ul style="list-style-type: none"> Datasonic Corporation secured 3-year contracts from two major financial institutions to set-up the in-house and outsourcing personalisation centre for the production of EMV compliant credit cards for Malaysia.
2008-2010	<ul style="list-style-type: none"> Datasonic Technologies was awarded the contract by the Ministry of Women, Family and Community Development for the provision of system design, development, installation, supplying and printing of all OKU cards to the disabled group throughout Malaysia.
2009	<ul style="list-style-type: none"> Datasonic Corporation was awarded a 2-year contract from Genting Malaysia Berhad to supply consumables and technical support and maintenance services for all its desktop printing system and solutions.
2010	<ul style="list-style-type: none"> Enterprise 50 Award 2010 bestowed to Datasonic Technologies by Small and Medium Enterprise ("SME") Corp Malaysia in recognition for its outstanding achievement amongst Malaysia SME. Smart Consult Solutions's R&D unit has successfully developed the chip OS for supply of new MyKad (new chip with new OS and new full polycarbonate card structure) for the NRD. Datasonic Technologies was awarded the contract by PTPTN for the provision of systems solution, hardware and software as well as the implementation of call centre services for the management of higher education fund inquiries and other related matters.
2011	<ul style="list-style-type: none"> Datasonic Corporation through Dibena Enterprise was awarded the contract by NRD for the supply of centralised and decentralised MyKad issuance system for NRD headquarters and 14 NRD branches nationwide. The duration of the contract is from 1 May 2011 to 30 April 2013 ("Decentralised Printing Project"). Datasonic Technologies was awarded the contract by NRD for the provision of maintenance support and maintenances services for the DC9000 Central Issuance machines for NRD. The duration of the contract is from 1 July 2011 to 31 December 2011.

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

Year	Key achievements and milestones
2012	<ul style="list-style-type: none"> <li data-bbox="453 282 1406 398">• Datasonic Technologies was awarded the contract by Immigration Department of Malaysia for the provision of maintenance services to the data center and helpdesk system in the Immigration Department of Malaysia. The duration of the contract is from 1 July 2011 to 30 June 2013. <li data-bbox="453 421 1406 537">• Datasonic Technologies was awarded the contract by Immigration Department of Malaysia for the provision of maintenance services of the existing passport printers, software and application system for the production of passports. The duration of the contract is from 1 August 2011 to 31 July 2012. <li data-bbox="453 560 1406 676">• Datasonic Technologies was awarded the contract from the NRD for the supply of 4 million of new raw MyKad with 100% polycarbonate material, new security features, OS and chips to NRD. The duration of the contract is from 1 January 2012 to 31 December 2013. <li data-bbox="453 712 1406 855">• Datasonic Technologies secured the 2nd phase of OKU project from the Ministry of Women, Family and Community Development for the provision of the enhancement of SMOKU system for Ministry of Women, Family and Community Development. The duration of the contract is from 3 January 2012 to 2 January 2013. <li data-bbox="453 878 1406 994">• Datasonic Technologies secured a contract from the Immigration Department of Malaysia to supply new passport polycarbonate datapage and laser engraving personalisation equipment to the Immigration Department of Malaysia. The duration of the contract is from 1 February 2013 to 31 January 2018. <li data-bbox="453 1016 1406 1106">• Datasonic Technologies secured a contract from the Immigration Department of Malaysia to supply consumables for the existing passport printers. The duration of the contract is from 1 May 2012 to 28 February 2013. <li data-bbox="453 1128 1197 1153">• Smart Consult Solutions was granted the MSC status by MDEC.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

6. BUSINESS OVERVIEW

6.1 OUR BUSINESS

We currently operate on the following business model:

Business Focus	<ul style="list-style-type: none"> • Customisation of software and hardware solutions, project management and consultancy • Personalisation of smart cards • R&D and technical consultancy services 			
Target Market	Government and non-Government			
Revenue Streams	Services provided for customers with service contract	Services provided for customers with non-service contract	Smart card printer software development	Smart card personalisation services
	Sale of consumables	Sale of equipment	Sale of cards	
Competitive Advantages	Exclusive distributor of Datacard® Central Issuance Systems and Solutions in Malaysia	Established relationships with foreign smart card players		
	Technical competencies	Expertise in project management		
	Experienced leadership team	Commitment in R&D		
	Established relationships with the Government	One-stop centre for smart cards personalisation		

6. BUSINESS OVERVIEW (Cont'd)

6.2 PRINCIPAL ACTIVITIES AND PRODUCTS

We provide secure customisation of software and hardware solutions, project management and consultancy, smart card personalisation, R&D and technical consultancy services. These principal activities are summarised below:

Company	Principal activities	Description
Datasonic Corporation	<p>Smart card personalisation entails the supply of printing system and solutions, consumables, cards, printer spare parts, technical and maintenance services, personalisation of financial cards, ID cards and loyalty cards, project management and smart card professional services which covers the following products and service offerings:</p> <ul style="list-style-type: none"> • Services provided for customers with service contract • Services provided for customers with non-service contract • Sale of consumables • Sale of cards • Sale of equipment • Smart card printer software development • Smart card personalisation services 	<p>Government secure ID card (MyKad, MyKid and MyPR) personalisation solutions, financial PMPC / ATM / debit card and EMV credit card personalisation solutions, commercial identity and loyalty card personalisation solutions.</p> <p>Sales of hardware / printers and consumables for smart card personalisation system and solutions.</p> <p>Other services include consultation, project management, training, technical support, maintenance and other services.</p>
Datasonic Technologies	<p>Customisation of software and hardware systems solutions, project management and consultancy which covers the following products and service offerings:</p> <ul style="list-style-type: none"> • Services provided for customers with service contract • Services provided for customers with non-service contract • Sale of consumables • Sale of equipment • Smart card printer software development 	<p>Provision of large-scale customised ICT system solutions, from the design stage up to the maintenance stage (i.e. design, setup, install, commission, maintenance and technical support) and project management services such as the Visa & Pass System and Malaysian Foreign Worker ID Card for the Immigration Department of Malaysia, OKU Project for Ministry of Women, Family and Community Development, NGN project for Telekom Malaysia Berhad and Call Centre Services Project for PTPTN. Datasonic Technologies has also been awarded by NRD for a 2-year contract for the supply of 4 million of new raw MyKad with 100% polycarbonate material, new security features, OS and chip of which the OS was developed by Smart Consult Solutions. In April 2012, the Immigration Department of Malaysia has awarded Datasonic Technologies a five (5) year contract to supply the new passport polycarbonate datapage and laser engraving personalisation equipment.</p>
Smart Consult Solutions	R&D and technical consultancy services	R&D and technical consultancy services for smart card OS solutions, border control system and other ICT solutions.

6. BUSINESS OVERVIEW (Cont'd)

6.2.1 Principal Products and Services

Our products and services can be classified into seven (7) categories as follows:

(i) **Services provided for customers with service contract**

Services provided for customers with service contract refer to revenue derived from machinery servicing and spare parts replacement for customers with a signed contract or agreement. Some of these service contracts include those maintenance and technical support for the NRD, Immigration Department of Malaysia, NGN project for Telekom Malaysia Berhad and other service contracts with customers like Genting Malaysia Berhad, Citibank Berhad and others.

(ii) **Services provided for customers with non-service contract**

Services provided for customers with non-service contract revenue refer to revenue derived from ad hoc servicing and spare parts replacement based on purchase orders i.e. where there are no signed contracts or agreements. Some of these non-service contracts include receipt of customer request / order, execution of service or provision of parts / equipment replacement and the issuance of bills to corporate customers.

(iii) **Sale of consumables**

Sale of consumables comprises revenue derived from sale of, among others, ribbons, cleaners, and products for card lamination. These consumables are sold to our customers who have purchased Datacard® printers and other equipment from us, and are used in the various card personalisation processes.

(iv) **Sale of cards**

Sale of cards comprises revenue derived from sale of contact and contactless smart cards for financial institutions as ATM, credit / debit cards, for major corporations as ID and loyalty cards for the storage of customer information and for Government as national identification documents.



Financial cards

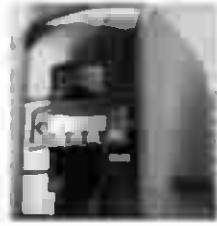


Identification / membership cards

(v) **Sale of equipment**

Sale of equipment comprises revenue derived from sale of centralised issuance systems such as MX6000, MX2000, MX1000, Maxsys printing system and decentralised desktop printers such as SD260, SD360, SP25, SP35, SP55, SP75 and other equipment such as DC280P embosser, DC150i embosser, LCP9000 desktop laser colour printers and IXLA laser printer.

6. BUSINESS OVERVIEW (Cont'd)



Datacard® SD260 card printer



Datacard® SD360 card printer



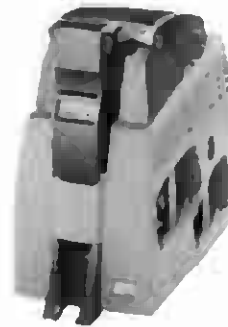
Datacard® SP25 Plus card printer



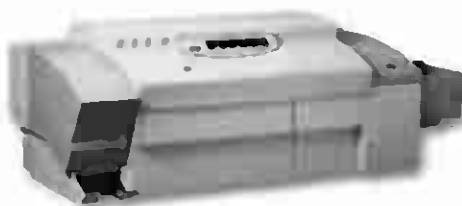
Datacard® SP35 Plus card printer



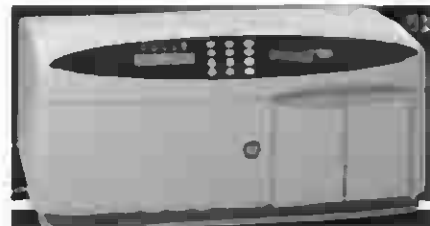
Datacard® SP55 Plus card printer



Datacard® SP75 Plus card printer



Datacard® DC280P card embossing system



Datacard® 150i card embossing system

(vi) Smart card printer software development

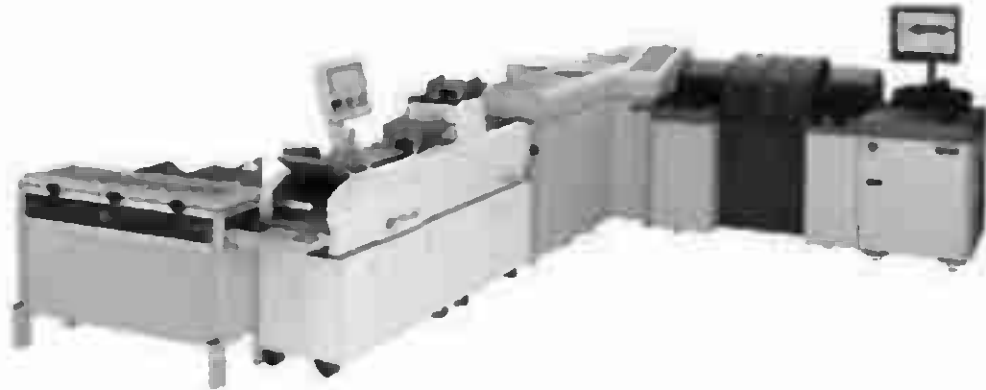
Smart card software development refers to revenue derived from system design, installation, integration, maintenance and technical supports of our smart card system solutions and services for all the Government and non-Government customers such as the Visa & Pass System and the supply of new raw MyKad with 100% polycarbonate material, new security features, OS and chips.

6. BUSINESS OVERVIEW (Cont'd)

(vii) Smart card personalisation services

Smart card personalisation services are provided by our Group's RPS centre as value-added and cost effective outsource alternative for the personalisation of financial smart cards.

Smart card personalisation services refer to revenue derived from printing, embossing, indent printing, laminating, topcoat application and envelop insertion using the Datacard® Card Issuance Systems to enable our customers to quickly and efficiently produce the credit / debit and ATM cards.



Datacard® MX6000 Card Issuance System

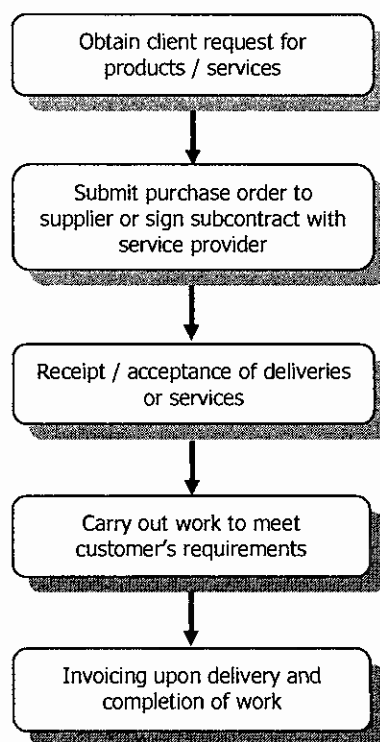
THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

6. BUSINESS OVERVIEW (Cont'd)

6.2.2 Production Processes

(i) **Services provided for customers with and without service contract and sale of consumables, cards and equipment**

With respect to services provided for customers with and without service contract, and sale of consumables, cards and equipment by our Group, the process flows are illustrated below:

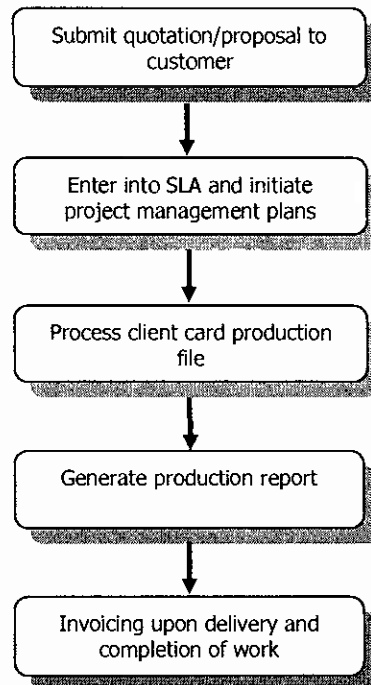


The process is further elaborated below:

- (1) We receive purchase order from our customer for products / services. The purchase order may be accompanied by a letter of award or contract;
- (2) We submit purchase order to supplier or sign subcontract with service provider – Where the customers requires equipment, consumables or cards, our Group will submit a purchase order to the relevant vendor / supplier to buy the necessary products and services. Where the customers require specific system requirements to be performed, which are to be conducted by a third party, a purchase order will be issued to sub-contractor or a contract will be signed with the sub-contractor;
- (3) Upon receiving / deliveries of equipment, consumables and cards, we will submit delivery order (for sales of products) and status update (for provision of services) to the customers;
- (4) Where there are additional services required, we will carry out the work to meet the customers' requirements based on specification; and
- (5) Upon delivery and completion of our work we will invoice the customers and upon receipt of payment from our customer, we will make payment to the vendor / sub-contractor.

6. BUSINESS OVERVIEW (Cont'd)

In addition to the sale of products and provision of services to customers upon the receipt of the customer's purchase order as highlighted earlier, our Group also conducts the sale of service bureau products / outsourcing services. These are based on Service Level Agreement ("SLA") signed between our Group. The process flow is depicted as follows:



Note:

In certain instances, instead of an SLA, a purchase order may be accepted as well.

The above process is reflective of the provision of service bureau / outsourcing services based on a SLA / purchase order from customers whereby customers may request for specific outsourcing services, and our Group will provide a proposal / quotation for the customers to view.

The process is further elaborated below:

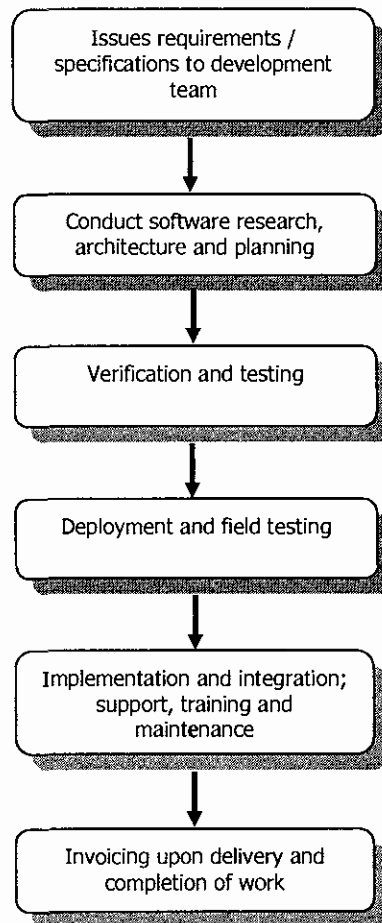
- (1) Our Group submits a proposal and quotation to the customer based on our understanding of their needs for specific outsourcing services;
- (2) Where the customer is agreeable to the proposal and quotations for our outsourcing services, we will enter into SLA with the customer and will start the outsourcing job in project management mode. Our project management team will then work out the project implementation timelines with the customer, develop card profiles and scripting, perform UAT by generating the test card for approval, pilot the card and subsequently conduct the live card production in mass quantity;
- (3) The card production file process start with the process of downloading of card production data from customer server, transferring and preparation of card production data according to machine file format and personalisation of card which include encoding of data, embossing and printing of cards, insertion of card into mailers and envelopes and lastly, the packing and mailing of card to customers / end applicants;

6. BUSINESS OVERVIEW (Cont'd)

- (4) Generation of card production reports is performed on a daily basis. Our production team will compile all daily production reports into a monthly card production report for sales department to generate the sales order. The sales order will in turn be submitted to Finance Department in order for them to begin the invoicing process; and
- (5) We invoice the customer for the card outsourcing services rendered.

(ii) Smart card printer software development

The process taken by our Group in developing the smart card printer software is as follows:



The process of smart card printer software development is further elaborated below:

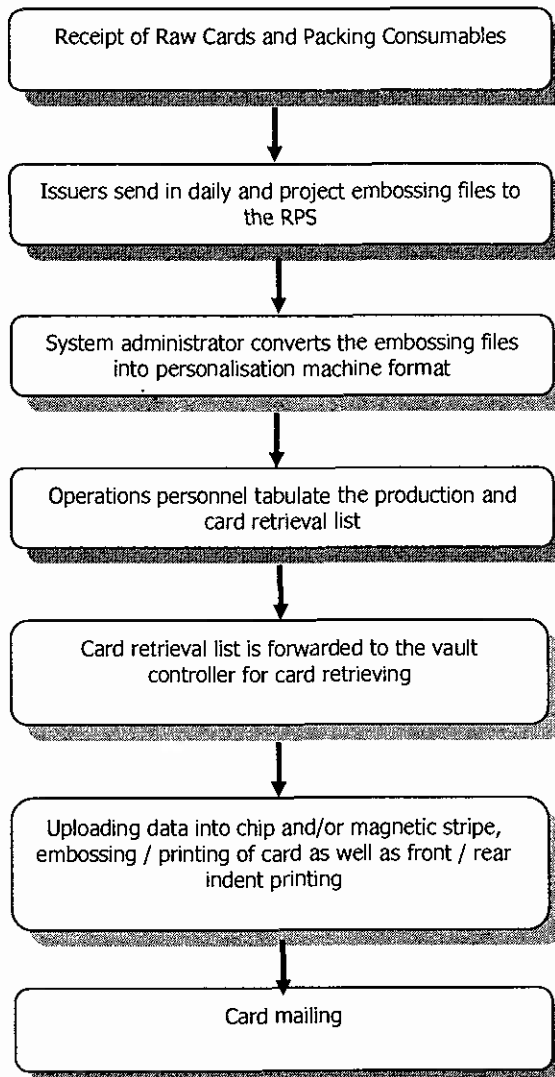
- (1) Our software product development starts with the request from the management / customer. The software product specifications are drafted by the R&D / professional services team and reviewed by the head of division / management. The R&D team will then discuss and finalise the product and project scope to ensure a timely product delivery;
- (2) With the defined list of software specifications, the R&D team will brainstorm, discuss, develop and implement the structure and architecture of the software. The software will be worked on by a different engineer for each section in order to speed up the development and implementation timeline;

6. BUSINESS OVERVIEW (Cont'd)

- (3) The completed software will be tested on its functionality and features as required by the product requirements. If the testing fails, the codes will be debugged and fixed (if the failures are due to software coding issue) to meet the requirements. When it passes and meets all the design specification and features, then it will move to next step;
- (4) At this stage, the software will be subject to testing on an actual application environment for the UAT. If the testing fails, the codes will be debugged and fixed (if the failures due to software coding issue) to meet the requirements. When it passes and meets all the design specification and features, it will then be signed off for test implementation;
- (5) The completed and tested software will be implemented and integrated into the customer's system as per project specifications, procedures and timelines. In addition, there will also be the provision of software training and support to the customer and customer service personnel. Further support and maintenance will also be conducted where requested by the customer; and
- (6) We invoice the customer for the smart card printer software development services rendered.

(iii) Smart card personalisation services

In terms of the process to be carried out at the RPS centre for the production from a raw card to a personalised card, the following is the process flow:



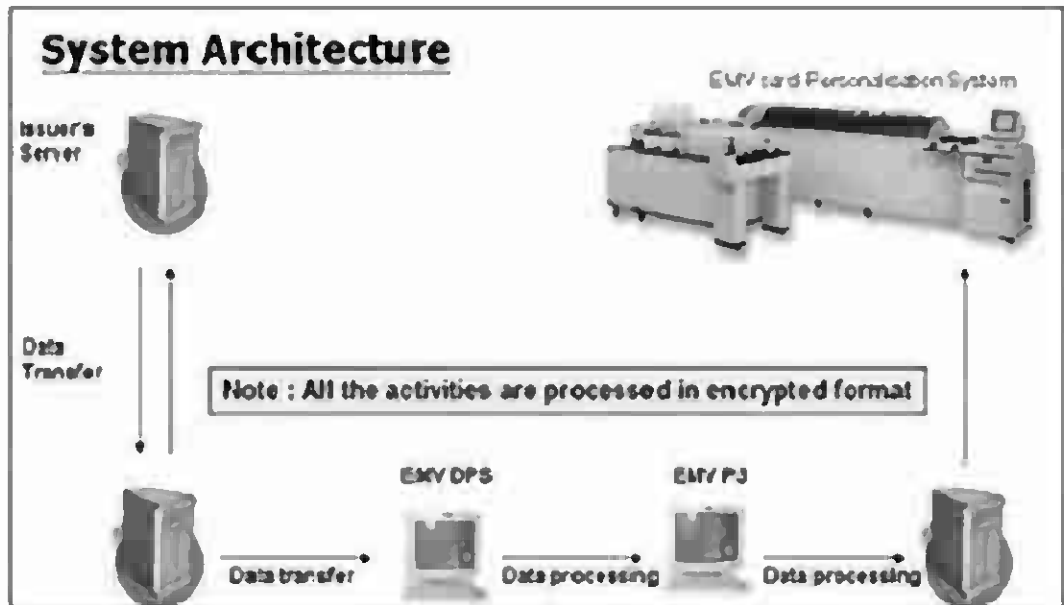
6. BUSINESS OVERVIEW (Cont'd)

The descriptions of the above process flow are as follows:

- (1) At the beginning stage of the process flow, the issuers or their authorised contractors send in pre-printed PMPC / ATM and EMV credit cards and packing consumables to the RPS centre;
- (2) Issuers send in daily and project embossing files to the RPS centre via File Transfer Protocol ("FTP"). The embossing files contain card holder information, conversion report (packing details), and mailing list for the card personalisation issuance. For security reasons, the data is transferred in the form of production files and splitting reports using an encrypted format;
- (3) The system administrator converts the embossing files into personalisation machine format to enable the personalisation activities. Then the card personalisation machine integrates and incorporates the data into the card itself. Conversion and mailing reports are converted and subsequently printed to ensure accuracy and for the card mailing process respectively;
- (4) Upon receiving the conversion and mailing report, operations personnel in the RPS centre tabulate the production and card retrieval list for card retrieval and set up purposes;
- (5) Card retrieval list is forwarded to the vault controller for card retrieving. Subsequently, the pre-printed raw cards are handed over to the production operator for the next stage of the process;
- (6) All cards received are counted and checked before the actual personalisation process. Production supervisors concurrently load and decrypt the appropriate files into the daily production schedule. Thereafter, the operator carries out the card personalisation in accordance with the card type requirements (this includes personalisation of data into chip and/or magnetic stripe, embossing / printing of card as well as front / rear indent printing). All cards are subjected to the QC procedure to ensure that the cards are correctly personalised; and
- (7) Upon receiving the personalised cards, the mailing team carries out the mailing activities which consist of card sorting, insertion of brochures / promotional leaflets, and final packing. Sorted cards (by issuer / bank branch / card holder addresses) are counted and appended with dispatch documents before being dispatched out of the RPS centre.

6. BUSINESS OVERVIEW (Cont'd)

The above process can be matched to the system architecture used at the RPS to conduct smart card personalisation, which is as follows:



- (1) Firstly, data from the customer is transferred to the RPS's computer server for processing. The data that is transferred is the personalised information of each cardholder that needs to be incorporated into the cards, in both physical and logical form. The physical personalisation is the aesthetic designs and patterns that will be printed on the cards, which includes the personalised cardholder's name, embossing of card number, and so on. The logical personalisation is the cardholder information that the customer wants to incorporate into the memory chip of each card. Typical information incorporated in the logical personalisation process includes the card holder's names, card identity number, contact information, and so on;
- (2) After the data is received at the RPS computer server, the data is transferred to the DPS where the data is reformatted into the card personalisation machine format;
- (3) The data is then transferred to the P3 system where the card's data printing format is generated for the card personalisation process; and
- (4) Finally the data is sent to the card personalisation system where the physical and logical personalisation is incorporated into each card, then sorted and finally mailed out to card holders.

6. BUSINESS OVERVIEW *(Cont'd)*

6.2.3 Business Development and Marketing

Our overall marketing strategy is aimed at ensuring the availability and competitiveness of a range of quality products and services to generate value for customers; and to enlarge the reach and entry into markets by way of R&D breakthrough and competitive solutions and services.

Our marketing strategies are as follows:

- (i) To provide advanced, innovative, and high quality products and services to our customers to meet or exceed their expectations in the fast-changing ICT market. To this end, our R&D activities via Smart Consult Solutions have focused on developing and enhancing systems and solutions for our Group's existing and new customers and carry out research into new technology that better meets the business and operations requirements of our customers. Technological advancements may create further opportunities for new applications (for the smart cards market) or enhanced systems (for the ICT solutions market). In order to tap onto these opportunities, we will have to ensure that our products, solutions and services are able to meet the current and future requirements of all our customers;
- (ii) To customise and deliver integrated solutions and services to maximise investment returns to customers. We will ensure that solutions implemented for customers are customised to suit their needs and individual business and operational requirements. All solutions will also be integrated into the existing systems used by the customers in order to enhance their efficiency and minimise their operational costs. As each solution implemented is an investment by the customer, delivering a customer-specific solution will assist the customer to generate returns on investment at the fastest possible rate due to the potential efficiencies and cost savings generated thereof;
- (iii) To focus on science and technology, and to continuously conduct in-depth R&D for the improvement and invention of advanced, innovative, and leading edge technologies to stay ahead of global competition. We, via Smart Consult Solutions, will focus on R&D to ensure that the products and services are of high quality and able to meet international standards. For instance, our Group will need to keep abreast of smart card technology in order to ensure that our personalisation products, solutions and services are able to meet our customers' needs to stay ahead of the competition; and
- (iv) To develop and establish strong distribution channels and marketing network to increase and widen our market penetration. To this end, we plan to continue with the existing groups of suppliers, distributors and resellers, while also leveraging on the global brands of their strategic partners to increase and widen our marketing and distribution network. In addition, our Group will continue to strengthen the capabilities of our distribution channel to continuously generate new marketing avenues for our Group.

Our Group's strategy to continuously develop a strong portfolio of ICT solutions through driven and focused R&D is expected to bolster the marketing process as customers will be able to select from various existing solutions and to further obtain greater customisation via a specific system or solution.

Our Management believes that through implementation of the above measures, our Group will be able to create more value added solutions and services for our customers to fully transform Datasonic into a established ICT player within the next five (5) years after Listing.

6. BUSINESS OVERVIEW (Cont'd)

6.2.4 Distribution Channels

Our products and services are marketed through our direct sales channel and through our appointed business partners and resellers.

Within our Group, there are ten (10) sales personnel, each serving a different market segment from the Government segment to the financial and commercial segments.

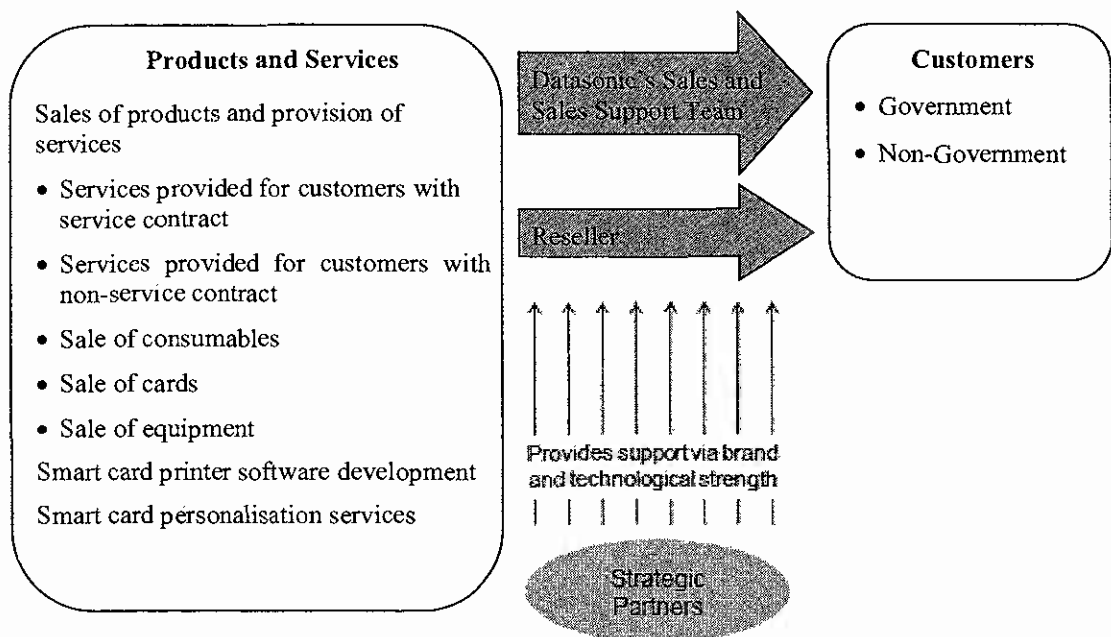
As at the LPD, we have appointed one (1) reseller to serve the Northern Region in Peninsular Malaysia, three (3) resellers to serve the Central Region and one (1) reseller to serve the Southern Region. We have one (1) representative office in Sabah to serve East Malaysia region. These resellers have collectively contributed approximately 3.18%, 1.99%, 0.65%, 0.21% and 0.48% of our total revenue for the past four (4) FYE 31 December 2008 to 2011 and the FPE 29 February 2012.

Apart from the distribution channels, sales of our products and services are further enhanced via our strategic alliance with local and foreign business and technology partners. The following are our strategic partners who have worked closely with us, and whose brands and technological strengths are well established in the market:

- (i) Datacard Corporation – a company involved in the provision of secure ID and personalisation solutions for more than 30 years. The company has a global presence in more than 120 countries across the world; and
- (ii) Huawei Technologies (Malaysia) Sdn Bhd – a subsidiary company of Huawei Technologies Co., Ltd, China which is involved in the provision of NGN. The company is our strategic technology partner and we have worked together with Huawei Technologies (Malaysia) Sdn Bhd for the Telekom Malaysia Berhad NGN project under Establish, Operate and Transfer (“EOT”) partnership model.

Our Group’s sales and distribution channels described above are illustrated below:

Sales and Distribution Channels



6. BUSINESS OVERVIEW (Cont'd)

6.2.5 Principal Markets

Malaysia is our principal market. For the FYE 31 December 2010 and FYE 31 December 2011 as well as the FPE 29 February 2012, the breakdowns of our revenue by end customer category and business segments are as follows:

Revenue by end customer category	FYE 31 December 2010		FYE 31 December 2011		FPE 29 February 2012	
	RM'000	%	RM'000	%	RM'000	%
Government	23,899	55.29	67,239	77.89	23,894	91.57
Non-Government	19,324	44.71	19,090	22.11	2,199	8.43
	43,223	100.00	86,329	100.00	26,093	100.00
Consolidation adjustments *	(3,672)		(7,922)		(8,777)	
Total	39,551		78,407		17,316	

Note:

* The consolidation adjustments are in relation to inter-company sales

Revenue by business segment	FYE 31 December 2010		FYE 31 December 2011		FPE 29 February 2012	
	RM'000	%	RM'000	%	RM'000	%
Services provided for customers with service contract	20,705	47.90	38,877	45.03	6,553	25.11
Services provided for customers with non-service contract	740	1.71	560	0.63	7	0.03
Sale of consumables	12,546	29.03	17,984	20.83	6,169	23.64
Sale of cards	1,695	3.92	653	0.76	12,558	48.13
Sale of equipment	2,233	5.17	23,191	26.86	241	0.92
Smart card printer software development	1,113	2.57	295	0.34	41	0.16
Smart card personalisation services	4,191	9.70	4,769	5.53	524	2.01
	43,223	100.00	86,329	100.00	26,093	100.00
Consolidation adjustments *	(3,672)		(7,922)		(8,777)	
Total	39,551		78,407		17,316	

Note:

* The consolidation adjustments are in relation to inter-company sales.

6. BUSINESS OVERVIEW (Cont'd)

6.2.6 Competitive Strengths

We believe that our historical performance and future prospects are underpinned by a combination of our competitive strengths. With our long established presence in the smart cards market in Malaysia, we have been able to build on our core competencies.

Our competitive strengths include:

(i) Exclusive distributor of Datacard® Central Issuance Systems and Solutions in Malaysia

We are the exclusive distributor in Malaysia for Datacard Corporation for Datacard® Central Issuance Systems and Solutions through Datasonic Corporation since 1991. There is a close working partnership between Datasonic Corporation and Datacard Corporation.

As Datacard Corporation is an established brand and generally accepted by governmental and financial institutions sectors. Being the exclusive distributor of Datacard® Central Issuance Systems and Solutions in Malaysia gives us the competitive edge over our competitors. We have leveraged on Datacard Corporation to make inroads into the Malaysia smart card personalisation market.

(ii) Established relationships with foreign smart card players

Other than Datacard Corporation and its related companies, our Group also has established relationship with other foreign smart card players, namely, Digital Identification Solutions AG ("DIS"), Germany (provider of ID cards and passport/visa applications), IXLA S.A. of Italy (provider of hardware, laser source and software for laser card personalisation) and Trüb AG Switzerland (manufacturer and personalisation provider of national ID documents and passport datapage). Such relationship shall benefit our Group in terms of widening the range of products and services in the area of laser engraving technology for desktop smart card personalisation solutions.

Our Group works with DIS to develop the decentralised printing system and solutions for the NRD where DIS supplies the LCP9000 desktop laser colour printers whilst we develop and integrate the printing solutions to enable printing of MyKad with laser engraving features in a single pass approach in decentralised desktop environment. With the support from DIS as the principal, it has enable us to offer the new decentralised printing solutions to NRD which lead to the securing of the RM20.7 million contracts from NRD for the decentralised MyKad issuance printing systems.

Apart from that, our Group works with IXLA S.A. in the development of our proposed new passport booklet as well as foreign worker card for Immigration Department of Malaysia. IXLA S.A. is the principal for the IXLA XP4 laser printer whilst we develop, customise and integrate our software solutions for the proposed high security passport booklet with polycarbonate datapage.

In addition, our Group also works closely with Trüb AG Switzerland in our proposed passport project to design and customise the polycarbonate datapage for Immigration Department of Malaysia. The new proposed design for the polycarbonate datapage for the passport was customised specifically for the Immigration Department of Malaysia. We also integrate our solutions to perform the personalisation of the polycarbonate datapage and chips by using Datacard Corporation PB6500 passport printing system and IXLA XP4 desktop laser printer for the production of high security e-passport.

The strategic partnerships with the abovementioned multi-national companies provide us with a wider range of products and services in secure ID and card personalisation solutions. Our Group's partnership with these foreign smart card players which are the established global leaders in the smart card industry has enabled us to reach out to a wider target market.

6. BUSINESS OVERVIEW (Cont'd)

(iii) Technical competencies

Our Group's long history in the smart cards market in Malaysia has provided us with technical competencies to develop advanced and innovative solutions for our customers. Our technical team possesses experience and technical know-how to develop in-house multi-applications solutions which enable systems integration with other system vendors.

Our Group's technical capabilities is one of the key reasons why our customers continue to select Datasonic to provide service and technical support when they purchase our products and services in Malaysia.

(iv) Expertise in project management

Our team of professional staff are well-equipped with expertise in project management skills, having implemented and managed projects for the Government and non-Government sectors. Among some of the projects which our team has managed include the GMPC project, EMV migration, Visa and Pass system, BPA system, new raw MyKad and polycarbonate datapage passport project.

Our Group's strength and expertise in project management continue to drive the successful and timely completion of all project objectives and deliverables and we continue to generate high customer satisfaction which is evidenced by the continued patronage of our long-term customers.

(v) Experienced leadership team

Our Group has been led by an experienced Board with the relevant credentials to lead and drive our Group towards becoming an ICT solutions provider.

In addition, our dedicated management team has been successful in formulating and implementing our strategic plans with a sound review process to enable our Group to achieve our business goals and objectives.

We continue to train and develop our employees to build up our management and technical capabilities.

(vi) Commitment in R&D

We are committed in supporting R&D activities to ensure that our products, services and solutions are relevant and useful to the markets we serve. For the last four (4) FYE 31 December 2008 to 2011, we have invested approximately RM11.59 million in R&D. In 2010, we have successfully developed a smart card OS through our R&D activities. The focus on R&D is dual-pronged to provide better solutions for our existing customers in order to meet the present needs of the market and also to conduct research into newer technologies in order to remain competitive.

(vii) Established relationships with the Government

Our Group, via Datasonic Corporation, has been involved in the provision of smart card personalisation products and services for the GMPC project since 1999. Building on this long-term relationship with the Government, our Group has also extended our services to include the provision of customised ICT solutions to other ministries and agencies.

In addition to the established relationship with the various Government agencies, we have also secured several long term contracts from the various Government agencies which include Visa and Pass project, BPA project, OKU project, decentralised printing system for new MyKad and MyKid projects and polycarbonate datapage passport project.

6. BUSINESS OVERVIEW (Cont'd)

(viii) One-stop centre for smart card personalisation

We act as a one-stop outsourcing centre for financial institutions and corporate customers with regards to the personalisation of their ATM / PMPC and EMV cards. Our RPS centre provides complete personalisation solutions and services for our financial and corporate customers and we help manage our entire financial card issuance processes from procurement, card personalisation to distribution of cards to their end consumers.

Our RPS centre has obtained the certification from various bodies which include Visa International, MasterCard International, Proton World International as well as Malaysia Electronic Payment System for our adherence to the stringent standards on card issuance which enable us to issue all kinds of ATM, debit and EMV card for all our banking customers. As an independent personalisation solutions provider, we can work with all cards vendors and manufacturers supporting their chip and card platforms and applications for our card personalisation solutions. This gives us the competitive edge in terms of our technical strength and experience in personalising all kinds of financial cards in the market for our customers.

6.3 SEASONALITY

Our Group does not experience significant fluctuations in our business due to seasonal factors.

6.4 PRODUCTION

6.4.1 Production Facilities

RPS centre is a service bureau centre certified by bodies like Visa International and MasterCard International to perform financial card (ATM, debit and EMV credit cards) personalisation services. Currently, our RPS centre is capable of producing more than 2.00 million personalised PMPC / ATM and EMV cards per annum. In 2011, we produced a total of 2,951,093 personalised cards. As at 29 February 2012, the NBV of the material plant and equipment of our RPS centre is RM1.34 million.

6.4.2 Production Capacity and Output

As at 29 February 2012, our RPS centre production capacity is summarised in the table below:

Production area	Factory equipment and machineries	Production capacity	Production output	Production utilisation
sq. ft.		Number of cards per day*	Number of cards per day**	%
3,500	Two (2) units of DC9000 and three (3) units of MX6000 Central (Large Volume) Issuance System	15,480	10,150	65.57

Storage area	Storage capacity
sq. ft.	
1,500	1 million cards and consumables

Notes:

* Based on three (3) eight (8)-hour shifts per day of 22 working days per month.

** Based on two (2) eight (8)-hour shifts per day of 22 working days per month.

6. BUSINESS OVERVIEW (Cont'd)

We also plan to increase our production capacity with the new RPS centre as part of our future plans. Further details on the expected increase in our production capacity after completion of the new RPS centre are set out in Section 6.15 of this Prospectus.

6.5 TECHNOLOGY USED AND DESIGN & DEVELOPMENT

Our Group recognises that R&D is an integral part of our operations. We keep abreast with new technologies and designs in order to stay ahead of competition. We invest in R&D to produce innovative solutions for our customers in order to fulfil market demand and the needs of our customers which in turn enhances our competitive edge.

In terms of R&D investment, our Group has spent an average of RM2.90 million per year for the last four (4) FYE 31 December 2008 to 2011. The table below sets out the R&D expenses for the past four (4) FYE 31 December 2008 to 2011 and the FPE 29 February 2012:

R&D expenses	<----- FYE 31 December ----->				FPE 29
	2008	2009	2010	2011	2012
	RM	RM	RM	RM	RM
MX6000 central issuance system	2,606,854	-	-	451,213	-
Decentralised desktop issuance system	-	475,418	25,054	-	-
Development cost	-	-	3,558,441	2,851,445	52,813
Personnel cost	200,629	242,365	297,336	882,905	14,034
Total R&D expenses	2,807,483	717,783	3,880,831	4,185,563	66,847
Total R&D expenses as a percentage of our Group's total revenue (%)	10.20	2.23	9.81	5.34	0.39

In 2008, our Group has incurred R&D expenses amount to approximately RM2.81 million which was mainly attributable to the purchase of new MX6000 central issuance system for R&D to provide laser engraving on new polycarbonate card.

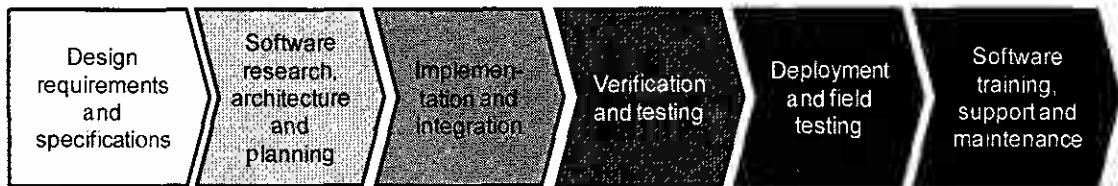
However, in 2009, we incurred a lower R&D expenses of approximately RM0.72 million given that we have only invested in some smaller scale decentralised desktop issuance systems.

Subsequently in 2010, we invested approximately RM3.88 million in R&D expenses for the development of the smart card OS in preparation for the Proof of Concept in relation to the supply of 4 million new raw MyKad to the NRD.

In 2011, we invested approximately RM4.19 million in R&D expenses of which RM2.85 million was for the development and enhancement of smart card operating system for NRD.

6. BUSINESS OVERVIEW (Cont'd)

In conducting our R&D, we employ the following R&D cycle:



(i) **Stage 1: Design requirements and specifications**

Our software product development starts with the request from the management or our marketing / sales department based on our market research and feedback (which is obtained from market analysis and study on the existing markets and new market potential) and our customer requirements. From the required software product features and application requirements, our R&D team will develop the software product specifications. The software product specifications developed by our R&D team will be reviewed by our management and the marketing / sales team. After getting the necessary feedback, our R&D team will then finalise the product and project scope to ensure a timely product delivery.

(ii) **Stage 2: Software research, architecture and planning**

With the defined list of product specifications, our R&D team will brainstorm, discuss and develop the structure and architecture of the software with inputs in the form of specifications, application, suppliers' and software tools' capabilities. A process known as 'divide and conquer' is then applied to partition the planned application into multiple blocks and sections so that each block and section will be handled by a different engineer to speed up the development and implementation timeline.

(iii) **Stage 3: Implementation and integration**

During the implementation phase, our project team members will start the coding and programming upon assignment of the blocks or sections to them. Each block must have the ability to interface with the previous and next blocks. All the blocks will then be integrated together to have the master software codes for the designated software product before proceeding to hardware emulation and debugging. After implementation and integration, the engineering team will document the internal design of the software for verification, testing, deployment, maintenance and future product enhancements.

(iv) **Stage 4: Verification and testing**

During this phase, the software codes will be ported to a hardware emulator to test the software's functionality and features as specified in the product requirements. The emulator may be subjected to testing with other applications (key management system, smart card reader, and others). If the testing fails, the codes will be debugged and fixed to meet the requirements. When it passes and meets all the design specifications and features, it will move to deployment and field testing.

(v) **Stage 5: Deployment and field testing**

Deployment will start after the software codes are thoroughly verified and tested. At this stage, the software codes would be loaded into the testing device (hardware). The software codes will then be subjected to testing on an actual application environment. If the testing fails, the codes will be debugged and fixed to meet the requirements. When it passes and meets all the design specifications and features, it will then be released for user acceptance testing, or field testing or POC depending on the customer requirements.

6. BUSINESS OVERVIEW (Cont'd)

(vi) Stage 6: Software training, support and maintenance

This phase focuses on the provision of software training and support to the application engineer, customer service and end customer. The training will serve to optimise software usage and functionalities. Training classes are also regularly conducted for experienced and new users to enhance their skills and usage of the software.

After field deployment, the software system will be maintained and enhanced based on newly identified problems, issues, usage feedback and new requirements from the users.

Current R&D activities

R&D on smart card OS represents one of our core R&D activities. Smart card OS is traditionally designed as an independent product such as the native chip operating design which can cater for many applications. Due to the nature of the smart card's native chip OS, any design changes will require code modifications. The challenge for the designer is to ensure code efficiency and appropriateness on the memory allocation for existing applications loaded in the chip. The smart card chip's memory would need to be dynamically manipulated to handle a variety of applications. Currently our R&D team is working towards the goal of attaining an acceptable level of functionality for the MMU with the minimum code size.

Our R&D team is also focusing on chip OS portability to make smart card chip OS as neutral as possible in order to simplify the hardware porting process. Software-based encryptions needed to perform this function. Software-based encryption is more cost-effective and efficient for hardware porting, thus making it the preferred choice for users. Our R&D team has been conducting a process of converting the algorithm into code and evaluating the performance which is aimed at further optimising the code and performance. In 2010, our Group has successfully developed our own smart card OS, which has successfully developed the POC for the Government. This proprietary OS will be used for the proposed new fully carbonate MyKad structure. In 2011, in addition to our software development on card operating system, our R&D team is also exploring the smart card application under android tablet OS.

Apart from the development of smart card OS, we have also carried out extensive R&D activities in the development of centralised and decentralised smart card issuance system and solutions which involve the adoption of the latest laser engraving technology and other smart card security features in order to enhance our smart card system solutions for our customers. Since 2008, our Group has invested in centralised and decentralised system and software and has successfully developed and customised centralised and decentralised system and solutions for our customers.

In addition, our Group has successfully developed an instant credit card issuance application system and solution for the banking industry. In 2010, our Group has secured a contract from a foreign bank and has helped our customer to launch the credit card instant issuance system in more than 15 branches nationwide.

As a result of our R&D efforts, we have, through Dibena Enterprise, secured the following project:

- (i) Supply of 5 units of MX6000 for the centralised smart card issuance system;
- (ii) Supply of 20 units of LCP9000 colour laser printer for the decentralised smart card issuance system; and
- (iii) Supply of 14 units of CP80 Plus card printer for the decentralised smart card issuance system.

In addition to our R&D in smart card OS, our Group has also undertaken R&D activities in the following areas in line with our strategy to be an ICT player and to remain competitive in our core business:

6. BUSINESS OVERVIEW (Cont'd)

- (i) Modularising components of smart card software system and OS to support different applications and shortening the development cycle in the customisation process;
- (ii) Development of multi-purpose secure ID solutions with the aim to become a one stop solutions provider in the smart card market;
- (iii) Development of integrated front-end and back-end smart card solutions for Government and non-Government applications;
- (iv) Development of advanced Total HIS using personal digital assistant and JCI procedure to improve the quality and safety of healthcare; and
- (v) Development of multi model biometric border control system for the Government.

Our R&D team has also worked on the GMPC project to improve and enhance the quality and security features of the national identity cards. The scope of enhancement is categorised into 3 categories:

- (i) Support of dynamic application structure – In terms of smart card applications, we have developed a very thorough and subtle design for memory re-allocation and re-arrangement to support the loading of applications dynamically without affecting applications that co-exist on the chip;
- (ii) Support of the most widely adopted encryption algorithm – We continue to improve on our proprietary solution by supporting the most widely adoption encryption algorithm such as Triple DES, Advance Encryption Standard (“AES”) and the RSA and develop our Group’s solutions; and
- (iii) Support of hardware platform portability – We provide support for the portability of the smart card OS onto different hardware platforms. Our R&D team has the capability of developing our smart card OS into a hardware-platform-neutral design and the ability to create a HAL which communicates between hardware and the designed OS. Our R&D team has started work on the HAL library some years back and is continuously improving the HAL library.

Our Group’s R&D personnel and facilities

As at the LPD, we have a total of ten (10) dedicated personnel involved in R&D work, supported by 23 technical staff.

We have adequate facilities to provide our customers with a comprehensive and complete range of solutions for chip based security products for both their local and overseas projects.

Within our areas of specialisation, our R&D team has invested significantly in both hardware and software resources in order to perform smart card chip OS development, validation, testing and maintenance. Our hardware and software investments include:

- (i) Centralised and decentralised printer systems (hardware and software) for R&D development;
- (ii) Handheld and personal computer based readers from various manufacturers to check the chip OS performance and design efficiency;
- (iii) Emulator from different chip manufacturers for chip OS porting and HAL library development purposes;
- (iv) In-house validation tool for chip design and code integrity verification; and
- (v) Probing tool used to support projects which require the Application Protocol Data Unit command backward capability.

6. BUSINESS OVERVIEW *(Cont'd)*

We also intend to utilise part of our IPO proceeds to expand our Group's R&D activities.

Future R&D plans

Moving forward, we will be focusing our 5-year R&D plan on the development of more customised, integrated systems / applications to support our operations and business growth and will be working on the following areas:

- (i) Java OS Applets (Contact-based and Contactless-based) and Smart Card Reader Application Software;
- (ii) Native COS (Contactless-based) and Smart Card Reader Application;
- (iii) Native COS (Contact and Contactless-based) with AES-256 and RSA-4096 + KMS (Key Management System) and Smart Card Reader Application Software;
- (iv) MiFare / MiFare+ / DESFire (Contactless-based) solutions;
- (v) Integrated, customised smart card application software (centralised and decentralised) solutions for Government, banking and commercial sector;
- (vi) e-Hospital solutions which include Total HIS, Laboratory Information System, Blood Bank Information System and etc; and
- (vii) Multi model biometric solutions (fingerprint, facial/ iris recognition), e-Passport solutions, web-enabled Visa and Pass system, i-Visa and e-Visa system and other smart card related solutions.

6.6 QUALITY ASSURANCE

We have a team of five (5) supervisors in our RPS centre who are responsible for our quality assurance. There are sixteen (16) team leaders who are assigned with QC responsibility. These QC personnel perform cross-functional QC activities across all production lines.

During production, our assigned team leaders and QC personnel are divided into sections to perform QC activities in accordance with their assigned production lines. Our QC control revolves around the 'maker and checker' concept in which production operators are the makers while the team leader and QC personnel shall serve as the checkers respectively. Our process ensures that the quality of our cards is at its highest and enables the QC personnel to detect and rectify shortcomings promptly and accurately.

The duties of the QC personnel include:

- (i) Performing verification on cards retrieved from vault;
- (ii) Performing QC checks via our QC system on cards produced based on sampling method in accordance with QC matrix;
- (iii) Performing QC checks on card recycling activities;
- (iv) Performing QC checks on damaged or rejected cards;
- (v) Compiling production records on rejected cards for analysis;
- (vi) Analysing the production reject ratio; and

6. BUSINESS OVERVIEW (Cont'd)

- (vii) Verification on reconciliation activities performed at certain pre-set stages of the card production.

In addition to the above QC process, we have also established a Production and Operations Management ("POM") Department to further strengthen our QC processes and procedures. The POM Department is independent of the RPS centre. This will allow POM personnel to perform the quality and compliance checks independently based on existing policies, procedures and processes of RPS centre to ensure that our standards and guidelines are strictly adhered to.

In accordance with our POM Compliance Policy, our POM personnel are required to perform compliance checks on the regular basis on all RPS entities, systems, hardware, process and personnel. This is in-line with our internal Audit Policy and the standards of Visa and MasterCard, as well as industry best practices. Apart from that, POM personnel also carry out the project management role for RPS businesses to deal with all banks on their business requirements and to document all project papers, processes and procedures.

We have our POM Compliance Policy which sets out in detail the compliance coverage, scope and duties of compliance officers, and key areas of compliance such as daily production, security and IT systems, environment and safety, destruction of secure items, quality assurance, training and maintenance.

Waste management programme

Managing waste from the RPS centre is part of our QC management as the waste is considered secured waste which contains confidential information of cardholders of our customers. Such secured waste has to be disposed safely and securely. The disposal of waste is subject to strict control.

All items to be destroyed are shredded using a cross cut shredder on a daily basis to ensure that information on the rejected items is beyond retrieval by unauthorised parties. The waste is then disposed according to our Group's internal procedure for the said waste disposal.

Maintenance policy

We also have a maintenance policy designed to ensure that all machinery, information technology infrastructure and other assets and premises are kept in good order for our Group.

Our Group's maintenance policy includes:

- (i) Periodic review of machine maintenance, analysis of hardware downtime and rectification plan;
- (ii) Periodic review of the maintenance of information technology infrastructure to include activities such as housekeeping, installation of system patches, antivirus maintenance, cabling and control of testing protocols;
- (iii) Periodic review and maintenance of general hardware such as smoke detectors, magnetic locks, alarm testing, functional doors and bypass door keys; and
- (iv) Periodic maintenance for external and internal premises such as staircases, hand rails, lights, floodlights, sirens, locks, emergency doors to ensure that all items are kept in order and fully functional.

6. BUSINESS OVERVIEW (Cont'd)

6.7 MAJOR CUSTOMERS

Our major customers (i.e. those which contributed 10% or more of total sales) for the past four (4) FYE 31 December 2008 to 2011 and the FPE 29 February 2012 are as follows:

Major customers	Customer category	Types of products and services purchased	Approximate length of relationship years	FYE 31 December <----->									
				2008		2009		2010		2011		FPE 29 February 2012	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Dibena Enterprise (for our end customer, NRD)	(1)	(3) and (5)	15	13,137	47.73	17,666	54.95	14,049	35.52	34,819	44.41	290	1.67
Dibena Enterprise (for our end customer, Huawei Technologies (Malaysia) Sdn Bhd)	(2)	(3) and (4)	3	-	-	919	2.86	8,597	21.74	10,907	13.91	1,162	6.71
NRD	(1)	(3) and (5)	15	-	-	-	-	3,462	8.75	8,691	11.08	9,536	55.07
Immigration Department of Malaysia	(1)	(3)	15	2,740	9.95	1,792	5.57	1,864	4.71	14,103	17.99	5,370	31.01
Total by major customers				15,877	57.68	20,377	63.38	27,972	70.72	68,520	87.39	16,358	94.46
Total revenue				27,524	100.00	32,149	100.00	39,551	100.00	78,407	100.00	17,316	100.00
Total number of customers				57		59		65		51		26	

Notes:

- (1) Government.
- (2) Non-Government.
- (3) Services provided for customers with service contract such as maintenance and technical support for the NRD, Immigration Department of Malaysia, NGN project for Telekom Malaysia Berhad and other service contracts with customers like Genting Malaysia Berhad, Citibank Berhad and others.
- (4) Services provided for customers with non-service contract such as receipt of customer request / order, execution of service or provision of parts / equipment replacement and the issuance of bills to corporate customers.
- (5) Sales of consumables such as ribbons, cleaners, and products for card lamination.

6. BUSINESS OVERVIEW (Cont'd)

For the FYE 31 December 2011, our Group has 51 customers which include those with secured contracts with us and those without secured contracts with us but who provide orders to us on an ad-hoc basis. Generally, these customers are from the Government, financial institutions, ICT and telecommunication sectors.

Dibena Enterprise is our largest customer and accounts for 58.32% of revenue contribution for FYE 31 December 2011 and approximately 8.38% of revenue contribution for the FPE 29 February 2012. Dibena Enterprise is a consortium member of GMPC Corporation Sdn Bhd, in securing the GMPC contract from the NRD. Since 1999, we have been appointed as the sole sub-contractor to Dibena Enterprise to undertake the NRD project.

Most of our Group's sales for the FYE 31 December 2008 to 2011 were made to Dibena Enterprise and accounted for almost half or more of the total Group sales per annum. Dibena Enterprise is therefore the largest customer for our Group. Hence, our Group is dependent on Dibena Enterprise. To mitigate the potential conflict of interest due to Dato' Abu Hanifah bin Noordin's interest in Dibena Enterprise and our Group, as detailed in Section 10.3 of this Prospectus we have taken the necessary steps by obtaining a letter of irrevocable undertaking dated 19 August 2011 from Dibena Enterprise to undertake the following:

- (i) Dibena Enterprise and its group of companies ("Dibena Group") shall not engage, participate, compete (whether directly or indirectly) with Datasonic Group in similar business activities;
- (ii) Dibena Group shall not bid or tender for any projects which are of similar business with Datasonic Group either directly or indirectly through any of the companies under Dibena Group; and
- (iii) Dibena Group shall not enter into similar business arrangement with any third party which will be in direct competition with the principal activities of Datasonic Group.

In addition, our Group has also procured a similar letter of irrevocable undertaking directly from Dato' Abu Hanifah bin Noordin.

Notwithstanding the above, we wish to highlight that the NRD project was awarded by the Government. The irrevocable undertakings from Dibena Enterprise and Dato' Abu Hanifah bin Noordin, respectively are not binding on the Government. As such, there is nothing to prevent the Government from awarding any projects to other companies outside our Group as well as the Dibena Group.

As disclosed in Section 15.4 of this Prospectus, our Group is currently engaged in a material litigation with Huawei Technologies (Malaysia) Sdn Bhd. However, our Group's financial performance will not be materially affected as the contribution of Huawei Technologies (Malaysia) Sdn Bhd to our Group has been decreasing since FYE 31 December 2010. In addition, our Directors are of the opinion that the abovementioned material litigation would not affect the business relationship with Huawei Technologies (Malaysia) Sdn Bhd as our Group is continuously fulfilling our Group's obligation for the NGN project.

6. BUSINESS OVERVIEW (Cont'd)

Presently, our Group acts as the sole subcontractor to Dibena Enterprise for the following contracts:

No.	Date of Award	Parties to the Contract	Nature of Contract	Duration of the Contract (From / To)	Contract Value (RM'million)
1.	17.06.2008	Dibena Enterprise and Datasonic Corporation	Supply of consumables to NRD	17.06.2008 until expiry or termination of main contract	39.6
2.	31.01.2011	Dibena Enterprise and Datasonic Technologies	NGN project	29.04.2009 to 03.09.2011 which was subsequently extended until 31.12.2011	26.1
3.	01.05.2011*	Dibena Enterprise and Datasonic Corporation	Supply of 5 units of MX6000, 20 units of LCP9000 and 14 units of CP80 Plus	01.5.2011 to 30.04.2013	24.3

Note:

* The tender was submitted by Dibena Enterprise in 2008, but only recently awarded by the Government in May 2011.

Notwithstanding the irrevocable undertaking letters provided by Dibena Enterprise and Dato' Abu Hanifah bin Noordin above, and that moving forward from 2010, all Government projects/contracts are being tendered and awarded directly by the Government to our Group via Datasonic Technologies, our Group will continue with the above subcontracting arrangement in view of the following:

- (i) With regards to the 1st contract, as stated in the table above, the Government had already granted a letter of award dated 2 September 2010 directly to Datasonic Technologies for the supply of consumables for the NRD project. The said contract, which was effective for a period from 1 December 2010 to 30 November 2011, was subsequently extended to 30 November 2012. Arising from this, our Group has been supplying the consumables directly to the NRD without having to rely on Dibena Enterprise;
- (ii) With regards to the 2nd contracts, as stated in the table above, for the NGN project, the contract has expired on 31 December 2011. Based on the terms of the contract, our Group is still fulfilling its obligation for all purchase orders received on or before 31 December 2011 for the NGN project; and
- (iii) With regards to the 3rd contract, as stated in the table above, for the supply of 5 units of MX6000, 20 units of LCP9000 and 14 units of CP80 Plus to the NRD, the delivery has commence in December 2011. As such, the potential conflict will be resolved upon complete delivery of the said units. Pursuant to the irrevocable undertaking letter dated 19 August 2011 from Dibena Enterprise, any future order by NRD will be awarded directly to the Datasonic Group.

6. BUSINESS OVERVIEW (Cont'd)

Although the dependency on Dibena Enterprise has been mitigated, our Group will continue to be dependent on NRD. The dependency is expected to be sustained given the three (3) new contracts secured from NRD, namely the supply of centralised and decentralised MyKad issuance system for NRD headquarters and 14 NRD branches nationwide, supply of 4 million of new raw MyKad with 100% polycarbonate material with new security features, OS and chips to NRD and the supply of new passport polycarbonate datapage and laser engraving personalisation equipments to the Immigration Department of Malaysia

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

6. BUSINESS OVERVIEW (Cont'd)**6.8 SUPPLIERS****6.8.1 Types, Sources and Availability of Materials**

Our Group mainly purchases equipment, cards and consumables for sale or to be used in the smart card personalisation services. The breakdown of purchases by our Group for our provision of ICT solutions, customisation of software and hardware for the FYE 31 December 2011 and the FPE 29 February 2012 is as follows:

Type of purchases	<----- FYE 31 December 2011 ----->				<----- FPE 29 February 2012 ----->			
	Value of purchases RM'000	% of total Group purchases %	Sources of supply		Value of purchases RM'000	% of total Group purchases %	Sources of supply	
			Local %	Import %			Local %	Import %
Consumables	6,446	19.82	1.39	18.43	842	16.02	-	16.02
Cards	5,966	18.34	5.49	12.85	555	10.56	9.56	1.00
Equipment	9,857	30.30	3.82	26.48	2,505	47.67	8.11	39.56
Software	445	1.37	0.48	0.88	32	0.61	-	0.61
Sub-contract/Services*	9,401	28.90	24.99	3.92	1,117	21.26	11.28	9.98
Others (mainly freight charges)	412	1.27	0.30	0.97	204	3.88	0.08	3.80
Total	32,527	100.00	36.47	63.53	5,255	100.00	29.03	70.97

Note:

* The sub-contract/services purchased by us are mainly as follows:

- (i) Sub-contract by Datasonic Technologies to Datasonic Corporation for the Maintenance and Technical support services in NRD; and
- (ii) Sub-contract works for NGN project for Telekom Malaysia Berhad, sub-contract works to support the Maintenance of Immigration Department of Malaysia and BPA project.

The purchase price of the above has remained stable over the last five (5) years. We are therefore not exposed to material price fluctuations in our purchases. In addition, there has been no shortage in the past. As we are the exclusive distributor for Datacard® Central Issuance Systems and Solutions in Malaysia, we do not expect to face any supply problem for our purchases of consumables and equipment.

6. BUSINESS OVERVIEW (Cont'd)

6.8.2 Major Suppliers

Our major suppliers (i.e. those which contributed 10% or more of total purchases) for the past four (4) FYE 31 December 2008 to 2011 and the FPE 29 February 2012 are as follows:

Major Supplier	Types of products and services purchased	Approximate length of relationship years	FYE 31 December <----->								FPE 29 February	
			2008		2009		2010		2011		2012	
			RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Datacard Corporation	Printing system and solutions, and consumables	21	6,641	61.49	3,408	34.92	4,618	26.13	10,211	31.39	1,774	33.76
Digital Identification Solutions Pte. Ltd.	Printing system and solutions, and consumables	3	-	-	476	4.87	-	-	3,577	11.00	1,101	20.95
Excelpoint Systems (Pte) Ltd	Chip Cards	2	-	-	-	-	2,015	11.40	-	-	-	-
Morpho Cards (Singapore) Pte. Ltd. (formerly known as Sagem Orga (Singapore) Pte Ltd)	Chip Cards	5	1,032	9.56	2,184	22.37	941	5.32	1,588	4.88	-	-
Intelium Sdn. Bhd.	Sub-contracting services	7	1,203	11.14	436	4.47	-	-	-	-	-	-
Total by major suppliers			8,876	82.19	6,504	66.63	7,574	42.85	15,376	47.27	2,875	54.71
Total purchases			10,799	100.00	9,761	100.00	17,677	100.00	32,528	100.00	5,255	100.00
Total number of suppliers			27		38		86		149		48	

6. BUSINESS OVERVIEW (Cont'd)

Our purchases are sourced from local as well as foreign suppliers. The foreign suppliers are located in countries such as US, Singapore, China and Italy. Over the last four (4) FYE 31 December 2008 to 2011 and the FPE 29 February 2012, Datacard Corporation was our single largest supplier. Therefore, our Group is dependent on Datacard Corporation for the supply of printing system and solutions, including consumables. Nevertheless, our Group has established a long term business relationship with Datacard Corporation since 1983. We have been the exclusive distributor of Datacard® Central Issuance Systems and Solutions in Malaysia since 1991 and this exclusive right has recently been extended for a period of three (3) years from 1 April 2011 to 31 March 2014.

6.8.3 Distributorship

As at the LPD, we have been granted distributorships by Datacard Corporation as detailed below:

Supplier	Type of Distributorship	Salient Terms and Conditions	Status of Compliance / Expiry Date of Distributorship
Datacard Corporation	Exclusive distributor	<p>Datacard Corporation has been appointed to distribute for resale to end users, within Malaysia of the following exclusive products which are part of the Datacard® Central Issuance Systems and Solutions:</p> <ul style="list-style-type: none"> (i) MX1000; (ii) MX2000; (iii) MX6000; (iv) Maxsys; (v) MXD/MXi; (vi) PB6500; and (vii) CI supplies and parts 	This distributorship is effective from 1 April 2011 to 31 March 2014.
	Non-exclusive distributor	<p>Datacard reserves the right to use any distribution method it may select at any place, including but not limited to Malaysia for the non-exclusive products for the desktop products comprising, amongst others:</p> <ul style="list-style-type: none"> (i) 150i embossing system; (ii) 280 series card personalisation system; (iii) 450 embossing system; and (iv) FP65i. 	

6. BUSINESS OVERVIEW (Cont'd)

Supplier	Type of Distributorship	Salient Terms and Conditions	Status of Compliance / Expiry Date of Distributorship
Digital Identification Solutions Group	Exclusive distributor	In view of the mutual commitment between Datasonic Technologies and Digital Identification Solutions Group on the supply of the LCP9000 desktop laser colour printers programme for the MyKad project, Datasonic Technologies has been appointed as exclusive distributor for Digital Identification Solutions LCP9000 desktop laser colour printers and consumables in Malaysia and the MyKad project.	This distributorship is effective from 10 October 2011.
Get International Fzco ("GET")	Exclusive distributor	Ministry of Home Affairs required that Datasonic Technologies be the local supplier of all ink ribbons and Crystagram holographic laminate film ("Consumables") for the GET/Toppan passport issuance system ("Project") pursuant to a supply contract entered into between the parties on 23 April 2012 ("Supply Contract"). GET will supply Datasonic Technologies exclusively with Consumables necessary for the Project in accordance with the requirements of Ministry of Home Affairs.	<p>This Supply Contract shall be effective for one (1) year from 23 April 2012 and will be automatically renewed for an additional one (1) year unless notice is provided by either party within thirty (30) days of the then current term.</p> <p>This Supply Contract will be automatically extended for as many years as the Customer Contract is extended by the Customer and such contract requires the sale of the Consumables to Datasonic Technologies.</p>

6. BUSINESS OVERVIEW (Cont'd)

6.9 MAJOR LICENCES, PERMITS AND REGISTRATIONS

As at the LPD, the major licences issued to our Group are summarised as below:

Company	Issuing Authority	Type of Licences/Description	Issue Date / Validity Period	Salient Conditions	Status of Compliance
Datasonic Corporation	Visa	Scope of Certification: i) Magnetic Stripe Personalizer ii) IC Personalizer	1 January 2012 / With effect from 1 January 2012 to 31 December 2012	Nil	Complied
Datasonic Corporation	MasterCard	To perform the card production activities e.g. card mailing, card personalizing, card embossing, card encoding and chip personalisation	1 April 2012 / With effect from 1 April 2012 to 30 April 2013	Nil	Complied
Datasonic Corporation	MEPS	ATM/ e-Debit Oberthur Cosmo v4 SDA/DDA	2 September 2010/ With effect from 2 September 2010 to 1 September 2012	Nil	Complied
Datasonic Corporation	MEPS	ATM/ e-Debit JMV PRO V2 on ST23ZL48	26 March 2012/ With effect from 26 March 2012 to 25 March 2014	Nil	Complied
Datasonic Corporation	MEPS	ATM/ e-Debit ST23YR18 PRISMA CP – 18K	5 July 2011/ With effect from 5 July 2011 to 4 July 2013	Nil	Complied
Datasonic Corporation	MEPS	ATM/ e-Debit ST23YS08 PRISMA BP – 8K	5 July 2011/ With effect from 5 July 2011 to 4 July 2013	Nil	Complied

6. BUSINESS OVERVIEW (Cont'd)

Company	Issuing Authority	Type of Licences/Description	Issue Date / Validity Period	Salient Conditions	Status of Compliance
Datasonic Corporation	MEPS	ATM/ e-Debit i) MULTOS MC1 18K on INFINEON SLE66CX186PE ii) MULTOS ML1 20K on INFINEON iii) MULTOS ML1 36K on INFINEON SLE66CLX206PEM SLE66CLX360PEM	4 May 2011/ With effect from 4 May 2011 to 3 May 2013	Nil	Complied
Datasonic Technologies	MOF	Company Registration Certificate* of Confirmation registration of Datasonic Technologies in the field of provider/ provision of services under sectors, fields, and sub-fields as listed below: 1. Personal computer & related peripheral & services 2. Small to large multi-user systems & services 3. Workstations and related peripheral & services 4. Software product & services 5. Other computer related services 6. Networking products & services 7. Laminated License/Certification & Security Pass 8. Communication products (“alat perhubungan”) 9. Teaching Aid Equipments (“alat bantuan mengajar”)	18 September 2011/ With effect from 18 September 2011 to 17 September 2014	Equity Conditions: No equity conditions imposed. <u>Major Conditions:</u> 1. This licence is granted based on information provided by Datasonic Technologies. 2. Any change/ alteration of information provided should be amended/ updated via online services i.e. “Modul Kemaskini Profil” at www.eperolehan.gov.my within 21 days from the date of modification. 3. The company shall disclose all the information if requested by the MOF within such period as set by the MOF.	Complied

6. BUSINESS OVERVIEW (Cont'd)

Company	Issuing Authority	Type of Licences/Description	Issue Date / Validity Period	Salient Conditions	Status of Compliance
		10. Signaling and Communications / Broadcasting Equipments ("alat semboyan perhubungan/penyiaran")		4. The company must ensure that there is no duplicity in the grant of registration for the categories of services under this certificate to the following companies:-	
		11. Hospital/ Equipments kelengkapan makmal")		i. Having common owners, board of directors, directors, management and employees;	
		12. Clothing/ safety equipment ("Pakaian / Alat keselamatan")		ii. Operating in the same premise.	
				5. The MOF has a right to conduct site visit or examine the audit at any time without first informing the company.	
				6. In the event of failure to comply with terms & conditions of registration, (including the abovementioned) would render;	
				i. Code of respective fields and/or Datasonic Technologies' registration be cancelled or suspended or revoked;	
				ii. The owner/ board of directors/ director be subjected to disciplinary action (e.g. blacklisted without notice if the information supplied is not genuine/ false)	

6. BUSINESS OVERVIEW (Cont'd)

Company	Issuing Authority	Type of Licences/Description	Issue Date / Validity Period	Salient Conditions	Status of Compliance
Datasonic Technologies	MOF	Bumiputera Company Registration Certificate / Certify that Datasonic Technologies has been granted/ awarded the status as "Syarikat Bumiputera" by MOF.	18 September 2011/ With effect from 18 September 2011 to 17 September 2014	<p>7. The company's registration with the MOF could be revoked/ cancelled and automatically extinguished from System ePerolehan in the event Datasonic Technologies failed to apply for renewal of registration after 1 year from the date of expiry of registration. Under such circumstances, Datasonic Technologies would have to make a new application.</p> <p>8. Datasonic Technologies' MOF registration shall be cancelled, suspended or revoked if the company committed any breach provided in the MOF licence.</p> <p>9. The company must ensure that the registration with MOF is valid throughout the period the contract is in force.</p>	Complied
				<p>Equity Conditions:</p> <p>1. The company shall always strive to maintain and increase its ranking so that:</p> <p>i. The Bumiputera composition in the equity structure, members of Directors, Chief Executive Officers, Executive Directors, General Managers, key personnel, employees within the management level and all other employees shall always exceed 51%.</p>	

6. BUSINESS OVERVIEW (Cont'd)

Company	Issuing Authority	Type of Licences/Description	Issue Date / Validity Period	Salient Conditions	Status of Compliance
				<p>ii. Bumiputera shall, as majority, play an important role in the company's business dealing, in monitoring or supervising management of the company, in managing company's finance, in making important decisions as well as attending meetings & other official dealings on behalf of the company.</p>	
<p><u>Major Conditions:</u></p>					
<p>1. If there is any alteration to any of the condition stated above, MOF should be informed immediately so that relevant amendment in the Registration Record can be made.</p>					
<p>2. Any change/ alteration of information provided should be amended via online services i.e. "Modul Kemaskini Profil" at www.eperolehan.gov.my within 21 days from the date of modification. Failure in doing so, MOF may raise doubt on the authenticity of the company's Bumiputera's status.</p>					
<p>3. The Bumiputera status awarded to the company will be revoked and its status in the ePerolehan System be cancelled if MOF found out that:</p>					

6. BUSINESS OVERVIEW (Cont'd)

Company	Issuing Authority	Type of Licences/Description	Issue Date / Validity Period	Salient Conditions	Status of Compliance
				<p>i. The company had breached the terms & conditions as mentioned above; or</p> <p>ii. The company's management and its contract has been passed on to another party.</p> <p>4. MOF is authorised to enforce disciplinary action upon the company and cancelled the information in relation to company's registration if:</p> <p>i. The company's Bumiputera's status is cancelled/ revoked in ePerolehan system</p> <p>ii. The company's registration is suspended/ revoked in ePerolehan system</p> <p>iii. Other non-compliance with the rules which entitled MOF to revoke and cancel the company's Bumiputera's status in ePerolehan system.</p> <p>5. The company must ensure that the registration with MOF is valid throughout the period the contract is in force</p>	Complied
Datasonic Technologies	Dewan Bandaraya Kota Kinabalu	Business License of Datasonic Technologies' / Sabah Office	13 January 2012/ With effect from 13 January 2012 to 31 December 2012	Nil	Complied

6. BUSINESS OVERVIEW (Cont'd)

Company	Issuing Authority	Type of Licences/Description	Issue Date / Validity Period	Salient Conditions	Status of Compliance
Smart Consult Solutions	Ministry of Finance	MSC Malaysia Status	22 May 2012 (Date of acceptance) / valid until unless revoked	<p>The MSC Malaysia Status Company hereby agrees to:</p> <p>(i) complete business registration of the proposed entity as a locally incorporated company under the Companies Act 1965 within one (1) month from the date of this letter, commence operations of the proposed entity within six (6) months from the date of this letter, and undertake such activities specified in the MSC Malaysia Status Company's business plan ("Business Plan") as approved by MDeC below ("MSC Malaysia Qualifying Activities") within six (6) months from the date of this letter or by such date(s) as may be specified in the Business Plan (which date(s) may be extended or modified with the written consent of Multimedia Development Corporation Sdn Bhd ("MDeC")) and thereafter continue with such business and activities unless otherwise approved by MDeC. The MSC Malaysia Qualifying Activities are as follows:</p>	Met and will continue to be met

6. BUSINESS OVERVIEW (Cont'd)

Company	Issuing Authority	Type of Licences/Description	Issue Date / Validity Period	Salient Conditions	Status of Compliance
				<p>a) Research, design, development and commercialization of the following smart card solution: - Total Smart Card Solution (TSCS)</p> <p>b) Provision of implementation, technical services and maintenance related to the above mentioned solutions in accordance to the business plan</p> <p>Any changes proposed to the above MSC Malaysia Qualifying Activities as detailed in the Business Plan must receive the prior written consent of MDeC;</p> <p>(ii) locate the implementation and operation of the MSC Malaysia Qualifying Activities in a Designated Premises in an MSC Malaysia Cybercity with minimum office space of 2,000 sq ft, within six (6) months from the date of this letter. The MSC Malaysia Status Company shall obtain MDeC's prior written approval in the event of any changes in the location or address of the company;</p> <p>(iii) ensure that at all times at least fifteen percent (15%) of the total number of employees excluding</p>	<p>Met and will continue to be met</p> <p>Complied and Noted⁽¹⁾</p> <p>Complied and will continue to be</p>

6. BUSINESS OVERVIEW (Cont'd)

Company	Issuing Authority	Type of Licences/Description	Issue Date / Validity Period	Salient Conditions	Status of Compliance
				<p>support staff) of the MSC Malaysia Status Company shall be "knowledge workers" (as defined by MDeC). "Knowledge workers" shall be recruited, employed and / or appointed solely for the purpose of undertaking the MSC Malaysia Qualifying activities;</p> <p>(iv) ensure that any products produced pursuant to the MSC Malaysia Qualifying Activities are original, and that no part or portion of such Product is an infringement or violation of any intellectual property or any proprietary rights of any third party, or constitutes a misappropriation of know-how belonging to any third party;</p> <p>(v) submit to MDeC a copy of the MSC Malaysia Status Company's Annual Report and Audited Statements in parallel with submission to the CCM;</p> <p>(vi) ensure that all information and/or documents furnished by the MSC Malaysia Status Company to MDeC or any other authority or agency do not contain any false, untrue or inaccurate statements or omit to state any facts, the omission of which would make</p>	<p>complied</p> <p>Noted</p> <p>Noted</p> <p>Noted</p>

6. BUSINESS OVERVIEW (Cont'd)

Company	Issuing Authority	Type of Licences/Description	Issue Date / Validity Period	Salient Conditions	Status of Compliance
				<p>any statements made therein in the light of the circumstances under which they are made, misleading;</p> <p>(vii) inform and obtain the prior approval of MDeC for any proposed change in the name of the MSC Malaysia Status Company;</p> <p>(viii) inform MDeC of any change in the equity structure or shareholding structure of the MSC Malaysia Status Company, or such other changes that may affect the direction or operation of the MSC Malaysia Status Company. MDeC must be informed of any change before steps are taken to effect such change; and</p> <p>(ix) comply with all such statutory, regulatory and/or licensing requirements as may be applicable, including but not limited to the Transfer Pricing Guidelines issued by the Inland Revenue Board of Malaysia on 2 July 2003, and such other amendments as may be applicable from time to time.</p>	<p>Noted</p> <p>Noted</p> <p>Complied and noted</p>




6. BUSINESS OVERVIEW (Cont'd)

Notes:

- * Certificates issued by the Ministry of Finance which are required for Datasonic Technologies to bid/tender for Government projects.
(1) Please refer to Section 6.14.2 of this Prospectus for details on the Smart Consult Solutions' premises.

6.10 INTELLECTUAL PROPERTY RIGHTS

Our Group has applied or registered the following trademarks with the Intellectual Property Corporation of Malaysia ("MyIPO"):

Trademark Logo	Registrant	Class No.	Description of Class Heading of Trademark	Application No.	Status of Application
	Datasonic Corporation	42	Technical consultation and research in the field of customer credit card programs; computer voice and audio programming services; all included in Class 42.	03014816	Registered and valid from 31 October 2003 to 31 October 2013
	Datasonic Corporation	36	Fraud management services with respect to financial, credit and debit card services; issuing credit debit and other cards and digitally capturing photos and other images to be placed on the cards; fraud detection services; wireless electronic processing of credit card, and chip card transactions; credit card debit card and chip card authorizations; credit card debit card and chip card payment; all included in Class 36.	03014817	Registered and valid from 31 October 2003 to 31 October 2013
	Datasonic Corporation	35	Data searches in computer files; data processing in the fields of business sales and inventory, providing data processing and data searches for financial institutions; all included in Class 35.	03014818	Registered and valid from 31 October 2003 to 31 October 2013

6. BUSINESS OVERVIEW (Cont'd)

Trademark Logo	Registrant	Class No.	Description of Class Heading of Trademark	Application No.	Status of Application
	Datasonic Corporation	16	Printed matters such as letterheads, envelopes, name cards, pamphlets, catalogues, periodicals, books, magazines, sign boards, diaries, papers, card boards, bill boards, stationery, photographs, teaching materials, office files, printed forms, stickers, pictures, post cards, printed publications, newsletters, posters periodicals, membership cards; all included in Class 16.	03014819	Registered and valid from 31 October 2003 to 31 October 2013
	Datasonic Corporation	9	Blank magnetic cards; pre-recorded or encoded magnetic cards; computer software and programs; relational database integration, database management, data access, data control; computer software for performing and processing electronic commerce and procurement services; computer software, hardware, terminals, printers, check reader, smart chip card readers, and peripherals for use in connection with smart chip card transactions; all included in Class 9.	03014820	Registered and valid from 31 October 2003 to 31 October 2013
	Datasonic Corporation	35	Data processing and billing and payment services in the fields of facilities management, credit and debit card, computerised order and data processing in the fields of business sales and inventory, providing data processing and customer services for financial institutions; advertising services namely selective insertion of promotional and informational materials into mailings directed to credit card holders, and mail processing services for others, developing and implementing electronic commerce capabilities for clients via a global communications network and automated teller machines, providing information management services namely storage and retrieval of information and data and preparing models and	03015288	Registered and valid from 11 November 2003 to 11 November 2013

6. BUSINESS OVERVIEW (Cont'd)

Trademark Logo	Registrant	Class No.	Description of Class Heading of Trademark	Application No.	Status of Application
REGIONAL PERSONALISATION SOLUTION	Datasonic Corporation	36	reports based on such information for use in management activities, credit and risk management analysis, and assessment services, marketing services for others namely database modelling scoring and value added products for card issuers, deposit banks and other direct marketers, data processing services in the field of credit card, debit card and chip card transactions and payments, and applicant background screening services; all included in Class 35.	03015289	Passed full examination
REGIONAL PERSONALISATION SOLUTION	Datasonic Corporation	42	Fraud management services with respect to financial credit and debit card services; issuing credit debit and other cards and digitally capturing photos and other images to be placed on the cards; fraud detection services; wireless electronic processing of credit card and chip card transactions; credit card debit card and chip card authorizations; credit card debit card and chip card payment; all included in Class 36.	03015291	Registered and valid from 11 November 2003 to 11 November 2013
REGIONAL PERSONALISATION SOLUTION	Datasonic Corporation	16	Technical consultation and research in the field of customer credit card programs; computer voice and audio programming services; all included in Class 42.	03015292	Accepted
			Printed matters such as letterheads, envelopes, name cards, pamphlets, catalogues, periodicals, books, magazines, sign boards, diaries, papers, card boards, bill boards, stationery, photographs, teaching materials, office files, printed forms, stickers, pictures, post cards, printed publications, newsletters, posters periodicals, membership cards; all included in Class 16.		

6. BUSINESS OVERVIEW (Cont'd)

6.11 DEPENDENCY ON PATENTS, INTELLECTUAL PROPERTY RIGHTS, LICENCES, INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS

6.11.1 Dependency on Intellectual Property Rights

Save as disclosed in Section 6.10 of this Prospectus, our Group is not dependent on any patents or intellectual property rights for our business operations.

6.11.2 Dependency on Major Licences

Save as disclosed in Section 6.9 of this Prospectus, our Group is not dependent on any major licences, for our business operations.

6.11.3 Dependency on Industrial, Commercial and Financial Contracts

Our Group is not highly dependent on any material contracts or agreements including industrial, commercial and financial contracts, which are material to our business or profitability.

6.12 REGULATORY REQUIREMENTS AND ENVIRONMENTAL ISSUE

Save as disclosed below, as at the LPD, our Board believes that we are in compliance in respect of all regulatory requirements (including land rules and building regulations) and environmental issues which may materially affect our Group's operations and/or utilisation of assets:

- (i) The property owned by our Group bearing the postal address of No. 54 and 56 Jalan Gasing, 46000 Petaling Jaya, Selangor with the titles description of P.N. 6443 and P.N. 6444, Lot 567 and 568, Seksyen 5, Bandar Petaling Jaya, District of Petaling ("Property") is currently used as administrative office for Datasonic Corporation. However, based on the land search results conducted on the titles, the express condition is "Bangunan Kediaman". Pursuant to Section 125 (1) of the National Land Code, 1965, this is a breach of express condition. We have appointed Urban Scale, a land planning consultant firm providing consultancy on land planning services, which had submitted an application to the local authorities on 28 October 2011 for the change of the building usage for the Jalan Gasing Administrative Office. As at the LPD, Majlis Bandaraya Petaling Jaya has granted an approval for the changed of building usage from "Bangunan Kediaman" to "Pejabat".
- (ii) The Certificate of Fitness ("CF") in relation to the Property, which we purchased in 2008, is not available to our Group. Datasonic Corporation has, by way of letter dated 31 May 2011, written to the Director of Majlis Bandaraya Petaling Jaya ("MBPJ") to request for the Certificate of Fitness. We have also appointed Urban Scale to follow up with the MBPJ on this matter. However, MBPJ has reverted via a letter dated 28 July 2011 that they were unable to locate the building plan.

In regards to the above and the conditions imposed by the SC's approval letter dated 27 September 2011 in relation to the Jalan Gasing Administrative Office and the extension of time to comply with the said imposed conditions as disclosed in Section 9.1 of this Prospectus, our Group has on 27 April 2012 appointed Tech Realtors as our property agent to sell the Jalan Gasing Administrative Office, as our Group intends to relocate the Jalan Gasing Administrative Office. In the event that the aforementioned properties are not disposed during the abovementioned timeframe, Datasonic will relocate its Jalan Gasing Administrative Office. As at the LPD, our Group is identifying and negotiating for a suitable location for its administrative office within the Klang Valley and the abovementioned properties has not been disposed.

6. BUSINESS OVERVIEW (Cont'd)**6.13 INTERRUPTIONS TO BUSINESS AND OPERATIONS**

We have not experienced any material interruption in business which had a significant effect on our operations during the past twelve (12) months preceding the LPD.

6.14 PROPERTY, PLANT AND EQUIPMENT**6.14.1 Own Properties**

As at the LPD, we own the following properties:

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure	Land Area/ Built-up Area sq. ft.	Audited NBV as at 29 February 2012 RM'000	Issuance Date of Certificate of Fitness
Datasonic Corporation	P.N. 6443, Lot 567 Seksyen 5 Bandar Petaling Jaya District of Petaling/ No. 54 Jalan Gasing 46000 Petaling Jaya Selangor [^]	1-storey bungalow/ Currently being used as office	99 years leasehold expiring on 3 October 2072	8,182.73	1,285	*
Datasonic Corporation	P.N. 6444, Lot 568 Seksyen 5 Bandar Petaling Jaya District of Petaling/ No. 56 Jalan Gasing 46000 Petaling Jaya Selangor [^]	1-storey bungalow/ Currently being used as office	99 years leasehold expiring on 23 April 2066	7,263.76	1,277	*
Datasonic Corporation	HS(D) No. 223124, PT No. 6 Seksyen 20, Bandar Petaling Jaya, District of Petaling/ Wisma Sinflora, No. 2D Jalan Kilang 206, 46050 Petaling Jaya, Selangor	4-storey commercial building / Currently vacant	60 years leasehold property expiring on 3 August 2065	1,189.74	2,560	#

6. BUSINESS OVERVIEW (Cont'd)**Notes:**

- * Please refer to Section 6.12 of this Prospectus for further details in relation to the CF.
- ^ Datasonic has appointed Tech Realtors as our property agent to dispose the Property by 26 September 2012. In the event that the aforementioned properties are not disposed during the timeframe, Datasonic will relocate its Jalan Gasing Administrative Office. As at the LPD, our Group is identifying a suitable location within the Klang Valley.
- # Please refer to Section 6.15.1 (ii) of this Prospectus for further details in relation to the CF.

6.14.2 Rented Properties

As at the LPD, we rent the following properties:

Tenant	Landlord	Address	Description/ Existing Use	Rental Period	Rental RM	Land/Gross Built-up Area sq. ft.
Datasonic Corporation	Business Advancement Services Sdn Bhd	No. 3-3 The Highway Centre Jalan 51/205 Section 51 46050 Petaling Jaya Selangor Darul Ehsan	3 rd floor of a 4 storey shop-office/ Used for office and storage of documents, envelopes and leaflets	One (1) year from 1 December 2011 to 30 November 2012	RM1,200 per month	1,200
Datasonic Corporation	Chong Loo Sang Realty Sdn Bhd	No. 55-2 The Highway Centre Jalan 51/205 Section 51 46050 Petaling Jaya Selangor Darul Ehsan	2 nd floor of a 4 storey shop-office/ Used as showroom, office and storage	Two (2) years from 1 March 2011 to 28 February 2013	RM1,400 per month	1,200
Datasonic Corporation	Petrotrek Sdn Bhd	No. 15-3 The Highway Centre Jalan 51/205 Section 51 46050 Petaling Jaya Selangor Darul Ehsan	3 rd floor of a 4 storey shop-office/ Used for office	Two (2) years from 1 August 2011 to 31 July 2013	RM1,300 per month	1,200

6. BUSINESS OVERVIEW (Cont'd)

Tenant	Landlord	Address	Description/ Existing Use	Rental Period	Rental RM	Land/Gross Built-up Area sq. ft.
Datasonic Corporation	Tan Lip Heng	No. 9-1 The Highway Centre Jalan 51/205 Section 51 47300 Petaling Jaya Selangor Darul Ehsan	1 st floor of a 4 storey shop-office/ Used for office	One (1) year from 1 September 2011 to 31 August 2012	RM1,300 per month	1,200
Datasonic Corporation	Soh Hyap Chye	No. 11G The Highway Centre Jalan 51/205 Section 51 46050 Petaling Jaya Selangor Darul Ehsan	Ground floor of a 4 storey shop-office/ Used for administrative, operational and production, office	Three (3) years from 1 October 2011 to 31 October 2014	RM4,600 per month	4,500
Datasonic Corporation/ Datasonic Technologies	PNB Commercial Sdn Bhd	Level 6 Bangunan Setia 1 15, Lorong Dungun Damansara Heights 50490 Kuala Lumpur	6th floor of a 12 storey commercial building/ Used for office on a sharing basis with Datasonic Technologies	Six (6) months from 15 April 2011 to 15 October 2011*	RM27,974.70 (Office) and RM1,008.00 (Parking) per month	7,173
Datasonic Technologies (sub-tenant)	Datasonic Corporation	Level 6 Bangunan Setia 1 15, Lorong Dungun Damansara Heights 50490 Kuala Lumpur	6th floor of a 12 storey commercial building/ Used for office on a sharing basis with Datasonic Corporation	Six (6) months commencing from 15 April 2011 to 15 October 2011*	RM13,987.35 (Rental) and RM693.00 (Parking) per month	7,173

6. BUSINESS OVERVIEW (Cont'd)

Tenant	Landlord	Address	Description/ Existing Use	Rental Period	Rental RM	Land/Gross Built-up Area sq. ft.
Datasonic Technologies	OSK Trustees Berhad (as Trustee for UOA REIT)	Unit G-2, Ground Floor, Wisma UOA Pantai, No. 11, Jalan Pantai Jaya (Jalan 4/83A) 59200 Kuala Lumpur	Ground floor of a 7 storey commercial building / Used as Telekom Malaysia Berhad's NGN project	Six (6) months commencing from 1 January 2012 to 30 June 2012^	RM24,621.00 (inclusive of service charges) per month	7,879
Datasonic Technologies	Anajon Sdn Bhd	G-1-3, Lot 40, 1 st Floor, Block G, Alamesra Plaza Utama at Lorong Plaza Utama 1, Alamesra, Jalan UMS, Sulaman-Coastal Highway, 88400 Kota Kinabalu, Sabah	1 st floor of a 2 storey commercial building /Used as representative office in Sabah	One (1) year from 1 March 2012 to 28 February 2013	RM1,200 (inclusive of monthly service charge of RM100) per month	1,200
Datasonic Technologies	Cyberview Sdn Bhd	Unit A-G-03 SME Technopreneur Centre 2 Cyberjaya (SME 2) 2260 Jalan Usahawan 1, Cyber 6, 63000 Cyberjaya, Selangor Darul Ehsan	Ground floor of a 3 storey commercial building / Solely and Exclusively for our engagement in business of customisation of software and hardware solutions, project management and consultancy	Two (2) years commencing from 1 January 2012 to 31 December 2013	RM2,905.00 per month	1,162
Smart Consult Solutions	Cyberview Sdn Bhd	Unit B-1-03, B-1-04 and B-1-05 SME Technopreneur Centre (SME 1) Cyberjaya, 2270 Jalan Usahawan 2 Cyber 6, 63000 Cyberjaya, Selangor Darul Ehsan	Ground floor of a 3 storey commercial building/ Solely and exclusively for our business in Software Development	Two (2) years commencing from 1 November 2011 to 31 October 2013	RM5,360.00 per month	2,144

6. BUSINESS OVERVIEW (Cont'd)

Tenant	Landlord	Address	Description/ Existing Use	Rental Period	Rental RM	Land/Gross Built-up Area sq. ft.
Datasonic	Anuar bin Zainal Abidin	Unit 23-2 Gaya Bangsar Condominium No. 1, Jalan Bangsar Utama, 59000 Kuala Lumpur	Apartment/ Residential for overseas business consultant	One (1) year from 1 May 2012 to 30 April 2013	RM3,400	1,192

Notes:

* Automatic renewal of the tenancy period with one month notice of termination.

^ The tenancy agreement has been renewed for a one (1) year tenancy period from 1 July 2012 to 30 June 2013.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

6. BUSINESS OVERVIEW (Cont'd)

6.15 FUTURE PLANS, STRATEGIES AND PROSPECTS

6.15.1 Future Plans and Strategies

To achieve our business goals and objectives, we have developed the following future plans and strategies to consolidate and expand our business in Malaysia and overseas. The following chart illustrates the progress and roadmap in pursuing our vision of enriching life through advanced and innovative ICT solutions and realising our mission of becoming an ICT solutions provider in Malaysia and overseas.

	Trading and Services Provision of Secure ID and Smart Card Personalisation Services			Transformation Development into an ICT Industry Player					Expansion Expansion/Entrance into Local/Overseas Market		
	GMPC (MyKad, MyKid, MyPR)	RPS (Regional Personalisation Service for credit cards, ATM cards and Debit Cards)	Commercial Smart Card Business	Visa and Pass System (Immigration Department of Malaysia)	Biro Pengaduan Awam System (Expansion into various ministries)	NGN (Telecommunications (NGN, Broadband Remote Access System, Emergency Response System etc.)	HIS (Healthcare Project)	Multi Purpose Student ID (Ministry of Higher Education)	RPS (Personalisation Centre in Overseas)	Secure ID Project (Multi Application National ID Projects in overseas)	Border Control (i-Visa & e-Visa System, multi-biometric solutions, e-passport solutions etc)
2006-2007	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2008-2010	✓	✓	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A
2011-2015	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note: N/A - Not applicable

Over the last 5 years, other than consolidating our position in GMPC projects in NRD and becoming one of the leading personalisation centres for financial institutions in Malaysia, our Group is transforming from a trading and services company to a ICT solutions provider in Malaysia. We have established significant presence in the Immigration Department of Malaysia for Visa & Pass system and e-passport personalisation solutions, Prime Minister's Department for the BPA system, Ministry of Women, Family and Community Development for the ID system for the under-privilege groups and Telekom Malaysia Berhad for NGN.

We recognise the importance of continuous R&D for quality management and development of innovative products to stay ahead of competition and expand our business in Malaysia and overseas. Our Group has invested in R&D, successfully developed high performance OS for multi application secure ID programmes, web-enabled Visa & Pass system, i-Visa & e-Visa solutions, ICAO compliant e-passport solutions, multi model biometric solutions and Total HIS.

6. BUSINESS OVERVIEW (Cont'd)

To acquire new technologies and expand our business locally and overseas, we have formed business partnerships with global ICT players in US, Germany, Italy, Switzerland, China, Japan and Korea to exploit business opportunities not only in Malaysia, but also in overseas.

Moving forward, multi application secure ID, ICAO compliant e-passport, i-Visa & e-Visa, multi model biometric solutions, e-Hospital solutions and telecommunication would be our targeted markets and would provide our Group new business opportunities for sustainable growth and profitability. The Listing will provide the funding for our continuous R&D and expansion programmes.

Further details of our key future plans / projects include:

(i) Continued Market Expansion in Established and Potential Service Areas

We have established ourselves as a contender with a proven track record in the provision of secure ID and card personalisation services to the Government and non-Government sectors. Starting with multi-purpose secure ID and smart card personalisation services, we have now diversified into integrated ICT solutions for smart cards and are expanding into the Government, telecommunications, financial, commercial, healthcare and transportation sectors.

Apart from diversification, our Group has also identified business expansion plans to tap into growing industries and penetrate into new business areas. We plan to expand and diversify our service offerings to our existing customers and plan to expand into China and the ASEAN region, adding a third possible avenue for our growth.

Our Group will continue to expand the market share and leadership position by way of securing more projects and new customers, whilst maintaining established customers. In addition, our Group plans to grow all our service areas. For instance, the sale of smart cards for the corporate sector which can be further enhanced by creating a larger customer portfolio or extending the present use of the smart cards to more applications.

In addition to the established service areas, we plan to utilise all ICT knowledge gained from these service areas to incubate and subsequently further develop our Group into an ICT solutions provider in both smart card personalisation system solutions and other ICT system solutions for the Government and non-Government sectors.

The timeline to achieve this plan is from 2012 to 2015.

(ii) Setting up of New Premises for Headquarter, RPS Centre and Smart Cards Manufacturing Plant

To further improve our Group's operations, increase our efficiency and to strengthen our market position in the ICT business, we plan to set up a new headquarter cum RPS centre and smart cards manufacturing plant.

Our Group has on 10 November 2011, being the date after SC had approved our IPO as disclosed in Section 9.1 of this Prospectus, acquired a leasehold land together with a commercial building, bearing the address of No. 2D, Jalan Kilang 206, 46050 Petaling Jaya measuring approximately 1,189.74 square metres for a cash consideration of RM4.3 million. The acquisition of the said property was funded through bank borrowings and internally generated funds. The commercial building is intended to house our new headquarter cum RPS centre. Prior to the completion of the acquisition, we were informed that Sinflora Trading Sdn Bhd was not able to locate the CF of the said property from MBPJ. Our Group had on 31 October 2011 and 21 April 2012 written to MBPJ to request for a copy of the CF for Wisma Sinflora. Our Group will continue to follow up with MBPJ on this matter and, if necessary, will appoint a consultant by third quarter of 2012 to advise the Company on the appropriate course of action to be taken to obtain the CF.

6. BUSINESS OVERVIEW (Cont'd)

Wisma Sinflora is currently vacant. We plan to commence renovation on our new headquarter cum RPS centre by end of 2012, subject to the CF being obtained. Upon completion of our new headquarter cum RPS centre, all our subsidiary companies namely Datasonic Corporation, Datasonic Technologies and Smart Consult Solutions, will be housed in the new headquarter in order to enhance efficiency and promote cost effectiveness. The existing RPS centre will be decommissioned as soon as the new RPS centre is fully operational in the new office building in Wisma Sinflora. Our Group has yet to decide on whether to continue with the tenancy of the existing RPS centre in the future.

The new headquarter cum RPS centre is expected to have a built-up area of approximately 16,000 sq. ft. This will enable our Group to increase our production capacity by approximately 3,500 cards per day. The increased production capacity will improve our output for our card personalisation process, which in turn will enable our Group to expand our services to existing and new banking customers. A centralised location will also enable services to be more efficient, to enhance logistical arrangements and to consolidate activities within one area.

Apart from that, our Group also plans to utilise part of our listing proceeds to set up a smart cards manufacturing plant for the production of smart cards (new raw MyKad for NRD). The manufacturing plant is expected to occupy approximately 11,000 sq. ft. of production floor space and a production capacity of approximately 750,000 smart cards per month. The location of the proposed manufacturing plant has yet to be identified at this stage.

The timeline to achieve this plan is from 2012 to 2013.

(iii) **Government secure ID and ICAO compliant e-passport Projects**

We will continue to work closely with Datacard Corporation, Digital Identification Solutions AG from Germany and IXL A S.A. from Italy to offer centralised and decentralised printing systems to the Government using laser engravable polycarbonate data page and laser printing systems. We are offering both high-speed and high-performance card issuance systems, as well as desktop printing systems for secure ID project and proposed ICAO compliant e-passport projects.

Upon Listing, we will utilise part of the listing proceeds to finance our R&D activities to strengthen and enhance our technical competencies in the provision of ICT solutions such as multi application secure ID, Total HIS and ICAO compliant e-passport programmes in Malaysia and overseas.

(iv) **Multi-Purpose Student ID**

We plan to capitalise on our know-how in multi-purpose card system and solutions to provide multi-purpose student ID card system for the Government and private schools. Presently, many primary and secondary schools located throughout the country may have basic Student ID cards for their students, mainly for the use of identification. Smart cards will be issued as Student ID to each student and these smart cards will have multi-faceted uses which include student identification, storing of student information, access control, attendance recording, authentication for examinations, card management system, database management (of student's academic and extra-curricular performance) and e-payment solutions for the payment of school fees and purchases made at the canteen and/ or the book-store.

The timeline to achieve this plan is from 2012 to 2015.

6. BUSINESS OVERVIEW (Cont'd)

(v) BPA System and Application Software

As at the LPD, the BPA system has been rolled out to 17 ministries and 21 agencies within the Government sector. Leveraging on our ability to customise solutions for our customers, such as the BPA system in the Prime Minister's Department and the Visa and Pass system for the Immigration Department of Malaysia, we plan to market the BPA system and application software to other ministries and agencies.

The timeline to achieve this plan is from 2012 to 2015.

(vi) Telecommunications

As part of our expansion and transformation plan, we plan to continue our venture into the provision of telecommunication network systems, which include the NGN and emergency response system. The NGN project in Telekom Malaysia Berhad was awarded to Huawei Technologies (M) Sdn Bhd in 2008 and Dibena Enterprise is the local partner of Huawei Technologies (M) Sdn Bhd in the above project. This project is part of our future plan to expand our business and exploit more business opportunities in the telecommunications industry.

The timeline to achieve this plan is from 2012 to 2015.

(vii) e-Hospital Solutions

To promote medical tourism, the Ministry of Health Malaysia is encouraging public and private hospitals to attain the JCI accreditation for the Total HIS, in addition to the Malaysian Standard of Quality Healthcare ("MSQH"). There are about 140 government hospitals in Malaysia and more than 120 government hospitals do not have HIS yet.

Our Group, via Datasonic Technologies, has developed a JCI-oriented HIS system and is submitting our proposal to the Ministry of Health to implement the JCI-oriented HIS system to government hospitals in Malaysia. In addition to government hospitals, we also plan to market our HIS to private hospitals, both locally and overseas

The timeline to achieve this plan is from 2012 to 2015.

(viii) Multi-Purpose Smart Card Solutions for Local and Overseas Markets

Our Group plans to leverage on the expertise and experience gained from the GMPC project and EMV migration to expand our business in overseas. This will include total solution for multi application national ID programmes and EMV migration. In the short to medium term, we plan to expand into the markets within the ASEAN region and Middle East. Upon listing, we will be able to capitalise on our experience and technical know-how and to allocate adequate resources to expand our business in overseas market.

The timeline to achieve this plan is from 2012 to 2015.

(xi) i-Visa, e-Visa and Multi Model Biometric Border Control System

Leveraging on our experience in the development of Visa & Pass system and OS for the smart ID, we have developed a web-enabled Visa & Pass system based on service oriented platform. The new system will include i-Visa and e-Visa solutions and multi model biometric solutions for border control project in Malaysia and ASEAN countries.

The timeline to achieve this plan is from 2012 to 2015.

6. BUSINESS OVERVIEW (Cont'd)

6.15.2 Prospects

The market outlook for both the smart card and smart card solutions markets in Malaysia is positive, with demand being driven from existing applications (GMPC, PMPC and others), adoption by new market areas (loyalty, physical access and others), new technology and improvements (Near Field Communications (“NFC”) and contactless) as well as new applications being driven by the Government and financial sectors. Demand may be minimally impacted by the moderate interest from existing cardholders towards new applications in the near term but this is not expected to contribute any significant impact on the overall market demand.

In terms of supply, a stable and reliable supply of product and services in both the smart cards market and smart card solutions market can be attributed to the presence of established market players, continued support by the Government and financial sector and a reliable supply of IC chips for smart cards manufacturing. Supply is only expected to be minimally impacted by the presence of cheaper alternatives like magnetic stripe cards or lower technology proximity cards. However, these alternatives are usually used in applications which do not require high security and hence, are not expected to pose a serious challenge to the smart cards and smart card solutions markets.

With the positive market outlook for the smart card and smart card solutions markets, market players are expected to benefit and continue to grow over the next few years. Among the factors which enable established market players with a proven track record to sustain strong growth may include their historical record of success, established partnerships with vendors, proven ability to meet stringent standards and compliance issues as well as proven financial capacity to invest in the required machinery and equipment.

In addition, market players which participate in more than one area have greater diversification and more products and services in their portfolio to offer to their customers. These may include Datasonic Corporation and IRIS Corporation Berhad. Certain market players may also have gained sufficient experience and expertise from their involvement in the smart cards market to further expand into the greater ICT industry, thus providing them with a competitive advantage breaking into a growth industry. Datasonic Corporation has taken this route and has branched into becoming an ICT solutions provider, with some integrated customised solutions development and implementation projects across the governmental and telecommunications sector under its belt. Market players in this space are expected to perform even better than those who solely participate in the smart cards or smart card solutions market.

Branching out into the ICT industry is expected to bring in good results for market players like Datasonic Corporation. According to Malaysia External Trade Development Corporation, the period from 2005 to 2010 saw ICT expenditure in the country growing at a CAGR of 10.0 percent to RM22.0 billion. The Malaysian ICT industry is expected to continue to see positive prospects into the long term. In addition, the Malaysian ICT industry is expected to continue to see positive prospects into the long term with the growth in 2011 expected at just below 10 percent.

The Government further expects that the ICT industry will gain more momentum due to the convergence of digitalisation and its impact on other industries and the economy. The ICT industry has been earmarked as one of the National Key Economic Areas in the 10MP and aims to shift the country from being an average producer of general ICT products and services to a niche producer of selected ICT products and services, and to progress from being a net importer to a net exporter. Continued growth in the ICT industry is expected with favourable Government policies and plans as outlined in the Tenth Malaysia Plan and Economic Transformation Programme.

(Source: IMR Report)

6. BUSINESS OVERVIEW (Cont'd)

Based on the positive outlook in the ICT industry, our future plans and strategies and our competitive strengths as outlined in Section 6.2.6 of this Prospectus, our Board is of the view that we are well positioned to achieve sustainable growth. Whilst we recognise the market challenges in the industry and the risk factors as outlined in Section 4 of this Prospectus, we are committed to implement our future plans and strategies to achieve our business goals and objectives.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT

PROTEGE ASSOCIATES SON BHD
SUITE C-06-06, PLAZA MONT' KIARA
2 JALAN KIARA, MONT' KIARA
50480 KUALA LUMPUR, MALAYSIA
GEN +603 6201 9301 FAX +603 6201 7302
www.protege.com.my

Protégé
ASSOCIATES

BRAND | FINANCE | MARKET

18 JUL 2012

The Board of Directors
Datasonic Group Berhad
Level 6, Bangunan Setia 1,
No.15, Lorong Dungun,
Damansara Heights,
50490 Kuala Lumpur.

Dear Sirs,

Executive Summary of the Smart Cards Market in Malaysia

This Executive Summary of the Smart Cards Market in Malaysia is prepared by Protégé Associates Sdn. Bhd. ("Protégé Associates") for inclusion in the Prospectus of Datasonic Group Berhad ("Datasonic" or "the Group") in relation to the proposed listing of and quotation for the entire issued and paid-up share capital of Datasonic on the Main Market of Bursa Malaysia Securities Berhad.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

**Global and Malaysian Economic Overview**

Global economic conditions suffered a setback in 2011, attributable mainly to a highly volatile fourth quarter due to economic and financial instability in the Euro area. Prior to the fourth quarter of 2011, advanced economies as a whole grew at a slow but steady rate, led by rebound momentum from 2010. Based on the latest economic indicators released by the International Monetary Fund ("IMF"), the world's output expanded by an estimated 3.9 percent in 2011. Following major economic setbacks in advanced economies particularly in the final quarter of 2011, as well as the moderating momentum of growth in emerging economies, global economic prospects for 2012 and beyond are once again strengthening, although growth trajectory remains fairly fragile with a number of downside risks pertaining to persistent volatilities in the Euro area. The global economy is expected to grow by 3.5 percent in 2012.

After rebounding strongly in 2010, the Malaysian economy grew at a more moderate pace in 2011. Real GDP during the year expanded by 5.1 percent to RM558.3 billion, supported by the strength of domestic economic activity and spending, as well as firm regional export demand attributable to strong domestic demand across emerging Asia's economies. Nevertheless, growth momentum was weighed down by the continued structural weakness and financial volatility in advanced economies, political uprisings in the Middle East, and natural disasters headlined by the Japanese earthquakes during the first half of 2011.

Moving into 2012, projects and initiatives launched by the Economic Transformation Programme ("ETP") (initiated 26 October 2010) are expected to begin taking effect. Strong capital inflows encouraged through the ETP, which seeks to propel Malaysia towards becoming a high-income developed nation with a RM1.7 trillion gross national income ("GNI") economy by 2020, are expected to eventuate and now have more visible and pronounced effects on the local economy, and consumer income. Under the ETP, private-sector driven projects with an investment value of RM1.3 trillion are to be undertaken to spearhead Malaysia's economic growth over the next ten years.

In 2012, the Malaysian economy is projected to continue in a vein of steady, moderate growth. Domestic demand is expected to remain in high momentum, and is a likely anchor of growth for the economy. Private investment is expected to increase as a direct result of ETP measures, while the public sector will also remain supportive of economic growth through higher capital expenditure. The economy is expected to remain fairly resilient despite uncertain economic times globally. The structural and fiscal fallacies in developed economies

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



such as the EU and US continue to loom, posing a risk to local consumer and investor confidence, as well as external demand. Malaysia is also not completely insulated from losses in foreign direct investments as the result of these uncertainties.

However, the confounding strength of emerging economies similar to Malaysia's own – especially in Asia – is proving to be a reliable support system for the local economy. Malaysia can look forward to firm regional demand from rising economies within ASEAN as well as China to bolster external demand uncertainties stemming from Western advanced economies. The Malaysian economy is expected to expand of between 4-5 percent in 2012.

The Information, Communications and Technology ("ICT") Industry in Malaysia

ICT is an umbrella of technology that envelopes all types of computer and electronics-based technologies used for the creation, storage, retrieval, analysis and dissemination of information. ICT encompasses the development, usage and management of computer-related electronics and hardware, application software, wired and wireless communication peripherals and applications, as well as the Internet, among others.

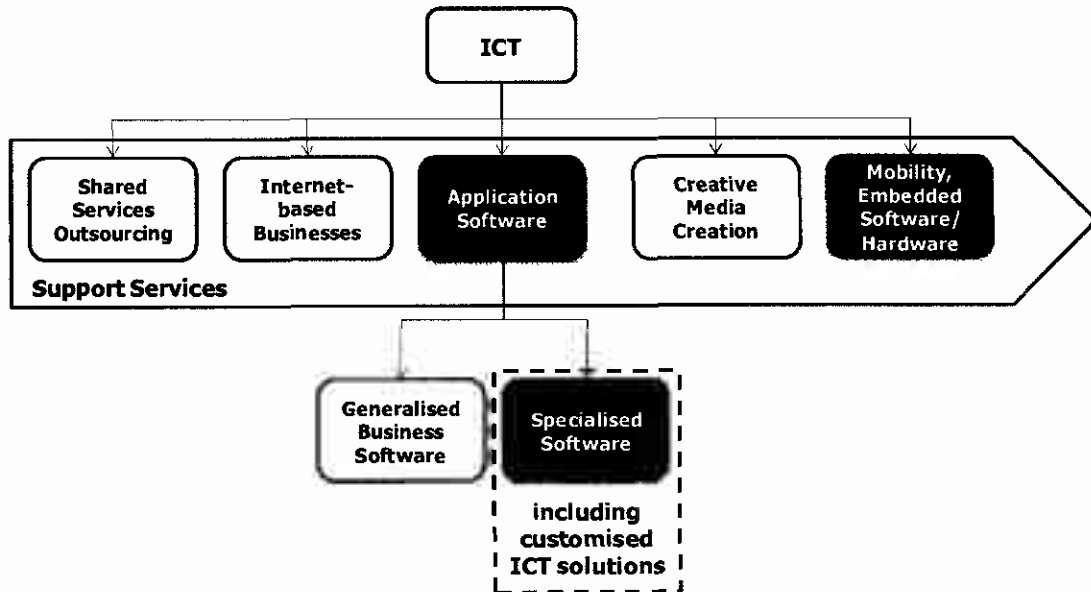
According to the Multimedia Development Corporation ("MDeC"), Malaysia's ICT industry can be segmented into 5 technology clusters as follows:


- 1) Application software - The application software cluster is made up of companies undertaking the design, development, maintenance and marketing of software products.
- 2) Creative media creation - The creative media creation cluster involves the creation, processing, packaging and delivery of creative multimedia content, which includes movies, animation, video games, music or mobile content.
- 3) Internet-based businesses - The Internet-based businesses cluster is made up of businesses that utilise the Internet as its main platform for its business activities, such as product marketing and sales, procurement and customer support.
- 4) Mobility, embedded software or hardware – This cluster is a wide category encompassing the following activities, products and services e.g. the development, manufacture and marketing of embedded/ built-in software for electronic devices such as Intelligent Controllers, Radio Frequency Identification ("RFID") devices, **smart cards** and the development of wireless and fixed telecommunications technology, security and biometrics development and hardware design.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

- 5) Shared services outsourcing - Shared services and outsourcing are business solutions where common ICT-related processes are provided by a single external organisation, either local or abroad.

Figure 1: ICT Industry Technology Clusters in Malaysia



 Note: Denotes the clusters where Datasonic Group Berhad ("Datasonic Group") is operating in

Source: MDeC, Protégé Associates

The ICT industry in Malaysia first gained prominence with the launch of the MSC initiative by the Government in 1996. The MSC's establishment was aimed at harnessing the global growth trends in ICT as a profitable production sector in order to fuel local economic growth. The industry has since experienced exponential growth, and according to the Malaysia External Trade Development Corporation ("MATRADE"), the period from 2005 to 2010 saw ICT expenditure in the country growing at a Compound Annual Growth Rate ("CAGR") of 10.0 percent to RM22.0 billion. Significant growth of the ICT industry thus far is largely credited to the MSC initiative and pro-ICT Government policies.

Overall, the Malaysian ICT industry is expected to continue to see positive prospects into 2012 and the long term future with the growth in 2011 expected at just below 10 percent. Continued growth is expected due to the Government-led focus, contribution from strong industry players from the IT and communications sectors (among which are global brand names like Intel Corporation, Microsoft Corporation, Dell Inc., Axiata Group Berhad and others), an increasing number of successful ICT start-ups and SMEs, and also from the

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



general demand for ICT products and services from increasingly tech-savvy Malaysian consumers.

The Smart Cards Market in Malaysia

The smart cards market is a part of the mobility, embedded software/ hardware cluster of the Malaysian ICT industry, as identified by MDeC. The smart cards market fits into this cluster as it performs the development, manufacturing and marketing of smart cards, and also security design and development. This market essentially involves the sale of smart cards (a plastic card embedded with a memory chip or a microprocessor/ computer chip that has memory and is 'programmable') and processes/ activities related to smart cards. Also called a chip card or an integrated circuit card, the smart card is typically used for personal identification (identity cards or passports), financial purposes (bank cards, debit/ credit cards and automated teller machine ("ATM") cards), data storage (records information of the holder) and also for security purposes (authentication of holder's access authority). The main reason for the growth of the smart cards market in Malaysia and globally is due to the security provided by smart cards as they are not easily forged.

Market Participants in the Smart Cards Market

The various market players in the smart cards market play a role in ensuring that relevant products and services enable the entire market to operate.

- **Chip Supplier/ Manufacturer** – Manufacture and supply the integrated circuit chips used in smart cards. Among them are Infineon Technologies AG, KEB Technology Co., Ltd. and NXP Semiconductors, among others.
- **Card Machine Supplier/ Manufacturer** – Produce and supply card production machines and equipment to enable the manufacture of smart cards. Among the machines supplied may include those which cater to the process of milling, embedding (of chips), embossing, card printing, lamination, micro-module and inlay testing. Some of the companies involved in this facet of the market include Datacard Corporation USA, NBS Technologies Inc. and Zebra Technologies Corporation.
- **Smart Card Supplier/ Manufacturer** – Manufactures and supplies smart cards, whether contact or contactless, dual interface or hybrids. Includes international companies like Gemalto N.V., Giesecke & Devrient GmbH, Oberthur Technologies Group and Safran Morpho (merger of Sagem and Snecma Groups) among others. Locally, IRIS Corporation Berhad ("IRIS"), Asia Pacific Card & System Sdn Bhd ("APCS") also act as market players in this category.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



- **Reader/ Terminal Supplier/ Manufacturer** – Produces and supplies smart card readers or terminals which enable access to the data and information on the smart cards and allows for transaction processing. Market players in this category include global leader Ingenico, and also Malaysian companies e.g. Tricubes Berhad, GHL Berhad, Nera (Malaysia) Sdn Bhd, Yasmin Teknologi Sdn Bhd and Rhythm Consolidated Berhad.
- **Smart Card Solution Providers** - Smart card solution providers may offer card personalisation services, hardware and software solutions and other services e.g. maintenance, training, consulting etc. Card personalisation services include input of the cardholder's information onto the smart card, printing, embossing and other processes. Some smart card solution providers are also able to provide card technology platforms and software that enables a smart card to operate. These may come in the form of operating systems ("OS") and other applications. MULTOS Limited is among the global market players in the provision of smart card OS while Datacard Corporation USA and Datasonic Group Berhad ("Datasonic Group") are both recognised smart card solution providers, globally and in Malaysia respectively. While Datacard Corporation USA has more than 35 years of global experience with its presence in more than 120 countries, Datasonic Group provides services as to a majority of financial institutions as well as the Government of Malaysia. Other Malaysian market players who are smart card solution providers are Gemalto Sdn Bhd ("Gemalto"), Asia Smart Card Centre Sdn Bhd ("ASCC"), DZ Card (M) Sdn Bhd ("DZ"), CASSIS Services Sdn Bhd ("CASSIS"), IRIS.
- **System Integrators/ Value Added Resellers** – Provides additional services or value by way of enabling the integration between systems required for smart cards to operate, by acting as dealers/ resellers and at times providing implementation and after sales support. These market players may provide other ICT integration work in addition to smart card solution integration, and will not be discussed extensively in this report.

Among the above market participants, their roles are sometimes interconnected and not mutually exclusive. For instance, a particular market participant may provide products or services of another market participant e.g. certain smart card solution providers also act as system integrators while some smart card suppliers also provide solutions to the card issuers.

Market Dynamics Analysis: Demand and Supply Conditions for the Smart Cards Market

The following demand conditions for the smart cards market in Malaysia provide an overall positive impact on the market – providing drive and impetus for growth.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

Protégé
ASSOCIATES

BRAND | FINANCE | MARKET

- 1) **Continued Demand from Existing Smart Card Applications** - Continued demand for smart cards arising from the established applications of GMPC/ MyKad, PMPC/ bankcards, e-Passports, Touch 'n Go and SIM cards. Conditions in Malaysia today which include the increasing population, increasing use of financial services, increase in international and local travel, as well as the increase in mobile phone usage dictate that there will be sustained demand for smart cards via the main pillars of identification, bankcards, e-Passports, transit and SIM cards.
- 2) **Adoption of Smart Cards in New Market Areas** - New market areas which may soon see greater adoption in the use of smart cards include loyalty cards, ticketing, access control (for corporate and even residential use) and employee/ student/ membership identification cards. With rising global awareness on the need for higher security in the immigration and travel sectors, smart cards have been coupled with the use of biometrics whereby biometric information of the cardholder is stored and easily verifiable. While Malaysia has started using smart cards and biometrics in the e-Passport, applications could potentially be expanded upon.
- 3) **New Technology/ Improvements Driving More Creative Uses** - Among some of the new technology which have already been launched and is awaiting even higher usage/ transaction patterns include the contactless technology for payment (e.g. Visa Wave and MasterCard PayPass). Other potential new technology include smart card and NFC technology merger to increase payment options for consumers, or even smart cards which enable the storing of passwords and key data for use on computers or online payments.
- 4) **New Applications to Increase Usage by Existing Cardholders** - The Malaysian Government has been supportive in increasing new applications for the MyKad and newer applications are expected to be developed for the MyKad from the medium to long term. Other than the Government, the corporate sector may also enhance applications available to existing smart cardholders. For instance, bank cards could also be used to enable a loyalty programme or e-wallet for the bank's cardholders. Moderate Interest from Existing Cardholders for Newer Applications
- 5) **Moderate Interest from Existing Cardholders for Newer Applications** - Interest in newer applications are expected to be driven by the corporate sector when greater use of smart cards arise in newer forms of payment technology, for loyalty, or physical/ logical access and other uses.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



The supply conditions in the market are mostly positive with minimal restraints on growth, as follows:

- 1) **Established Market Players Capable of Providing Sufficient Products and Service** - The smart cards market in Malaysia is considered a high technology sector with established market players enabling a stable and sufficient flow of products and services to ensure a smooth supply. Established market players also positively impact the supply for the smart cards market due to their proven track record in provision and quality of products and services, technical expertise to enable effective operations, established relationships and partnerships with global smart card vendors/ technology leaders to ensure constant uninterrupted supplies and ability to provide local expertise and support for Malaysian clients.
- 2) **Continued Support by the Government and Financial Sector** - The smart cards market in Malaysia has been given the biggest impetus for growth at the initial stages due to Government support via the GMPC and the financial sector support in the PMPC initiative. The continued support by both the Government and financial sectors have ensured that Government policies are positive towards the market and that there are sufficient financial resources to drive the market, leading to market players actively participating in a vibrant and growing marketplace to supply the needed products and services – whether in the form of smart cards, readers and terminals, solutions, services and others.
- 3) **Reliable and Constant Supply of IC Chips for Smart Card Manufacturers** - According to industry sources, smart card IC chip manufacturers are based in Europe, South Korea, China, Taiwan and even Singapore, hence reducing the risk of over-reliance on any particular country/ region in supply of chips.
- 4) **Competition from Cheaper Alternatives** - One of the supply conditions which moderately impedes the smart cards market in Malaysia is the competition from cheaper alternatives – which include magnetic stripe cards (for loyalty and basic identification cards) as well as proximity cards (for access). These are the two main alternatives being used where security is not of concern for the card issuers or cardholders. However, with the cost per unit of smart cards expected to reduce over the years, the impact of this competition is expected to decrease.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

**Key Issues and Trends for the Smart Cards Market**

The following are the key issues and trends in the smart cards market in Malaysia:

- 1) **Substitute Products** - The features of smart cards enable them to be a secure, durable and effective product. There are no direct substitutes which can match these features today – however, there are certain alternatives to smart cards which are able to meet some of these features on a lower or more cost effective scale. These include magnetic stripe cards, proximity cards, biometrics (but these are usually coupled with smart cards) and security tokens (usually only used for password/ authorisation verification).
- 2) **Reliance on Imports** - The smart cards market in Malaysia imports supplies like smart cards, machinery (for smart card manufacturing, personalisation activities or even desktop smart card printers), readers/ terminals and also consumables. The risk brought about from the reliance on imports may be reduced or mitigated for market players who have a strong working partnership with their vendors. For instance, Datasonic Group has a long term working relationship with their vendor, Datacard Corporation Group Limited from the USA and also have been acting as their sole distributor in Malaysia for Central Issuance Systems and Solutions. In this respect, the reliance on import has minimal downside as being the sole distributor, supplies are guaranteed and prices are favourable.
- 3) **Government Policies, Initiatives and Regulations** - In the smart cards market of Malaysia, the Government is the driving force for the GMPC – hence, anything related to the identity cards (MyKad, MyKid and MyPR) are subject to standards as laid out by the Government. A renewed MyKad with more sophisticated features is currently slated to be issued from January 2012. In addition, for the PMPC initiative, the Government also played a substantial role by mandating the migration to Europay, MasterCard and Visa ("EMV") compliance. Thus, smart cards in the financial sector for the purposes of payment processing had to meet PMPC standards in terms of the cards and the ATMs. In addition EMV compliance also meant that there was an additional standard which all banks had to meet in the rolling out of the use of smart cards as credit/ debit cards and bank/ ATM cards. Other international standards may also be adopted by market players, and these include – International Standards Organisation ("ISO") standards 7816, 14443, 15693, EMV standards and PC/SC standards.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

Market Dynamics Indicators for the Smart Cards Market

The smart cards market in Malaysia was estimated to have reached RM482.6 million in 2011. Growth in the market is further expected to continue with a CAGR of 3.7 percent from 2012 to 2016, bringing the total market to reach a size of RM576.3 million.

Figure 2: Market Dynamics Scorecard for the Smart Cards Market in Malaysia

Market Dynamics Indicators	Measurement	Trends
2011 Market Size (RM million)	482.6	Stable increase
2011 Market Growth Rate (%)	3.5	Stable
2016 Forecast Market Size (RM million)	576.3	Increasing
Forecast Period Market CAGR (2012 – 2016)	3.7	-
Pricing Trends	Expected higher margins for new smart card technology but decreasing margins for established technology	Stable
Types of Market Players	Stable pool of established market players who have the necessary technical capabilities, experience and know-how in each area of the smart card market Larger and more well-known market players are usually within the smart card manufacturing, smart card solutions and smart card reader supplier categories Medium-sized market players include some smart card solution providers Smaller market players include the systems integrators and value added resellers (these may provide other ICT integration work in addition to smart card solution integration, and will not be discussed extensively in this report)	Stable
2012 Demand Conditions	Overall positively impacting the market – providing drive and impetus for growth	Stable
2012 Supply Conditions	Mostly positive impact on the market with minimal restraints on growth	Stable
Threat of Substitution	Nil	Stable
Reliance on Imports	Medium but not exposed to vulnerability	Stable
Government Policy and Regulatory Stance	Pro-Industry (Expansive) with a focus on further development domestically and regionally	Stable

Source: Protégé Associates

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

**Market Size and Growth Forecast for the Smart Cards Market**

The market size and growth forecast for the smart cards market in Malaysia from 2008 to 2016 is shown below.

Figure 3: Industry Size and Growth Forecast for the Smart Cards Market in Malaysia

Year	Market Size (RM million)	Growth Rate (%)
2008	438.3	-
2009	451.2	2.9
2010	466.2	3.3
2011	482.6	3.5
2012	498.9	3.4
2013	516.5	3.5
2014	536.1	3.8
2015	556.8	3.9
2016	576.3	3.5

CAGR (2012 – 2016): 3.7 percent

Note:

- 1) All figures are rounded; the base year is 2011.
- 2) The smart cards market in Malaysia includes revenues from smart card suppliers/ manufacturers, readers/ terminal suppliers, smart card solution providers and systems integrators/ value added resellers. It does not include smart card IC chip manufacturers or smart card machine manufacturers.

Source: Protégé Associates

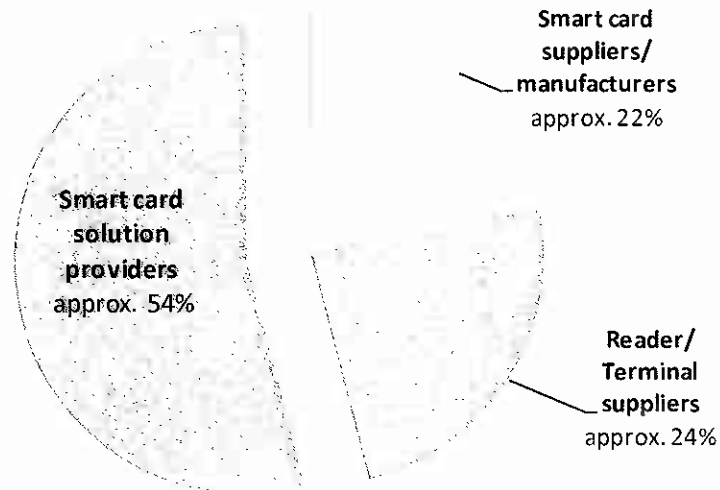
Market Share of Key Categories of Smart Card Market Players

The key market players in the Malaysian smart cards market comprise mainly of smart card suppliers/ manufacturers, readers/ terminal suppliers and smart card solution providers..

Of these three categories of market players, it is estimated that smart card solution providers have the largest market share, accounting for approximately 54 percent of the smart cards market in Malaysia. This is followed by the readers/ terminals suppliers which have approximately 24 percent of the market, then smart card suppliers/ manufacturers with approximately 22 percent of the market..

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

Figure 4: Market Share of Main Categories of Smart Card Market Players, 2010



Note: The above market share pie chart excludes the category of systems integrators/ value added resellers.

Source: Protégé Associates

Smart card solution providers have a significant market share due to the numerous types of products and solutions offered by providers as well as the value-added activities they conduct, which accounts for a larger market share. High value-added activities include solutions development and customisation, as well as technology development and implementation.

Due to the predominance of these players, the following section will provide further details on the smart card solutions market.

The Smart Card Solutions Market in Malaysia

Smart card solution providers are among one of the main market players in the smart cards market in Malaysia. These solution providers may offer card personalisation services, hardware and software solutions and other services e.g. project management, technical support, maintenance, training, consulting etc.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

Protégé
ASSOCIATES

BRAND | FINANCE | MARKET

Market Dynamics Indicators for the Smart Card Solutions Market

The smart card solutions market in Malaysia was estimated to have reached RM258.7 million in 2011. Growth in the market is further expected to continue with a CAGR of 4.5 percent from 2012 to 2016, bringing the total market to reach a size of RM319.3 million.

Figure 5: Market Dynamics Scorecard for the Smart Card Solutions Market in Malaysia

Market Dynamics Indicators	Measurement	Trends
2011 Market Size (RM million)	258.7	Stable increase
2011 Market Growth Rate (%)	3.8	Stable
2016 Forecast Market Size (RM million)	319.3	Increasing
Forecast Period Market CAGR (2012 – 2016)	4.5	-
Pricing Trends	Consistent margins with a higher potential for value added services	Stable
Types of Market Players	Stable pool of established market players who have the necessary technical capabilities, experience and know-how in each area of the smart card solutions market	Stable

Source: Protégé Associates

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

**Market Size and Growth Forecast for the Smart Card Solutions Market**

The market size and growth forecast for the smart card solutions market in Malaysia from 2008 to 2016 is shown in Figure 6 below.

Figure 6: Market Size and Growth Forecast for the Smart Card Solutions Market in Malaysia

Year	Market Size (RM million)	Growth Rate (%)
2008	231.6	-
2009	240.1	3.7
2010	249.2	3.8
2011	258.7	3.8
2012	267.8	3.5
2013	278.5	4.0
2014	291.3	4.6
2015	305.3	4.8
2016	319.3	4.6

CAGR (2012 – 2016): 4.5 percent

Note: All figures are rounded; the base year is 2011.

Source: Protégé Associates

Market Dynamics Analysis: Demand and Supply Conditions for the Smart Card Solutions Market

Due to the fact that the smart card solutions market in Malaysia is a subset of the larger smart cards market in the country, the demand and supply conditions which impact the smart cards market will also impact the smart card solutions market. There is however an additional positive supply condition for the smart card solutions market in Malaysia and this is elaborated as follows:

- 1) **Availability of Human Resources Providing the Necessary Expertise and Technological Know-How** - The smart card solutions market, due to its nature of providing professional services (as opposed to the more manufacturing and sales/ trading nature of the other types of smart cards market players) relies on availability of human resources with the necessary expertise and technological know-how in order to ensure quality services and continued development and innovation in solutions. In addition to the present availability, the Government plans to further boost the number of skilled workers in the country by allocated RM500 million for the upgrading of workers' skills under the 10MP, further targeting the amount of skilled workers to reach 37 percent of the total

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



workforce by 2015. In addition, the MSC Malaysia's Knowledge Workers Development Initiative ("KDI") has also been developed. The KDI aims to facilitate the current and future demands of industry-relevant talent by the local ICT industry and it offers various programmes encompassing career awareness, skills training, industrial attachments, curriculum alignment at Institutions of Higher Learning ("IHLs"), as well as demand-supply projection. The positive supply condition on the availability of skilled workers in Malaysia to meet the demands of the smart card solutions market is expected to provide a medium impact throughout the forecast period.

Key Market Players in the Smart Card Solutions Market

The following list details the key market players in the smart card solutions market in Malaysia.

Company Name	Types of Smart Card Solutions Offered	Description
ASCC	<ul style="list-style-type: none"> Smart card personalisation including chip encoding, magnetic stripe encoding and laser engraving 	<p>ASCC is a joint venture between Modular Corp (M) Sdn Bhd and Boustead Information Technology Sdn Bhd.</p> <p>The former specialises in smart card technology and other smart card related application development as well as systems training and consultancy services. ASCC is involved primarily in the financial services sector for its personalisation business.</p> <p>The latter is a wholly-owned subsidiary of Boustead Holdings Berhad, a Malaysian public listed company.</p> <p>Revenue: RM2.7 million, PBT: -RM3,881 (2010)</p>
CASSIS	<ul style="list-style-type: none"> Smart card personalisation NFC and remote management technology Builds customised solutions Develops digital devices and services 	<p>CASSIS was founded in 2002 and headquartered in Singapore. The company serves many leading banks, telecommunications industry players and transit operators in Asia Pacific, Europe and USA.</p> <p>Revenue: RM8.4 million, PBT: -RM1.4 million (2010)</p>
Datasonic Group	<ul style="list-style-type: none"> Smart card personalisation Digital identity systems and smart card solutions Selling and distribution of Datacard® systems Design, implementation, installation, training, technical support for personalisation systems Selling, distribution and maintenance of consumables and equipment for the card 	<p>Datasonic Group through Datasonic Corporation Sdn Bhd, began its operations in 1980 with the provision of smart card secure ID and personalisation services.</p> <p>The Group continues to expand the boundaries of its smart card solutions and offerings by conducting R&D to diversify into the area of being a total smart card software and system provider (i.e. expand into chip platforms/ OS).</p> <p>The Group is also expanding into the arena of ICT solutions via its subsidiary Datasonic Technologies Sdn Bhd. This subsidiary is responsible for the Group's continued expansion into the ICT industry via the large scale customised software and hardware</p>

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

Protégé
ASSOCIATES

BRAND | FINANCE | MARKET

Company Name	Types of Smart Card Solutions Offered	Description
	<p>systems</p> <ul style="list-style-type: none"> • Consultation and project management services for smart cards, secure ID and other large scale customised projects 	<p>systems it has developed. With these large scale customised systems, the Group provides further project management and professional services for their clients. Among some of the projects which the company is involved in include the Visa & Pass System for the Immigration Department of Malaysia, Malaysian Foreign Worker ID Card for the Immigration Department of Malaysia, Biro Pengaduan Awam ("BPA") or the Public Complaints Bureau System for the Prime Minister's Department and other ministries and government agencies, Kad JkSM Project for Ministry of Women, Family and Community Development, Next Generation Network ("NGN") Project for Telekom Malaysia, Call Centre Services for Perbadanan Tabung Pendidikan Tinggi Nasional ("PTPTN") and others.</p> <p>Group Revenue: RM78.4 million, PBT: RM21.7 million (2011)</p>
DZ	<ul style="list-style-type: none"> • Smart card personalisation • Smart card manufacturing 	<p>DZ is involved in the manufacturing and trading of security cards, plastic credit cards and related products. DZ is also a provider of personalisation equipment and services.</p> <p>Revenue: RM28.8 million, PBT: -RM1.3 million (2011)</p>
Gemalto	<ul style="list-style-type: none"> • Smart card personalisation • Marketing of smart cards and related products 	<p>Gemalto is among the world's leading smart card manufacturers and digital solutions providers, providing end-to-end security solutions. The company was formed in June 2006 by the merger of two leading smart card manufacturers – Axalto and Gemplus.</p> <p>It is headquartered in France and operates in Malaysia through its local office Gemalto Sdn Bhd.</p> <p>The company has global research and development, manufacturing and personalisation capabilities.</p> <p>Revenue: RM62.5 million, PBT: RM1.6 million (2010)</p>
IRIS	<ul style="list-style-type: none"> • Digital identity solutions which include smart card personalisation services and equipment, smart card readers, integrated terminals/kiosks and biometric scanners • Manufacturing of PMPC and EMV cards 	<p>IRIS is a global solutions provider with core expertise in digital identity, business, farming and environmental solutions.</p> <p>Incorporated in 1994, IRIS is the first company in Asia to set up fully integrated manufacturing facilities for Contact and Contactless Smart Cards, Contactless Document Inserts and assembled Module in Tapes and Reels.</p> <p>Revenue: RM366.1 million, PBT: 42.6 million (2010)</p>

Note:

- 1) Market players listed alphabetically.
- 2) Information on the market players have been obtained from the companies' websites, annual reports and Suruhanjaya Syankat Malaysia ("SSM") reports.

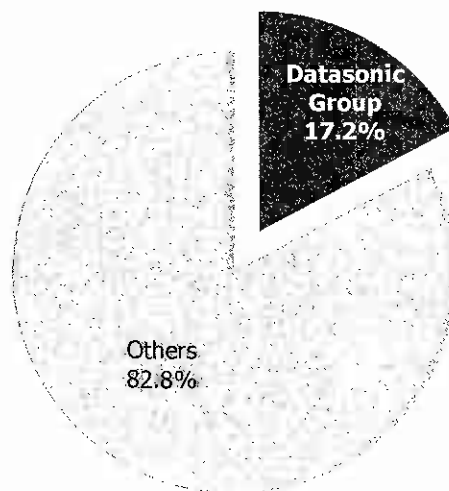
Source: Protégé Associates

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

Market Share Analysis for the Smart Card Solutions Market

The smart card solutions market in Malaysia comprises of about 10 to 14 market players. The following illustrates the market share Datasonic Group in the smart card solutions market in 2011.

Figure 7: Market Share of Datasonic Group in the Malaysian Smart Card Solutions Market, 2011

*Note:*

- 1) Market share of Datasonic Group is based on revenues derived from smart card related projects, products and services only and not from its other ICT projects/ solutions
- 2) Market share of other players is not obtainable due to the lack of similar revenue segmentation or latest official financial information

Source: Protégé Associates

In 2011, Datasonic Group generated RM44.5 million from its smartcard related projects, products and services. Based on this revenue, and a smart card solutions market size of RM258.7 million, Datasonic Group held a market share of 17.2 percent. Datasonic Group is a well-established market player with a long history of participation in the market.

Datasonic Group's Competitive Advantages

Datasonic Group is one of the main market players in the Malaysian smart card solutions market. Two of the Group's subsidiaries – Datasonic Corporation Sdn Bhd and Datasonic Technologies Sdn Bhd are active in the market with the former providing smart card personalisation services, sale of consumables, and also maintenance, support, training and consultancy for smart card projects, while the latter manages projects and implements smart

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



card software and hardware customisation for smart card and other large scale customised ICT projects.

Datasonic Group is a market player that stands out in the smart card solutions market as they have a proven track record and an established presence. This comes from its more than 20 years of experience in the market, as well as its role as the sole distributor of Datacard® Central Issuance Systems and Solutions in Malaysia. Having a lengthy track record and an early presence in the market has enabled Datasonic Group to be one of the incumbents in the market. This is beneficial as the Group will not be faced with the barriers to entry that other newer competitors are likely to face. These barriers may include the high initial investment and capital expenditure required to set up personalisation centres, the ability in meeting stringent standards of certification body/ compliance regulations (e.g. for EMV cards) and also competing with established market players like Datasonic Group.

Another advantage that Datasonic Group holds in being one of the key market players is that with the extensive market knowledge and experience in smart cards, Datasonic Group is now able to branch out into the larger ICT industry – and its plans to diversify into other software and hardware customisation projects and be a preferred ICT solutions provider will likely strengthen the Group's capabilities and market presence.

Barriers to Entry**High Initial Investment and Capital Expenditure**

The setup of smart card personalisation centres to provide competitive smart card solutions requires a sizable initial investment that can prove prohibitive to new market entrants. Initial set up costs involve high capital expenditure costs arising from the purchase of large-scale smart card personalisation machines to meet the intended scale of production, the investment in software solutions (whether through internal development or external procurement) for smart cards, and the acquisition of other requisite equipment and technologies. New and potential market entrants may find difficulty in harnessing the financial resources for such expenditure to a scale comparable to that of existing market players.

Meeting Stringent Standards of Certification Bodies/ Compliance Regulations

Smart cards are often applied for the storage of personal data of individuals, including sensitive biodata, financial and security information (e.g. for EMV cards). Given the criticality of the information stored on smart cards, advocates of smartcard usage, including EMV, the Malaysian Government and mobile telecommunications service providers hold stringent standards of compliance in relation to the quality and security standards of smart cards. The

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



stringency of these standards can prove a barrier to entry for new market entrants with little experience or knowledge of these regulatory and certification requirements.

Competing with Established Market Incumbents

Potential market entrants will have to compete directly against market incumbents who have already built a significant market presence and reputation. Market players such as IRIS and Datasonic Group have had the first mover advantage, which is likely to hold as a major competitive strength among smart card customers, with whom quality and security of smart cards are absolutely paramount. New market entrants will need to convince the existing market to switch suppliers; this may prove difficult as market incumbents are likely to already possess the technological experience, business relationships and efficiencies to continue dominating the smart card solutions market.

Market outlook: Future Prospects

The smart cards market in Malaysia was estimated to have reached RM482.6 million in 2011. Growth in the market is further expected to continue with a CAGR of 3.7 percent from 2012 to 2016, bringing the total market to reach a size of RM576.3 million. In contrast, the smart card solutions market in Malaysia was estimated to have reached RM258.7 million in 2011. Growth in the market is further expected to continue with a CAGR of 4.5 percent from 2012 to 2016, bringing the total market to reach a size of RM319.3 million. Growth rates for the smart cards market and the smart cards market in Malaysia from next year onwards are also expected to climb steadily, between 3.4 percent to 3.9 percent for the former; and between 3.5 percent to 4.8 percent for the latter.

The market outlook for both these markets is therefore positive, with demand being driven from existing applications (GMPC, PMPC and others), adoption by new market areas (loyalty, physical access and others), new technology and improvements (NFC and contactless) as well as new applications being driven by the Government and financial sectors. Demand may be minimally impacted by the moderate interest from existing cardholders towards new applications in the near term but this is not expected to contribute any significant impact on the overall market demand.

In terms of supply, a stable and reliable supply of product and services in both the smart cards market and smart card solutions market can be attributed to the presence of established market players, continued support by the Government and financial sector and a reliable supply of IC chips for smart card manufacturing. Supply is only expected to be minimally impacted by the presence of cheaper alternatives like magnetic stripe cards or

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



lower technology proximity cards. However, these alternatives are usually used in applications which do not require high security and hence, are not expected to pose a serious challenge to the smart cards and smart card solutions markets.

With the positive market outlook for both the above markets, market players are expected to benefit and continue to grow during the forecast period. Among some of the factors which enable established market players with a proven track record to sustain strong growth may include their historical record of success, established partnerships with vendors, proven ability to meet stringent standards and compliance issues as well as proven financial capacity to invest in the required machinery and equipment.

In addition, market players which participate in more than one area have greater diversification and more products and services in their portfolio to offer to their clients. These may include Datasonic Group (which is both a smart card solution provider and can also act as a system integrator) and IRIS (a smart card solution provider and reader/ terminal supplier). Certain market players may also have gained sufficient experience and expertise from their involvement in the smart cards market to further expand into the greater ICT industry, thus providing them with a competitive advantage breaking into a global growth industry. Datasonic Group has taken this route and presently has branched into becoming an ICT solutions provider, with some large scale integrated customised solutions development and implementation projects across the governmental and telecommunications sector under its belt. Market players in this vein are expected to perform even better than those who solely participate in the smart cards or smart card solutions market.

Branching out into the ICT industry is expected to bring in good results for market players like Datasonic Group as, according to MATRADE, the period from 2005 to 2010 saw ICT expenditure in the country growing at a CAGR of 10.0 percent to RM22.0 billion. In addition, the Malaysian ICT industry is expected to continue to see positive prospects into the long term with the growth in 2011 expected at just below 10 percent.

The Government further expects that the ICT industry will gain more momentum due to the convergence of digitalisation and its impact on other industries and the economy. The ICT industry has been earmarked as one of the National Key Economic Areas in the 10MP and aims to shift the country from being an average producer of general ICT products and services to a niche producer of selected ICT products and services, and to progress from being a net importer to a net exporter. Continued growth in the ICT industry is expected with favourable Government policies and plans as outlined in the 10MP and ETP.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

Protégé
ASSOCIATES

BRAND | FINANCE | MARKET

Protégé Associates has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present a view of the overall industry and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

Thank you.

Yours sincerely,



SEOW CHEOW SENG

Managing Director

Protégé Associates Sdn. Bhd.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

8.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

8.1.1 Shareholdings

The shareholdings of our Promoters and/or substantial shareholders in our Company before and after our IPO are as follows:

Name	Designation	Country of Incorporation/ Nationality	Before IPO			After IPO		
			Direct	Indirect	No. of Shares held	Direct	Indirect	No. of Shares held
			% held	% held	% held	% held	% held	% held
Promoters and Substantial Shareholders								
Dibena Enterprise	-	Malaysia	47,752,000	68.58	-	47,752,000	53.06	-
Dato' Abu Hanifah bin Noordin	Managing Director	Malaysian	21,874,004	31.42	47,752,000 ⁽¹⁾	13,942,004	15.49	47,952,000 ⁽²⁾
Handrianov Putra bin Abu Hanifah	Executive Director	Malaysian	-	-	-	200,000 [^]	0.22	-

Notes:

- (1) Deemed interest through his substantial shareholding in Dibena Enterprise pursuant to Section 6A of the Act.
(2) Deemed interest through his substantial shareholding in Dibena Enterprise pursuant to Section 6A of the Act and shares held by his children pursuant to Section 134(12)(c) of the Act (assuming full subscription of the Pink Form allocation).
[^] Assuming full subscription of the Pink Form allocation.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

8.1.2 Profile of Promoters and Substantial Shareholders

Dibena Enterprise

Promoter and substantial shareholder

Dibena Enterprise was incorporated in Malaysia under the Act on 25 June 1981. As at the LPD, its authorised share capital is RM10,000,000 divided into 10,000,000 ordinary shares of RM1.00 each, of which 9,000,000 ordinary shares of RM1.00 have been issued and fully-paid up.

The principal activities of Dibena Enterprise is in investment holding, general trading and the provision of management services.

The Directors and substantial shareholders of Dibena Enterprise and their respective shareholdings in Dibena Enterprise as at the LPD are as follows:

Name	< ----- Direct ----- >		< ----- Indirect ----- >	
	No. of shares held	% held	No. of shares held	% held
Directors				
General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)	-	-	-	-
Dato' Abu Hanifah bin Noordin	-	-	9,000,000	100.00*
Datin Popi Riandani binti Dody Mughtar	-	-	-	-
Handrianov Putra bin Abu Hanifah	-	-	-	-
Md Diah bin Ramli	-	-	-	-
Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir	-	-	-	-
Dato' Wan Mohd Safiain bin Wan Hasan	-	-	-	-
Talya Zholeikha binti Abu Hanifah	-	-	-	-
Substantial Shareholders				
Dato' Abu Hanifah bin Noordin	-	-	9,000,000	100.00*

Note:

- * Deemed interest through his substantial shareholdings in Sarana Kencana Sdn Bhd (629220-U) (formerly known as Bahana Kencana Sdn Bhd) pursuant to Section 6A of the Act.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

Dato' Abu Hanifah bin Noordin, Malaysian, aged 60
Promoter, Substantial Shareholder and Managing Director

Dato' Abu Hanifah bin Noordin is our Managing Director. He was first appointed to our Board on 13 March 2008 and subsequently as our Managing Director on 27 June 2011. He graduated from University Malaya with an honours degree in Economics in 1973 and subsequently qualified as a Chartered Accountant and Certified Public Accountant in 1976.

He was a practising accountant for more than 20 years up to 2005. In 2005, he acquired Dibena Enterprise and assumed the position of Executive Chairman/ CEO of the company and was also appointed as Chairman of GMPC Corporation Sdn Bhd which is the consortium of five (5) companies (of which Dibena Enterprise is a member) which is involved in the Malaysian MyKad secure-ID project. In 2006, following the acquisition of Datacard QSS Sdn Bhd (now known as Datasonic Corporation) by Dibena Enterprise, he assumed the position of CEO of Datasonic Corporation.

He served as the President of the Malaysian Institute of Accountants in 1987 and led the Institute for 13 years until 2000. In that capacity, he also served as a Board Member of the International Accounting Standards Committee ("IASC"). He also served on the boards of several public limited companies and government-linked companies. Currently he is an Independent Non-Executive Director of Pacific & Orient Berhad and the Deputy Chairman of Mega First Corporation Berhad.

8.1.3 Changes in Promoters and/or Substantial Shareholders' Shareholdings since Incorporation

Save as disclosed below, there has been no change in the shareholdings of our Promoters and/or substantial shareholders in our Company since incorporation up to the date of this Prospectus:

Name	Date of Acquisition/ Disposal	←----- Direct ----->		←----- Indirect ----->	
		No. of Shares Acquired/ (Disposed)	Cumulative No. of Shares	No. of Shares Acquired/ (Disposed)	Cumulative No. of Shares
<u>Promoters and Substantial Shareholders</u>					
Dibena Enterprise	11.06.2012	47,752,000	47,752,000	-	-
Dato' Abu Hanifah bin Noordin	13.03.2008	2	2	-	-
	11.06.2012	21,873,996	21,873,998	47,752,001*	47,752,001*
	12.06.2012	6	21,874,004	47,752,000**	47,752,000**
Datin Popi Riandani binti Dody Muchtar	01.12.2010	2	2	-	-
	23.06.2011	(1)	1	-	-
	12.06.2012	(1)	-	-	-
Nor'aini binti Mat	23.06.2011	1	1	-	-
	11.06.2012	4	5	-	-
	12.06.2012	(5)	-	-	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

Notes:

- * *Deemed interest through his substantial shareholding in Dibena Enterprise pursuant to Section 6A of the Act and shares held by his spouse pursuant to Section 134(12)(c) of the Act.*
- ** *Deemed interest through his substantial shareholding in Dibena Enterprise pursuant to Section 6A of the Act.*

8.2 BOARD OF DIRECTORS

8.2.1 Profile

The profile of Dato' Abu Hanifah bin Noordin is set out in Section 8.1.2 of this Prospectus.

General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd), Malaysian, aged 77 Independent Non-Executive Chairman

General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd) is our Independent Non-Executive Chairman. He was appointed to our Board on 27 June 2011. He attended the Advanced Management Programme at Harvard Business School, US, in 1991. He was conferred with the Honorary Doctorate by the University of Salford, United Kingdom in 1999.

He was first commissioned in the Royal Malay Regiment in December 1956. He was appointed as the Chief of Staff in the Ministry of Defence in 1980 holding the rank of Major General after attending the National Defence College Course in India. He was appointed as the Chief of Army in November 1985 and initiated the re-organisation and modernisation of the Army.

In October 1987, he was appointed as the Chief of Defence Forces which he held until his retirement in April 1992 after serving the Armed Forces for 38 years and 9 months. He was one of the three signatories of the Surrender Agreement between the Government of Malaysia and the Malayan Communist Party whereby the Malayan Communist Party agreed to lay down their arms and disband the Party.

After his retirement, he became the Chairman of Perwira Niaga Malaysia ("Pernama"), a company that served the Malaysian Armed Forces. Subsequently in August 1993, he was appointed as the Chairman of Country Heights Holdings Berhad.

He is currently the Chairman of the Southeast Asian Association of Glutamate Science ("SEAAGS"). The member countries are Thailand, Indonesia, Philippines, Vietnam and Malaysia.

He is also the Chairman of Ajinomoto (Malaysia) Berhad, Chiyoda (M) Sdn Bhd, Yokogawa Kontrol (M) Sdn Bhd, Dibena Enterprise and Delloyd Ventures Berhad and sits on the Boards of Borneo Highlands Hornbill Golf & Jungle Club Berhad, Bluwater Developments Berhad, Mines Excellence Golf Resort Berhad and some private companies.

Chew Ben Ben, Malaysian, aged 55 Deputy Managing Director

Chew Ben Ben is our Deputy Managing Director. He was appointed to our Board on 27 June 2011. He served as a teacher between 1980 and 1983. He graduated from Universiti Kebangsaan Malaysia in 1988 with a Bachelor of Business Administration (Hons).

He began his career when he joined KL Mutual Fund Berhad as an Investment Officer and a member of the Fund Management Committee in 1989. In 1990, he became a dealer's representative in TA Securities Sdn Bhd. He was a dealer's representative in Inter-Pacific Securities Sdn Bhd from 1991 to 2002.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

He joined Mentiga Corporation Berhad as a Non-Executive Director in 2003 and was later promoted to Executive Director in 2004. He joined Dibena Enterprise as a Consultant in 2005, and was later appointed as a Director of Datasonic Corporation in 2006. He assumed the position of Executive Director in Datasonic Corporation in 2008 and later became its Managing Director in June 2011. He is responsible for corporate planning and strategic development and is assisting our Managing Director in the overall management and business development of our Group.

Handrianov Putra bin Abu Hanifah, Malaysian, aged 23
Executive Director

Handrianov Putra bin Abu Hanifah is our Executive Director. He was appointed to our Board on 27 June 2011. He graduated from Limkokwing University in 2010 with a Diploma in Multimedia, Advertising and Broadcasting.

He began his career when he joined Dibena Group in 2008 as a Director of Public Relations and subsequently assumed the position of Executive Director in Datasonic Technologies, Dibena Enterprise and Dibena Technologies in 2010. He is responsible for overseeing all public relations activities, operations as well as the corporate and strategic plans of our Group.

Raghbir Singh a/l Hari Singh, Malaysian, aged 67
Executive Director

Raghbir Singh a/l Hari Singh is our Executive Director. He was appointed to our Board on 27 June 2011. He graduated from University of Malaya in 1972 with a Bachelor of Arts (majoring in Economics).

He began his career as a Statistical Office for the National Statistics Department in 1972 before joining the MOF (Tax Division) as an Assistant Secretary in 1980. After serving at several national agencies, he was appointed as the Senior Director of Administration and Finance in the Malaysia Prison Department in 1987, Deputy Director of the Immigration Department of Malaysia in 1992 and eventually became the Assistant Director of NRD before retiring from the civil service in 1999. Raghbir joined Datasonic Corporation in 1999 as an Operations Manager, and was later promoted to Deputy Managing Director in 2006.

Md Diah bin Ramli, Malaysian, aged 51
Executive Director

Md Diah bin Ramli is our Executive Director. He was appointed to our Board on 27 June 2011. He is also an Executive Director for Dibena Enterprise and Dibena Technologies. Md Diah graduated from Institut Teknologi MARA in 1983 with a Diploma in Applied Science majoring in Planting Industry and Management.

He began his career as a Plantation Assistant Manager at Harrisson Malaysian Plantation Berhad in 1983. Subsequently he joined FELCRA Settlers Cooperatives in 1985 as a Project and Marketing Assistant Manager. In 1992, he joined Dibena Technologies as Sales and Marketing Executive and was later promoted to Senior Manager in 2004. He was appointed as Executive Director of Dibena Enterprise and Dibena Technologies in 2005.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir, Malaysian, aged 58
 Independent Non-Executive Director

Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir is our Independent Non-Executive Director. He was appointed to our Board on 27 June 2011. He graduated from Deoband University, India in 1979 with a degree in Islamic Studies and later obtained a Bachelor of Arts in Syariah Law from the Al Azhar University, Egypt, in 1983. He subsequently obtained a PhD from Universitas Islam Negeri Sultan Syarif Kasim, Riau, Indonesia, in 2012.

He began his career in 1984 as a Federal Court Judge in the Syariah Court. In 1987, he joined the Prime Minister's Department as an Administration and Diplomatic Officer. During his period, he was the Consul of the Malaysian Embassy in Saudi Arabia from 1991 to 1995 and Confidential Secretary to the Education Minister from 1995 to 1998. From 1999 to 2008, he has been appointed as a member of the Censorship Board of the Home Ministry of Malaysia.

In 2008, he represented UMNO as a candidate for the national election for the Parliamentary seat for Titiwangsa district. In the same year, he was appointed the post of Treasurer for The Scouts Association of Malaysia. Subsequently in 2009, he was appointed as the Chairman of Koperasi JASA ("KOJASA"), a government-linked body involved in the provision of credit loan management services for the public. In 2010, he was appointed as the Deputy Chief of The Scouts Associations of Malaysia.

Dato' Wan Ibrahim bin Wan Ahmad, Malaysian, aged 62
 Independent Non-Executive Director

Dato' Wan Ibrahim bin Wan Ahmad is our Independent Non-Executive Director. He was appointed to our Board on 27 June 2011. He graduated from University of Malaya in 1972 with a Bachelor of Arts (Hons).

He began his career in the Ministry of Information as an Assistant Secretary in 1972 before assuming the position of Assistant Administrator of Hospital University in University of Malaya in 1976, Principal Assistant Secretary of the Education Service Commission in 1978, Deputy Director of the Public Service Department in 1985 and Deputy Director General of the National Anti-Drug Agency from 1997 to 2001. Between 2002 to 2003, he was the Director General of National Anti-Drug Agency. In 2003, he was appointed as the Director General of the NRD. He retired from the civil service in 2005 and was appointed as an Advisor to Cito Holdings Sdn Bhd and Dibena Enterprise. He was later appointed as the Director of Datasonic Corporation and Datasonic Technologies in 2006 and 2008 respectively.

Dato' Wan Mohd Safiain bin Wan Hasan, Malaysian, aged 65
 Independent Non-Executive Director

Dato' Wan Mohd Safiain bin Wan Hasan is our Independent Non-Executive Director. He was appointed to the Board on 27 June 2011. He graduated from the Cambridge International University, US, in 2004 with a Diploma in Business Administration.

He began his career in 1974 as a Government Security Officer, and held this position till 1986, while working with the Malaysian Ministry of Home Affairs and the Prime Minister's Department. In 1986 he assumed the position of Deputy Chief Government Security Officer of the Prime Minister's Department and was promoted to Chief Government Security Officer in 1996. He left civil service in 2003 and joined PQM Consultancy and Management Services Sdn Bhd as CEO. He was responsible in overseeing the collaboration of training programmes between the Government of New South Wales, Australia, and the Open University of Malaysia. He also held the position of the Honorary Member of the Royal Council of Terengganu (2006-2009) and the Comptroller of the Royal Household, Istana Negara (2006-2008). In 2010, he was made the Director of Dibena Enterprise.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

Yee Kim Shing @ Yew Kim Sing, Malaysian, aged 74
Independent Non-Executive Director

Yee Kim Shing is our Independent Non-Executive Director. He was appointed to our Board on 27 June 2011. He graduated from University of Melbourne in 1960 with a Bachelor of Commerce. He is a member of the Malaysian Institute of Accountants, the Institute of Chartered Accountants of Australia and the Institute of Certified Public Accountants of Singapore.

He began his career in 1964 as a practicing accountant in Ernst & Young for 26 years before retiring as a senior partner in 1990. During his 26 years of professional service, he successfully implemented several schemes of reconstruction, restructuring and re-listing of public listed companies. His directorships in other public listed companies are Pacific & Orient Berhad and Dataprep Holdings Berhad as well as in other public company such as Pacific & Orient Insurance Berhad.

Zaiful Ayu Ibrahim bin Ibrahim, Malaysian, aged 40
Independent Non-Executive Director

Zaiful Ayu Ibrahim bin Ibrahim is our Independent Non-Executive Director. He was appointed to our Board on 27 June 2011. He graduated from University of Missouri in 1995 with a Bachelor of Science in Industrial Engineering.

He began his career in 1996 with G-Two Holdings Berhad as a Corporate Affair Manager before moving to head the operations the company's subsidiary, G-Two Technologies Sdn Bhd in 1997. Subsequently, he joined Langkah Teknologi Sdn Bhd in 1999 as CEO until 2009. He was appointed as a Director of Dibena Enterprise and Datasonic Technologies in 2010.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

8.2.2 Shareholdings

Save for the shareholdings of Dato' Abu Hanifah bin Noordin which is set out in Section 8.1.1 of this Prospectus, the shareholdings of our Directors in our Company before and after our IPO are as follows:

Name	Designation	Nationality	Before IPO			After IPO				
			No. of Shares held	% held	Indirect [^] No. of Shares held	% held	Direct [^] No. of Shares held	% held		
General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)	Independent Non-Executive Chairman	Malaysian	-	-	-	-	500,000 [^]	0.56	-	-
Chew Ben Ben	Deputy Managing Director	Malaysian	-	-	-	-	200,000 [^]	0.22	-	-
Handrianov Putra bin Abu Hanifah	Executive Director	Malaysian	-	-	-	-	200,000 [^]	0.22	-	-
Raghibir Singh a/l Hari Singh	Executive Director	Malaysian	-	-	-	-	200,000 [^]	0.22	-	-
Md Diah bin Ramli	Executive Director	Malaysian	-	-	-	-	199,996 [^]	0.22	-	-
Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir	Independent Non-Executive Director	Malaysian	-	-	-	-	100,000 [^]	0.11	-	-
Dato' Wan Ibrahim bin Wan Ahmad	Independent Non-Executive Director	Malaysian	-	-	-	-	100,000 [^]	0.11	-	-
Dato' Wan Mohd Safain bin Wan Hasan	Independent Non-Executive Director	Malaysian	-	-	-	-	100,000 [^]	0.11	-	-
Yee Kim Shing @ Yew Kim Sing	Independent Non-Executive Director	Malaysian	-	-	-	-	100,000 [^]	0.11	-	-
Zaiful Ayu Ibrahim bin Ibrahim	Independent Non-Executive Director	Malaysian	-	-	-	-	100,000 [^]	0.11	-	-

Note:

[^] Assuming full subscription of his Pink Form Tranche allocation

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)
8.2.3 Principal Activities Performed Outside Our Group

Save as disclosed below, none of our Directors has any directorships and/or principal activities performed outside of our Group for the past five (5) years prior to the LPD:

Company name	Principal Activity	Position held [®]	Date resigned
<u>General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)</u>			
Country Heights Holdings Berhad*	Investment holding and provision of management services to related companies	Director/ shareholder	
Ajinomoto (Malaysia) Berhad*	Manufacturing	Director/ shareholder	
Hong Leong Financial Group Berhad*	Investment holding	Director/ shareholder	28.10.2011
Delloyd Ventures Berhad*	Investment holding	Director/ shareholder	
Bluwater Developments Bhd	Golf club resort and other recreational activities	Director	
Mines Excellence Golf Resort Berhad	Golf club resort and other recreational activities	Director	
Borneo Highlands Hornbill Golf & Jungle Club Berhad	Ownership and operation of a golf course and club hotel	Director	
Borneo Heights Sdn Bhd	Property development	Director	
Hasil Nostalgia Sdn Bhd	Investment holding	Director/ Shareholder	
Chiyoda (M) Sdn Bhd	Turnkey contractor for oil and gas	Director	
Hamiiz Holdings Sdn Bhd	Investment holding	Director / shareholder	
Warga Taraf Sdn Bhd	Investment holding	Director / shareholder	
Yokogawa Kontrol (M) Sdn Bhd	Trading in process control instrument and the provision of after sales service	Director/ Shareholder	
Perwira Niaga Malaysia ("PERNAMA")	Retailing business	Director	
Akademi Pendidikan Jati Sdn Bhd	Providing educational services	Director/ Shareholder	

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Company name	Principal Activity	Position held[@]	Date resigned
Fast Lane Intergrated Resources (Malaysia) Sdn Bhd	Providing emergency assistance to programme members	Director	
Dibena Enterprise	Investment holding, general trading, provision of management services	Director	
National Aerospace & Defence Industries Sdn Bhd	Investment holding involved in aerospace & defence related industries	Director	
Country Height Pecanwood Golf & Country Club (Proprietary) Ltd	Golf estate owning company	Director	
Country Heights Pecanwood Boat Club (Proprietary) Ltd	Operation of boat club	Director	
Golden Touch Asset Management Sdn Bhd	Fund Management	Shareholder	
<u>Dato' Abu Hanifah bin Noordin</u>			
Mega First Corporation Berhad*	Independent power producer and property development.	Director	
Pacific & Orient Berhad*	Invctment holding and provision of insurance and financial services	Director	
Pacific Orient Insurance Co Berhad	Provision of general insurance services	Director	12.02.2011
Ad Link Communications Sdn Bhd	Provision of design, artwork, printing and phototypesetting and bromide services	Director/ Shareholder	
Sarana Kencana Sdn Bhd	Investment holding and provision of management services	Director/ Shareholder	
Hanifah Noordin & Associates Sdn Bhd	Provision of management consultancy services	Director/ Shareholder	
Dibena Enterprise	Investment holding, general trading, provision of management services	Director/ Shareholder	
Atlas Healthcare Sdn Bhd (formerly known as Dibena Medical Sdn Bhd)	Dormant	Director	30.05.2012
Dibena Smart ID Sdn Bhd	Dormant	Director	

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Company name	Principal Activity	Position held [@]	Date resigned
Dibena Technologies Sdn Bhd	Dormant	Director	
Dibena Management Sdn Bhd	Dormant	Director	24.10.2011
GMPC Corporation Sdn Bhd	Supply & installation of smart card system for Government GMPC project	Director	28.03.2012
Million Mega Network Sdn Bhd	Provision of digital wireless camera solutions	Director	
Datacard Security Solutions Sdn Bhd	Dormant	Director/ Shareholder	11.03.2008
Geodis Wilson Freight Management Sdn Bhd	Provision of sea & freight forwarding, logistic & transportation services	Director/ Shareholder	
GW Forwarding Services Sdn Bhd	Provision of freight forwarding services	Director/ Shareholder	
Hak JTOP Sdn Bhd	Dormant	Director	23.03.2009
Magniplan Sdn Bhd	Investment holding	Director	
Helu-Trans Sdn Bhd	Member's voluntary winding up	Director	21.11.2007
Propel Gold Sdn Bhd	Dormant	Director	
Dibena Technologies (Hong Kong) Co. Ltd (<i>formerly known as Datasonic Technologies (Hong Kong) Co. Ltd</i>)	Provision of consultancy and trading services for wireless network communication systems (for China market)	Director/ Shareholder	
Dibena (China) Co. Ltd	Dormant	Director/ Shareholder	
<u>Chew Ben Ben</u>			
Million Mega Network Sdn Bhd	Provision of digital wireless camera solutions	Director	
GMPC Corporation Sdn Bhd	Supply & installation of smart card system for the Government GMPC project.	Director	28.03.2012
Datacard Security Solutions Sdn Bhd	Dormant	Director/ Shareholder	11.03.2008
Dibena Technologies (Hong Kong) Co. Ltd (<i>formerly known as Datasonic Technologies (Hong Kong) Co. Ltd</i>)	Provision of consultancy and trading services for wireless network communication systems (for China market)	Director/ Shareholder	

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Company name	Principal Activity	Position held[@]	Date resigned
Dibena (China) Co. Ltd	Dormant	Director/ Shareholder	
Hong Zhong Systems & Solutions (HK) Ltd	Dormant	Director	
<u>Handrianov Putra bin Abu Hanifah</u>			
Sarana Kencana Sdn Bhd	Investment holding and provision of management services	Director	
IDT Holdings (M) Sdn Bhd	Dormant	Director	
Dibena Enterprise	Investment holding, general trading, provision of management services	Director	
Dibena Technologies Sdn Bhd	Dormant	Director	
<u>Raghbir Singb a/l Hari Singh</u>			
Raghbir RSK Sdn Bhd	Dormant	Director/ Shareholder	
Dibena Smart ID Sdn Bhd	Dormant	Director	
<u>Md Diah bin Ramli</u>			
Dibena Management Sdn Bhd	Dormant	Director	
Dibena Enterprise	Investment holding, general trading, provision of management services	Director	
ST Base (M) Sdn Bhd	Provision of ERP system & e-commerce system	Director	
Dibena Smart ID Sdn Bhd	Dormant	Director	
Dibena Technologies Sdn Bhd	Dormant	Director	
Atlas Healthcare Sdn Bhd <i>(formerly known as Dibena Medical Sdn Bhd)</i>	Dormant	Director	30.05.2012
AAO Holding Sdn Bhd	Investment holding & provision of insurance services	Director	
AAO Global Insurance Brokers Sdn Bhd	Insurance brokers and consultancy services	Director	

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Company name	Principal Activity	Position held [@]	Date resigned
Piramid Duta Sdn Bhd	General commission agent	Director/ Shareholder	05.07.2007
Dibena (China) Co. Ltd	Dormant	Director	
Dibena Technologies (Hong Kong)	Provision of consultancy and trading services for wireless network communication systems (for China market)	Director	
<u>Datuk Dr. Aziz Jamaludin bin Hi Mhd Tahir</u>			
Budaya Progresif Sdn Bhd	General merchandise	Director/ Shareholder	
JDA Associates Sdn Bhd	Dormant	Director/ Shareholder	
Menara Terbilang Sdn Bhd	Dormant	Director/ Shareholder	
KPD Technologies Sdn Bhd	Dormant	Director/ Shareholder	
Perfect Influx Sdn Bhd	General merchandise	Director/ Shareholder	
Konsortium Nur Ukhuwah Sdn Bhd	General investment	Director/ Shareholder	
DSDA Automotive (M) Sdn Bhd	Automotive dealers, manufacture, maintenance and warehousing	Director/ Shareholder	
Bertam Security Services Sdn Bhd	Provision of security services	Director/ Shareholder	
Abad Manis Sdn Bhd	Striking off	Director	
Zuhrah Makmur Sdn Bhd	Striking off	Director	
Agensi Pekerjaan MN Millennium Corporation Sdn Bhd	Foreign workers employment agency	Director	01.07.2008
Dibena Enterprise	Investment holding, general trading, provision of management services	Director	
MN Millennium Manpower Management Sdn Bhd	Foreign workers employment agency	Director	18.06.2007
Dibena Management Sdn Bhd	Dormant	Director	

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Company name	Principal Activity	Position held [@]	Date resigned
<u>Dato' Wan Ibrahim bin Wan Ahmad</u>			
Prismegah Holdings Sdn Bhd	Provision of employment services	Director	
Alsabira Sdn Bhd	Foreign workers employment agency	Director/ Shareholder	
Capital Skills Sdn Bhd	Provision of human capital training and development services	Director	16.02.2009
<u>Dato' Wan Mohd Safiain bin Wan Hasan</u>			
FM Security Printer Sdn Bhd	Card printing services	Director/ Shareholder	
Amour De Savonn (M) Sdn Bhd	Supplies of amenities, body care and other cosmetic products	Director	16.08.2010
Dibena Enterprise	Investment holding, general trading, provision of management services	Director	
Gallagher Power Fence (M) Sdn Bhd	Provision of security devices, general trading and investment	Director/ Shareholder	18.11.2011
Power Fence (Malaysia) Sdn Bhd	Provision of perimeter security fencing solutions	Director/ Manager/ Shareholder	
G-Secure (M) Sdn Bhd	Dormant	Director/ Shareholder	
Al-Sakan Security Sdn Bhd	Dormant	Director/ Shareholder	
<u>Yee Kim Shing @ Yew Kim Sing</u>			
Pacific & Orient Berhad	Investment holding and provision of management services	Director/ Shareholder	
P & O Resources Sdn Bhd	Dealing in computer hardware and software and systems	Director	
Pacific & Orient Distribution Sdn Bhd	Distribution of consumer goods and provision of sales and administrative services	Director	
P & O Capital Sdn Bhd	Money lending	Director	
Pacific Orient Insurance Co Berhad	General insurance business	Director	

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Company name	Principal Activity	Position held [@]	Date resigned
Dataprep Holdings Berhad*	Investment holding company and provision of management services to subsidiaries	Director	
HRM Business Consulting Sdn Bhd	Member's voluntary winding up	Director	
<u>Zaiful Ayu Ibrahim bin Ibrahim</u>			
Dibena Technologies Sdn Bhd	Dormant	Director	
Peninsular Passage (M) Sdn Bhd	Member's voluntary winding up	Director/ Shareholder	
BHL Builders Sdn Bhd	Provision of building construction works	Director/ Shareholder	
Apex Starfield (M) Sdn Bhd	Properties development	Director/ Shareholder	
Clarity Centre Sdn Bhd	Investment holding	Director/ Shareholder	
Fortitude Asset Management Sdn Bhd	Fund management services	Director	
Nautical Pacific Sdn Bhd	Members' voluntary winding up	Director/ Shareholder	
Wira Access Sdn Bhd	Dormant	Director/ Shareholder	
BHL Gemilang Sdn Bhd	Dormant	Director/ Shareholder	
BHL Development Berhad	Dormant	Shareholder	
Next Venture (M) Sdn Bhd	Members' voluntary winding up	Director/ Shareholder	
BHL Construction Sdn Bhd	Property development	Director/ Shareholder	
Global Maxlink Sdn Bhd	Provision of information technology services	Director	07.11.2008
Idaman Perangsang Sdn Bhd	Developer, investment and general trading	Director	
Teratai Istimewa Sdn Bhd	Importers, exporters, manufacturers	Director	

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Company name	Principal Activity	Position held [@]	Date resigned
Langkah Teknologi Sdn Bhd	Member's voluntary winding up	Director/ Shareholder	
Bumi Kembara Sdn Bhd	Dormant	Director/ Shareholder	
Pemula Sejagat Sdn Bhd	Property development	Director/ Shareholder	
Pemula Juang Sdn Bhd	Property development	Director/ Shareholder	^
Active Base Media Sdn Bhd	Provision of online trading business	Director	

Notes:* *A public listed company*^ *Resigned with effect from 4 June 2012.*

None of the Executive Directors are involved in the day-to-day activities and operations of the abovementioned business and accordingly, their involvement in the abovementioned companies do not affect their contribution to our Group or negatively impact their ability to act as the Executive Directors of our Group. Further, save for Dato' Abu Hanifah bin Noordin, Handrianov Putra bin Abu Hanifah and Md Diah bin Ramli, none of our Directors has any interest, direct or indirect, in any other businesses and corporations carrying on a trade similar to that of our Group and/or any business or corporations which are also our customers or suppliers of our Group. The Board does not foresee any conflict of interest arising from the above.

Please refer to Section 10.1 and 10.3 of this Prospectus for further information on related party transactions with our Directors and interests in other similar businesses and/or of our customers and suppliers.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

8.2.4 Directors' Remuneration and Material Benefits-in-Kind

The current remunerations and proposed remunerations for services rendered/to be rendered by our Directors in all capacities to our Group for the FYE 31 December 2011 and the FYE 31 December 2012 are as follows:

Director	Compensation Band (RM)	
	FYE 31 December 2011	FYE 31 December 2012
General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)	-	0 to 50,000
Dato' Abu Hanifah bin Noordin	300,001 to 350,000	300,001 to 350,000
Chew Ben Ben	250,001 to 300,000	250,001 to 300,000
Handrianov Putra bin Abu Hanifah	-	0 to 50,000
Raghbir Singh a/l Hari Singh	300,001 to 350,000	300,001 to 350,000
Md Diah bin Ramli	-	100,001 to 150,000
Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir	-	0 to 50,000
Dato' Wan Ibrahim bin Wan Ahmad	0 to 50,000	0 to 50,000
Dato' Wan Mohd Safiain bin Wan Hasan	-	0 to 50,000
Yee Kim Shing @ Yew Kim Sing	-	50,001 to 100,000
Zaiful Ayu Ibrahim bin Ibrahim	-	0 to 50,000

The above remunerations, which comprise salaries, incentives, bonuses, fees, allowances and other benefits-in-kind must be considered and recommended by the Remuneration Committee and subsequently approved by our Board. Our Directors' fees and incentives must be further approved or endorsed by our shareholders at a general meeting.

8.2.5 Directors' Term of Office

Our Directors were appointed to the Board and have served in their respective capacities since the dates set out in Sections 8.1.2 and 8.2.1 of this Prospectus. Our Board comprises five (5) Executive Directors and six (6) Independent Non-Executive Directors and their respective terms of office are as follows:

Name	Designation	Expiration of term of office [#]
General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)	Independent Non-Executive Chairman	28 June 2013 ⁽²⁾
Dato' Abu Hanifah bin Noordin	Managing Director	28 June 2013 ⁽¹⁾
Chew Ben Ben	Deputy Managing Director	30 June 2014 ⁽¹⁾

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Name	Designation	Expiration of term of office [#]
Handrianov Putra bin Abu Hanifah	Executive Director	28 June 2013 ⁽¹⁾
Raghbir Singh a/l Hari Singh	Executive Director	30 June 2014 ⁽¹⁾
Md Diah bin Ramli	Executive Director	30 June 2015 ⁽¹⁾
Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir	Independent Non-Executive Director	30 June 2015 ⁽¹⁾
Dato' Wan Ibrahim bin Wan Ahmad	Independent Non-Executive Director	28 June 2013 ⁽¹⁾
Dato' Wan Mohd Safiain bin Wan Hasan	Independent Non-Executive Director	30 June 2014 ⁽¹⁾
Yee Kim Shing @ Yew Kim Sing	Independent Non-Executive Director	28 June 2013 ⁽²⁾
Zaiful Ayu Ibrahim bin Ibrahim	Independent Non-Executive Director	30 June 2015 ⁽¹⁾

Notes:

The dates of expiration of term of office stated above are on the assumption that the Annual General Meetings of the Company are held at the end of June in each of the subsequent years, in compliance with Sections 143 and 169 of the Act.

⁽¹⁾ In accordance with Article 126 of our Articles of Association on Retirement of Directors:

All Directors (except for General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd) and Yee Kim Shing @ Yew Kim Sing) shall retire from office and shall be eligible for re-election pursuant to Article 126 as stated below:

"At the first annual general meeting of the Company all the Directors (including the Managing Director) shall retire from office, and at the annual general meeting in every subsequent year, one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to but not exceeding one-third (1/3), shall retire from office. An election of Directors shall take place each year. Each Director shall retire at least once each three (3) years but shall be eligible to re-election."

⁽²⁾ General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd) and Yee Kim Shing @ Yew Kim Sing shall hold office until the next Annual General Meeting and shall then be re-appointed pursuant to Section 129(6) of the Act.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

8.3 AUDIT, NOMINATION AND REMUNERATION COMMITTEES

8.3.1 Audit Committee

Our Audit Committee was established on 29 June 2011. Members of our Audit Committee are as follows:

Name	Designation	Directorship
Yee Kim Shing @ Yew Kim Sing	Chairman	Independent Non-Executive Director
Dato' Wan Ibrahim bin Wan Ahmad	Member	Independent Non-Executive Director
Dato' Wan Mohd Safiain bin Wan Hasan	Member	Independent Non-Executive Director

The principal objective of the Audit Committee is to implement and support the oversight function of the Board. It provides a means for review of our Group's processes for producing financial data, its internal controls, corporate code of conduct, the independence of our Group's external auditors, and maintain an open line of communication and consultation between our Board, the internal auditors, the external auditors and our key management. Our Audit Committee performs, among others, the following functions:

- (i) Review with our external auditor the audit report and the corrective actions arising from external audit findings;
- (ii) Review our quarterly and annual financial statements before submission to our Board, focusing in particular on, amongst other, significant changes and adjustments in preparation and presentation of financial statements, material fluctuations with regard to position and result as reflected in the financial statements and compliance with accounting standards, regulatory and other legal requirements;
- (iii) Review matter concerning the suitability for appointment or reappointment of external auditors and matters relating to their resignation;
- (iv) Review any related party transactions entered into by our Group and any conflict of interest situations that may arise within our Group; and
- (v) Review with our internal auditor their evaluation of the system of internal controls, which include amongst others, the financial and operational controls.

8.3.2 Nomination Committee

Our Nomination Committee was established on 29 June 2011. Members of our Nomination Committee are as follows:

Name	Designation	Directorship
Dato' Wan Mohd Safiain bin Wan Hasan	Chairman	Independent Non-Executive Director
Datuk Dr. Aziz Jamaludin bin Hj Mhd Tahir	Member	Independent Non-Executive Director

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

Name	Designation	Directorship
Zaiful Ayu Ibrahim bin Ibrahim	Member	Independent Non-Executive Director

Our Nomination Committee's terms of reference include, amongst others, the following:

- (i) Identify and recommend to our Board, candidates for directorships of our Company and Directors as members of the relevant Board committees;
- (ii) Evaluate the effectiveness of the Board and Board Committees (including its size and composition) and the contribution of each individual director including independent non-executive directors as well as the chief executive officer; and
- (iii) Review annually the required mix of skills and experience and other qualities of the Board, including the core competencies which directors should bring to the Board.

8.3.3 Remuneration Committee

Our Remuneration Committee was established on 29 June 2011. Members of our Remuneration Committee are as follows:

Name	Designation	Directorship
Dato' Wan Ibrahim bin Wan Ahmad	Chairman	Independent Non-Executive Director
Dato' Wan Mohd Safiain bin Wan Hasan	Member	Independent Non-Executive Director
Chew Ben Ben	Member	Deputy Managing Director

Our Remuneration Committee's terms of reference include amongst others the following:

- (i) Review and recommend the entire individual remuneration packages for each of the Executive Directors and key management personnel to ensure the levels of remuneration be sufficiently attractive and be able to retain the Executive Directors and key management personnel needed to run our Group successfully;
- (ii) Ensure that a strong link is maintained between the level of remuneration and individual performance against agreed targets, the performance-related elements of remuneration forming a significant proportion of the total remuneration package of Executive Directors and key management personnel; and
- (iii) Establish and recommend to the Board the remuneration structure and policy for Executive Directors and key management personnel; the terms of employment or contract of employment/service, any benefit, pension or incentive scheme entitlement; other bonuses, fees and expenses; any compensation payable on the termination of the service contract by the our Group and to review for changes to the policy, as necessary.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

8.4 KEY MANAGEMENT PERSONNEL
8.4.1 Profile

Talya Zholeikha binti Abu Hanifah, aged 30
Head of Human Resources and Administration

Talya Zholeikha binti Abu Hanifah is our Head of Human Resources and Administration. She graduated from Sunway College Malaysia with a Certificate in Accounting from the Association of Chartered Certified Accountants in 2000.

She began her career in 2000 with Sia & Co, a chartered accountancy firm as an intern. In 2003 she joined Hanifah Noordin & Associates Sdn Bhd, a management and business consultancy company as Manager of Finance and Administration. She joined Dibena Enterprise in 2008 as Director of Human Resources and Administration and was subsequently promoted to Executive Director of Datasonic Technologies in 2009 and Dibena Enterprise in 2010. Currently, she is responsible for overseeing the human resources and administration department of our Group.

Tham Choon Sarn, Malaysian, aged 54
Head of Business Development

Tham Choon Sarn is an Executive Director of our subsidiary, Datasonic Corporation. He graduated from University of Malaya in 1981 with a Bachelor of Science (Hons.) Degree and obtained a Masters of Business Administration in 1991 from the same university.

In 1981, he began his career as an analyst of data processing with Digicon Ltd, an American company based in Singapore. In 1982, he moved to another American company, Western Geophysical, where he served as a Senior Analyst specialising in geophysical and digital signal processing until 1987. In 1988 he joined Investametic Sdn Bhd as a Senior Analyst. In 1990, he assumed the position of Senior Manager in Tongkah Information Resources Sdn Bhd and was promoted to General Manager in 1998. In 1999 he was appointed as the Director of Technical Services for Worldcare Health Sdn Bhd's e-health and telemedicine project.

In 2000, he was appointed as the General Manager of E-Commerce and ICT of Dynamic Management Sdn Bhd, a subsidiary company of IOI Holdings Bhd before moving to join Exploration Consultants Ltd, a Australia company based in Malaysia in 2004. In 2005, he joined Dibena Management Sdn Bhd as an Executive Director before being reassigned as an Executive Director of Datasonic Corporation in 2007. He is currently involved in the business development of our Group's Government and Non-Government ICT and infrastructure projects.

Siti Rohana binti Abd Majid, Malaysian, aged 54
Head of Telecommunications

Siti Rohana Binti Abd Majid is our Head of Telecommunications. She graduated from the University of South Florida, US in 1985 with a Bachelor of Science majoring in Electrical Engineering. She began her career in 1980 with Telekom Malaysia Berhad as a Technical Assistant. During her tenure with Telekom Malaysia Berhad, she was promoted to Assistant Manager of Transmission, Sabah Region in 1987, Regional Manager for Mobile Services in Sabah in 1993, Manager of Mobile Network Development in 1995, Head of Marketing for the SUKOM Project in 1997, Assistant General Manager for Business Strategy Analysis and Development in 1999, Head of Competitor Management in 2002, Head of Regulatory Management and General Manager of Contact Centre Management in 2004. From 2005 to 2008, she ran her own business in training, and general trading through Rizqin As'Sidiq Sdn Bhd. In 2008, she joined our Group as Executive Director - Telecommunications. Her current responsibilities include overseeing the business management and operations of the NGN project division.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Chew Chi Hong, Malaysian, aged 35
Chief Operating Officer

Chew Chi Hong is our Chief Operating Officer. He graduated from University of Hertfordshire, United Kingdom, in 1999 with a Bachelor of Arts, majoring in Marketing. He began his career as a marketing officer with Shinko Electronic (M) Sdn Bhd in 2000 and gradually moved into a marketing career when he joined INS Enterprise Sdn Bhd in 2002 as the Assistant to the Marketing Director. He was later promoted to the position of Corporate Officer within the Corporate/CEO office in 2004. He was then promoted to Marketing Personal Assistant to the CEO in the same year. He joined Datasonic Corporation in 2006 as a Senior Manager in Corporate Planning and Strategic Development before assuming the position of Chief Operating Officer in 2007. He is responsible for overseeing our Group's strategic planning, corporate exercises and overall operations.

Chiu Hooi Yen, Malaysian, aged 38
Group Financial Controller

Chiu Hooi Yen is our Group Financial Controller. She graduated from Monash University, Australia in 1995 with a Bachelor of Business, majoring in Accounting. She is also a member of the Australian Society of Certified Public Accountants. She started her professional career in 1996 with Ernst and Young performing audit risks review of private and public listed companies. She has also undertaken work in internal audits and due diligence review. In 1999, she joined the regional office of United Nations Office for Project Services based in Malaysia where she progressively expanded her financial management roles and was exposed to project management in a non-profit organisation. In 2005, she joined Dibena Enterprise as its Financial Controller and was subsequently promoted to Group Financial Controller in 2006. She has extensive experience in the field of accountancy, including financial controls and management reporting.

Nor Adnan bin Zainal Abidin, Malaysian, aged 53
Head of Sales and Marketing, Government Sector

Nor Adnan bin Zainal Abidin is our Head of Sales and Marketing. He graduated from Universiti Kebangsaan Malaysia ("UKM") in 1984 with a Bachelors of Business Administration (Hons). Prior to obtaining his degree, he served as a education officer in the Ministry of Education from 1978 to 1981 upon obtaining his Certificate in Education from Maktab Perguruan Sultan Idris in 1979.

Upon graduating from UKM in 1984, he joined Mesiniaga Berhad as Business Planning, Sales Administration and Marketing Manager. From 1996 to 1999, he was the Country Manager for AST Computers (M) Sdn Bhd. In 1999, he moved to Datapower Sdn Bhd as General Manager and was in charge of the strategic planning, operations and sales of the company before joining Maximal Technology Sdn Bhd as Director of Business Development in 2001. In 2005, he joined MSC Technology Centre Sdn Bhd as Business Development Consultant to lead the Ministry of Education project team and was stand promoted as Director of Business Development in 2006. Subsequently in 2009, he joined Dell Asia Pacific as a Director of Government Relations. In 2010, he joined us as Director of Sales and Marketing overseeing the business development and marketing activities of our Group.

Saleh bin Sbahid, Malaysian, aged 52
General Manager

Saleh bin Shahid is our General Manager. He graduated from Westfield College at the University of London in 1982 with a Bachelor of Computer Science (Honours). Upon returning to Malaysia in 1982, he started his career as Head of Computer Unit in Tun Dr. Ismail Atomic Research Centre. In 1984, he joined Shell Malaysia Trading Sdn Bhd as a Team Leader for the Helpdesk and End User Computing within the IT Department. Subsequently, in 1996, he joined Guthrie Solutions Sdn Bhd as General Manager. In 2002, he was transferred to Datasonic Technologies and assumed the same position.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (*Cont'd*)

Zeti Akhtar binti Mahfar, Malaysian, aged 40
Customer Support Manager – Public Sector

Zeti Akhtar binti Mahfar is our Customer Support Manager for Public Sector and has more than 15 years of experience in the ICT industry ranging from software development, networking, consultancy and management. She is qualified with a Bachelor of Science (Hons) Degree in Computer Science from Universiti Kebangsaan Malaysia in 1995. She obtained her Masters Degree in Science (Information Technology) from Universiti Putra Malaysia in 2001.

Zeti Akhtar started her career with Sepakat Computer Consultant Sdn Bhd as a system analyst from 1995 to 1997. In 1997, she moved to Dagangnet Technologies Sdn Bhd as an applications analyst and was involved in developing several business applications including supply chain management solutions. Subsequently, she worked as a Data Transformation Specialist with QIVA Sdn Bhd before joining our Group in 2002. Upon joining Datasonic, she has been involved in the GMPC project. She is currently in charge of customer support at the NRD personalisation centre.

Nor Hasniza binti Mohd Hassan, Malaysian, aged 39
Project Manager

Nor Hasniza binti Mohd Hassan is our Project Manager. She graduated from University Utara Malaysia in 1997 with a Bachelor in Accountancy (Hons). She has 14 years of working experience in the field of accountancy and project management. She began her career as an Accounts Executive with Kumpulan Guthrie Berhad in 1997 and subsequently joined Immigration Department of Malaysia project in 1998 as an Accounts Executive cum Project Manager. In 2007, she joined Intellium Sdn Bhd as the Project Manager. Subsequently she joined Datasonic Technologies in 2009 as Project Manager for the BPA System. Her responsibilities include budgeting, procurement, implementation, delivery and post-sales project support.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)**8.4.2 Shareholdings**

The shareholdings of our key management personnel before and after our IPO are as follows:

Name	Designation	Nationality	Before IPO			After IPO		
			No. of Shares held	% held	No. of Shares held	% held	No. of Shares held	
Talya Zhoieikha binti Abu Hanifah	Head of Human Resources and Administration	Malaysian	-	-	200,000 [^]	0.22	-	-
Tham Choon Sarn	Head of Business Development	Malaysian	-	-	200,000 [^]	0.22	-	-
Siti Rohana binti Abd Majid	Head of Telecommunications	Malaysian	-	-	200,000 [^]	0.22	-	-
Chew Chi Hong	Chief Operating Officer	Malaysian	-	-	200,000 [^]	0.22	-	-
Chiu Hooi Yen	Group Financial Controller	Malaysian	-	-	200,000 [^]	0.22	-	-
Nor Adnan bin Zainal Abidin	Head of Sales and Marketing, Government Sector	Malaysian	-	-	30,000 [^]	0.03	-	-
Saleh bin Shahid	General Manager	Malaysian	-	-	30,000 [^]	0.03	-	-

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

Name	Designation	Nationality	Before IPO			After IPO		
			No. of Shares held	% held	Indirect	No. of Shares held	% held	Indirect
Zeti Akhtar Mahfar	binti Customer Support Manager – Public Sector	Malaysian	-	-	-	20,000 [^]	0.02	-
Nor Hasniza Mohd Hassan	binti Project Manager	Malaysian	-	-	-	20,000 [^]	0.02	-

Note:

[^] Assuming full subscription of his/her Pink Form Tranche allocation

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

8.4.3 Involvement of Key Management Personnel in Other Businesses or Corporations

Save as disclosed below, none of our key management personnel are involved in other businesses/corporations as at the LPD:

Company name	Principal Activity	Position held [@]	Date resigned
<u>Talya Zholeikha binti Abu Hanifab</u>			
Dibena Enterprise	Investment Holding, General Trading, Provision of Management	Director	
IDT Holdings (M) Sdn Bhd	Dormant	Director	
<u>Siti Rohana binti Abdul Majid</u>			
Rizqin As`Sidiq Sdn Bhd	Member's voluntary winding up	Director/ Shareholder	
Techfinite Engineering Sdn Bhd	Civil Engineering, Electricians, General Traders	Director/ Shareholder	
Alam Yakin Sdn Bhd	Striking off	Director/ Shareholder	
<u>Nor Adnan bin Zainal Abidin</u>			
Maximal Technology Sdn Bhd	Members' voluntary winding up	Director/ Shareholder	
<u>Tham Choon Sarn</u>			
Dibena Smart ID Sdn Bhd	Dormant	Director	
IDT Holdings (M) Sdn Bhd	Dormant	Director	
ST Base (M) Sdn Bhd	Computer Hardware And Software Selling	Director	
Hong Zhong Systems & Solutions (HK) Ltd	Dormant	Director	
<u>Nor Hasniza binti Mohd Hassan</u>			
Enigtech Enterprise	Provision of management, technology information and project management	Sole Proprietor	

Save for Talya Zholeikha binti Abu Hanifah, none of our key management personnel has any interest, direct or indirect, in any other businesses and corporations carrying on a trade similar to that of our Group and/or any business or corporations which are also our customers or suppliers of our Group.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL (Cont'd)

8.5 DECLARATIONS BY PROMOTERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL

Based on the declarations by our Promoters, Directors and key management personnel, none of our Promoters, Directors and key management personnel is or has been involved in any of the following events (whether in or outside Malaysia):

- (i) 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;
- (ii) Disqualification from acting as a director of any corporation, or from taking part directly or indirectly in the managing of a corporation;
- (iii) Charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) Any judgement entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) The subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

8.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there are no family relationships (as defined under Section 122A of the Act) or associations amongst the Directors, Promoters, the substantial shareholders and the key management personnel:

- (i) Handrianov Putra bin Abu Hanifah and Talya Zholeikha binti Abu Hanifah are the children of Dato' Abu Hanifah bin Noordin, our Managing Director, Promoter and substantial shareholder;
- (ii) Chew Chi Hong is the nephew of Chew Ben Ben, our Deputy Managing Director and brother in-law of Chiu Hooi Yen, our Group Financial Controller; and
- (iii) Chiu Hooi Yen is the niece-in-law of Chew Ben Ben, our Deputy Managing Director and sister in-law of Chew Chi Hong, our Chief Operating Officer.

8.7 BENEFITS PAID OR INTENDED TO BE PAID

Save as the Directors' remunerations as disclosed in Section 8.2.4 and the dividend payments as disclosed in Section 13 of the Accountants' Report of this Prospectus, there is no amount or benefit paid or intended to be paid or given to any of our Promoters, Directors or substantial shareholders within the two (2) years preceding the date of this Prospectus.

8. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(Cont'd)*

8.8 AGREEMENTS WITH DIRECTORS AND KEY MANAGEMENT PERSONNEL

As at the LPD, there are no existing or proposed service agreements between the companies within our Group and our Directors, key management personnel, which are not terminable by notice without payment or compensation (other than statutory notice).

8.9 INFORMATION ON EMPLOYEES

8.9.1 Employment Structure

As at the LPD, we have a total workforce of 347 personnel including our Directors, out of which 97 personnel are contract staffs and the balance 250 personnel are permanent personnel. The breakdown of our employees by category as at FYE 31 December 2008 to 2011 as well as at the LPD is as follows:

Category	----- Number of Employees -----				As at the LPD
	----- As at FYE 31 December -----				
	2008	2009	2010	2011	
Managerial*	16	13	16	24	33
Engineering/ R&D	15	22	34	57	69
Sales and marketing	10	6	8	7	13
Technician and supervisor	28	43	61	71	74
Clerical/ administrative	15	21	22	34	72
Production	53	59	53	65	81
General worker	4	4	5	3	5
Total	141	168	199	261	347

Note:

* Our Directors are included in the managerial category.

As at the LPD, we have no foreign employees.

There has been no industrial dispute actions taken against our Group and none of our employees are members of any union. In addition, our Group has not encountered any major turnover in our workforce.

8.9.2 Training and Development

We place strong emphasis on human resource development. Our employees are given regular on-the-job training in areas of management skills and technical knowledge to provide them with opportunities to acquire new skills and knowledge. We also provide opportunities for internal promotion as one of the key components of employees' development and retention.