

## 6. INFORMATION ON THE COMCORP GROUP

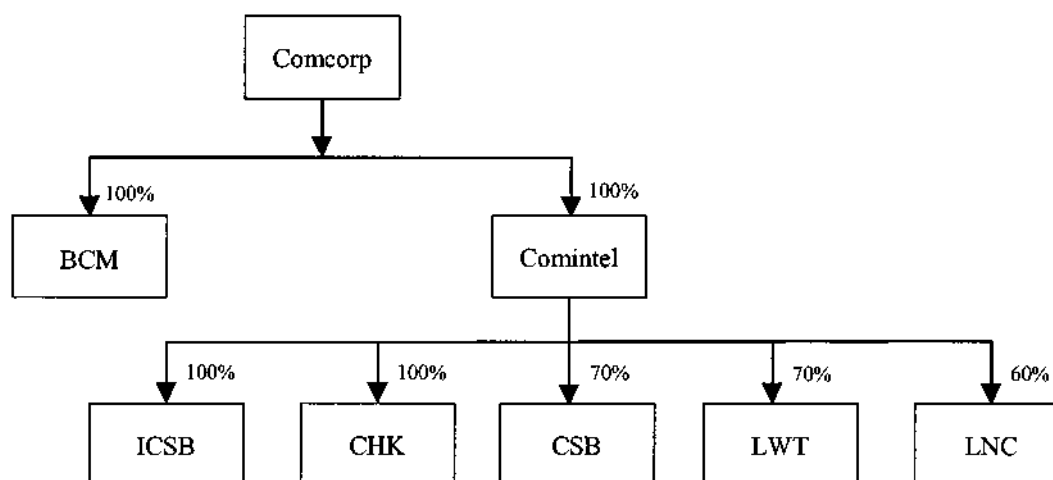
### 6.1 INCORPORATION AND GROUP STRUCTURE

Comcorp was incorporated in Malaysia under the Act on 2 October 2003 as a private limited company under the name of Comintel Corporation Sdn Bhd. Subsequently, on 10 November 2003, it was converted into a public limited company under its present name. The principal activity of Comcorp is that of investment holding. The subsidiaries of Comcorp, further details of which are set out in Section 6.5 of this Prospectus, are as follows:

Name	Date/ Country of Incorporation	Issued and paid- up share capital	Effective interest in ordinary share capital %	Principal activities
<b>Subsidiaries of Comcorp</b>				
Comintel	20.10.1984; Malaysia	RM13,000,000	100.00	Turnkey engineering design and integration, programme management, installation and commissioning as well as investment holding
BCM	20.08.1993; Malaysia	RM32,869,878	100.00	Manufacturer and assembler of electronic components
<b>Subsidiaries of Comintel</b>				
ICSB	06.07.1985; Malaysia	RM100,000	100.00	Provision of R&D services and dealers in all kinds of telecommunication and electronic equipment and the provision of related services
CHK	07.03.1996; Hong Kong, Special Administrative Region	HKD1,000	100.00	Trading of electronic, engineering and telecommunication equipment and the provision of related services
CSB	15.10.1997; Malaysia	RM1,500,000	70.00	Electronic systems testing and repair, development of test programs and provision of integrated logistic support
LWT	24.05.1993; Malaysia	RM100,002	70.00	Carry out R&D work in photonics products
LNC	27.04.2004; Republic of Korea	KRW100,000,000	60.00	As at the date of this Prospectus, LNC has not commenced operations. However, the principal activities of LNC are intended to be the manufacture, development, selling and export of electronic components and engaging in all related business activities incidental to any of the foregoing

## 6. INFORMATION ON THE COMCORP GROUP (CONT'D)

The group structure of the Comcorp Group is as follows:



### 6.2 SHARE CAPITAL

The authorised share capital of Comcorp is RM200,000,000 comprising 400,000,000 Comcorp Shares. The issued and paid-up share capital of Comcorp is RM60,290,000 comprising 120,580,000 Comcorp Shares.

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

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
02.10.2003	2	1.00	Cash	2
28.10.2003	4	0.50	Sub-division of par value of ordinary shares from RM1.00 to RM0.50 each	2
11.06.2004	68,957,859	0.50	Acquisition of BCM	34,478,932
11.06.2004	51,622,137	0.50	Acquisition of Comintel	60,290,000

### 6.3 RESTRUCTURING AND LISTING SCHEME

#### 6.3.1 The Pre-IPO Restructuring Scheme

In conjunction with and as an integral part of the Listing, the Company undertook a restructuring exercise i.e. the Pre-IPO Restructuring, which was approved by the SC and SC (on behalf of FIC) on 29 March 2004 and the MITI on 3 March 2004, involving the following:

##### (i) Acquisition of BCM

On 8 November 2003, Comcorp entered into a conditional sale and purchase agreement with Power-One and JTSB for the acquisition of the entire issued and paid-up share capital of BCM comprising 32,869,878 BCM Shares for a total purchase consideration of RM46,365,822 satisfied by an issue of 68,957,859 new Comcorp Shares at an issue price of approximately RM0.67 per Share, credited as fully paid-up.

## 6. INFORMATION ON THE COMCORP GROUP (CONT'D)

The new Comcorp Shares were issued to JTSB and Power-One in the following manner:

Vendors	Equity interest in BCM acquired by ←-----Comcorp-----→		Consideration RM	No. of Comcorp Shares issued
	No. of BCM Shares	%		
JTSB	29,418,541	89.50	41,497,411	61,717,284
Power-One	3,451,337	10.50	4,868,411	7,240,575
<b>Total</b>	<b>32,869,878</b>	<b>100.00</b>	<b>46,365,822</b>	<b>68,957,859</b>

The 32,869,878 BCM Shares were acquired free from all charges, liens, pledges, trusts and other encumbrances and with all rights, benefits and entitlements attaching thereto from 11 June 2004, being the date of completion of the acquisition.

The purchase consideration for the Acquisition of BCM was arrived at on a willing-buyer willing-seller basis, based on the unaudited NTA of BCM as at 30 September 2003. The audited NTA of BCM as at 30 September 2003 was RM46,446,419.

The property asset of BCM was valued as at 3 October 2003 to be RM29.5 million based on a valuation by the Valuers using the comparison method. However, as the difference between the revalued amount and the unaudited NBV of the property asset as at 30 September 2003 of RM29.9 million is not deemed material, the revaluation deficit was not taken into account in the determination of the above purchase consideration. The audited NBV of the property asset of BCM as at 30 September 2003 was approximately RM29.9 million.

### (ii) Acquisition of Comintel

On 8 November 2003, Comcorp entered into a conditional sale and purchase agreement with Leng Keng Hok @ Lim Keng Hock, Mohamadon bin Abdullah, Noor Azleezam bin Mohamed Azmi, Tan Sri Dato' Samshuri bin Arshad, Omnilite, Sagittarius and AMG (collectively known as "Comintel Vendors") for the acquisition of the entire issued and paid-up share capital of Comintel comprising 13,000,000 Comintel Shares for a total purchase consideration of RM34,709,645 satisfied by an issue of 51,622,137 new Comcorp Shares at an issue price of approximately RM0.67 per Share, credited as fully paid-up.

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## 6. INFORMATION ON THE COMCORP GROUP (CONT'D)

The new Comcorp Shares were issued to the Comintel Vendors in the following manner:

Comintel Vendors	Equity interest in Comintel acquired by Comcorp		Consideration RM	No. of Comcorp Shares issued
	No. of Comintel Shares	%		
Leng Keng Hok @ Lim Keng Hock	2,080,000	16.00	5,553,543	8,259,542
Mohamadon bin Abdullah	520,000	4.00	1,388,386	2,064,885
Noor Azleezam bin Mohamed Azmi	650,000	5.00	1,735,482	2,581,107
Tan Sri Dato' Samshuri bin Arshad	780,000	6.00	2,082,579	3,097,328
Omnilite	520,000	4.00	1,388,386	2,064,885
Sagittarius	5,850,000	45.00	15,619,340	23,229,962
AMG	2,600,000	20.00	6,941,929	10,324,428
<b>Total</b>	<b>13,000,000</b>	<b>100.00</b>	<b>34,709,645</b>	<b>51,622,137</b>

The 13,000,000 Comintel Shares were acquired free from all charges, liens, pledges, trusts and other encumbrances and with all rights, benefits and entitlements attaching thereto from 11 June 2004, being the date of completion of the acquisition.

The purchase consideration for the Acquisition of Comintel was arrived at on a willing-buyer willing-seller basis, after taking into consideration the adjusted unaudited NTA of the Comintel Group as at 30 September 2003, derived as follows:

	Notes	RM
Unaudited NTA of the Comintel Group as at 30 September 2003		43,008,838
Less: Payment of dividends	(i)	(8,299,193)
Less: Carrying value of investment in JTSB	(ii)	(1,706,414)
Add: Proceeds from disposal of investment in JTSB	(ii)	1,706,414
<b>Adjusted NTA of the Comintel Group</b>		<b>34,709,645</b>

**Notes:**

- (i) On 17 October 2003 and 27 October 2003 respectively, Comintel declared and paid dividends of approximately 88.67 sen less tax 28% on each of the 13,000,000 Comintel Shares, amounting to RM8,299,193, to its then shareholders.
- (ii) On 8 November 2003, Comintel entered into a conditional sale and purchase agreement to dispose of its entire holding of 56,000 ordinary shares of RM1.00 each in JTSB, representing 28% equity interest therein, to Leng Keng Hok @ Lim Keng Hock for a cash consideration to be determined later ("JTSB Share Sale"). The final purchase consideration of the disposal was fixed at approximately RM5.7 million, which was arrived at on a willing-buyer willing-seller basis after taking into consideration the unaudited NBV of Comintel's investment in JTSB as at the date of the disposal. The JTSB Share Sale did not result in any gains or losses to the Comintel Group. The disposal was completed on 8 June 2004.

The audited NTA of the Comintel Group as at 31 January 2004 was RM37,464,061.

## 6. INFORMATION ON THE COMCORP GROUP (CONT'D)

The property assets of Comintel were valued to be approximately RM9.6 million based on the valuations by the Valuers using the comparison method. However, as the difference between the revalued amount and the unaudited NBV of the property assets as at 30 September 2003 of approximately RM9.6 million is deemed not material, the revaluation was not taken into account in the determination of the above purchase consideration. The audited NBV of the property assets of Comintel as at 31 January 2004 was approximately RM9.6 million.

### (iii) Pre-IPO Placement

Following the completion of the Acquisitions, on 29 June 2004 Leng Keng Hok @ Lim Keng Hock, JTSB and Power-One collectively placed out a total of 11,026,718 Comcorp Shares to Bumiputera placees nominated by them, in order for Comcorp to comply with the 30% Bumiputera shareholding requirement of the National Development Policy/National Vision Policy, upon the Listing.

The respective portions of the Comcorp Shares placed out by Leng Keng Hok @ Lim Keng Hock, JTSB and Power-One were as follows:

Shareholders	No. of Comcorp Shares placed out
Leng Keng Hok @ Lim Keng Hock	8,259,542
JTSB	2,497,522
Power-One	269,654
Total	<u>11,026,718</u>

The Bumiputera placees for the Pre-IPO Placement and the respective number of Comcorp Shares placed to them were as follows:

Placees	No. of Comcorp Shares placed to
Mohamadon bin Abdullah	2,000,000
Tan Sri Dato' Samshuri bin Arshad	2,000,000
Sagittarius	5,626,718
Abdul Majid bin Omar	1,400,000
Total	<u>11,026,718</u>

### 6.3.2 The IPO

In conjunction with the Listing, the following will be undertaken:

#### (i) Public Issue

A public issue of a total of 19,420,000 Shares by the Company at an issue price of RM0.85 per Share to eligible Directors, employees and business partners of the Comcorp Group, identified investors by way of private placement and Malaysian citizens, companies, societies, co-operatives and institutions.

## 6. INFORMATION ON THE COMCORP GROUP (CONT'D)

### (ii) Offer for Sale

An offer for sale of 9,220,000 Shares by the Offeror at an offer price of RM0.85 per Share to identified investors by way of private placement.

Upon the completion of the Public Issue, the issued and paid-up share capital of Comcorp will increase from RM60,290,000 comprising 120,580,000 Comcorp Shares to RM70,000,000 comprising 140,000,000 Comcorp Shares.

Gross proceeds from the Public Issue amounting to RM16.507 million will be utilised in the manner set out in Section 3.8 of this Prospectus. The gross proceeds from the Offer for Sale shall accrue entirely to the Offeror and not the Company.

Further details of the IPO are set out in Section 3 of this Prospectus.

### 6.3.3 The Listing and Quotation

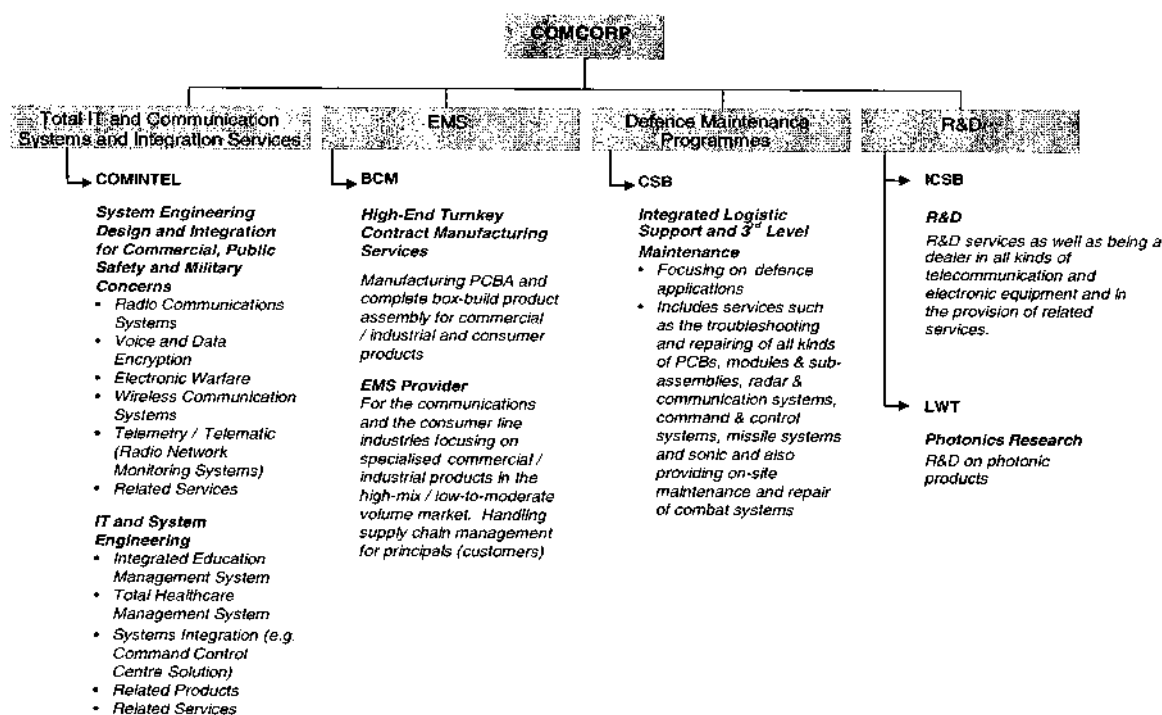
The listing and quotation is for the entire enlarged issued and paid-up share capital of Comcorp comprising 140,000,000 Comcorp Shares on the Second Board of Bursa Securities.

## 6.4 BUSINESS OVERVIEW AND FUTURE PROSPECTS

The entire Section 6.4, except for Section 6.4.17 and where indicated otherwise, has been sourced from the Independent Market Research Report dated 21 November 2003 and Executive Summary Report dated 20 July 2004, both prepared by ACN.

### 6.4.1 Business Activities of the Group

The business activities of the companies in the Comcorp Group, except for that of LNC\*, can be summarised in the following diagram:



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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**

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*Note:*

*LNC was incorporated on 27 April 2004. LNC has not commenced operations as at the date of this Prospectus. However, the principal activities of LNC are intended to be the manufacture, development, selling and export of electronic components and engaging in all related business activities incidental to any of the foregoing.*

The following sets out a brief background on the business activities of companies within the Group.

**6.4.1.1 Comintel**

Comintel was established on 20 October 1984 in Kuala Lumpur, Malaysia. It first started as a consultant and an agent servicing a number of principals from world leading manufacturers. Hence, the business was initially very much focused towards servicing the needs of the telecommunication users. Having successfully become one of the leading local systems integration solution providers for specialised sectors of the domestic telecommunication systems industry, Comintel embarked on the provision of total IT and systems integration services.

The company has since developed capabilities and expertise in systems integration work. Its strength and ability to differentiate itself in the competitive systems integration sector lies in its ability to combine RF components (its core competency) with IT systems. Its involvement in several reasonably sizeable projects, in particular projects relating to the Malaysian Government concerns, is testimony to its position and proven track record as a preferred supplier in the systems integration sector.

The local ICT industry is highly competitive with numerous technology carried by key technology providers that can address the needs of Comintel's target customers. However, not all the technology providers are able to provide optimal solutions to cater to each customer's needs. What differentiates Comintel from its competitors is that it is able to provide its customers with comprehensive and optimal solutions to meet their unique and sophisticated requirements by incorporating RF solutions in the provision of its total communication systems and integration services. It does this by being committed to the understanding of the complicated needs and requirements of its customers and using its strong technical know-how in RF technology and in-depth product understanding of available technology for integration work, as supplied by various key technology providers, in determining the optimal solution for each of its customers. Where necessary, Comintel will design and produce the required components and write the relevant software solutions required for the integration work.

One of the more prominent projects handled by Comintel is the C4I system, an initiative that is a part of its client's computerisation programme. The C4I system generally relates to the integration of all base operations of an organisation across a very wide area for command and control purposes. This system encompasses an integrated communication system that enables the end-user to react more quickly to problems that arise by linking all operation bases to hotlines, enabling the organisation to respond more swiftly after incidents are reported. Within the system, the automated message handling system and network also enables information and pictures of incidents in different parts of the area covered to be transmitted onto the computer screen at the touch of a key.

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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**

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**6.4.1.2 BCM**

BCM was incorporated in Malaysia on 20 August 1993 under the name of Bakti Comintel Manufacturing Sdn Bhd ("BCMSB"). BCMSB was established pursuant to a technology transfer agreement between Motorola Inc and Comintel to jointly develop manufacturing capabilities in line with the Malaysian Government's efforts to promote technology transfer to local companies.

BCM first commenced operations in October 1993 with 36 employees and one (1) assembly line at its rented factory in Prai, Penang, providing manual assembly and functional testing services for Motorola's Rapid and Compact Chargers on a consignment basis.

In 1994, Motorola Technology Sdn Bhd, then known as Motorola Electronics Sdn Bhd, transferred a substantial portion of the back-end assembly of its accessories manufacturing activities to BCM. From early 1995, BCM began providing back-end services to a wider range of customers and for an expanded range of products. By mid-1995, BCM had migrated from manual assembly services to automated front-end assembly and it acquired its first SMT machine to support the production lines. By 1997, BCM was operating four (4) SMT production lines assembling over 120 different products. In order to support such facilities, the workforce was expanded to over 450 employees. BCM's progression was from production on a consignment basis to securing contracts on a turnkey basis whereby BCM was responsible for not only the production line but also for the sourcing of relevant materials and components for such production.

In line with its goal to move from consignment to turnkey manufacturing, BCM invested in managerial and technical personnel. Strict quality controls with the implementation of the Six Sigma methodology for quality assurance management was adopted. A Materials Requirement Planning system was introduced to facilitate the shift into turnkey manufacturing. In April 1997, BCM secured its first turnkey contract from Motorola Inc for the manufacture of their mobile microphones. It was from this point onwards that BCM began to expand rapidly, gaining the confidence of existing customers, securing new customers and diversifying its product portfolio.

Another milestone was achieved in the third quarter of 1997 when BCM was involved in its first concurrent engineering project with Motorola Inc, where its concurrent design and engineering team worked with Motorola Inc to provide early supplier involvement in the manufacturing design platform of a product. This has led to more concurrent engineering projects in respect of other products.

By late 1997, the technical capabilities were developed to provide full turnkey box-build services for RF products to a more advanced level, with the ability to carry out test-system engineering where systems for testing the customers' products were acquired and developed.



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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**

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Since then, more than 90% of BCM's manufacturing contracts have been on a turnkey basis and its flexible manufacturing capabilities enable it to manufacture a wide range of products. BCM is currently manufacturing about 600 different product items. The new facility at the Kulim Hi-Tech Park commenced operations in mid-2000. The second phase of this factory was completed in October 2002. The current production facility provides a total of 200,000 square feet of factory space. BCM's turnover has grown over the years with a last audited turnover of RM249.8 million for the financial year ended 30 September 2003. In tandem with the rapid expansion in recent years of the electronics manufacturing sector, BCM has received increasingly larger orders from its existing major customers such as Motorola Inc and Power-One. Customers such as Symbol Technologies Inc, Flextronics Technology (Malaysia) Sdn Bhd, Midas Communication Technology Pvt Ltd and Sony Electronics (M) Sdn Bhd, provide BCM with diversification of its existing customer base. The company is also accredited with the MS ISO 14001:1997 systems (environmental standard with respect to the operations of its plant) and MS ISO 9001:2000 Quality Management Systems Requirements (for PCBA manufacturing).

**6.4.1.3 ICSB**

ICSB was a company established to provide R&D services as well as being a dealer in all kinds of telecommunication and electronic equipment, and to provide related services. It is engaged in development work with a specific focus on systems design interfacing for technical proposals submitted by Comintel. In this regard, it supports Comintel by providing the integration of hardware and software as well as service solutions that enable Comintel to integrate various third party software programmes (often purchased off the shelf) and systems to create customised systems for specific customers.

**6.4.1.4 CSB**

CSB began in 1997 as a joint-venture company between Finmeccanica, a company incorporated in Italy, and Comintel. Finmeccanica is a leading Italian company and one of the world's top producers in the arena of advanced technologies for defence applications. Subsequently, Finmeccanica's equity interest in CSB was transferred to AMS, a company jointly owned by Finmeccanica and BAE Systems plc indirectly.

CSB was initially formed to undertake warranty maintenance contracts for Alenia Difesa, which is the naval system division of Finmeccanica. Its specific focus at that time was to perform maintenance for the systems on board the two (2) high-tech Italian corvettes, which are amongst the most advanced ships in the Royal Malaysian Navy's fleet. Since then, CSB has moved on to increase its coverage and operations in the field of integrated logistics support, systems maintenance, documentation control, electronics systems testing and repairing.

Through the said joint-venture, CSB is able to acquire and leverage on both the know-how from AMS, and the local expertise and experience of the domestic defence communications market from Comintel.

**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**

**6.4.1.5 LWT**

LWT was set up due to Comintel's forward-looking stance in relation to the development of new technology and applications for use in the communications sector in which it operates. LWT specialises in the field of photonics research. Photonics is the science and technology relating to the transmission, generation and manipulation of photons i.e. light. LWT's operations are specifically focused on the study of fibreoptics components applied in telecommunications and broadband transmission.

**6.4.1.6 CHK**

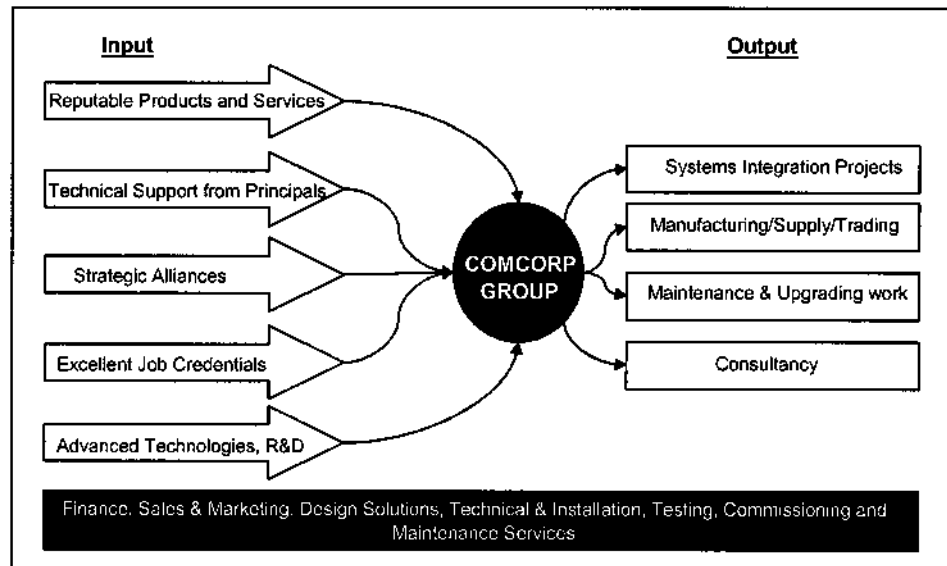
CHK deals principally in the trading of electronic, engineering and telecommunication equipment and the provision of related services. This company was formed with the intention of providing cost competitive sourcing of raw materials.

**6.4.1.7 LNC**

LNC is a joint-venture company between Comintel and a Korean individual, which is intended to initially carry out R&D activities in relation to the design of product components, catered for the ICT industry. Eventually, LNC is expected to carry out the manufacturing and marketing of these product components which will be manufactured using IMD production processes. As at the date of this Prospectus, LNC has not commenced operations.

**6.4.2 Synergies between Companies in the Group**

The synergies between the companies in the Comcorp Group, can be summarised in the diagram below:



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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**

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In brief, whilst separate, the core businesses of the Comcorp Group are also complementary and together, they provide a sense of synergy to the Group's overall operations. Through Comintel, knowledge and skills on the application of products, equipment and also the relevant software used in communications with emphasis on the Public Safety and Defence sector, is acquired. Its position as one of the leaders in Malaysia in the application of RF technology, used in conjunction with various other ICT components, also provides the Group with a competitive edge. Through implementation experience in the systems integration business, specialised knowledge is also gained in relation to the unique features of the local environment and local clients (especially in relation to the Government). BCM, through its involvement in EMS-type production enables the Comcorp Group to accumulate more knowledge and skills relating to the manufacturing process and also the products used in communications, with emphasis on the Public Safety and Defence sector. BCM is also able to tap on Comintel's product application knowledge when troubleshooting manufacturing problems. It can leverage on this to move one step up the EMS ladder whereby not just product manufacturing process expertise is required but holistic knowledge of the actual product, enabling BCM to provide more value-added services to its customers.

CSB, on the other hand, provides the Group with expertise in the maintenance of defence systems, to enable the lifetime extension of the systems. Initial experience and knowledge on the local environment and on specific clients gained during the systems integration process provide the Group with an added advantage in this arena. Through ICSB, knowledge on the future application of the products and systems integration services is obtained. LWT in particular focuses on R&D in an exciting and progressive area of telecommunications called photonics, which studies, amongst other things, how light can be used in data transmission and how the potential of fibreoptics can be maximised. In this manner, the Group ensures that it is at the forefront of any product development in the ICT technology and EMS life cycles. Specifically, Comintel will be able to leverage on this new technology in its systems integration work to promote faster transmission of data between subsystems whilst BCM's manufacturing facilities and expertise can be harnessed during the mass production phase of the components developed relating to this new technology.

Further, coupled with the know-how in IMD technology procured by the Korean shareholder together with BCM's expertise as an EMS provider, the set-up of LNC is intended to initially focus on the carrying out of R&D activities relating to the design of product components, catering to the ICT industry, which will be manufactured using IMD production processes. As at the date of this Prospectus, LNC has not commenced operations. Initial product components intended to be produced comprise keypads and windows for mobile phones and two-way radios. The production of keypads and window components for communication equipment by LNC will enable the Comcorp Group to provide further value added components to some of the Group's various communication products which are currently manufactured and assembled by BCM for principals such as Motorola. LNC may also market the said products to the other players within the ICT industry.

Specific discussion of the principal activities, types of services and products in the following sections will focus on the core businesses of the company, namely systems integration for Public Safety and Defence communication applications, the provision of EMS and also photonics R&D.

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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**

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**6.4.3 Types of Services and Products****6.4.3.1 Total IT communication systems and integration services provider**

Through Comintel, the Group is able to provide total IT communication systems and integration services. Comintel is principally a total IT and telecommunication system solutions company with vast experience in systems engineering design and integration for both commercial and military applications. These include local area networks ("LAN") and systems that range from small-office LAN to sophisticated secured mission-critical nationwide wide area network ("WAN") systems for the Government with coverage throughout the country.

Comintel's IT capabilities and business activities have extended to major projects including:

- (i) State-of-the-art nationwide integrated advance secured voice communication systems;
- (ii) Secured WAN and LAN implementation for commercial and government agencies;
- (iii) Integrated office automation and workflow solutions;
- (iv) Secured automatic message handling systems, emergency response systems and command and control systems;
- (v) Total healthcare management systems;
- (vi) Internet firewall security systems;
- (vii) High Frequency ("HF") communication systems for military and civilian applications;
- (viii) Civilian and military air traffic control communication systems;
- (ix) Off-shore platforms microwave communication systems;
- (x) Audio teleconferencing solutions;
- (xi) Voice and data encryption solutions;
- (xii) Automatic vehicle location system with geographical information systems;
- (xiii) Mobile data communication systems;
- (xiv) Mobile commerce;
- (xv) Fixed and wireless broadband solutions; and
- (xvi) Electronic media broadcasting systems.

In addition, it also has experience in providing systems integration services that includes systems consultation, programme/project management, design, development, implementation, integration and commissioning of services. Comintel's ability to provide comprehensive in-country after-sales maintenance and training support has resulted in the lifetime extension of its customers' systems and high system availability for mission readiness.

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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**

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Years of working on Public Safety and Defence communication applications have inculcated the necessary discipline the company needs in order to be a key player in its field. This has also resulted in a workforce which is able to meet the myriad complex requirements in total IT and telecommunication solutions, with a focus on Public Safety and Defence communications.

ICSB provides support to Comintel in this area of the Group's business by engaging in development work with a specific focus on systems design for technical proposals submitted by Comintel. In this regard, it enhances Comintel's service offerings by developing and continuously improving the integration of hardware, software and service solutions that enables Comintel to integrate various third party software programmes (often purchased off the shelf) and systems to create customised systems for specific customers.

**6.4.3.2 EMS provider**

Through BCM, the Group provides high-end turnkey contract manufacturing services, including PCBA and complete box-build product assembly for communications and consumer-line industries focusing on specialised commercial and industrial products in the high-mix/low-to-moderate volume market. This focus differentiates the Group from the relatively more crowded low-mix and high-volume PCBA market. The comprehensive range of box-build services that the Group provides includes the following:

- (i) Assisting customers with the design and development of product prototypes;
- (ii) During the initial product design stage, the Group's concurrent design and engineering team advises its customers on product design, with the objective of optimising the manufacturability and quality of the product;
- (iii) Procurement and inspection of components and materials used in the manufacture of customers' products, as well as the sourcing of newly qualified suppliers;
- (iv) Assembling of PCBs and functional testing of completed PCBs including phenolic and fibreglass multi-layer PCBs, flex assemblies and ceramic boards;
- (v) Integration of sub-assemblies into functional products; and
- (vi) Conduct of final tests for specification compliance.

More than 90% of the Group's manufacturing contracts are executed on a turnkey basis where the Group is responsible for the procurement of materials and components, as well as the manufacturing process. The remaining contracts are on a consignment basis.

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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**

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**6.4.3.3 Defence maintenance programme services provider**

Through CSB, the Group provides integrated logistic support and 3rd level maintenance involving testing, troubleshooting and the repairing of all kinds of PCBs, modules and sub-assemblies, radar and communication systems, command and control systems, weapon systems and sonic. It also provides on-site maintenance and repair of combat systems.

CSB utilises the latest state-of-the-art Automated Test Equipment consisting of:

- (i) Intermediate Frequency ("IF")/RF Test Station with frequencies ranging from direct current to 20 Gigahertz. The frequency can be extended beyond these parameters as and when the need arises. The company designs and manufactures the hardware interface while at the same time developing software diagnostic/troubleshooting and test programmes for all types of RF modules;
- (ii) Digital Test Stations. All kinds of digital printed circuit modules are repaired and serviced using these test stations. The methodology employed is the same as that used for the IF/RF Test Station. Hardware interfaces as required are designed and constructed in conjunction with software programme development to perform diagnosis and tests via extensive digital wave form generation and measurement in the active mode, instead of passive, to obtain better and more reliable and stable results; and
- (iii) Hybrid Analogue and Digital Test Stations. As per both the equipment categories mentioned above, hardware interfaces and software programmes are developed to perform active testing and diagnostics on hybrid modules.

A fully equipped workshop enables CSB to perform repairs from the total systems level to equipment, modules and down to the components level including mechanical repairs. After repairs have been carried out, secondary processes such as reconditioning, cleaning and resinating are performed to ensure the equipment complies with the military standards.

The services provided by CSB are particularly necessary for the following:

- (i) Defence system end-users, as it is strategically important to have in-country autonomy and the reduction of turn-around time; and
- (ii) High technology system users who require a local partner to provide them with professional service support for restoring, in very short cycle time, the complete performance of the system and for reducing the system life cycle costs.

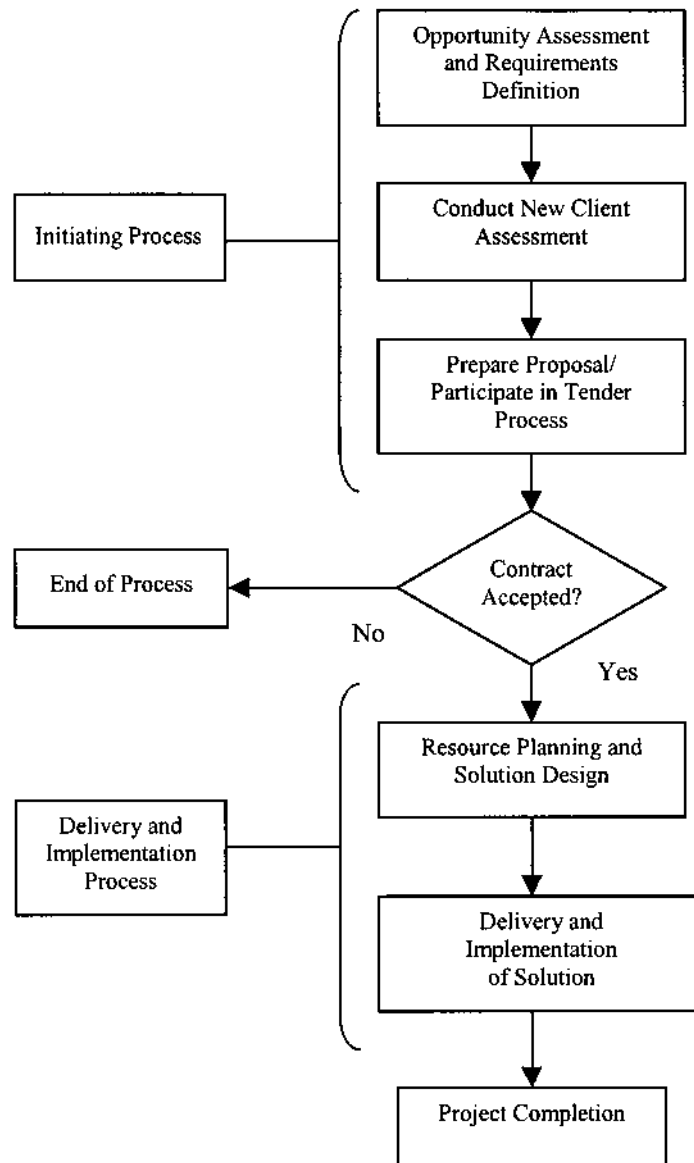
**6.4.3.4 R&D**

Details of R&D work carried out by the Comcorp Group are set out in Section 6.4.8 of this Prospectus.

6. INFORMATION ON THE COMCORP GROUP (CONT'D)

6.4.4 Process Flows for Principal Products and Services

6.4.4.1 Total IT and communication systems and integration services provider



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6. INFORMATION ON THE COMCORP GROUP (CONT'D)

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The process relating to the provision of total IT and communication systems and integration services can be summarised as follows:

(i) **Initiating process**

The initiating process involves all the preliminary work performed to secure the contract and consists of the following steps:

(a) Opportunity assessment and requirements definition

This step is performed in all major proposal efforts to assess the opportunity to provide a range of total IT communication systems and integration services to potential clients. This is done by obtaining the necessary information to understand the clients' requirements, needs and expectations and to map it to the product and service offerings of the Comcorp Group. This will provide the basis for the proposal.

(b) Conduct new client assessment

The purpose of conducting this step is to strengthen the screening of prospective clients who are new to the Group, or of existing clients that have had significant changes in principal investors or senior management. Assessments on the background of prospective new clients would include a review of the reputation and character of the principal investors and key management personnel, and analyses of the financial history and current financial position of the relevant organisation. As most of the Group's customers in this business line are government bodies, the assessments are normally carried out without much difficulty.

(c) Prepare proposal / participate in tender process

Once the necessary information on the client's requirements and specifications are obtained and mapped to the relevant product and service offerings of the Group, a proposal is then prepared for the client. The Group will also determine the general design for the system at this stage to enable it to estimate the fee, cost and expense. The relevant personnel will then participate in the tender process.

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6. INFORMATION ON THE COMCORP GROUP (CONT'D)

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(ii) **Delivery and implementation process**

This process involves all the work performed after the contract has been successfully secured (and the necessary administrative documentation done) and consists of the following steps:

(a) Resource planning and solution design

This step is performed by planning for the resources required for the project and also encompasses planning for the timing of any quality assurance reviews that need to be performed on the system at various checkpoints. This step also involves detailed solutions design whereby all the necessary components of the proposed system are mapped out in a blueprint together with the necessary steps to deliver and implement the system.

(b) Delivery and implementation of solution

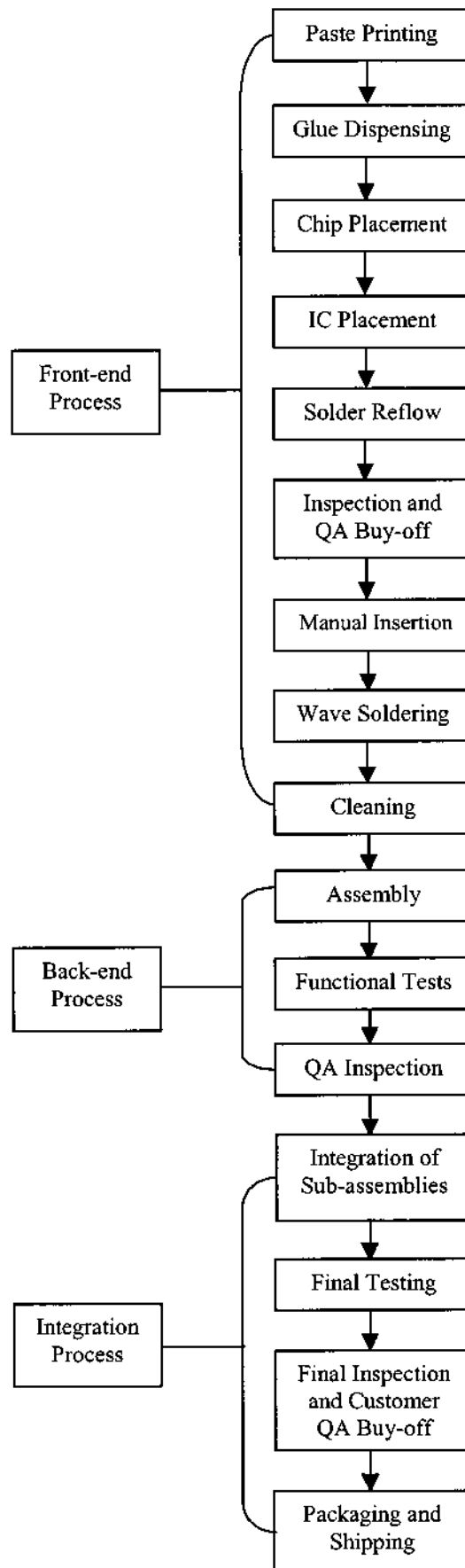
This step involves deploying the relevant resources, products and services to deliver and implement the solution in accordance with the contract. The Group works closely with the relevant technology partners at this stage using the blueprint and the necessary steps required to deliver and implement the system as a guide. This step therefore encompasses systems installation, commissioning and acceptance. Acceptance of the system is determined through a quality control procedure called the Factory Acceptance Test. Acceptable parameters that will fulfil the system needs are determined together with the customer and testing is done to ensure that these are complied with.

Once the solution has been successfully implemented and meets the client's requirements, needs and expectations, the project is considered completed. However, the Group continues to provide its clients with warranty and after-warranty maintenance and upgrading services.

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6. INFORMATION ON THE COMCORP GROUP (CONT'D)

6.4.4.2 EMS provider



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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**

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When a project is secured, a project team consisting of engineers, QA specialists, procurement personnel, and planning and production representatives is appointed with a project leader to co-ordinate the various project activities.

To ensure that process specifications and problems are identified and resolved before the production process begins, pilot runs are undertaken for all new products as part of the validation/qualification process. Mass production will commence in accordance with the approved manufacturing process upon achieving successful results from the pilot runs. BCM's current design and engineering team also constantly reviews the design of the products and works closely with many of its customers to optimise the manufacturability of their products.

The Group's contract manufacturing processes can be broadly divided into three (3) stages, namely the front-end process, the back-end process and the integration process. A complete box-build contract would include all three (3) stages, whilst in the case of less complex products, a complete box-build may only involve the front-end process and the back-end process.

The manufacturing process can be summarised as follows:

**(i) Front-end process**

The front-end process essentially involves the assembly of PCBs. PCBs are boards made from insulated material on which electronic circuits are printed via the application of photographic, chemical and electroplating processes. They form the main component of electronic or electrical products as almost all electronic equipment require the use of at least one (1) PCB as a compact base to make an electrical connection between the various components of the equipment. The front-end process can be summarised as follows:

**(a) Paste printing**

The first step is the deposit of solder paste onto the pads of the bare PCB through a printing process. The paste height and printing accuracy are critical parameters that must be monitored closely.

**(b) Glue dispensing**

Glue is applied to the relevant areas in order to prevent the components from dropping off the PCB during the solder reflow process.

**(c) Chip placement**

This is the core activity of the front-end process and involves the mounting of tape and reel components onto the PCB via a pick-and-place procedure using a SMT machine.

**(d) IC placement**

Following the chip placement, IC and other odd-shaped components may be mounted onto the PCB using an IC placer machine. Such components would include fine pitch ball grid arrays, chip scale package and other odd-shaped connectors up to 74 millimetres in length, which are usually found in highly populated PCBAs.

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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**

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**(e) Solder reflow**

The soldering reflow process is used to secure components onto the PCB. The PCB will be passed through an oven with the printed solder pads forming solder joints through this process. At this stage, conveyor belt speed and oven profile temperature are critical parameters.

**(f) Inspection and QA buy-off**

Following the solder reflow process, the PCBAs will be inspected. Any defective PCBAs will be reworked and inspected again. The inspection is followed by a quality check on random samples to ensure the quality of the products before the PCBA process carries on to the next stage.

**(g) Manual insertion**

Any leaded components that cannot be placed using the SMT or IC placer machines are manually inserted onto the PCB.

**(h) Wave soldering**

Components that are manually inserted are secured onto the PCB using a wave soldering process. The PCB is placed on a conveyor and passed through a molten solder. The solder joint is made when the component lead, solder pad and molten solder make contact with each other. Any excess solder or wire leads are then removed and trimmed.

**(i) Cleaning**

In the PCBA process for certain customers, there is an additional step in which the PCBAs are cleaned using a de-ionised water washing machine to remove any flux stain on the PCBs. This takes place once the wave soldering process is complete and prior to in-circuit testing.

**(ii) Back-end process**

The back-end process is a continuation of the front-end process whereby assembly of a product continues, using completed PCBAs and other materials including metal and plastic parts. The assembly process may be broken down into a series of steps, which are grouped into mechanical assembly, alignment checking, power-up, and other forms of testing. The materials and components are staged at various stations and the product is built-up as it flows down the conveyor belt through the stations at the assembly line. The back-end process can be summarised as follows:

**(a) Assembly**

At the assembly stage, sub-assemblies are assembled together. This process is generally carried out manually.

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6. **INFORMATION ON THE COMCORP GROUP (CONT'D)**

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(b) **Functional tests**

The assembled products are subjected to functional tests, such as radio functional tests at low to high frequency bandwidths and audio tests for microphones, rather than component level tests, due to the high quality parts and front-end assembled products. The functional tests that are performed are divided into four (4) main categories, namely RF communication tests which cover frequency bands such as low band VHF, high band VHF and UHF, audio communication tests, power tests and digital to analogue tests.

(c) **QA inspection**

A QA inspection will be carried out by the production line prior to the products being inspected by the QA department.

(iii) **Integration process**

The integration process is the final stage in the manufacturing process and is required for complete box-build of more complex products such as RF products. The integration process can be summarised as follows:

(a) **Integration of sub-assemblies**

Completed PCBAs are mounted onto chassis and integrated with other sub-assemblies to form functional products.

(b) **Final testing**

The products are tested to ensure that all features are functional and comply with the customer's specifications.

(c) **Final inspection and customer QA buy-off**

This is the final stage at which the QA department conducts thorough mechanical and electrical checks before the products are released for delivery.

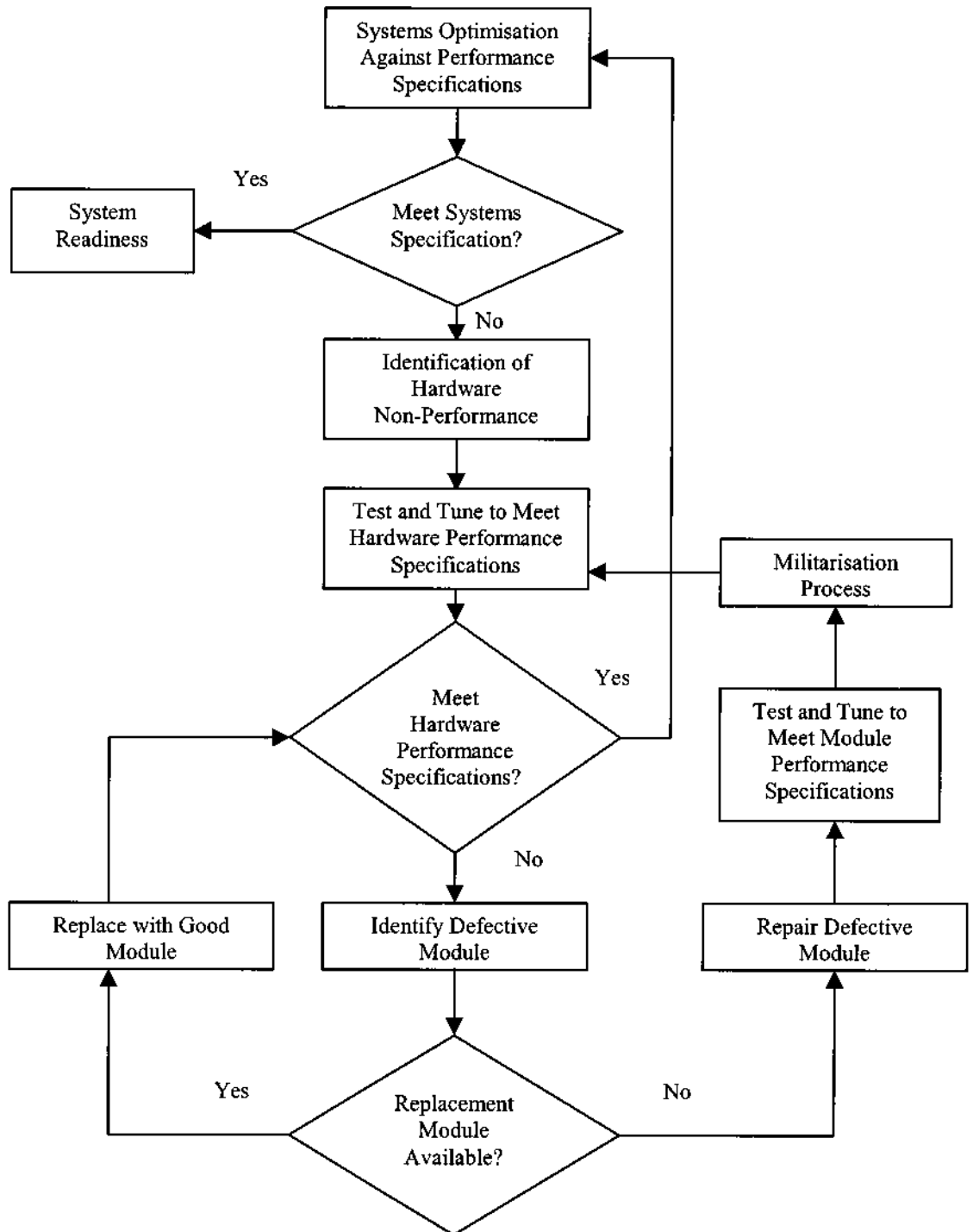
(d) **Packaging and shipping**

The tested products are packed and shipped to the customers or to distribution centres designated by the customers.

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6. INFORMATION ON THE COMCORP GROUP (CONT'D)

6.4.4.3 Defence maintenance programme services provider



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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**

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The process relating to the provision of defence maintenance contract services can be summarised as follows:

**(i) Systems optimisation against performance specifications**

The existing system is first measured against specific hardware performance requirements to ensure that it continues to meet with system specifications. If it is found adhering to hardware performance specifications, the system is assessed to be still ready for use.

**(ii) Identification of hardware non-performance**

If the system is found not adhering to hardware performance specifications, identification of the particular non-performing hardware needs to be done.

**(iii) Test and tune to meet hardware performance specifications**

The non-performing hardware is then tested and tuned to meet the required hardware performance specifications. Once this is done, there needs to be an assessment to determine if the necessary hardware performance specifications have now been met.

**(iv) Identification of defective module**

If the hardware is still found not adhering to performance specifications, identification of the particular defective module needs to be done. If a replacement module is available in the customer's store, the defective module is replaced with a good module and the relevant testing and tuning activities performed to ensure that the relevant hardware and system performance specifications are met.

**(v) Repair of defective module**

Repair of the defective module will be carried out if a replacement module is not available to replace the defective module. The repaired module will then be subjected to the relevant module testing and tuning activities to ensure that the module is now ready for use. Thereafter, the militarisation process will be carried out on the repaired module.

**(vi) Militarisation process**

The militarisation process is to ensure that the module is ready for military re-resining (e.g. able to withstand specified levels of humidity, temperature etc.). Once this process is completed, the module is tested again to ensure that it meets with the required hardware performance specifications. If yes, the repaired module will be reinput into the system to ensure conformity with the stipulated hardware specifications. If not, the module will go through the loop again until it is fit for use.

If the replacement module is available in the customer's store to replace the defective module, where possible, the defective module will be repaired and subject to the militarisation process of steps (v) and (vi) above respectively. In this regard, the repaired module will be kept in the customer's store for future use.

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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**

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**6.4.5 QC and QA**

As a total IT communication systems and integration services provider, the Comcorp Group seeks to continuously improve on the quality of its services through several in-house initiatives. One such initiative is its current efforts to prepare Comintel's processes for ISO 9000:2000 certification. Comintel also practices quality assurance procedures which are substantially based on Total Quality Management concepts and generally starts with defining quality requirements for the solutions, which in turn, dictate quality requirements for the development and management processes. The procedures for the above practice may be classified into the following stages:

- (i) **Acceptance Plan:** In-house teams work during the initial stages of each project to ensure that the required level of quality for the solution has been defined and is measurable;
- (ii) **Development and Testing:** In-house teams will ensure that throughout the project cycle, testing and control procedures are implemented to ensure the quality of deliverables;
- (iii) **Project Monitoring Record:** In-house teams will assess the quality of the processes used to produce the deliverables; and
- (iv) **Solutions Standards:** Comintel will ensure that the standard of its solutions provided are in accordance with various criteria including functional specifications, design specifications, conversion specifications, system manuals and user manuals.

With respect to the Group's role as an EMS provider, BCM employs the Six Sigma methodology of quality control to improve processes and drastically reduce product and process defects. Today, Six Sigma has developed into an internationally used and recognised methodology that is employed by prominent MNCs including Motorola, General Electric, Sony Corporation and Allied Signal Inc.

Six Sigma is a method of controlling process variation and establishing design specifications and is measured as the variation from a desired result. It is a statistical measure expressed as the rate of defects introduced by a process or built into a product. Six Sigma is equal to a 3.4 defects per million opportunities or a 99.9997% defect free level. Six Sigma is thus the defect free level which corporations employing this methodology strive to achieve. In general, a corporation operating at 5.2 sigma, i.e. less than 108 defects per million opportunities, would be considered to have achieved a very high level of quality.

The number of defects in BCM's products were closely monitored and based on defects encountered over the past twelve (12) months until and including 30 June 2004 (as updated by the management of BCM subsequent to ACN's Independent Market Research Report dated 21 November 2003), BCM has been operating at an average of 5.6 sigma, i.e. it experiences about 16 defects per million opportunities (99.9984% of its products are defect free). BCM believes that its use of an internationally recognised system of quality control such as the Six Sigma methodology, which many of its customers are familiar with, provides its customers with a measure of assurance on its standard of quality. This is reflected in the fact that contracts with its customers are dock-to-stock. That is, the principals have such confidence in the quality of the products manufactured by BCM that the products can be shipped directly to the end-customers without having to undergo the quality assurance procedures of the mentioned principals.



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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**

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**6.4.6 Technology Utilised**

In providing total IT and communication systems and integration, and defence maintenance programme services, Comintel and CSB do not produce their own components and thus, the components applied are sourced from reputable principals. Many of these principals are well known in the arena of public safety and defence communications systems, such as:

- (i) Motorola Inc;
- (ii) AMS;
- (iii) Grintek Electronics Systems;
- (iv) Technical Communications Corporation;
- (v) Comptek Federal Systems Inc;
- (vi) Thales Communications;
- (vii) Sunair Electronics Inc;
- (viii) L3 Communications Corporation; and
- (ix) Watkins-Johnson Company.

Components supplied by the above principals include:

- (i) Radio communication system products under four (4) main sub-categories, namely VHF/ UHF, HF, low-band and mid-band;
- (ii) Radio encryption products relating to items such as secure communication systems – data fax and voice products which encompass military ciphering systems, network security solutions, voice and fax security systems as well as key and network management;
- (iii) Electronic warfare products relating to manpack, base station, vehicle and airborne electronic counter-counter measure radios. There are also products such as special vehicle communication systems, radio frequency signals intelligence, direction finders equipment, communication jammers, tactical electronic counter (“EC”) systems, threat jammer simulators, EC platform simulation, stimulation and target platforms, electronic warfare test laboratories and range support;
- (iv) Satellite telephony systems products consisting of international marine satellite, mobile satellite communications and mobile satellite communication terminal products;
- (v) Wireless communication systems products such as interconnect products, dual telephone products, tone panels radio consoles, dispatch telephone, paging terminals, trunking controllers, alarm/status/control systems and voice/data system networks RF products;
- (vi) Radio network monitoring systems which deal with communications system enhancement products; and
- (vii) Various computer, network and security products.

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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**

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In addition to supplying Comintel and CSB with the necessary components for their systems integration and defence systems maintenance work, these principals also work closely with Comintel and CSB in a technology and knowledge transfer capacity as well as to design customised solutions that address the end customers' needs in an optimal manner. Staff from Comintel are constantly invited to seminars and training programmes by these principals to upgrade their product knowledge and related skills. Comintel and CSB are also able to benefit from these strategic alliances in that they are always assured of the availability and choice of the most advanced technology and more importantly, the ability to use and integrate the various suitable technologies needed to provide its customers with the optimal and comprehensive technology solutions.

With respect to BCM and its provision of EMS services, the SMT machines utilised by the company for this purpose are able to handle the smallest available chip component currently in production which is 0.5mm x 0.25mm in size, an indication of the advanced nature of these machines. Thus, in this respect, the risk of obsolescence in relation to such machines is low due to the fact that there is no foreseeable technology at this juncture that will facilitate the manufacture of products using chips smaller than that mentioned. These machines are also flexible enough to handle numerous products from many different customers; this is further evidenced by BCM's strength in the high-mix and low-to-moderate volume box-build arena where low volumes of a wide mix of products are manufactured and numerous machine set-ups have to be done regularly.

**6.4.7 IP and Licence Rights**

Generally, the proprietary software developed by the Group for its ICT business relates to software designed for purposes of integrating the various components, equipment and systems of different component providers. Due to the nature of the ICT business which is project based and involves a very high degree of specification, such software is normally for single purpose use only. Hence, the risk of the source codes being used for unauthorised purposes is low. In the provision of its EMS business, the Group does not have any proprietary products. As such, the Group does not foresee a need to register IP rights for its software, and hence, as at to date, the Group does not have any registered IP rights in relation to its products and services.

Notwithstanding the above, the Group has developed a software product for use for the general administration and management of education institutions, which the Group will consider registering for IP rights in the future. Nevertheless, the product does not constitute part of the main business of the Group.

On the other hand, Comintel receives license rights from the key component providers, which include the right to use third party software for purposes of distributing such software to the customers of the Group. These licenses are generally personal, non-assignable, non-transferable and/or non-exclusive. CSB also receives rights to use information and data supplied by its principals to the extent required to perform its obligations under the relevant supply agreements entered into with these principals.

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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**

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**6.4.8 R&D**

The Comcorp Group believes that innovation is one of the key factors to ensure that the Group maintains the competitive advantage over its competitors, and hence, much emphasis has been and will continue to be placed on R&D. Technical seminars and symposiums are frequently held to keep its employees updated on new technologies. Besides, as outlined under its growth strategies plan, the Group forms strategic alliances with its existing principal suppliers in developing new interactive management systems.

In the provision of the ICT business, which involves the provision of integration services relating to specific projects, ICSB generally carries out the necessary research on the latest available technology in the field and using its technical knowledge, experience and available database determines the optimal solutions design and mix of equipment to cater to the requirements of the customers of Comintel. Based on the proposed design, ICSB will carry out development work of writing the interface software necessary to integrate the various hardware components in which Comintel will use in its integration services.

To meet the increasingly exigent needs of its customers, BCM's process development engineering team is responsible for process development and refinement activities to improve its manufacturing process. Through its process development efforts, BCM aims to continuously improve its manufacturing processes so as to achieve better quality and production time as well as to reduce costs. Its expenditure on process development is below 1% of its revenue for each of the past three (3) financial years ended 30 September 2003.

In addition, BCM's current design and engineering team constantly reviews the design of the products and works closely with many of its customers to optimise the manufacturability of their products. Often, this would be by way of early supplier involvement, for example with customers such as Motorola Inc and Power-One, whereby its concurrent design and engineering team would be involved at the initial design stage of a product.

LWT specialises in the field of photonics research. Photonics is the science and technology relating to the transmission, generation and manipulation of photons i.e. light. This branch of science encompasses a wide area, covering the study of optical data storage, fibreoptics communications, the use of such technology in medical applications (e.g. medical sensors, biophotonics etc.), display functions (such as liquid crystal displays screens) amongst various other applications. LWT's operations in this area are specifically focused on the study of fibreoptics components applied in telecommunications. There has been increased interest in this technology as it provides for the faster transmission of data and for long distance communication services such as video-on-demand and video conferencing, the use of fibreoptics is the preferred solution.

Currently, R&D work is ongoing within LWT with respect to components such as couplers, power splitters, wavelength division multiplexers, dense wavelength division multiplexers and laser amplifiers, all of which help to enhance and maximise bandwidth in fibreoptics, enabling more data to be transferred at greater speeds and without compromising on quality. They also facilitate more effective maintenance of such data transmission systems. Such components have the potential to bring about cost savings in terms of communications infrastructure and will be of interest to companies that build equipment to carry large amounts of bandwidth. These include companies such as Cisco Systems, Inc, Nortel Networks and Lucent Technologies amongst others. Aside from the above, the company may look into expanding into the application of photonics in other capacities such as the use of photonics technology in liquid crystal display screens etc.

## 6. INFORMATION ON THE COMCORP GROUP (CONT'D)

LNC is intended to initially focus on R&D activities relating to the design of product components, catered to the ICT industry, which will be manufactured using IMD production processes. As at the date of this Prospectus, LNC has not commenced operations. Initial product components intended to be developed comprise keypads and windows for mobile phones and two (2)-way radios. The Korean shareholder will procure the necessary expertise on IMD technology, whilst BCM as an EMS provider will provide its know-how and expertise relating to the setting up of manufacturing processes which will be adopted in the IMD production process. It is expected that LNC will also work with its target customers in the design of the product components. LNC has made applications to the Korea Patent Office to register two (2) patents in the Republic of Korea, namely (i) the New Invention Patent for the hologram and mirror design film; and (ii) Practical Usage Patent for utilising the aforementioned film, on 6 May 2004 and 7 May 2004 respectively. The film will be used to produce the aforementioned product components using the IMD production process. The registration of the said patents is currently pending.

### 6.4.9 Production/Operating Capacities

The Group's production and operating capacities can be discussed from the standpoint of the machinery and equipment applied in its operations, the capacity utilisation of such assets as well as the experience and expertise of its manpower.

From the perspective of Comintel and CSB, due to its skill-intensive operations, the major asset would be its human capital. Comintel and CSB are at a point of their operations where the experienced technical workforce employed has already stabilised and thus, learning curves are at a manageable level with respect to new systems integration projects. The key challenge in this area would be to continue to maintain this workforce to ensure continuity in operations. Notwithstanding the above, the Group continues to give emphasis on staff development and training to ensure that they are updated with the knowledge of the latest technology available and the necessary technical skills in applying and integrating such technology.

With respect to the Group's role as an EMS provider via BCM, the existing production capacity is as follows:

	Installed / Available capacity	Actual capacity utilised	Capacity utilisation
Direct labour	184,558 hours/month	164,795 hours/month	89%
	Total available hours	Total standard hours	
	<i>Based on the average monthly maximum direct labour hours available for the period between September 2003 and June 2004</i>	<i>Based on the average monthly standard hours required to meet production output for the period between September 2003 and June 2004</i>	
Factory space	80,000 sq. ft.	47,200 sq. ft.	59%
	<i>Production floor space available</i>	<i>Actual utilisation of production floor space (currently utilised)</i>	
Machines (SMT machines)	1,413 shifts/month	629 shifts/month	45%
	<i>Based on the average monthly shifts per day available for the period between September 2003 and June 2004</i>	<i>Based on the average monthly actual shifts utilised to meet the actual production output for the period between September 2003 and June 2004</i>	

(Source: Management of BCM)

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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**


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Based on the above, it can be seen that BCM has excess capacity in terms of direct labour, factory space and machine shifts, to undertake more revenue generating production orders should the need arise and when suitable contracts are secured.

**6.4.10 Major Customers**

In the area of total systems integration, the Comintel Group's key customers are from the local Malaysian market. The primary target markets for the Comintel Group are as follows:

- (i) Governments and government related bodies and facilities;
- (ii) Education institutions;
- (iii) Healthcare providers; and
- (iv) Corporate sector.

Notwithstanding the above, in the longer term, the Comintel Group plans to capitalise on the current growth trend to further expand the market share of its products and services to the Asia Pacific region. In this regard, the Comintel Group aims to make its Malaysian operations the hub for its Asia Pacific expansion.

Generally, the Comintel Group's end-users in this business segment range from corporate businesses and government agencies to education and healthcare institutions. Substantially, the Comintel Group's work in this area is with the Malaysian Government where for the financial year ended 31 January 2004, the revenue contribution from the Malaysian Government represented more than 90% of total revenue. The Comintel Group's existing portfolio of projects with the Malaysian Government include the following projects, further details of which are not disclosed due to their confidential nature:

- (i) Supply, installation, testing and commissioning of Voice Communication Control System and Ground to Air-Radio for Pangkalan Tentera Udara Di-Raja Malaysia by Comintel;
- (ii) Design, construction, supply, assembling, testing and commissioning of the C4I system for the Royal Malaysian Police by Comintel;
- (iii) Supply of Integrated Very High Frequency Spare Parts for the Royal Malaysian Police by Comintel;
- (iv) Supply and delivery by Comintel of spare parts for the High Frequency Transceiver RT9000 for the Royal Malaysian Navy;
- (v) Supply of spare parts and/or services for the maintenance of A.244/S MOD.1 Torpedo and Torpedo System by CSB;
- (vi) Supply of spare parts and/or services for the maintenance of 76/62 SRGM, 40/70mm Gun and LDL 102mm Chaff of Oto Melara S.p.A by CSB;
- (vii) Supply of spare parts and/or services for the maintenance of the combat system of Corvettes by CSB;
- (viii) Provision of services for KD Laksamana Class of Ships in PSC-Naval Dockyard Sdn Bhd at Lumut, Perak Darul Ridzuan by CSB;
- (ix) Supply of eight (8) CTI2000 Display Consoles for the Laksamana Corvette Upgrading Project to AMS by CSB; and

## 6. INFORMATION ON THE COMCORP GROUP (CONT'D)

- (x) Supply and delivery of spare parts of combat system of corvettes for the Royal Malaysian Navy (as updated by the management of Comintel subsequent to ACN's Independent Market Research Report dated 21 November 2003).

In the telecommunications sector, various milestones have been achieved. These include state-of-the-art nationwide integrated secured communication solutions for government agencies; civilian and military air traffic control, HF, VHF and UHF communication systems; sophisticated microwave communication systems for off-shore platforms; nationwide secured automatic message handling system and networking; telemetry and control systems with customised graphical displays.

Although the Comintel Group has more than 17 years of working relationship with Motorola Inc, with respect to BCM and its provision of EMS services, the first contract from Motorola Inc was secured in 1993, the year it commenced business. This was for the provision of back-end assembly and functional testing of Motorola's rapid and compact chargers. Since then, BCM has developed close working relationships with customers who are considered major players in the field of radio communication systems. These include Motorola Inc, Power-One and Symbol Technologies, Inc.

CSB, on the other hand, deals mainly with the servicing and maintenance contracts with respect to shipboard combat and weapons systems. It is the principal agent for the provision of such services for systems supplied by Finmeccanica, a long established player in this arena. The nature of its work relating to services for extending the lifespan of such shipboard combat and weapons systems as well as its good working relationship with Finmeccanica (i.e. Finmeccanica has an interest in the business of CSB via AMS) provide greater assurance on the continuity of the operations of CSB within the foreseeable future.

Details of the Group's major customers, being the top ten (10) customers of the Comcorp Group together with their percentage of proforma Group sales for the financial year ended 31 January 2004, are as follows:

Customers	Type of businesses	Country of origin	Period of relationship	Percentage of proforma Group sales for the financial year ended 31 January 2004 (%)
Motorola Inc	Various radio communication products	USA	Since 1987 <sup>vi</sup>	41
Power-One	Design and manufacture of power conversion products	USA	Since 2001	26
Kementerian Dalam Negeri, Malaysia <sup>vii</sup>	Public safety	Malaysia	Since 1985	20
Kementerian Pertahanan, Malaysia <sup>vii</sup>	National defence	Malaysia	Since 1988	3
Thales Communication	Airborne systems	France	Since 2002	1
Polaroid (UK), Limited	Various types of cameras and instant cameras	UK	Since 1999	1
C&D Technologies Inc	Electrical power storage and conversion products	USA	Since 1999	1

## 6. INFORMATION ON THE COMCORP GROUP (CONT'D)

Customers	Type of businesses	Country of origin	Period of relationship	Percentage of proforma Group sales for the financial year ended 31 January 2004 (%)
Smart Modular Technologies Sdn Bhd	Synchronous dynamic random access memory for computers	Malaysia	Since 2002	<1
Symbol Technologies, Inc	Secure mobile information systems	USA	Since 2004	<1
Solectron Technology Sdn Bhd	Provider of manufacturing services to OEMS	Malaysia	Since 1998	<1

*Notes:*

<sup>i</sup> *Motorola Inc initially became a customer of Comintel in 1987 and since the commencement of operations of BCM in 1993, it became the major customer of BCM.*

<sup>ii</sup> *The key customers of the Comintel Group are Kementerian Dalam Negeri and Kementerian Pertahanan. The Comintel Group is currently the main contributor to the profits of the Comcorp Group and is expected to remain so in the immediate future.*

*(Source: Management of Comintel/BCM/CSB)*

Relating to the provision of services pertaining to the integration and maintenance of public safety and defence communications systems, due to the nature of this area of work being highly specialised and tied closely with public sector spending, there are only a handful of government agencies for the Group to choose from to widen its spectrum of customers. This small customer base is also true with respect to the provision of EMS services.

Although the top four (4) customers of the Group collectively contributed to approximately 90% of the proforma Group sales, over-dependency on these customers is somewhat mitigated by the long-term relationship with them as well as its proven track record in dealing with them. Comintel Group's familiarity with its local customers such as the relevant agencies of the Government of Malaysia and its in-depth knowledge of the local environment, provides it with an added advantage as compared to its foreign competitors. Similarly for BCM, its close working relationship with many of its customers is evidenced by, amongst others, the ability of BCM to participate in the initial design stage of certain products of some of its major customers as well as Power-One, a key customer of BCM, becoming a shareholder of Comcorp.

The Group has developed long and healthy business relationships with its key customers as set out below:

	Period of relationship (Approximately in years)
Kementerian Dalam Negeri	19
Motorola Inc	17
Kementerian Pertahanan	16
Power-One	3

## 6. INFORMATION ON THE COMCORP GROUP (CONT'D)

### 6.4.11 Major Suppliers

The Comintel Group's suppliers are mostly technology providers who supply hardware, equipment, machinery, spare parts, tools and software, and in terms of its manufacturing business through BCM, the requisite raw materials. Almost all of these suppliers are international corporations, with the majority being from the USA. Whilst the major hardware, equipment and machinery are imported, certain modifications are carried out locally to suit domestic conditions.

Details of the Group's major suppliers, being the top ten (10) suppliers of the Comcorp Group, together with their percentage of the proforma Group purchases for the financial year ended 31 January 2004, are as follows:

Suppliers	Type of businesses	Country of origin	Period of relationship	Percentage of proforma Group purchases for the financial year ended 31 January 2004 (%)
Power-One	Various power conversion materials	USA	Since 2001	10
Motorola Inc	Various radio communication systems	USA	Since 1985	9
Arrow Electronics Asia (S) Pte Ltd	Electronic components	Singapore	Since 1997	6
Hical Magnetics Private Limited	Magnetics/transformers	India	Since 2001	6
Golden Bridge Electric Co Ltd	Cables/housing	Taiwan/China	Since 1997	2
SCI Enclosures, Inc	Housing	USA	Since 1997	2
Multi Fineline Electronix, Inc	Flexible printed circuit	USA	Since 2000	1
Fusungta (Hongkong) Co, Ltd	Speakers	Taiwan	Since 1996	1
Taiwan Green Point Enterprise Ltd	Housing	Taiwan/China	Since 1997	1
General Dynamics Decision Systems, Inc	VHF/UHF radios	USA	Since 2001	1

(Source: Management of Comintel/BCM)

The suppliers of Comintel and CSB are primarily foreign, as the highly advanced technology products required for the respective systems integration and defence maintenance projects are not available in the country. Strategic alliances with these suppliers have enabled both Comintel and CSB to establish and leverage upon special bonds and unique relationships with these parties.

All other resources required are readily available in the country. In relation to human capital, Comintel and CSB recruit personnel based on the technical skills required, and where necessary for replacement or for expansion purposes, from the local employment market.



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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**

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Both Comintel and CSB are not dependent on any individual supplier in relation to their businesses. The procurement/purchasing departments in both companies are responsible for evaluating the suppliers in terms of pricing, quality, product and after-sales service as well as the suitability of the products for use in the relevant projects. The principals are responsible for providing product technical support and training to Comintel and CSB, whilst Comintel and CSB are respectively responsible for the design, supply, installation, testing, commissioning, integration, after-sales service and provision of maintenance services to its local customers. To date, there have not been any supplier/dealer relationship problems.

BCM uses a wide range of suppliers and tends to obtain materials and components in two (2) ways:

- (i) On a turnkey basis, where materials and components are procured from suppliers designated or approved by the customers; and
- (ii) On consignment basis, where the customers directly purchase and supply the materials required for the manufacture of their products.

Generally, the procurement of components is on a turnkey basis except for proprietary components which the customers prefer to maintain control. These components are consigned. BCM's revenue is substantially derived from turnkey contracts whereby for the financial year ended 30 September 2003, it represented 98.5% of the total revenue of BCM. The procurement of materials and components is the responsibility of the materials procurement department that comprises experienced professional buyers and procurement engineers. Over the years, the procurement department has developed close working relationships with many suppliers worldwide. Whilst the choice of suppliers is usually limited to the approved vendors list supplied by the customers, the procurement department also assists customers in sourcing for and qualifying alternative suppliers of materials and components.

**6.4.12 Future Plans, Strategies and Prospects of the Comcorp Group**

The Group adopts a pro-active marketing strategy approach, focusing on the principal customers of the Comintel Group such as the Government of Malaysia, the principals in its EMS business and the education and healthcare providers, and also has plans to develop a dealers' network in major states in Malaysia. In order to remain competitive, the Group will continue to provide quality products and services, which are technologically capable of meeting the objectives of its customers at an affordable cost, with good after-sales services and maintenance.

For the EMS sector in particular, marketing agents in the USA and Europe have also been engaged to complement the efforts to identify and source for new customers. As part of the Group's business strategy, marketing efforts are focused on corporations in the high growth niche industries where customers have the potential for rapid expansion.

The Group's growth strategy is to capitalise on the growing demand for technologically advanced systems and infrastructure generated by the ICT and the EMS Provider industries. The Group's key focus and growth strategies with respect to its key companies include the following:

**(i) Comintel**

The near term focus of Comintel in the next one to two years would be to carry on developing its expertise in systems integration work with a continuing focus on public safety and defence communication systems. This would enable the Group to provide in-country capability in this critical area of the public sector whilst increasing its reach into the private sector markets.

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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**

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Whilst having access to the most advanced technology in this sector of communications via the strategic alliances with its principals, the long-term commitment of Comintel is to provide the most functional, affordable and versatile solutions from the wide range of available technology. This will require the Group to monitor and assess the latest available technology in the field and incorporate such technology into its versatile solutions design in a cost-effective manner to meet the needs of its target customers.

In the longer term, to expand its total ICT systems and integration operations and to provide an impetus for the future growth of the Group, Comintel plans to carry out the following:

- (a) Leverage on its experience and tap into its increasing systems knowledge and product database to help identify other niche areas or target markets in which the Group can expand into in offering its services;
- (b) Comintel intends to provide more extensive back-up services to its existing clients, especially in areas such as end-user training, namely operational training and systems maintenance training, to enable clients to keep their systems operating at optimum level; and
- (c) To provide upgrading and expansion services to its existing clients in respect of the systems which have been designed and set up on a modular basis. In this regard, the Group will continue to ensure that all systems designed for clients will be based on a modular basis to cater for future expansion and upgrades to suit the future needs of its clients. In essence, its commitment in facilitating a lifetime extension to the customers' systems as a result of its comprehensive support offerings, ensures that it will continue to remain an important long-term local player in the market.

**(ii) BCM**

In terms of its role as an EMS provider via BCM, the Group hopes to maintain its competitive strength in the high-mix and low-to-medium volume box-build product range with a focus on RF products whilst exploring opportunities to move into the low-mix and high-volume arena. The high-mix and low-to-medium volume box-build product range is less susceptible to competition from new entrants. This is because of the large amount of time and effort required to build up a skilled workforce with the necessary experience and know-how to facilitate flexible manufacturing practices and quick yet effective machine set-ups required for such a product range. The low-mix and high-volume box-build arena is easier to penetrate, especially for companies like BCM who has already developed expertise in the more complex high-mix and low-to-medium volume manufacturing processes.

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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**

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In the immediate term, BCM also hopes to leverage on Comintel's product knowledge to enable it to enhance its current expertise in manufacturing, so that it may provide more value to its principals. One area in which BCM hopes to provide such value is in the deviation design relating to its principals' existing products, for which it believes there is a ready market and demand. Deviation design relates to product designs that encompass slight variations in terms of existing product designs. Deviation design related products may not be cost effective for principals to look into as they are time-consuming to develop; such principals prefer to spend their time and costs looking into more revolutionary new product designs. Such a service offering not only enhances the value-added component of BCM's services to its principals but also alleviates its standing in relation to its principals as it demonstrates to these principals that it has in-depth understanding of the principal's products.

In the longer term, BCM hopes to work closely with its principals to move into Own Design Manufacturing ("ODM"). The concept of ODMs arise due to situations where the principal may not have a particular product in its existing product range and agrees to engage an EMS provider such as BCM to design and manufacture such a product under the principal's label/brandname. The ODM products that BCM would like to look into would be products within its current area of strength, namely the radio communications platform.

**(iii) CSB**

CSB's current operations relate to the provision of defence maintenance programme services, with a specific focus on combat and weapons systems. Its main work relates to the repair and maintenance of such systems, to ensure that the systems continue to operate at an optimum level and are always in a state of readiness. One of the major projects of CSB relates to the maintenance of the combat and weapons systems in four (4) corvette warships owned by the Malaysian Navy.

In the near future, CSB hopes to expand its range of services and expertise relating to the maintenance of the combat and weapons systems in corvettes to encompass similar systems in frigate warships. This is based on the view that although different warships can be seen as different platforms for this type of maintenance work, the combat and weapons systems are in essence, in the opinion of the Group, the same with respect to intents and purposes. Hence, the Group will be able to adapt its experience in the provision of such maintenance services for corvette warships to that of frigate warships. In the longer term, CSB hopes to capitalise on its experience and technical know-how to expand its services to cover the provision of services relating to the upgrading of such combat and weapons systems, which comprise greater value added services.

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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**

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**(iv) LWT**

As mentioned earlier, LWT specialises in R&D relating to photonics. Its focus in this area is principally on the use of fiberoptic components applied in telecommunication high speed broadband transmission. Currently, R&D work is ongoing with respect to the use of components such as couplers, power splitters, wavelength division multiplexers, dense wavelength division multiplexers and laser amplifiers, all of which are components used in systems and communications infrastructure and will be of interest to companies such as telecommunication service providers and equipment manufacturers, including Cisco Systems, Inc, Nortel Networks and Lucent Technologies which build equipment to carry large amounts of bandwidth, both wireline and wireless. However, as the demand for wireline bandwidth at this point in time is at a lull, the Group hopes to build up its understanding and knowledge of such components during this time so as to be ready to capitalise on it when such technology is in greater demand and moves into mass adoption.

**(v) LNC**

As mentioned earlier, it is intended for LNC to initially focus on R&D activities relating to the design of product components, catered for the ICT industry, using the IMD production process. As at the date of this Prospectus, LNC has yet to commence operations. Initial product components intended to be produced comprise keypads and windows for mobile phones and two (2)-way radios. The successful design of the aforementioned product components is expected to provide the Comcorp Group with leverage in providing value-added components to the communication products currently manufactured and assembled by its manufacturing arm, namely BCM, for its existing clients. In addition, LNC may also market the said product components to other players within the telecommunication industry. The said product components are expected to have the benefits of providing the end products with more durable and attractive exteriors in a more cost-effective manner. The above is expected to enable the Comcorp Group to capitalise on the growth of the ICT industry, which is expected to ultimately result in the increased application of keypads and windows for communication equipment. Further, the knowledge and experience expected to be derived by LNC from the R&D and manufacturing process hereunder may in future be extended towards the design and production of other product components. Barring any unforeseen circumstances, LNC is expected to commence its R&D activities on the product components in the later part of the second half of year 2004. Production activities will only commence later, subject to, amongst others, the outcome of the R&D activities.

The Comcorp Group is expected to continue to retain its niche in the Malaysian ICT market. In view of its core competencies, it is expected that the Group will have the ability to sustain growth as one of the market leaders for providing ICT related products, services and infrastructure, and ICT systems integration focusing on the Public Safety and Defence Communication sector in Malaysia.

With the expertise, technical skills, quality products and ample project experiences in both the public and private sectors, the Group is expected to continue to satisfy the demands of its customers. Based on its past track record, the strength of the Group and the anticipated future uptrend of the ICT industry, the Company is of the view that the Comcorp Group is well-positioned to secure a sizeable portion of the market share in the country with respect to its niche market.

## 6. INFORMATION ON THE COMCORP GROUP (CONT'D)

Comcorp also has plans to capitalise on new opportunities in expanding its revenue base through new product development, strategic alliances with international players and other investments. The Group also recognises that different markets in the region will mature/develop at a different pace and thus, has plans to move into foreign markets cautiously, conducting research where relevant and adopting the smart-partnerships approach with local well-established players. The Group will also aggressively penetrate deeper into the niche sector of public safety and defence communication where the growth potential and the need for technological innovation will allow Comcorp to contribute significantly in this sector.

Overall, the Group's strong commitment towards innovation, the development of its people, continuous improvement in productivity/efficiency and close interactions with the market place has strategically positioned itself to face future challenges ahead.

### 6.4.13 Interruptions to Business Activities

There have been no interruptions to the Group's business activities during the past twelve (12) months which have had a significant effect on the operations of the Group.

### 6.4.14 Employees

As at 30 June 2004, the Comcorp Group has 1,533 employees. The employees of the Group do not belong to any labour union and enjoy a cordial relationship with the management. There have been no instances of any strike action by the employees since the Group started its operations.

The employment structure of the Comcorp Group and the length of its employees' service as at 30 June 2004 are set out below:

Category of employees	←-----Number of employees-----→			Total
	< 1 year	1 – 5 years	> 5 years	
Managerial and professional	10	16	42	68
Technical and supervisory	81	136	89	306
Administration and clerical	7	42	29	78
Skilled workers	215	507	211	933
Field workers (contractual)	148	-	-	148
<b>Total</b>	<b>461</b>	<b>701</b>	<b>371</b>	<b>1,533</b>

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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**


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To ensure that the Group will continue to provide quality services and products to its customers, it strives to provide comprehensive training through external and in-house training programmes to its staff force. Such training programmes undertaken by the Comcorp Group can be summarised into the following programmes depending on the category of employees:

<b>Category of employees</b>	<b>Type of programmes</b>
Management	Management development
Technical and supervisory	New product technologies, product training, project implementations, product knowledge and knowledge upgrades
Administration and clerical	Knowledge updates and upgrades
Skilled and field workers	Product training

On-the-job training under the close supervision and guidance of senior engineers and management team is also provided to all employees of the Comcorp Group to ensure that they have the skills necessary for their job functions.

#### **6.4.15 Management Succession Plan**

The loss of any key personnel of the Comcorp Group could adversely affect the Group's performance and this has been identified as one of the risk factors set out in Section 4.9 of this Prospectus.

As such, the Comcorp Group recognises the need to ensure continuity in its management and the importance of its ability to attract and retain skilled personnel in order to be able to continue to provide competitive services in its business undertakings. To achieve this, the Group regularly reviews its staff remuneration and incentive policies and strives to benchmark against the industry average to promote loyalty and commitment among its employees and to attract new qualified professionals. In addition, the Board has allocated approximately 20.1% of the Comcorp Shares available for subscription pursuant to the IPO comprising 5,748,500 new Comcorp Shares to its non-Director employees in conjunction with the listing of Comcorp.

The Group also provides on-going external and in-house training programmes to increase the competency of its existing employees. Where applicable, the Group also ensures that its employees are provided with the opportunity to work on various tasks/assignments to enable them to be able to work on numerous roles as well as to have a comprehensive understanding of the Group's overall operations. This provides the Group with greater flexibility in its staff-force deployment, and hence enhances its service/production capability and flexibility.

These training programmes serve to groom the lower and middle management staff to gradually assume the responsibilities of senior management as part of its employee career advancement programme and to ensure a smooth transition in the management team should any changes occur.

In addition to the above, during the recent economic downturn that had adversely affected its EMS business, the Group did not deliberately reduce the number of its staff-force. This was made with the view to maintain personnel which the Group has groomed to take on greater responsibilities and to ensure that the quality of its management team as well as its succession is not jeopardised. Moreover, the above was also aimed at maintaining the quality of the Group's staff-force and to enhance its relationship with its employees and their morale.

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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**


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**6.4.16 Key Achievements/Milestones/Awards of the Group**

The Comintel Group and its business partners are registered authorised specialists with the relevant government authorities such as the Pusat Khidmat Kontraktor (Contractor Service Center) and the Constructions Industry Development Board. The Group is also registered with the Ministry of Finance, Malaysia and is "ePerolehan" enabled, which are prerequisites to bid for government contracts and seek government-related business opportunities.

The quality of the Group's products and services have been recognised by its customers and its commitment to excellence is evident in the following awards/commendations it has received:

**(i) Comintel**

- (a) 1992 : Distributor of the Year Award for the highest level of teamwork and achievement in 1992 from Motorola Inc;
- (b) 1996 : Special Appreciation Award for the Royal Malaysian Police Automated Message Handling System Program from Motorola Space and Electronics Inc;
- (c) 1997 : Award to commemorate the successful launching and commissioning of the Royal Malaysian Police Integrated Telecommunication System in East Malaysia;
- (d) 1998 : Award to commemorate the successful implementation of the Integrated Telecommunication System for the 16th Commonwealth Games, Kuala Lumpur 1998;
- (e) 2002 : Best Asymmetric Digital Subscriber Line Contractor 2002 for Customer Access Network ("CAN") Development Selangor Timur awarded by Telekom Malaysia Berhad;
- (f) 2002 : Best Supplier 2002 for CAN Development Perak by Telekom Malaysia Berhad; and
- (g) 2003 : Award by Motorola in recognition of the winning partnership in relation to the Royal Malaysian Police Securenet Expansion.

**(ii) BCM**

- (a) 1997 : Excellence in Continuing Contribution to Quality Improvement Award from Motorola, Penang;
- (b) 1997-1998 : Delivery and Quality Excellence Award from Sony;
- (c) 1999 : Six Sigma Performance Award since 1997 from Motorola Distribution Centre, Europe;
- (d) 2000 : Industry Excellence Award 2000 (Export Excellence Award) from MITI; and
- (e) 2001 : Outstanding Supplier Award from Motorola Inc in appreciation of the outstanding performance and leadership demonstrated during the New York City Crisis of September 2001.

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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**


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In addition, BCM was awarded an Enterprise 50 Award in 1998, ranking 14th out of the top 50 emerging Malaysian companies by Andersen Consulting Malaysia (currently known as Accenture, Malaysia) in association with the Small and Medium Industrial Development Corporation, a division of MITI. This was based on criteria such as development engineering capability, professionalism, dynamics of leadership and micro success factors.

BCM was also awarded the MS ISO 9001:2000 Quality Management Requirement (for PCBA Manufacturing) Systems certification for quality assurance in production, installation and servicing by the Standards and Industrial Research Institute of Malaysia for complying and implementing the system with respect to its PCBA processes. It was also accredited to the MS ISO 14001:1997 environmental standard with respect to the operations of its plant.

**6.4.17 Location of Operations**

The principal places of business of the Comcorp Group are as follows:

<b>Company</b>	<b>Description</b>	<b>Address</b>
<b>Comintel</b>	Head Office	11A & 15, Jalan PJS 7/21 Bandar Sunway 46150 Petaling Jaya Selangor Darul Ehsan
	Sabah Branch	No. 4, Block E Ground Floor Sadang Jaya 88000 Kota Kinabalu Sabah
	Sarawak Branch	No. 174, Ground Floor Central Road West 93300 Kuching Sarawak
	Lumut Branch	60, Persiaran Venice Sutera 1 Desa Manjung Raya (Phase 1A) 32200 Lumut Perak Darul Ridzuan
<b>CSB</b>	Head Office	No. 12, Jalan PJS7/21 Bandar Sunway 46150 Petaling Jaya Selangor Darul Ehsan
	Lumut Branch	60, Persiaran Venice Sutera 1 Desa Manjung Raya (Phase 1A) 32200 Lumut Perak Darul Ridzuan
<b>ICSB</b>	Office	11A & 15, Jalan PJS 7/21 Bandar Sunway 46150 Petaling Jaya Selangor Darul Ehsan
<b>LWT</b>	Office	No. 17, Jalan PJS 7/21 Bandar Sunway 46150 Petaling Jaya Selangor Darul Ehsan
<b>CHK</b>	Office	7th Floor, Allied Kajima Building 138, Gloucester Road Hong Kong



## 6. INFORMATION ON THE COMCORP GROUP (CONT'D)

Company	Description	Address
<i>BCM*</i>	Office and factory	Plot 21, Jalan Hi-tech 4 Kulim Hi-Tech Park, Phase 1 09000 Kulim Kedah Darul Aman
<i>LNC</i>	Office	#2 Ba-107 Sihwa Industrial Complex 2171-6, Jeongwang-dong Siheung-shi Republic of Korea

**Note:**

- \* *The office in which BCM operates comprises office space as well as the production facilities relating to the EMS business. The details of the production capacity of the production facilities are set out in Section 6.4.9 of this Prospectus.*

### 6.5 SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the date hereof, Comcorp does not have any associated companies. The details on the subsidiaries of Comcorp are as follows:

#### 6.5.1 Comintel

##### (i) History and business

Comintel was incorporated in Malaysia under the Act on 20 October 1984 as a private limited company under the name of Hock Bin Engineering Sdn Bhd. On 3 December 1984, it changed its name to Comintel (M) Sdn Bhd and on 26 March 1997, it changed its name again to Comintel Sdn Bhd. On 6 May 1997, it was converted to a public company under the name of Comintel Berhad. On 2 October 2003, it was re-converted to a private limited company and adopted its present name. Comintel is principally engaged in turnkey engineering design and integration, programme management, installation and commissioning as well as investment holding.

##### (ii) Share capital

The authorised share capital of Comintel is RM50,000,000 comprising 50,000,000 Comintel Shares. The issued and paid-up share capital of Comintel is RM13,000,000 comprising 13,000,000 Comintel Shares.

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

Date of allotment	No. of Comintel Shares allotted	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
25.10.1984	2	1.00	Cash	2
14.02.1985	50,000	1.00	Cash	50,002
03.04.1985	50,000	1.00	Cash	100,002
07.12.1990	99,998	1.00	Bonus issue (approximately 1:1)	200,000
10.09.1992	200,000	1.00	Bonus issue (1:1)	400,000
31.01.1997	600,000	1.00	Cash	1,000,000
31.01.1997	12,000,000	1.00	Bonus issue (12:1)	13,000,000

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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**


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**(iii) Substantial shareholder**

Comintel is a wholly-owned subsidiary of Comcorp.

**(iv) Subsidiaries and associated companies**

Details of the subsidiaries of Comintel are as follows:

<b>Name</b>	<b>Date/Country of Incorporation</b>	<b>Effective interest in ordinary share capital %</b>	<b>Principal activities</b>
ICSB	06.07.1985; Malaysia	100.0	Provision of R&D services and dealers in all kinds of telecommunication and electronic equipment and the provision of related services
CHK	07.03.1996; Hong Kong, Special Administrative Region	100.0	Trading of electronic, engineering and telecommunication equipment and the provision of related services
CSB	15.10.1997; Malaysia	70.0	Electronic systems testing and repair, development of test programs and provision of integrated logistic support
LWT	24.05.1993; Malaysia	70.0	Carry out R&D work in photonics products
LNC	27.04.2004; Republic of Korea	60.0	As at the date hereof, LNC has not commenced operations. However, the principal activities of LNC are intended to be the manufacture, development, selling and export of electronic components and engaging in all related business activities incidental to any of the foregoing

As at the date hereof, Comintel does not have any associated companies.

**6.5.2 BCM****(i) History and business**

BCM was incorporated in Malaysia under the Act on 20 August 1993 as a private limited company under the name of Bakti Comintel Manufacturing Sdn Bhd. Subsequently on 18 August 1997, it adopted its present name. The company is principally a manufacturer and assembler of electronic components.

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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**


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**(ii) Share capital**

The authorised share capital of BCM is RM100,000,000 comprising 100,000,000 BCM Shares. The issued and paid-up share capital of BCM is RM32,869,878 comprising 32,869,878 BCM Shares.

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

<b>Date of allotment</b>	<b>No. of BCM Shares Allotted</b>	<b>Par value RM</b>	<b>Consideration</b>	<b>Cumulative issued and paid-up share capital RM</b>
20.08.1993	2	1.00	Cash	2
21.04.1994	999,998	1.00	Cash	1,000,000
21.06.1994	1,500,000	1.00	Cash	2,500,000
23.10.1997	2,500,000	1.00	Cash	5,000,000
28.06.1999	7,000,000	1.00	Cash	12,000,000
25.01.2000	5,500,000	1.00	Cash	17,500,000
28.06.2000	2,500,000	1.00	Cash	20,000,000
12.10.2000	4,000,000	1.00	Cash	24,000,000
28.02.2001	3,167,564	1.00	Cash	27,167,564
02.09.2003	2,250,977	1.00	Bonus issue (0.0829:1)	29,418,541
02.09.2003	3,451,337	1.00	Exchange of fixed assets worth USD4,327,790 from Power-One	32,869,878

**(iii) Substantial shareholder**

BCM is a wholly-owned subsidiary of Comcorp.

**(iv) Subsidiaries and associated companies**

As at the date hereof, BCM does not have any subsidiaries or associated companies.

**6.5.3 ICSB****(i) History and business**

ICSB was incorporated in Malaysia under the Act on 6 July 1985 as a private limited company. The principal activities of ICSB are the provision of R&D services, dealers in all kinds of telecommunication and electronic equipment and the provision of related services.

**(ii) Share capital**

The authorised share capital of ICSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of ICSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**


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

<b>Date of allotment</b>	<b>No. of ordinary shares allotted</b>	<b>Par value RM</b>	<b>Consideration</b>	<b>Cumulative issued and paid-up share capital RM</b>
06.07.1985	2	1.00	Cash	2
14.11.1990	50,000	1.00	Cash	50,002
25.10.1991	49,998	1.00	Cash	100,000

**(iii) Substantial shareholder**

ICSB is a wholly-owned subsidiary of Comintel, which in turn, is a wholly-owned subsidiary of Comcorp.

**(iv) Subsidiaries and associated companies**

As at the date hereof, ICSB does not have any subsidiaries or associated companies.

**6.5.4 CHK****(i) History and business**

CHK was incorporated in Hong Kong, Special Administrative Region under the Companies Ordinance on 7 March 1996 as a private limited company. The principal activities of CHK are the trading of electronic, engineering and telecommunication equipment and the provision of related services.

**(ii) Share capital**

The authorised share capital of CHK is HKD10,000 comprising 10,000 ordinary shares of HKD1.00 each. The issued and paid-up share capital of CHK is HKD1,000 comprising 1,000 ordinary shares of HKD1.00 each.

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

<b>Date of allotment</b>	<b>No. of ordinary shares allotted</b>	<b>Par value HKD</b>	<b>Consideration</b>	<b>Cumulative issued and paid-up share capital HKD</b>
07.03.1996	2	1.00	Cash	2
08.03.1996	998	1.00	Cash	1,000

**(iii) Substantial shareholder**

CHK is a wholly-owned subsidiary of Comintel, which in turn, is a wholly-owned subsidiary of Comcorp.

**(iv) Subsidiaries and associated companies**

As at the date hereof, CHK does not have any subsidiaries or associated companies.

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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**


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**6.5.5 CSB****(i) History and business**

CSB was incorporated in Malaysia under the Act on 15 October 1997 as a private limited company. The company is principally involved in electronic systems testing and repair, development of test programs and provision of integrated logistic support.

**(ii) Share capital**

The authorised share capital of CSB is RM3,000,000 comprising 3,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of CSB is RM1,500,000 comprising 1,500,000 ordinary shares of RM1.00 each.

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

<b>Date of allotment</b>	<b>No. of ordinary shares allotted</b>	<b>Par value RM</b>	<b>Consideration</b>	<b>Cumulative issued and paid-up share capital RM</b>
15.10.1997	750,000	1.00	Cash	750,000
31.01.1999	750,000	1.00	Cash	1,500,000

**(iii) Substantial shareholders**

CSB is a 70.0%-owned subsidiary of Comintel, which in turn, is a wholly-owned subsidiary of Comcorp. The other substantial shareholder of CSB is AMS, a company incorporated in Italy, which holds the remaining 30.0% equity interest in CSB.

**(iv) Subsidiaries and associated companies**

As at the date hereof, CSB does not have any subsidiaries or associated companies.

**6.5.6 LWT****(i) History and business**

LWT was incorporated in Malaysia under the Act on 24 May 1993 as a private limited company under the name of Mestika Klasik Sdn Bhd. It subsequently adopted its present name on 24 October 2002. The company is principally involved in carrying out R&D work in photonics products.

**(ii) Share capital**

The authorised share capital of LWT is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of LWT is RM100,002 comprising 100,002 ordinary shares of RM1.00 each.

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**6. INFORMATION ON THE COMCORP GROUP (CONT'D)**


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

<b>Date of allotment</b>	<b>No. of ordinary shares allotted</b>	<b>Par value RM</b>	<b>Consideration</b>	<b>Cumulative issued and paid-up share capital RM</b>
24.05.1993	2	1.00	Cash	2
23.04.2003	100,000	1.00	Cash	100,002

**(iii) Substantial shareholder**

LWT is a 70.0%-owned subsidiary of Comintel, which in turn, is a wholly-owned subsidiary of Comcorp. The other substantial shareholder of LWT is Photon Antz Technologies Sdn Bhd, a company incorporated in Malaysia, which holds the remaining 30.0% equity interest in LWT.

**(iv) Subsidiaries and associated companies**

As at the date hereof, LWT does not have any subsidiaries or associated companies.

**6.5.7 LNC**

**(i) History and business**

LNC was incorporated in the Republic of Korea under the laws of the Republic on 27 April 2004 as a joint stock company and as a foreign invested company. As at the date hereof, LNC has not commenced operations. However, the principal activities of LNC are intended to be the manufacture, development, selling and export of electronic components and engaging in all related business activities incidental to any of the foregoing.

**(ii) Share Capital**

The authorised share capital of LNC is KRW400,000,000 comprising 800,000 ordinary shares of KRW500 each. The issued and paid-up share capital of LNC is KRW100,000,000 comprising 200,000 ordinary shares of KRW500 each.

There have been no changes in the issued and paid-up share capital of LNC since its incorporation.

**(iii) Substantial Shareholders**

LNC is a 60.0%-owned subsidiary of Comintel, which in turn, is a wholly-owned subsidiary of Comcorp. The other substantial shareholder of LNC is Kyung Seob Cho who holds the remaining 40.0% equity interest in LNC.

**(iv) Subsidiaries and Associated Companies**

As at the date hereof, LNC does not have any subsidiaries or associated companies.