

## MYKRIS LIMITED (MYKRIS)

### NZAX DISCLOSURE DOCUMENT - Mykris

Prospective investors are cautioned that an investment in Mykris Limited is a **speculative investment** and may involve a high degree of risk. An investment in Mykris Limited is designed for persons who can bear the loss of their entire investment.

The major asset of Mykris Limited at the time of Listing will be goodwill associated with a purchase from a related party, being its founder. Specifically, this goodwill will arise as a result of the price Mykris Limited is to pay its parent company for the shares in the Internet Business Companies which will then become Mykris Limited's operating subsidiaries. The price includes a premium over the price which Mykris Limited's parent company paid for the Internet Business Companies in 2010. The price also reflects the fact that Mykris Limited's parent company also paid a price that included a substantial payment for goodwill when it acquired the shares in the Internet Business Companies from their founders, who were also the founders of Mykris Limited's parent company. Both transactions represent related party transactions that will have taken place prior to Listing, and therefore will not be subject to any relevant provisions of the Listing Rules that will apply as from Listing. The prices for the assets under the above transactions are based on directors' valuations. Those assets have not been independently valued.

21 December 2011

This is a Disclosure Statement prepared for the purposes of the NZAX Listing Rules. It may not contain as much information as would ordinarily appear in a registered prospectus prepared in accordance with the requirements of the Securities Regulations 2009. Copies of this Disclosure Statement and other information about the Issuer are available on [mykris.co.nz](http://mykris.co.nz)

**NZX Sponsor**  
Investment Research Group Limited  
Level 10, Swanson Towers  
20 Hobson Street  
PO Box 1314  
Auckland

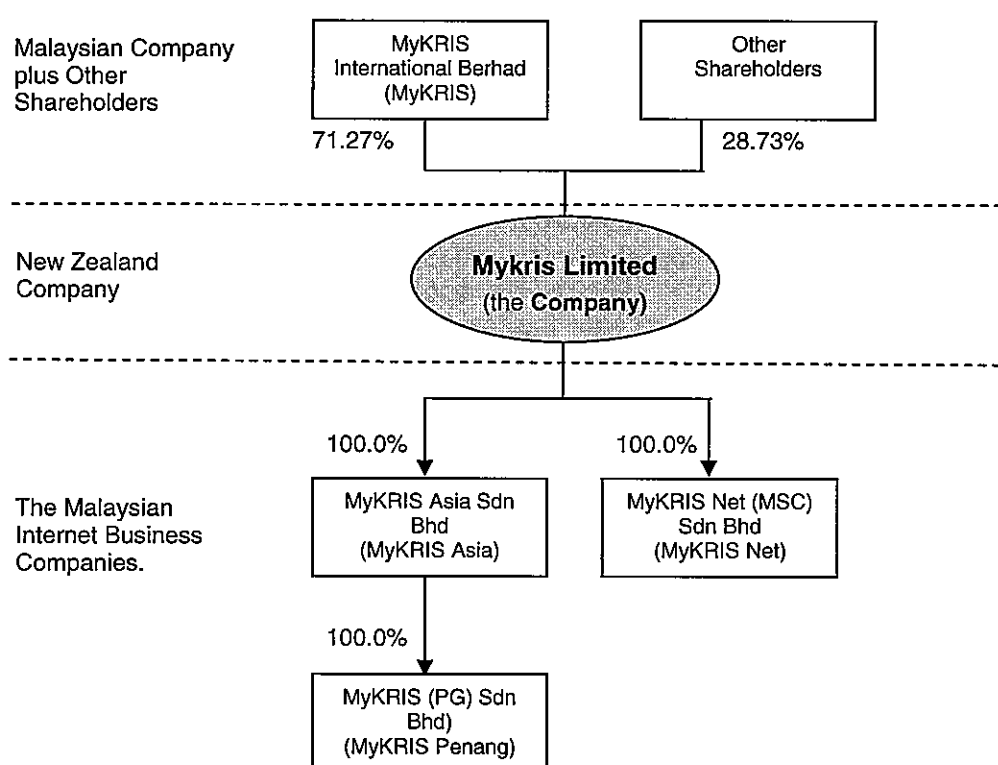
Capitalised terms not otherwise defined in this Disclosure Document have the meaning set out in the Glossaries in paragraphs 17 and 18.

## 1. Description of the Securities being Quoted

This Disclosure Document is in support of an application by Mykris Limited (the **Company**) to list, and have its entire ordinary shares (**Shares**) quoted, on NZAX.

The Company (a New Zealand company) is a subsidiary of MyKRIS International Berhad (a Malaysian company) (**MyKRIS**) and is to be the holding company for the Internet Business Companies (which are incorporated and carry on business in Malaysia).

The above corporate structure, in diagram form, is as follows:



See paragraphs 2 and 6 below for further details of the corporate structure and the business activities of the Company and the Internet Business Companies.

Each Share gives the holder the right to:

- (a) attend and vote at a meeting of the Company, including the right to cast one vote per Share on a poll (subject to any voting prohibitions under the NZAX Listing Rules);
- (b) an equal share with other Shares in any dividends authorised by the Board;
- (c) an equal share with the other Shares in the distribution of surplus assets in any liquidation of the Company;

- (d) be sent certain Company information; and
- (e) the other rights as a shareholder conferred by the Companies Act 1993 and the Company's constitution.

The total number of Shares to be quoted will be 59,920,100. There will be no new Shares to be issued as part of the Company's application to list on the NZAX. None of the Shares will be subject to any escrow restrictions. At the time of Listing the Company will also have 6,000,000 warrants on issue (**Warrants**). The Warrants will have an exercise price of \$0.25 each payable in cash on exercise, and to be exercisable at any time up to 31 December 2014. The warrants are not to be quoted.

The "minimum holding" of securities of the Company (for the purpose of the NZAX Listing Rules) as at the date of the Listing will be 2,000 Shares, or such other number as prescribed by NZX from time to time. Under the Constitution of the Company, the Company may sell Shares of less than a minimum holding through NZX (or in some other manner approved by NZX) on 3 months' written notice to holders of less than a minimum holding.

## **2. Details about the Issuer & Sponsor**

### **2.1 The Issuer**

The issuer is the Company, Mykris Limited, a company registered under the Companies Act 1993, company number 3568071, having its registered office at Level 10, Swanson Towers, 20 Hobson Street, Auckland.

### **2.2 The Company was incorporated as a special purpose vehicle of MyKRIS (a Malaysian company) on 30 September 2011 in order to acquire the shares in MyKRIS' Internet Business Companies (also Malaysian companies), and list on the NZAX.**

### **2.3 Acquisition of the Internet Business Companies and Share and Warrant Issues**

The Company proposes, prior to Listing:

- (a) to acquire (**Purchase**) all the shares in the Internet Business Companies from MyKRIS for a total consideration of NZ\$14,000,000, to be satisfied by an issue to MyKRIS of 56,000,000 new Shares to be issued (as fully paid) at a price of NZ\$0.25 per Share (the consideration reflects a valuation by MYKRIS's directors of the Internet Business Companies of NZ\$14,000,000, being a valuation based on the audited earnings of the Internet Business Companies for FYE 2010 equal to NZ\$1.827 million, and representing a price earning multiple of 7.66 based on those earnings); and
- (b) to issue (**Share and Warrant Issues**)
  - (i) 2,000,000 Shares to persons who for the purposes of the Securities Act 1978 are eligible persons, or persons who are not members of the

public, at a price of NZ\$0.25 per Share to be satisfied by a transfer to the Company of 500,000 Bartercard Trade Dollars<sup>1</sup>;

- (ii) 1,920,000 Shares to the Sponsor at a price of NZ\$0.25 per Share as part consideration for the Sponsor agreeing to act as Sponsor to the Company; and
- (iii) 6,000,000 Warrants to the Sponsor as part consideration for the Sponsor agreeing to act as Sponsor to the Company, each warrant being a warrant to subscribe for one (1) Share in the Company at an exercise price of NZ\$0.25 each payable in cash on exercise, and to be exercisable at any time up to 31 December 2014.

- 2.4 The financial impact arising from the Purchase and the Share and Warrant Issues is summarised in the pro-forma balance sheet included at paragraph 6.7 below.
- 2.5 Following the Purchase and the Share and Warrant Issues, the Sponsor proposes to make a distribution of some of its Shares to its shareholders. MYKRIS, also proposes to make a distribution of some of its Shares to its shareholders. These will result in the Company having approximately 650 shareholders.
- 2.6 The shares in the Internet Business Companies which the Company proposes to acquire from MyKRIS (as described in paragraph 2.3(a) above) were acquired by MyKRIS on 5 May 2010 under the following Acquisitions:
- (a) Acquisition of MyKRIS Asia: The acquisition of the entire issued and paid-up share capital of MyKRIS Asia comprising 500,000 MyKRIS Asia shares from Zenwise, for a total purchase consideration of RM2,000,000, which was satisfied by the issuance of 2,000,000 ordinary shares of RM1.00 each in MyKRIS at RM1.00 per share. (Zenwise is a company whose shares were majority-owned at the date of this acquisition by Chew Choo Soon and Chang Wai Hoong who are to be Directors of the Company and are also directors of MyKRIS);
  - (b) Acquisition of MyKRIS Net: The acquisition of the entire issued and paid-up share capital of MyKRIS Net comprising 40,000 MyKRIS Net Shares from the Vendors, for a total purchase consideration of RM10,000,000, which was satisfied by the issuance of 10,000,000 ordinary shares of RM1.00 each in MyKRIS at RM1.00 per share (The Vendors founded MyKRIS Net and Chew Choo Soon and Chang Wai Hoong, who are 2 of the Vendors, are to be directors of the Company and are also directors of MyKRIS).

Zenwise and the Vendors (collectively) are the majority shareholders in MyKRIS.

- 2.7 On 5 May 2010 the total consideration of RM12,000,000 paid by MyKRIS under the Acquisitions represented approximately NZ\$5,150,000 (based on the spot RM/NZ\$ exchange rate of 2.33 as at that date). The consideration reflected a valuation undertaken by MYKRIS management in 2009 that was subsequently adopted as the

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<sup>1</sup> The Bartercard Trade Dollar is an accounting unit used to record the value of goods and services traded. The Bartercard Trade Dollar is recognised by the Inland Revenue Department and financial institutions as having the same value as the New Zealand Dollar. Bartercard's credit/debit system functions in the same way the MasterCard and Visa systems deliver service to cash-paying consumers. Bartercard Trade Dollars are not legal tender, securities, debentures or commodities.

price for the internal restructuring represented by the Acquisitions made in May 2010. While that restructuring was undertaken in contemplation of a listing, the assessment that MYKRIS management subsequently made was that the value of the Internet Business Companies to an arms-length third party purchaser was substantially more than RM 12,000,000.

## 2.8 The Internet Business Companies

Details of the Internet Business Companies as at Listing will be as follows:-

Subsidiary	Date and place of incorporation	Issued and paid-up share capital RM	Issued and paid-up share capital \$NZ <sup>2</sup>	Effective equity interest %
MyKRISAsia	3.5.2000 Malaysia	500,000	204,082	100
MyKRIS Net	19.9.2002 Malaysia	40,000	16,327	100
MyKRIS Penang	12.9.2002 Malaysia	100	41	100

- 2.9 As at the date of this Disclosure Document, the issued and paid-up share capital of MyKRIS Asia is RM500,000 comprising 500,000 MyKRIS Asia Shares. The details of the changes in the issued and paid-up share capital of MyKRIS Asia since its incorporation are as follows:-

Date of allotment	No. of MyKRIS Asia Shares allotted	Par Value RM	Par Value \$NZ <sup>3</sup>	Consideration	Cumulative issued and paid-up share capital RM	Cumulative issued and paid-up share capital \$NZ <sup>4</sup>
3.5.2000	100	1.00	0.41	Subscribers' Shares	100	41
8.6.2001	96,629	1.00	0.41	Cash	96,729	39,481
8.6.2001	403,271	1.00	0.41	Otherwise than cash	500,000	204,082

The 403,271 shares issued otherwise than for cash on 8 June 2001 were issued as consideration for settlement of a debt of RM 403,271.

<sup>2</sup> Based on the RM/\$NZ exchange rate of 2.45 as at 30 September 2011

<sup>3</sup> Based on the RM/\$NZ exchange rate of 2.45 as at 30 September 2011

<sup>4</sup> Based on the RM/\$NZ exchange rate of 2.45 as at 30 September 2011

As at the date of this Disclosure Statement, there are no outstanding warrants, options, convertible securities or uncalled capital of MyKRIS Asia. In addition, there is no discount, special term or instalment payment term applicable to the payment of the consideration for the allotment of its shares.

As at the date of this Disclosure Statement, MyKRIS Asia has one (1) subsidiary company, namely MyKRIS Penang and does not have any associated companies.

- 2.10 MyKRIS Net was incorporated under the name of MyKRIS Net Sdn Bhd. On 15 July 2009, it assumed its present name of MyKRIS Net (MSC) Sdn Bhd. As at the date of this Disclosure Statement, the issued and paid up share capital of MyKRIS Net is RM40,000 comprising 40,000 MyKRIS Net Shares. The details of the changes in the issued and paid-up share capital of MyKRIS Net since its incorporation are as follows:

Date of allotment	No. of MyKRIS Net Shares allotted	Par Value RM	Par Value \$NZ <sup>5</sup>	Consideration	Cumulative issued and paid-up share capital RM	Cumulative issued and paid-up share capital \$NZ <sup>6</sup>
19.9.2002	2	1.00	0.41	Subscribers' Shares	2	0.82
3.3.2009	29,998	1.00	0.41	Capitalisation of advances made to MyKRIS Net	30,000	12,245
29.9.2009	5,000	1.00	0.41	Cash	35,000	14,286
10.4.2010	5,000	1.00	0.41		40,000	16,327

As at the date of this Disclosure Statement, there are no outstanding warrants, options, convertible securities or uncalled capital of MyKRIS Net. In addition, there is no discount, special term or instalment payment term applicable to the payment of the consideration for the allotment of its shares.

As at the date of this Disclosure Statement, MyKRIS Net does not have any subsidiary companies or associated companies.

- 2.11 As at the date of this Disclosure Document, the issued and paid up share capital of MyKRIS Penang is RM100 comprising 100 MyKRIS Penang Shares. There has been no change in the issued and paid-up share capital of MyKRIS Penang since its incorporation.

As at the date of this Disclosure Document, there are no outstanding warrants, options, convertible securities or uncalled capital of MyKRIS Penang. In addition, there is no discount, special term or instalment payment term applicable to the payment of the consideration for the allotment of its shares.

As at the date of this Disclosure Document, MyKRIS Penang does not have any subsidiary companies or associated companies.

<sup>5</sup> Based on the RM/\$NZ exchange rate of 2.45 as at 30 September 2011

<sup>6</sup> Based on the RM/\$NZ exchange rate of 2.45 as at 30 September 2011

## **2.12 The Sponsor**

The Company's NZX Sponsor is Investment Research Group Limited, Level 10, Swanson Towers, 20 Hobson Street, Auckland.

## **2.13 NZX Disclaimer**

The Company has applied to NZX for listing as an NZAX Issuer. All the requirements of NZX for quoting of securities that can be complied with on or before the date of distribution of this Disclosure Document have been complied with. However, NZX accepts no responsibility for any statement in this Disclosure Document. NZX has authorised the NZX Sponsor to act in this Offer.

## **3. Directorate and Advisers**

### **3.1 Directors**

The names, addresses and technical or professional qualifications (if any) of every director of the Company as at Listing will be as follows:

Chew Choo Soon  
No. 191, Jalan USJ 2/1  
UEP Subang Jaya  
47600 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

B Sc (Hons), Electrical Engineering

Chew Choo Soon, aged 45, was appointed as a Director of MyKRIS on 25 March 2008 and redesignated as the Managing Director of MyKRIS on 20 May 2010. He is the Chief Executive Officer and a co-founder of the MyKRIS Group. He graduated from the University of Malaya with a Bachelor of Science Honours Degree in Electrical Engineering in 1990. He has approximately nineteen (19) years of experience in IT businesses and entrepreneurship. His career started in 1990, as a Systems Engineer in a local private limited company where he was responsible for the installation and implementation of networking systems. In the following year, he was transferred to a joint venture company as Sales Executive and subsequently promoted to Vice-President in 1995. He started up MyKRIS Asia in 2000. He has presented various workshops on wireless communication and business applications of ICT to members of the Association of Chinese Chamber of Commerce Malaysia (ACCCIM). He has been appointed as the Deputy Chairman for the ICT Committee in ACCCIM since 2006.

Chang Wai Hoong  
No. 23, Jalan Pandan Indah  
516 Pandan Indah  
55100 Kuala Lumpur  
Malaysia

Associate Degree, Electronic Engineering

Chang Wai Hoong, aged 41, was appointed a Director of MyKRIS on 25 March 2008 and redesignated as the Executive Director of MyKRIS on 20 May 2010. He is the

Chief Operating Officer and a co-founder of the MyKRIS Group. He graduated from Rima College with an Associate Degree in Electronic Engineering in 1992. His career started in 1992 as a Special Project Engineer in a local private limited multi-national company and was promoted to Project Manager in 1993. He was mainly responsible for Bank Islam Malaysia's Smart Card Project, which was among the earliest banks that used smart cards for banking purposes. He left and joined a local MSC company in 1994 as Project Engineer. He was later appointed as the Executive Officer in 1996 where he was responsible in assisting the Vice President of the information access division in accountability and business strategy, as well as in the re-organisation of the engineering division. In his current tenure as Chief Operating Officer and Executive Director of the MyKRIS Group, he plays a vital role in the business operations of the Group and business development and strategic partnerships.

Siow Hock Lee  
No. 36, Jalan BU 11/4  
Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

CA(M), FCCA

Siow Hock Lee, aged 54, was appointed to the Board of MyKRIS on 20 May 2010. He has been a member of the Association of Chartered Certified Accountants (United Kingdom) since 1985 and a member of the Malaysian Institute of Accountants since 1986. Starting in 1979, he worked for various public accounting firms before he started his own accounting practice under the name of Messrs. SC Associates in 1993. He joined Messrs. WH Hau & Co., another firm of public accountants in Malaysia as a partner on 1 October 1998. He is also an Independent Non-Executive Director of Caely Holdings Berhad and Amtel Holdings Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad and Green Ocean Corporation Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad, the Malaysian Stock Exchange.

Brent Douglas King  
108 Paritai Drive  
Orakei  
Auckland 1071

BCom, CA, CMA

Brent is the founder of Investment Research Group Limited and his investment company is a shareholder in Investment Research Group Limited. Brent was also the founder and Managing Director of the Dorchester Group of Companies for 17 years until he resigned in 2005. Brent holds a number of public and private directorships, including being a director of New Zealand Cricket. Brent has more than 20 years experience in financial, investment banking, underwriting, capital raising and accounting areas and has assisted a number of public and private companies.

Huei Min Lim  
24 Halifax Avenue  
Epsom  
Auckland



LLB (Hons) University of Canterbury

Huei Min Lim (known as Lyn Lim) is on the Boards of the New Zealand Shareholders Association, AUT University as a Council Member; and the ASB Community Trust as Deputy Chair and Trustee. Lyn is also involved with various committees of Auckland District Law Society Inc. She was a Council member of the then Auckland District Law Society and an Executive on the Boards of the NZ China Trade Association and the Hong Kong New Zealand Business Association.

Lyn is a partner of Forest Harrison, a legal firm which she started in 2006 after being a partner of a national legal firm for 8 years. Lyn commenced her legal career in 1990, after graduating from the University of Canterbury in Christchurch. She specialises in corporate and governance issues, particularly in dispute resolution areas.

Other than Mr Chew Choo Soon, who is to be employed as the Company's Executive Chairman (see paragraph 4.1 below), and Mr. Chang Wai Hoong, who is to be employed as an Executive Director of the Company (again, see paragraph 4.1 below) who are full time working directors, none of the Directors is an employee of the Company, or any of its subsidiaries. None of the directors has been adjudged bankrupt during the 5 years preceding the date of preparation of this Disclosure Document.

### **3.2 No Secretary**

The Company does not have a Company Secretary.

### **3.3 Auditors**

The auditors of the Internet Business Companies for FY 2011 are Crowe Horwarth, Malaysia. Crowe Horwarth, Malaysia have not been involved in the preparation of this Disclosure Document. In particular, Crowe Horwarth, Malaysia have not been involved in the preparation, review or audit of any of the financial information contained in this Disclosure Document. Mykris intends to appoint its own auditors prior to Listing.

### **3.4 Securities Registrar**

The Company's share register is maintained by Computershare Investor Services Limited, Level 2, 159 Hurstmere Road, Takapuna, North Shore City, Private Bag 92119, Auckland 1020.

### **3.5 Bankers**

The Company does not have any bank facilities.

### **3.6 Sharebrokers**

Investment Research Group Limited, whose services include providing sharebroking services, is the Company's NZX sponsor. Investment Research Group Limited will also be a holder of shares and warrants in the Company.

### **3.7 Solicitors**

The Company's solicitors are Minter Ellison Rudd Watts, Lumley Centre, 88 Shortland Street, PO Box 3798, Auckland.

### **3.8 No Experts**

There are no experts named in this Disclosure Document.

## **4. Directors' Interests**

### **4.1 Remuneration**

Except for Mr Chew Choo Soon and Mr Chang Wai Hoong, none of the Directors are entitled to remuneration (other than by way of directors' fees). Shareholders' approval is to be obtained to pay directors' fees of a total aggregate amount of \$150,000 per annum to all persons taken together who hold office as directors of the Company from time to time. Both Mr Chew Choo Soon, and Mr Chang Wai Hoong are to have employment contracts with the Company. Mr Chew Choo Soon is to be employed as the Company's Executive Chairman and Mr Chang Wai Hoong is to be employed as an Executive Director. Shareholders' approval is to be obtained to enter into these employment contracts. Both of these Executive Directors (each is referred to in this paragraph 4.1 as an "Executive") will be responsible for making recommendations to the Board as to the investment of the Company's funds, and implementation of the Board's decisions. Each will serve the Company subject to the direction of the Board. The contract with each Executive is to be for an initial term of 5 years from the date of signing (Commencement Date), and thereafter continue until terminated by either party. Each contract will provide that the Company is entitled to summarily dismiss the Executive for cause, to dismiss the Executive on 6 months' notice if the Company considers dismissal is justified, and to dismiss the Executive for mental or physical illness, incapacity or disablement on 3 months' notice. The Executive will also be able to terminate the contract at any time by giving 3 months' written notice. Each Executive will be entitled to a salary of \$120,000 per annum from the Commencement Date until 31 December 2012, and a salary of \$150,000 per annum for the year from 1 January 2013 to 31 December 2013. Thereafter, the quantum of the salary will be reviewable annually, but any change must be agreed between the Company and the Executive. Each Executive will also be entitled to a return on capital fee (Return on Capital Fee) for each financial year of the Company (commencing with the financial year ending on 31 December 2011), equal to 5% of the amount by which the Company's net profit after tax for the relevant year exceeds a return on shareholders' funds of the Company for that financial year equal to an agreed industry return on investment. Except as specifically provided below, the Return on Capital Fee will be payable 6 months' after the end of the relevant financial year to which it applies. Each Executive will be entitled to a life insurance policy funded by the Company for an amount of \$2 million, income protection insurance providing an income of \$100,000 per annum until age 60, payment of medical expenses, insurance cover for director's liability, use of a motor vehicle, and reimbursement for all reasonable travel, accommodation, entertainment, telephone and other out-of-pocket expenses. Each Executive will also be entitled to two weeks' study leave and sabbatical expenses of \$20,000 every three years. Each Executive will also be entitled to holiday pay, sick leave, and long-service leave. If the Executive's position becomes redundant the Company will be obliged to pay the Executive (inclusive of redundancy compensation and payment in lieu in notice) an amount equal to 9 months' current salary, plus the Return on Capital Fee up to the month end prior to termination. Unless the Company summarily dismisses the

Executive for cause, or terminates the Executive's employment on account of redundancy, the Company will be obliged on any termination of the Executive's employment to pay the Executive an amount equal to 6 months' current salary and the Return on Capital Fee up to the month end prior to termination (plus accrued holiday pay, long-service leave and any other employment entitlement). Upon termination (for whatever reason), a 3 month restraint will apply on involvement with anyone involved with the provision of financial, investment or investment banking services.

#### **4.2 Retirement Benefits and Compensation for Loss of Office**

Under the NZAX Listing Rules, the Company is authorised to make a payment to a Director upon or in connection with the retirement or cessation of office of that director, if that payment is authorised by Ordinary Resolution of the Company. Except for the arrangements described in paragraph 4.1 above, there are no existing or proposed arrangements between the Company and the existing or proposed directors in respect of retirement benefits or other compensation for loss of office.

#### **4.3 Material Transactions**

The following include the material transactions entered into in the last five years, or to be entered into prior to Listing, by the Company or any of its subsidiaries (being the Internet Business Companies) and any director of the Company or of any body corporate related to the Company, or any immediate relative of any such person, or any company more than half of whose share capital was or will be held directly or indirectly (at the date of the transaction) by any such person or any immediate relative of any such person:

- (a) The Company proposes, through the Purchase, and prior to the Listing, to acquire all 500,000 issued and paid up shares in MyKRIS Asia and all 40,000 issued and paid up shares in MyKRIS Net from MYKRIS for a consideration of NZ\$14,000,000, to be satisfied by an issue to MYKRIS of 56,000,000 new Shares to be issued at an issue price of NZ\$0.25 per Share, fully paid. MYKRIS acquired these shares on 5 May 2010 under the following Acquisitions:
  - (i) Acquisition of MyKRIS Asia: The acquisition of the entire issued and paid-up share capital of MyKRIS Asia comprising 500,000 MyKRIS Asia shares from Zenwise, for a total purchase consideration of RM2,000,000, which was satisfied by the issuance of 2,000,000 ordinary shares of RM1.00 each in MyKRIS at RM1.00 per share. (Zenwise is a company which shares were majority-owned by Chew Choo Soon and Chang Wai Hoong who are to be Directors of the Company and are directors of MyKRIS);
  - (ii) Acquisition of MyKRIS Net: The acquisition of the entire issued and paid-up share capital of MyKRIS Net comprising 40,000 MyKRIS Net Shares from the Vendors, for a total purchase consideration of RM10,000,000, which was satisfied by the issuance of 10,000,000 ordinary shares of RM1.00 each in MyKRIS at RM1.00 per share (Chew Choo Soon and Chang Wai Hoong, who are 2 of the Vendors, are to be directors of the Company and are directors of MyKRIS).

Zenwise, Chew Choo Soon and Chang Wai Hoong (collectively) are the majority shareholders in MyKRIS.

On 5 May 2010 the total consideration of RM12,000,000 paid by MyKRIS under the Acquisitions represented approximately NZ\$5,150,000 (based on the spot RM\$/NZ\$ exchange rate of 2.33 as at that date). The consideration reflected a valuation undertaken by MYKRIS management in 2009 that was subsequently adopted as the price for the internal restructuring represented by the Acquisitions made in May 2010. While that restructuring was undertaken in contemplation of a listing, the assessment that MYKRIS management subsequently made was that the value of the Internet Business Companies to an arms-length third party purchaser was substantially more than RM 12,000,000.

The consideration of NZ\$14,000,000 proposed to be paid by the Company for the shares in the Internet Business Companies reflects a valuation by MYKRIS's directors of the Internet Business Companies of NZ\$14,000,000, being a valuation based on the audited earnings of the Internet Business Companies for FYE2010 equal to NZ\$1.827 million, and representing a price earning multiple of 7.66 based on those earnings.

- (b) The Company also proposes through the Share and Warrant Issues, and prior to Listing, to issue:
  - (i) 2,000,000 Shares to persons who for the purposes of the Securities Act 1978 are eligible persons, or persons who are not members of the public, at a price of NZ\$0.25 per Share to be satisfied by a transfer to the Company of 500,000 Bartercard Trade Dollars;
  - (ii) 1,920,000 Shares to the Sponsor at a price of NZ\$0.25 per Share as part consideration for the Sponsor agreeing to act as Sponsor to the Company; and
  - (iii) 6,000,000 Warrants to the Sponsor as part consideration for the Sponsor agreeing to act as Sponsor to the Company, each warrant being a warrant to subscribe for one (1) Share in the Company at an exercise price of NZ\$0.25 payable in cash on exercise, and to be exercisable at any time up to 31 December 2014.
- (c) The Company proposes to enter into the employment contracts described in paragraph 4.1 above.

#### **4.4 Directors Interests in Shares**

Messrs Chew Choo Soon and Chang Wai Hoong will hold a relevant interest in the shares described in paragraph 5 below.

#### **5. Substantial Security Holders**

To the best of the Company's knowledge, as at Listing the only persons with a relevant interest in 5% or more of the voting securities of the Company will be:

- (a) MyKRIS, as the legal and beneficial owner of 42,708,100 Shares, representing 71.27% of the share capital; and
- (b) Chew Choo Soon who directly owns 37,498,000 (representing 28.84%) of the shares in MyKRIS. (He is also the legal and beneficial owner of 375

(representing 37.5%) of the shares in Zenwise which is the legal and beneficial owner of 20,000,000 (representing 15.38%) of the shares in MyKRIS); and

- (c) Chang Wai Hoong who directly owns 37,498,000 (representing 28.84%) of the shares in MyKRIS. (He is also the legal and beneficial owner of 375 (representing 37.5%) of the shares in Zenwise which is the legal and beneficial owner of 20,000,000 (representing 15.38%) of the shares in MyKRIS.)

As at Listing, Chew Choo Soon and Chang Wai Hoong will effectively control the 71.27% of the shares in the Company held by MyKRIS.

None of these Shares will be subject to any escrow restrictions.

The above persons will become "substantial security holders" as defined in the Securities Markets Act 1988 on the Company entering into its Listing Agreement with the NZX. Unless an exception applies under that Act, substantial security holders are obliged to file substantial security holder notices with the Company and the NZX under that Act, disclosing their relevant interests.

## 6. Activities of the Issuer and its Subsidiaries

6.1 The Company was incorporated on 30 September 2011 and is intended to be a holding company for the Internet Business Companies, and through the Internet Business Companies to be involved in the following business activities:

- (a) Managed Internet Service Provider: Provision of secure wireless Internet access services;
- (b) Application Software Development: Development and provision of web-based application software, including facilitation of e-COMMERCE and provision of multimedia systems; and
- (c) IT Based Products and Services: Provision of IT-based products and services including server co-location and installation of wireless network systems.

The principal activities of each Internet Business Company are summarised below:

Subsidiary	Principal activities
MyKRISAsia	Provision of secure wireless Internet access services, server co- location and installation of wireless network systems.
MyKRIS Net	Development and provision of web-based application software, including facilitation of e- COMMERCE and provision of multimedia systems.
MyKRIS Penang	Provision of secure wireless Internet access services and installation of wireless network systems.

MyKRIS Asia was founded by Chew Choo Soon and Chang Wai Hoong. MyKRIS Asia commenced operations in 2001.

MyKRIS Net was established by Chang Lick Chien and Chang Lik Sean, and Chew Choo Soon and Chang Wai Hoong were later invited as majority shareholders of the company. MyKRIS Net started operation immediately after it was granted MSC status on 22 February 2006.

MyKRIS Penang was established as a subsidiary of MyKRIS Asia and commenced operations in 2007.

The shareholders of the Internet Business Companies transferred their shares in MyKRIS Asia and MyKRIS Net to MyKRIS, in exchange for shares in MyKRIS, pursuant to the following Acquisitions made by MyKRIS on 5 May 2010:

- (a) the acquisition of the entire issued and paid-up share capital of MyKRIS Asia comprising 500,000 MyKRIS Asia shares from Zenwise, for a total purchase consideration of RM2,000,000, which was satisfied by the issuance of 2,000,000 ordinary shares of RM1.00 each in MyKRIS at RM1.00 per share; and
- (b) the acquisition of the entire issued and paid-up share capital of MyKRIS Net comprising 40,000 MyKRIS Net Shares from the Vendors, for a total purchase consideration of RM10,000,000, which was satisfied by the issuance of 10,000,000 ordinary shares of RM1.00 each in MyKRIS at RM1.00 per share.

MyKRIS had been incorporated in Malaysia on 25 March 2008 and commenced operations as an investment holding company after the Acquisitions.

In this Disclosure Statement, “the Group” means MyKRIS and its subsidiaries. MyKRIS does not own any subsidiary companies or associate companies other than the Internet Business Companies. Reference to “our” and “we” are references to the Group, or the relevant subsidiary, at the relevant time.

The Company proposes to acquire the Internet Business Companies from MyKRIS pursuant to the transaction described in paragraph 2.3 above.

All secure wireless Internet access services and web-based application software packages offered by the Group are offered to customers on a long-term contract basis. The contracts are for duration of 12 months to 36 months, with average duration of 24 months. Most contracts include an auto-renewal clause.

The IT-based products and services offered by the Group, which include server co-location and hosting as well as sales and installation of hardware and software, are mainly complementary services to existing customers which provide additional revenue.

## **6.2 ISP**

We are an ISP providing secure wireless Internet access. Our focus is on localised corporate customers, who demand premium service and performance, rather than residential customers. Our focus on the corporate customers enables us to provide and charge for value added services such as 24-hour network management and technical support, traffic shaping, international route prioritisation, Internet usage monitoring, filtering and reporting. Such value added services are not commonly

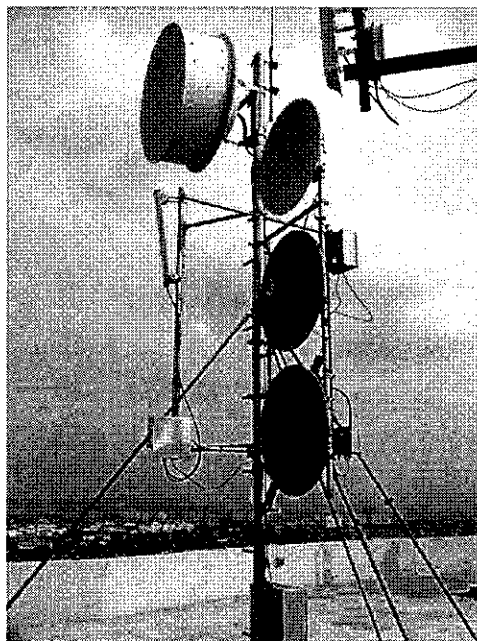
offered to residential customers. Our network creates the Last Mile connection that allows our corporate customers to access the Internet. We use Wi-Fi technology to create the wireless Last Mile connection between our corporate customers and our network of data centres and POPs. Our individual POPs and data centres are also connected to each other wirelessly.

The dedicated Last Mile connection helps to ensure high bandwidth and stable Internet access for our corporate customers. This also allows us to deliver dedicated Internet service to our corporate customers without sharing with others.

Our secure wireless Internet access service enables our customers to gain access to the Internet. We bundle value-added services into the standard package that we provide to most of our corporate customers to enhance the usefulness of the service that we provide. Our secure wireless Internet access customers are also offered our i-BOND service, which enables them to purchase additional bandwidth-on-demand on an ad hoc basis to augment their existing service packages.

Our secure wireless Internet access service is primarily provided on a contractual basis, as opposed to a subscription basis. What this means is that we normally have contracts to provide Internet access to our corporate customers for a period of one to three years. This provides us with some certainty of revenue.

Some services provided by other ISPs are subscriber based, where they bill their customers on a monthly basis. These customers may terminate their service, usually by giving the ISP notice of one month.



Our wireless access points

We install a wireless access point and other network equipment at our corporate customer's premises. The wireless access point is aimed at a receiver at one of our data centres or POPs. This creates the dedicated point-to-point Wi-Fi link that connects our individual corporate customers to our network. The dedicated connection coupled with the use of mono-directional antennas mean that we can create connections with much longer ranges than those found in Wi-Fi hotspots. The

connection is also more secure because the focused transmission is harder to intercept. We also encrypt the data that we carry on our network with 64-bit or 128-bit encryption.

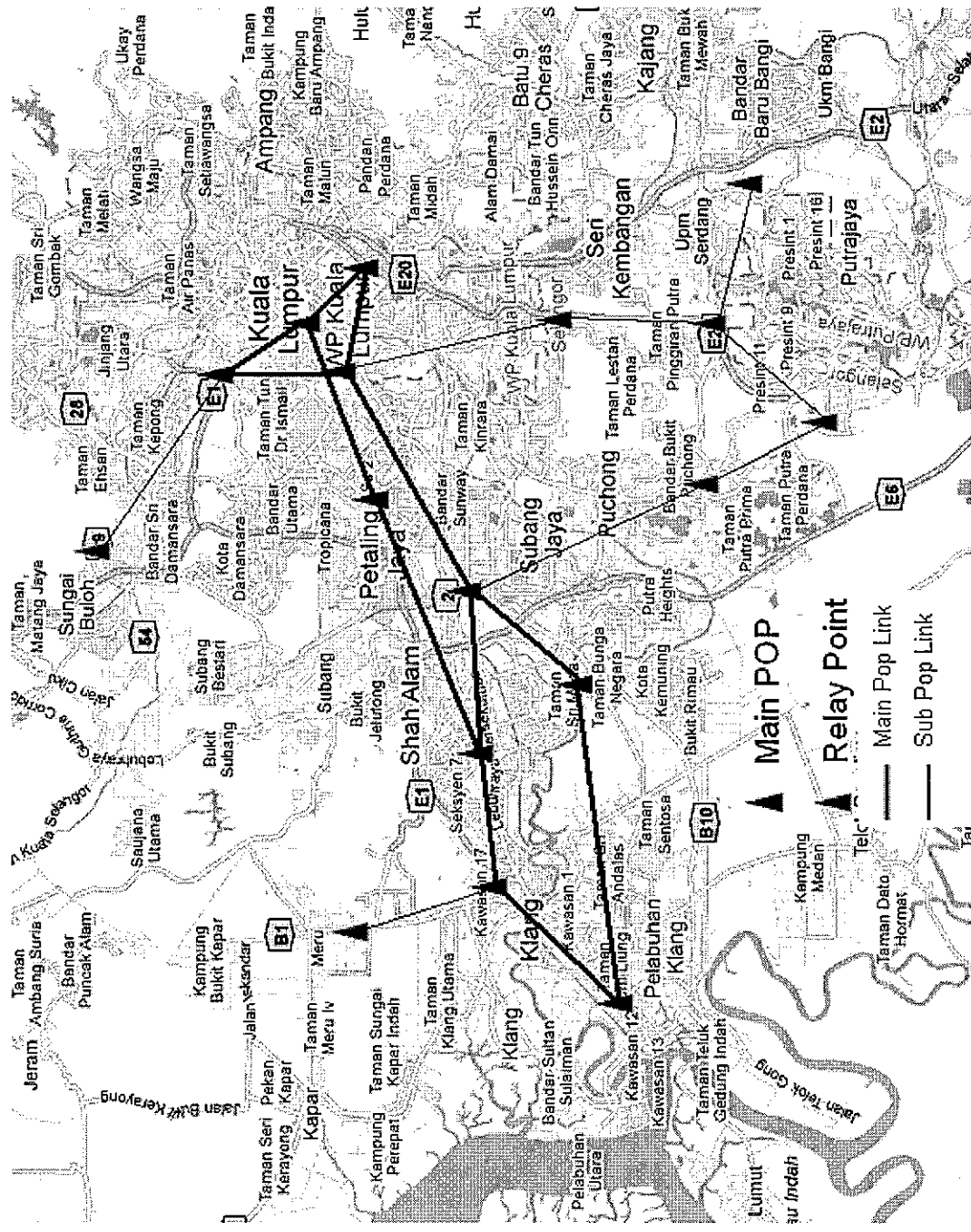
In some cases, we install two (2) wireless access points for our corporate customers that require a high level of network security and availability. Each of the wireless access points is directed at a different data centre or POP. This is done to create a redundant link so that our corporate customers will still be connected to our network even if one of their wireless access points, or one of the data centres or POPs, fails.

We currently operate two (2) wireless Internet networks in Malaysia. The first network covers the Klang Valley region and the second network covers the Penang region.

As at the date of this Disclosure Document, our Klang Valley network comprises a backbone network connecting two (2) data centres and thirteen (13) POPs. Our first corporate customer in the Klang Valley was secured in the year 2001. As at the date of this Disclosure Document, we have approximately 200 secure wireless Internet access service corporate customers in the Klang Valley. Our corporate customers include hotel operators, educational institutions, small and medium scale enterprises, private companies and a number of communal residential buildings, such as hostels and condominiums. Through these communal buildings, we indirectly provide approximately 200 residential users and 1300 students in the Klang Valley with our secure wireless Internet access service.



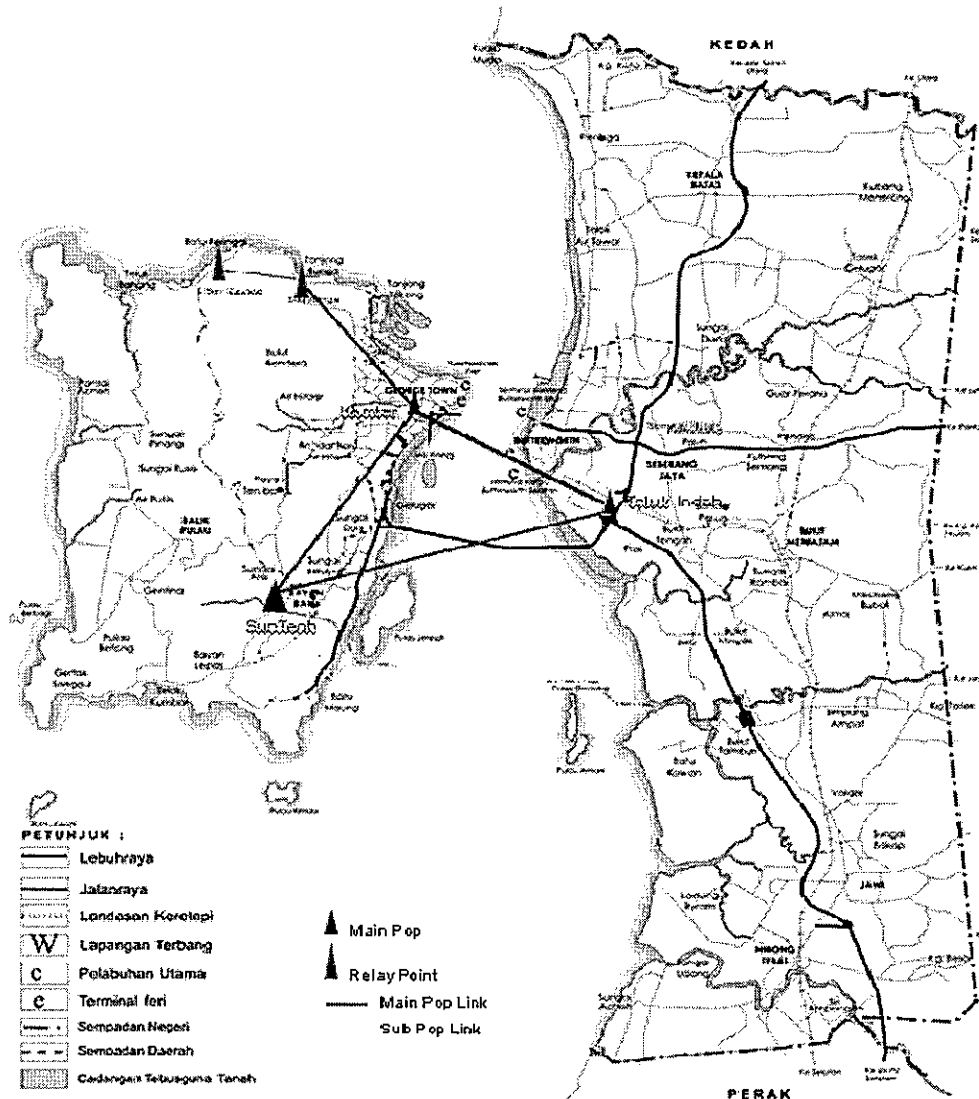
The topology of our network in the Klang Valley is depicted in the following map:



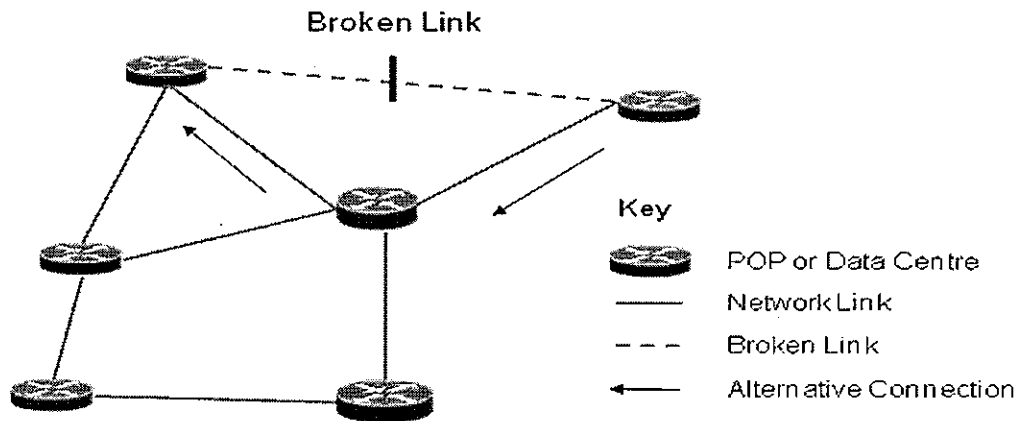


As at the date of this Disclosure Document, our Penang network comprises a backbone network of five (5) POPs. Our first customer in Penang was secured in 2007.

The topology of our network in the Penang region is depicted in the following map:-



As illustrated in our network topology maps shown above, most of our data centres and POPs are arranged in such a way that the networks form closed loops or are in a ring topology. The closed loop arrangement gives our networks a certain level of in-built redundancy as each POP is connected to at least two (2) other POPs or data centres. As a result, no individual POP or data centre within the closed loop will become isolated and cut off from our network by the failure of any POP or data centre or a broken link between two points. This is because traffic can be redirected to at least one other data centre or POP to reach its destination.



Our secure wireless Internet access service packages are currently marketed under the following brand names:

- i-REACH; and
- i-BIZZ.

#### ***i-REACH***

The i-REACH secure wireless Internet access service package is the brand name of our core secure wireless Internet access service. i-REACH is targeted at larger corporate customers such as hotel operators, educational institutions and private companies.

Our i-REACH customers can purchase additional bandwidth through our i-BOND service as and when the need arises. The i-REACH package is bundled together with a number of supporting services:

- 24-hour NOC technical support;
- Traffic shaping;
- Traffic route prioritisation; and
- Traffic monitoring and filtering.

#### ***i-BIZZ***

Our i-BIZZ secure wireless Internet access service package is designed as an affordable yet high quality entry-level secure wireless Internet access solution for small and medium scale industries and enterprises and communal residential buildings such as hostels and condominiums. The i-BIZZ secure wireless Internet access service is packaged as a more cost competitive option than our i-REACH service, but is not bundled with supporting services as highlighted above.

By providing quality service and Internet availability, we encourage our i-BIZZ corporate customers to upgrade their service to our i-REACH package as their business grows.

### ***24-hour NOC Technical Support***

Our secure wireless Internet network is proactively monitored and managed from our NOC located in Petaling Jaya, Selangor, that is staffed 24 hours per day, 7 days per week.

The technicians on duty can monitor the state of our wireless Internet network in terms of parameters such as the availability of POP, the volume of network traffic and latency or lag.

Our technical support personnel are always on-call to answer our customers' telephone enquiries and to take remedial action to remotely resolve any technical issues that may arise. We dispatch technical personnel to our corporate customers' sites if we are unable to resolve the problem remotely.

Our corporate customers can also remotely monitor the state of their connections and of our network in general. Monitoring tools available to our corporate customers include real time reports of their bandwidth usage, latency and traffic prioritisation.

### ***Traffic Shaping***

Traffic shaping refers to a process of prioritising bandwidth allocation to ensure that traffic for specified critical applications are given higher priority over other types of traffic. For example, a corporate customer may specify that Internet traffic for business critical applications and e-mail must take higher priority over traffic for browsing and recreational Internet traffic. Traffic shaping can also be used to limit or block recreational and malicious traffic. This helps to ensure non-productive Internet use does not jeopardise bandwidth availability for critical business applications.

### ***Traffic Route Prioritisation***

We have international multi-homing Internet infrastructure through our upstream partners with gateways in locations such as Hong Kong, Singapore and Tokyo. Upon our corporate customer's request, we are able to set a preferred route for their Internet traffic to meet their specific performance and security requirements.

### ***Traffic Monitoring and Filtering***

We offer traffic monitoring and filtering services to our corporate customers. We can monitor the flow of undesirable traffic, such as unproductive downloading of music and video files. Limiting the flow of such traffic increases the bandwidth available for productive business critical applications.

We also offer our corporate customers the following additional secure wireless Internet access service packages:-

- i-BOND (Bandwidth-on-demand); and
- IP-VPN.

### ***i-BOND***

Our bandwidth-on-demand service is marketed under the i-BOND brand name. Through this service, our i-REACH corporate customers can purchase additional Internet bandwidth on an ad hoc basis for a short period of time to augment their existing service packages. Our corporate customers can request a change in the

Internet bandwidth allocated across their dedicated wireless link with a minimum usage period of 24 hours.

Our i-BOND service is also bundled with packet filtering functionality to enable traffic route prioritisation which frees up bandwidth for critical business applications.

The main value proposition that our i-BOND bandwidth-on-demand service creates for our corporate customers is to provide them with a flexible service that allows them to very quickly respond to periods of higher than normal demand for Internet bandwidth or for system application needs without having to install new equipment or permanently upgrade their package. Our corporate customers can switch the additional bandwidth on and off as required.

### ***IP-VPN***

We can create an IP-VPN to securely link a multiple remote customer premises into a single secured network. A user within this network can have access to other users within the same network, but access by users outside the network is denied or restricted.

The network is considered to be a “virtual” one as the secure links are created through either our private wireless network and POP, or through the public Internet backbone, as opposed to a physical link comprising leased lines or similar dedicated closed network connecting all users. For us to create an IP-VPN for our corporate customers is significantly less capital intensive compared to a dedicated network, as no additional physical infrastructure has to be laid out.

Our IP-VPN customers mainly consist of corporations with multiple locations spread out over a large geographic area that require secure inter-location communications.

## **6.3 Web-Based Application Software**

We have developed a number of web-based application software products that we license out to our corporate customers. The web-based application software that we have developed include:

- i-PRINT (remote printing);
- e-COMMERCE; and

### ***i-PRINT***

Our i-PRINT web-based application package enables commercial printers to use the Internet to enhance their printing services by bridging the gap between online digital ordering and physical printing.

Our i-PRINT web-based application package can be integrated onto any website with features that can bring the pre-production process directly to the commercial printer's computer desktop. i-PRINT has the capability to allow a commercial printer, its clients and potentially third-party professionals such as graphic designers to upload, edit and approve digital documents or files for physical printing during the pre-production phase.

With our i-PRINT web-based application package, customers with printing shops have the potential to use the Internet to offer their customers services such as:

- virtual interactivity;
- ability to exchange high-speed feedback; and
- online design capability.

Our i-PRINT web-based application package can include online storefront solutions where an online commercial printer's customers can design customised documents using pre-designed templates. The customers can make changes such as altering the typeface, adding images and changing the layout of the document. Once the document has been approved by the customer and payment has been made, the customer can order physical copies of the document to be printed for pick-up or delivery.

### ***e-COMMERCE***

We have developed a business to consumer e-COMMERCE platform. Our e-COMMERCE platform is subscribed for by our corporate customers and we manage and host the e-COMMERCE platform for our corporate customers.

Our e-COMMERCE platform is an Internet-based service that enables the online retailer to display their catalogue of goods, process orders, collect payment, manage customer information and communicate directly with their customers. Our corporate customer uses this e-COMMERCE platform to allow retailers to personalise their online store by customising their website to enable them to sell a wide range of products including designer goods, fashion apparel, car accessories and computer peripherals.

## **6.4 IT-Based Products and Services**

### **Server Co-location and Hosting Services**

We are currently involved in providing a number of IT products and services to our corporate customers. The IT services that we provide include server co-location (including rental of our data centre space) and hosting services.

Our server co-location service involves the physical housing of a customer's hardware at one of our data centres. The hardware, which typically consists of Switches, servers and storage devices, are installed in our racks and connected to the Internet. We are normally responsible for managing the hardware that is installed at our data centre. Our server hosting services involve the rental of storage space to our corporate customers.

Our corporate customers may use our server co-location and hosting services for the following reasons:

- to create a backup connection to the Internet for critical applications;
- as a secured backup data storage and business continuity site; and
- as part of their disaster recovery strategy.

We currently rent out some of the rooftop space at one of our data centres to a third-party telecommunication company.

### ***Sale and Installation of Hardware and Software and LAN/WAN Integration***

We also engage in installing wireless network systems at our corporate customers' premises. The wireless network system installation is for equipment such as wireless access points, servers, Routers and ancillary equipment such as power supply and grounding to prepare our corporate customers to use our secure wireless Internet access services.

We also sell third-party hardware and software to our corporate customers. The types of hardware that we sell include network devices such as Routers, Switches and storage devices. The software that we sell includes operating system software and application software.

The sale and installation of hardware and software are synergistic and primarily driven by requests from our existing corporate customers.

Our LAN/WAN integration includes design and installation of cabling infrastructure, deployment and configuration of multivendor networking products such as servers, workstations, hubs, Switches and Routers.

## **6.5 Technologies Used**

Most of our services are based on providing our customers with access to the Internet. We use wireless hardware based on Wi-Fi technology to connect our corporate customers, our data centres and POPs. As a result, Internet-based technologies and Wi-Fi-based technologies are the main types of technologies that are relevant to our operations.

### **The Internet**

Internet-based software and tools are required to connect and operate all of these devices, covering operating systems, software development and tools, databases, communications and utilities. Some of the technologies that are related to the Internet include, among many others:-

- compression;
- encryption;
- network security;
- languages (for example, HTML, XML);
- communications protocol (TCP/IP);
- communications hierarchy (peer-to-peer, client-server);
- browser;
- middleware; and
- database.



There are also several technologies that can be used to gain access to the Internet. These include, among many others:

- analogue dial-up (PSTN and ISDN);
- xDSL;
- fibre optic network;
- leased line;
- Wi-Fi;
- WiMAX;
- satellite uplink and downlink; and
- mobile broadband access such as 3G and 4G wireless broadband.

### **Wi-Fi Technology**

Wi-Fi technology refers to technology that is based on the IEEE 802.11 standards. IEEE 802.11 is a set of standards for carrying out WLAN computer communication in the 2.4 GHz and 5.0 GHz frequency bands. In Malaysia, Wi-Fi uses the 5.8 GHz frequency band rather than the 5.0 GHz frequency band.

We currently use wireless Internet equipment that operates on the IEEE 802.11a/b/g generations. Going forward, we plan to adopt IEEE 802.11n.

We use wireless access points that transmit data in a focused beam, as opposed to using network equipment that provides access over a wide area. As a result, we are able to achieve outdoor ranges of up to 15 kilometres radius with Line-of-sight, which allows us to connect distant corporate customers to our POPs.

## **6.6 Our Future Plans**

We have in place a sound business plan moving forward and are focused in the following areas:-

- Providing managed security services and managed IP-VPN services to enhance our secure wireless Internet access service to our corporate customers;
- Establish Super Wi-Fi network coverage to address new consumer markets for our secure wireless Internet access services;
- Expand our secure wireless Internet access network to include Johor Bahru, Kuching and Kota Kinabalu, which will increase our potential market size;
- Develop an online print sampling and calibration system to enhance our i-PRINT service. This will be targeted at high-end commercial printers; and
- Offer e-commerce with Internet-based point of sales services to enable retailers to integrate online stores and bricks-and-mortar stores.

Our future plans would provide us with the platform to grow and sustain our business.

## 6.7 Historical and Summary of Financial Information

### Proforma Historical Consolidated Income Statements

The following table sets out the summary of the proforma consolidated income statements of Mykris Limited and its proposed subsidiaries (the Mykris Group) for the financial years listed below (Relevant Financial Period), prepared based on the unaudited accounts of the respective companies for the Relevant Financial Periods and on the assumption that Mykris Group had been in existence throughout the Relevant Financial Period.

The proforma consolidated income statements are presented in NZ Dollars for illustrative purposes only.

	FYE 2008	FYE 2009	FYE 2010	9 mths ended 30.9.2011
	\$'000	\$'000	\$'000	\$'000
Revenue	2,795	3,176	4,961	4,779
Cost of sales	(1,437)	(1,230)	(1,566)	(2,205)
Gross profit	1,359	1,945	3,395	2,574
Other income	11	8	6	10
	1,370	1,953	3,401	2,584
Selling and distribution expenses	(67)	(75)	(176)	(177)
Administrative expenses	(594)	(551)	(853)	(880)
Other operating expenses	(181)	(252)	(371)	(153)
Profit from operations	527	1,075	2,000	1,374
Finance costs	(39)	(55)	(20)	(4)
Pre-tax profit (PBT)	488	1,020	1,980	1,370
Taxation	(29)	(23)	(153)	(108)
Profit after tax (PAT)	459	998	1,827	1,262
EBITDA (\$'000)	858	1,472	2,362	1,749
Gross profit margin (%)	48.6%	61.3%	68.4%	53.9%
PBT margin (%)	17.5%	32.1%	39.9%	28.7%
PAT margin (%)	16.4%	31.4%	36.8%	26.4%
Assumed number of Shares in issue ('000) <sup>(1)</sup>	59,920	59,920	59,920	59,920
- Gross EPS (\$) <sup>(2)</sup>	0.01	0.02	0.03	0.03^
- Net EPS (\$) <sup>(3)</sup>	0.01	0.02	0.03	0.03^

#### Notes:-

- (1) The number of Shares assumed in issue is the enlarged capital after the Purchase and the Share and Warrant Issues.
- (2) The gross EPS is calculated based on the PBT attributable to our shareholders for the respective financial years/period divided by the number of Shares in issue.
- (3) The net EPS is calculated based on the PAT attributable to our shareholders for the respective financial years/period divided by the number of Shares in issue.
- (4) Annualised twelve (12) months for comparison purposes.
- (5) Mykris Net was entitled to an exemption from payment of income tax during the period of the above pro forma consolidated income statements due to being granted MSC status and Pioneer status on 22 February 2006 and

- 1 October 2007 respectively, which entitled the company to a 100% income tax exemption on profits generated from MSC – qualifying activities for a five (5) year period commencing on 1 October 2007.
- (6) Each other Internet Business Company was subject to a reduced tax rate of 20% on the first RM 500,000 of taxable income during the period of the above pro forma consolidated income statements on account of having an issued and paid up share capital not exceeding RM2.5 million. Taxable income above the RM500,000 threshold is subject to the standard corporate tax of 25%.

Mykris Limited  
Pro forma Consolidated Income Statement (in NZ\$)  
For the 9 months period ended 30 September 2011

	MyKRIS Net \$	MyKRIS Asia \$	Proforma \$
<b>Revenue</b>			
Dividend			
IP Gate Broadband E-Commerce			
IP Gate Broadband I-Print (FE&BE)	520,145	-	520,145
IP Gate Broadband I-Fone			
Discount allowed		(5,675)	(5,675)
Cabling		63,006	63,006
Hardware & Software		175,468	175,468
Internet Access Services		2,808,260	2,808,260
Services		338,537	338,537
Rental Data Center		21,976	21,976
Call Center		-	-
Other		1,556	1,556
<b>Subtotal</b>	<b>520,145</b>	<b>3,403,129</b>	<b>3,923,274</b>
<b>Intercompany</b>			
IP Gate Hotspot			
IP Gate Broadband Control System	90,000	-	90,000
IP Gate Wireless	766,000	-	766,000
Secondment Fees			
<b>Sub-Total</b>	<b>856,000</b>	<b>-</b>	<b>856,000</b>
<b>Total Revenue</b>	<b>1,376,145</b>	<b>3,403,129</b>	<b>4,779,274</b>
<b>Cost of goods Sold</b>			
Bandwidth		(331,216)	(331,216)
Data Center Rental & Maintenance		(211,147)	(211,147)
Purchases		(243,850)	(243,850)
Services		(171,378)	(171,378)
Software		1,200	1,200
Secondment Fees		-	-
Cabling		(76,785)	(76,785)
Depreciation		(198,063)	(198,063)
Discount Given		10,864	10,864
Others		(8,232)	(8,232)
R&D	(120,600)	-	(120,600)
<b>Sub-Total</b>	<b>(120,600)</b>	<b>(1,228,606)</b>	<b>(1,349,206)</b>
<b>Intercompany</b>			
Secondment Fees			
IP Gate Broadband Royalty		(90,000)	(90,000)
IP Gate Wireless Licensing Fee		(766,000)	(766,000)
<b>Sub-Total</b>	<b>-</b>	<b>(856,000)</b>	<b>(856,000)</b>
<b>Total Cost of Goods Sold</b>	<b>(120,600)</b>	<b>(2,084,606)</b>	<b>(2,205,206)</b>
<b>Gross Profit</b>	<b>1,255,546</b>	<b>1,318,523</b>	<b>2,574,069</b>
<b>Other Operating Income</b>		9,595	9,595
	<b>1,255,546</b>	<b>1,328,118</b>	<b>2,583,663</b>
<b>Administrative Expenses</b>	(209,223)	(670,480)	(879,703)
<b>Selling &amp; Distribution Expenses</b>	(2,270)	(175,151)	(177,421)
<b>Other Operating Expenses</b>	-	(152,520)	(152,520)
<b>Sub-Total</b>	<b>(211,493)</b>	<b>(998,151)</b>	<b>(1,209,644)</b>
<b>Profit/Loss after Operation</b>	<b>1,044,053</b>	<b>329,967</b>	<b>1,374,020</b>
<b>Finance Costs</b>	(449)	(3,654)	(4,103)
<b>Profit/Loss before Taxation</b>	<b>1,043,603</b>	<b>326,313</b>	<b>1,369,917</b>
<b>Taxation</b>		(108,000)	(108,000)
<b>Profit/Loss after Taxation</b>	<b>1,043,603</b>	<b>218,313</b>	<b>1,261,917</b>

**Notes:**

- (1) *The above pro forma consolidated results relate to the 9 months period from 1 January 2011 to 30 September 2011.***
- (2) *The pro forma consolidated results have been prepared based on the unaudited accounts of the respective companies for the relevant period and on the assumption that the Mykris Group has been existence since 1 January 2011.***
- (3) *Mykris Net was entitled to an exemption from payment of income tax during the period of the above pro forma consolidated results due to being granted MSC status and Pioneer status on 22 February 2006 and 1 October 2007 respectively, which entitled the company to a 100% income tax exemption on profits generated from MSC – qualifying activities for a five (5) year period commencing on 1 October 2007.***
- (4) *Each other Internet Business Company is subject to the standard corporate tax of 25%.***

Pro forma consolidated balance sheet of Mykris Limited pre-Listing:

	NZ\$
<b>ASSETS</b>	
Intangibles	140,000
Goodwill	11,312,142
Plant and equipment	1,118,811
Research and development	630,477
Other investment	20,000
Receivables	2,057,419
Barter card	500,000
Cash	85,263
Transaction	480,000
	16,344,112
<b>LIABILITIES</b>	
Deferred taxation	243,600
Borrowings	22,676
Amount owing to holding company	-
Related companies	130,937
Payables	889,102
Taxation provision	28,980
Bank borrowings	48,792
	1,364,087
<b>NET ASSETS</b>	14,980,025
<b>SHAREHOLDERS' FUND</b>	
Share capital	14,980,025
Reserves	-
	14,980,025

Note:-

The above pro forma consolidated balance sheet has been prepared based on the unaudited accounts of Mykris Limited as of 30 September 2011 on the assumption that the acquisition of the Internet Business Companies by Mykris Limited and the Share and Warrant Issues as described in section 4.3 (a) and (b), have been effected on that date.

## **7. Risks faced by the Issuer**

- 7.1 The principal risk for future shareholders of the Company is that they may be unable to recover their original investment. There is also a risk that shareholders may not receive any return from their investment. Factors that contribute to the above risks are described below.

### **7.2 Risks relating to our industry and business**

#### **(a) We face intense competition in our industry**

The ISP industry in Malaysia is highly competitive. Competitive intensity comes from established operators, choices of technologies, the number of service providers and HSBB. Increasing competition in the ISP industry has had and is expected to continue to have a significant impact on the Group's operational results and financial condition.

Existing and new carriers may develop competing networks via access services obtained from other network providers and/or offer competing price and service packages against which the Group may be unable to compete. As such, there can be no assurance that the emergence of new competitors will not have a material adverse impact on the Group's operational results and financial condition.

The Group's secure wireless Internet access service is subject to competition from, amongst others, fibre optic Internet access services, fixed line broadband xDSL and alternative wireless Internet access services such as WiMAX and mobile broadband Internet access services.

To mitigate this risk, we provide our secure wireless Internet access customers with supporting services such as 24-hour technical support, traffic shaping, traffic route prioritisation and traffic monitoring and filtering designed to maintain a high level of network availability. Nevertheless, there is no assurance that we will be able to retain our existing customers or secure new customers in the face of competition and we cannot be assured that the level of existing and future competition will not adversely affect the results of operations and our financial condition. Notwithstanding the above, the Group has not been materially adversely affected by this risk since the commencement of its business.

#### **(b) Our industry is subject to rapid technological changes**

We currently use Wi-Fi technology to provide Internet access service to our customers. As new technology is continually being introduced to the market, there is a risk of Wi-Fi technology being phased out and replaced by newer and more innovative technology.

It is common for ISPs to adopt new technology to provide better Internet access service to their customers. For example, ISPs have switched from dial-up Internet access service to xDSL Internet access service. ISPs who are in a healthy financial position and keep abreast with new technology should be able to adopt newer technology to cater for their customers' needs and stay competitive within the market.

In addition, with its characteristics and advantages such as wireless connectivity, high bandwidth capacity and cost competitiveness, the Company

considers it is unlikely that Wi-Fi technology will be phased out in the near future.

Nevertheless, there is no assurance that ongoing advances in technology will not materially affect our business.

**(c) Our success depends on the reliability of our network infrastructure**

Reliability of our network infrastructure is required if our services are to meet our customers' expectations. Any failure of this network that results in a major interruption in operations or provision of any service over prolonged periods could diminish the value of our brand, reduce our ability to attract and retain customers and could have a material adverse effect on our results of operations and financial condition.

There is also a risk that the performance of our network operations will fall below acceptable levels and that we may not be able to satisfy our customers' requirements. If these risks materialise, this will affect our ability to acquire new customers and contribute to higher levels of customer churn and may have a material adverse effect on our Group's financial position and performance.

To mitigate this, we deploy the ring topology that connects most of our POPs, data centres and two (2) international gateways to provide our network with redundancies to ensure high network availability. At the same time, our network topology enables us to route traffic dynamically for load balancing to optimise traffic throughput and traffic shaping to provide priorities on selected applications or group of users.

**(d) Our business requires access to rooftop space**

We require access to rooftop space to install the network hardware and directional antennas to create our POPs. Our ability to provide our wireless Internet access network will be affected if we are not successful in gaining and retaining rooftop access in the areas that we are currently operating in and those we wish to expand into.

We also strive to maintain good business relationships with building owners. Additionally, in any given area, there are alternative locations for us to set up POPs.

There is also a risk that there may be changes in the law such that the installation of network hardware and telecommunications equipment on rooftops is banned or restricted. However, the Company considers such a change in the law is not likely as telecommunications companies in Malaysia rely on telecommunications equipment installed on rooftops to create telecommunications, wireless Internet as well as other Data Communication networks.

Nevertheless, there are no assurances that we will continue to maintain our access to rooftop space and that we can gain access to rooftop space in new areas. There is also no assurance that there will be no change in the law resulting in a ban or restriction on the installation of network hardware and telecommunications equipment on rooftops.



(e) **Our secure wireless Internet access service may be disrupted by frequency interference**

A Wi-Fi network based on IEEE802.11a transmits signals in the 5.8 GHz frequency range, while a Wi-Fi network based on IEEE802.11b and IEEE802.11g transmit signals in the 2.4 GHz frequency range. As many other devices also transmit signals at various radio frequency range, these devices may cause interferences with the Wi-Fi networks, slowing down its performance and potentially breaking the network connection.

Malaysia has a spectrum plan that divides the spectrum in Malaysia into a number of frequency bands and specifies the general purposes for which the bands may be used.

According to the spectrum plan of the MCMC, if any station causes harmful interference to any other stations, the first mentioned station shall cease transmission immediately. For any station that causes major interference, the MCMC may also direct the owner or user of the apparatus to take, at his own expense, such measures as may be necessary to eliminate or reduce the interference to the satisfaction of the MCMC. The MCMC spectrum allocation and management helps to mitigate against risk of an interference and resolve any interference issues.

Nevertheless, there are no assurances that frequency interferences will not occur and that frequency interferences will not disrupt our secure wireless Internet access service.

(f) **There is a risk in the change or loss of MSC Status**

MyKRIS Net was granted MSC status in 2006. As such, MyKRIS Net is eligible for 100% taxation exemption for up to ten (10) years and an exemption from any duties imposed on the importation of multimedia equipment. MDEC has been given the mandate by the Malaysian Government for the coordination, promotion and development of the information technology (IT) industry and selected services in MSC Malaysia. Incorporated under the Companies Act of Malaysia, and owned and funded by the Government, MDEC advises the government on IT legislation and policies, develops MSC Malaysia-specific practices and sets world-class standards for MSC Malaysia information infrastructure and urban development. The salient general conditions imposed on MyKRIS Net, as a MSC status company are as follows:-

- (i) undertake the MSC qualifying activities as specified in the company's business plan as approved and thereafter continue with such activities unless otherwise approved by MDEC;
- (ii) locate the company's headquarters and the implementation and operation of the MSC-qualifying activities in a MSC-designated cybercity;
- (iii) ensure the company provides efficient and suitably qualified and experienced personnel to carry out the activities of the project stipulated in the company's business plan; and
- (iv) continuously comply with the MSC's environmental guidelines as determined by MDEC from time to time.

As an MSC status company, we enjoy certain financial and non-financial incentives which are guaranteed under the Malaysian Government's Bill of Guarantees for MSC status companies. MDEC has the right to revoke or withdraw our MSC status at any time at its discretion. Although we believe that we have fulfilled and will continue to be able to fulfil the conditions for MSC status, there can be no assurance that we will continue to retain our MSC status. If we lose our MSC status, we would cease to be entitled to the benefits accorded to MSC status companies. A loss or suspension of MSC status could materially and adversely affect our business, operating results and financial condition. However, our Group has not experienced such a loss or suspension since MyKRIS Net obtained MSC status on 22 February 2006.

(g) **Dependency on the renewals of existing contracts and the ability to secure new customers**

We enter into contracts with customers for duration of 12 months to 36 months for our secure wireless Internet access services and web-based application software packages. Some contracts include an auto-renewal clause *which applies by default unless either party elects to terminate at the end of current term*. Our revenue is dependent on the renewals of existing contracts and our ability to secure new contracts. There is no assurance that the customers will renew their contracts upon expiry or that we will be able to secure new customers. A decline in renewals of existing contracts or in our ability to secure new customers may have a material effect on our Group's financial position and performance.

The Group has one (1) major customer who contributed 10% or more of our total revenue in the FYE 2008, details of which are set out below:-

**FYE 31 December 2008**

Customer Name	Country of Origin	Revenue contribution to our Group (RM'000)	Percentage of revenue (%)	Products / Segment of services provided by our Group
KRIS2U	Malaysia	965	14.1	Internet Multiservices and Hardware

Our Group does not have any customers who contributed 10% or more to our revenue for FYE 2007, FYE 2009, FYE 2010 and the first half of FYE 2011.

Our Group seeks to limit these risks by maintaining a close working relationship with our existing customers and also by employing various strategies to broaden our customer base, which includes venturing into new markets and developing new products and services. Our Group believes that by providing high network reliability, on-time delivery, competitive pricing and value added services, we will be able to maintain a firm relationship with our customers.

(h) **Our business is subject to changes in regulations**

The ownership, construction, operation and provision of network facilities and services are subject to changes in regulations and supervision by the MCMC and the Minister. We operate businesses pursuant to licenses and approvals that have been granted by the Minister. Our Group is permitted to provide network facilities and services pursuant to our licenses issued under the CMA.

The licenses held by MyKRIS Asia have fixed terms. The Applications Service Provider class license is required to be renewed by way of registration on an annual basis, while the individual licenses for network facilities and network services will expire in March 2014. Before the terms of these licenses expire, MyKRIS Asia must apply to the MCMC to renew the above said licenses.

The CMA provides for the renewal or registration, as applicable, of the licenses upon expiration on the standard terms and conditions then imposed by the CMA, subject to the continued compliance with the terms and conditions of such licenses, the CMA and any instruments thereunder. There can be no assurance that such renewals will be on the same terms as the existing licences. Any inability to obtain new licences, or delay in the renewal of existing licenses, could impede our ability to provide our services and could therefore have a material adverse effect on our business and results of operations.

As at the date of this Disclosure Document, the conditions of our licenses have been complied with in all material aspects. We intend to use all reasonable efforts to ensure that our licenses and approvals are in good standing and continue to fulfil the licence and approval terms to the satisfaction of the Minister and the MCMC. However, there can be no assurance that changes of law, regulations or MCMC policies will not materially and adversely affect our financial position and the performance of our Group.

**(i) Fire, power failures and other emergencies**

Our Group believes that we have adequate safety and fire-fighting equipment installed at our premises to ensure that the risk of fire is contained. Our employees have been educated on safety measures, particularly during fire or other emergency drills organised by the building management. In the event of a power failure, we have in place essential building power supply being back-up systems for our data storage and servers.

Notwithstanding the above, no assurance can be given that any fire breakouts, power failures and any other emergencies will not have an adverse impact on our business, financial condition and results of operations.

**(j) We are dependent on our key management and technical personnel**

As the telecommunications industry becomes increasingly competitive and liberalised, our Group's success will depend upon, to a significant extent, our ability to continue to attract and retain qualified personnel. There is no assurance that our Group will be able to retain the members of the key management team and key personnel who possess certain functional expertise.

If one or more of these personnel are unable or unwilling to continue in their present positions, our Group may not be able to replace them easily. Our business may be significantly disrupted and its financial condition and results of operations may be materially and adversely affected.

Our Directors recognise the importance of attracting and retaining skilled personnel and maintaining a conducive working environment and comprehensive human resource strategy. Hence, we also provide training programmes to existing staff members to further support the senior management and/or upgrade their knowledge and capabilities. However, we cannot provide any assurances that the above measures will be successful in

attracting and retaining key management/personnel or ensuring a smooth transition should changes occur.

**(k) No assurance that our future plans will be commercially successful**

As part of our future plans, we intend to expand our wireless Internet networks in several cities in Malaysia. We also intend to introduce a number of products and/or network services for our customers, such as the Super Wi-Fi Internet access service, which targets individual users.

There is a risk that we may not be able to identify consumer trends correctly, or that any new product or service launched by us is deemed not to be cost-effective or is not price-competitive. Procuring and marketing a new product and/or network service is costly. There are no assurances that we will be able to successfully expand our wireless Internet networks and/or launch existing or new products and network services into new markets.

There is a risk that our operational resources and network infrastructure may not be able to cope with the increase in the number of subscribers and data usage.

In order to achieve our future plans, our Group relies on the availability of various resources such as management, financial, customer support and operational resources. The success of our future plans will be dependent upon, amongst others, our ability to successfully develop and commercialise future applications of our technology. Whilst we may utilise significant resources in our business expansion plans, there is no assurance that we will be successful in increasing our revenue through such business expansion. Any failure to do so may lead to a material adverse effect on our financial performance.

To mitigate the above risk, we intend to devote substantial management and financial resources to expand our network coverage and to launch our products and services to new markets. Most of our data centres and POPs are arranged in such a way that the networks form closed loops or are in a ring topology so that traffic can be redirected to at least one other data centre or POP to prevent congestion in the network. However, there can be no assurance that new ventures will be successful and generate returns to the Group.

**(l) Political, economic, regulatory and social conditions may expose certain risks beyond the control of our Group**

With substantial business in Malaysia and collaborations with companies in Hong Kong, changes in political, economic, government policies and guidelines and regulatory conditions in Malaysia and Hong Kong could affect the financial and business prospects or the overall profitability of the Group. These political, economic, regulatory and social condition uncertainties include but are not limited to changes in policies implemented by the governments of these countries, political leadership, introduction of new regulations, war, economic downturn, financial crises, changes in rates of interest and methods of taxation.

We have adopted a proactive approach in keeping abreast with such political, economic, regulatory and social condition developments of the countries in which we operate. Whilst we will continue to adopt effective measures such as prudent financial management and efficient operating procedures, we cannot be assured that adverse political, economic and regulatory factors will not materially affect our Group's performance.

### **7.3 Risks Associated with Investing in Shares**

#### **(a) Related Party Purchase**

The major asset of the Company at the time of Listing will be goodwill associated with a purchase from a related party, being its founder. Specifically, this goodwill will arise as a result of the price the Company is to pay its parent company for the shares in the Internet Business Companies which will then become the Company's operating subsidiaries. The price includes a premium over the price which the Company's parent company paid for the Internet Business Companies in 2010. The price also reflects the fact that the Company's parent company also paid a price that includes a substantial payment for goodwill when it acquired the shares in the Internet Business Companies from their founders, who were also the founders of the Company's parent company. Both transactions represent related party transactions that will have taken place prior to Listing, and therefore will not be subject to any relevant provisions of the Listing Rules that will apply as from Listing. The prices for the assets under the above transactions are based on directors' valuations. Those assets have not been independently valued.

#### **(b) No prior market for our Shares**

Prior to our application for listing on NZAX, there has been no prior market for our Shares. There can be no assurance that an active market in our Shares will be developed or be sustained after the Listing.

We can give no assurance that the market price of our Shares will not decline below the Listing Price. The Shares carry no guarantee in respect of profitability, dividends, return of capital, or the price at which they may be traded on the NZAX. We believe that a number of factors could cause our Share price to fluctuate, including but not limited to our operating and financial history, our consolidated NA per Share, our earnings potential, our quality and strength of the management team, prevailing market conditions, sales of substantial amounts of our Shares in the public market in the immediate future, announcements of developments relating to our business, fluctuations in our operating results and sales levels and general industry conditions or the world-wide economy.

In addition, in recent years, the stock market in general has experienced price fluctuations which have often been unrelated to the operating performance of the companies. Such fluctuations may adversely affect the market price of our Shares.

#### **(c) Trading price and volume of our Shares**

The trading prices and volume of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

In addition, the performance of NZAX is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as economic and political conditions of the country as well

as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on NZAX, thus adding risks to the market price of our quoted Shares. Nevertheless, the profitability of our Group is not dependent on the performance of NZAX as the business activities of our Group have no direct correlation with the performance of securities listed on NZAX.

**(d) Future sale of our Shares by our controlling shareholders may adversely affect our Share prices**

Any future sale or availability of our Shares by our controlling shareholders can have a downward pressure on our Share price. The sale of a significant amount of Shares in the public market after the Listing, or the perception that such sales may occur, could adversely affect the market price of our Shares. These factors also affect our ability to sell additional equity securities. There will be no restrictions imposed on our controlling shareholders to dispose of their shareholdings.

**(e) Continued control by Major Shareholder**

Upon completion of this Listing, our major shareholder, MyKRIS, will hold 71.27% of the Mykris Shares and this may reduce the liquidity of the Shares. As a result, our controlling shareholder MyKRIS will have voting control over us and is expected to have significant influence on the outcome of certain matters, unless they are required to abstain from voting by law and/ or by the relevant guidelines or regulations by NZAX Listing Rules.

Nevertheless, as a step towards good corporate governance, we have appointed three (3) independent directors and established an Audit Committee with a view to ensuring any future transactions involving related parties are entered into on arms-length basis or normal commercial terms that are not more favourable to the related parties than those generally available to third parties and/ or not to the detriment of our minority shareholders.

**(f) Future fundraising may dilute shareholders equity or restrict our operations**

We may require additional funding for our future growth. This may result in dilution of our shareholders' equity, or restrictions imposed by additional debt funding such as maintenance of a certain level of current ratio, gearing ratio and/ or dividend payouts, amongst others, by creditors.

Our capital requirements are dependent on, amongst others, our business, the availability of our resources for attracting, maintaining and enlarging our customer base and the need to maintain and expand our production facilities. Thus, we may need additional capital expenditure for mergers and acquisitions or investments. An issue of Shares or other securities to raise funds will dilute shareholders' equity interest and may, in the case of a rights issue, require additional investments by shareholders.

**(g) Payment of dividends is not assured**

We conduct all our operations through our subsidiaries. Accordingly, our main source of income and consequently an important factor in our ability to pay dividends on our Shares are the receipt of dividends and other distributions to us from our subsidiaries. Our ability to pay dividends or make

other distributions to our shareholders may also be subject to restrictions contained in our existing and/ or future loan agreements, the future financial performance and cash flow position of our Group and to us having profits and sufficient funds which are above our requirements to fund our operations, other obligations or business plans.

There is no assurance that the Company will be able to distribute dividends to our shareholders as a result of the abovementioned factors. There is also no assurance that we will be able to record profits and have sufficient funds over and above those required for our funding requirements, other obligations and business plans to declare dividends to our shareholders.

#### **7.4 Economic Risk Factors**

Changes in economic and business conditions or government policies in Malaysia or New Zealand or internationally may impact the fundamentals upon which the Company's target markets or its cost structure and profitability will rely. Adverse changes in such things as the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), consumer spending, employment rates, among others, are outside the control of the Company and the Directors and officers of the Company and may result in a material adverse impact on the Company or its operating and financial performance.

#### **7.5 Regulatory Risk Factors**

There can be no assurance that existing laws of Malaysia or New Zealand will not be amended, repealed or replaced in the future. Any change to the existing statutory framework or the imposition of new regulations may have a material adverse impact on, or restrict the Company's operations and have a material adverse impact on the operating and financial performance of the Company.

Changes in relevant taxes (including GST), legal and administrative regimes and government policies in Malaysia and New Zealand and elsewhere may have a material adverse impact on the financial performance of the Company. Any change to the current rate of company income tax in jurisdictions where the Company operates will impact on shareholder returns. Any change to the current rates of income tax applying to individuals and trusts will similarly impact on shareholder returns. In addition, any change in tax arrangements between Malaysia and New Zealand and between either of these countries and other jurisdictions, as appropriate, could have an adverse impact on profit margins and the level of imputation credits available to impute any future dividends.

#### **7.6 Risk relating to forward-looking statements**

This Disclosure Document contains forward-looking statements, which are statements other than statements of historical facts, including, without limitation, those regarding our financial position, business strategy, plans and objectives of our management for future operations. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward- looking statements.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the present environment in we operate and the environment in which we will operate in the future. Such factors include, *inter-alia*, general economic and business conditions, competition, the impact of new laws

and regulations affecting us and the industry, changes in interest rates and changes in foreign exchange rates.

In light of these uncertainties, the inclusion of such forward-looking statements in this Disclosure Document should not be regarded as a representation or warranty by us, or our advisers, that our plans and objectives will be achieved. Further, no assurance can be given that any changes in these factors will not have an adverse effect on the business/operations of our Group.

### **Speculative Investment**

The above list of risk factors ought not to be taken as an exhaustive list of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of its Shares. Potential investors should consider that an investment in the Company is speculative. Success will be determined by how well its business strategy is implemented and how well the risks set out above are mitigated. We suggest investors consult their professional advisers before deciding whether to invest in the Company. The future performance of the Company is not warranted or guaranteed by the Company, the directors, any shareholders or any of their advisers.

## **8. Key Drivers of Performance**

Our key drivers of performance are our assessments that:

- Our **self-developed and assembled wireless network hardware** provides us with a significant cost advantage for our network infrastructure;
- We have a **low cost of connecting new Internet access for our corporate customers** due to our coverage of business areas in the Klang Valley and Penang;
- Our **value added services for Internet access** which includes bandwidth-on-demand, 24-hour NOC technical support, traffic shaping, traffic route prioritisation and traffic monitoring and filtering, helps differentiate us to enable us to win customers;
- We have a **high network availability** supported by our ring topology and capability to dynamically route traffic, which assists optimisation of data throughput; and
- We are able to **expand our network**, as we are able to set-up POP cost effectively in locations that have demand for our wireless Internet services.

## **9. Returns**

### **9.1 General**

Prospective investors are cautioned that an investment in the Company is a speculative investment and may involve a high degree of risk. An investment in the Company is designed for people who can bear the loss of their entire **investment**.



Shareholders' returns on the Shares will include any capital growth and any dividends or distributions declared on or after the date of this Disclosure Document.

The Company considers that any returns are more likely to be through capital growth, rather than dividends or distributions. Accordingly any returns will most likely only be received through a longer term holding of Shares.

## 9.2 Capital Growth

Shareholders may benefit from any increase in the market price for their Shares when they are sold. If the Shares are sold the buyer is the person legally liable to pay the sale price. The market price of Shares may also decline. The Board can give no assurance whether, or for what amount, the Shares might be able to be sold.

## 9.3 Dividends

Holders of Shares are entitled to receive or benefit from any dividends that may be declared. When determining whether to pay a dividend the Board of Directors must have regard to the solvency of the Company. Otherwise, payment of dividends is at the Director's discretion. **The Board does not expect the Company to pay a dividend in the foreseeable future.**

**Neither the Company, nor its Directors, or any other person, guarantee or promise any return from the Shares in the Company.** The Company is the person legally liable to pay any dividend or distribution if and when declared. The Board can give no assurance about the level or frequency of future dividends, if any, or the level of imputation credits or supplementary dividends.

## 9.4 Key Factors that determine returns

Key factors that might influence the Company's share price, and/or its ability to pay dividends (many of which are not within the Company's control) include:

- (a) Whether the businesses of the Company's subsidiaries generate returns;
- (b) The future earnings and cash flows of the Company's subsidiaries;
- (c) Prevailing share market climate;
- (d) General economic conditions;
- (e) Interest rate rises or falls;
- (f) Exchange rate fluctuations;
- (g) Actions of competitors;
- (h) Sale of a significant percentage of the Company's Shares;
- (i) A takeover by a third party;
- (j) The risks described in paragraph 7 above.

## **9.5 Taxation and other Matters affecting Returns**

Returns will depend upon a number of factors including the solvency of the Company, retention or reserve requirements for capital, and operating conditions and taxes.

In certain circumstances, gains on the sale of the Shares may be taxable. Generally in New Zealand, where shares are acquired as an investment, New Zealand resident shareholders will not be taxed on gains from the subsequent sale of shares unless the shareholder is in the business of dealing in such investments or acquired the shares for the purpose of sale or where the sale is part of a profit making undertaking or scheme.

Any dividends will be subject to New Zealand withholding and final taxes but the liability of shareholders in respect of such taxes may be reduced or satisfied to the extent the dividends have imputation credits attached. Wherever possible, dividends paid by the Company will have the maximum allowable imputation credits attached.

These comments and the descriptions referred to are of a general nature only and, in particular, the statement in relation to New Zealand taxes relates to persons who are New Zealand residents for tax purposes. These statements do not constitute legal or financial advice. Any investor considering the purchase, ownership or disposition of shares in the Company should consult their own financial or tax advisors concerning the tax consequences of owning shares, in light of that particular shareholder's situation.

## **10. No Guarantee of Quoted Securities**

There is no guarantee of the Company's obligations in relation to the Shares.

## **11. Consequences of Insolvency**

Shareholders will not be liable to pay any money to any person as a result of the insolvency of the Company. All creditors of the Company will rank ahead of shareholder claims if the Company is liquidated. After all such creditors have been paid, any remaining assets will be available for distribution between all the holders of Shares who will rank equally amongst themselves. There may not be sufficient surplus assets to enable shareholders to recover all or any of their investment.

## **12. Alteration of Securities**

The rights, privileges and restrictions attaching to the Shares, other than those set out by law, are set out, or referred to, in the Constitution of the Company.

The Constitution of the Company may only be altered by special resolution of shareholders, subject to the rights of interest groups under the Companies Act 1993, or in certain circumstances by Court order.

Section 117 of the Companies Act 1993 restricts a company from taking any action that affects the rights attached to its shares unless that action has been approved by a special resolution of the shareholders whose rights are affected by the action. Under certain circumstances a shareholder whose rights are affected by a special resolution may require the Company to purchase its shares.

## **13. Enquires about Securities**

Enquiries about the securities can be made to:

**The Company**

Mykris Limited  
c/- Forest Harrison  
Level 1, 18 Shortland Street  
PO Box 828  
Auckland  
(attention Chew Choo Soon)  
Phone: 09 308 0080

**The NZX Sponsor**

Investment Research Group Limited  
Level 10, Swanson Towers  
20 Hobson Street  
PO Box 1314  
Auckland  
(attention Brent King)  
Phone: 09 304 0145

**14. Financial Statements**

The most recent audited financial statements (including audit reports) and interim statements for the Company will be available on the NZAX website at [www.nzx.com/markets/NZAX](http://www.nzx.com/markets/NZAX).

**15. Annual Information**

All shareholders on the relevant record dates, will be entitled to receive certain information relating to the ongoing performance of the Company in accordance with the Companies Act 1993, the Financial Reporting Act 1993 and the NZAX Listing Rules. Shareholders will either receive this information automatically, or will receive notification of their rights to request this information. This information includes the Annual Report, containing the Company's audited financial statements, and the Half Yearly Report, containing an unaudited half-year financial statement. The Company is also required to make half-yearly and annual announcements to NZX, and such other announcements as are required by the NZAX Listing Rules from time to time. An annual meeting of shareholders will be held each year, following the close of each financial year on 31 March.

**16. On request information**

The following information is required to be, or will be, made available to shareholders on request to the Company:

- the Company's certificate of incorporation;
- the Constitution;
- the share register of the Company;
- the full names and residential addresses of the Directors;
- the registered office and address for service of the Company;
- minutes of all meetings and resolutions of shareholders;
- copies of written communications to all shareholders during the preceding 10 years, including annual reports, financial statements, summary financial statements and group financial statements (if any);
- certificates given by directors under the Companies Act 1993;
- a comparison of the actual returns of the Company against actual returns contained in any prospectus;

- the most recent prospectus and investment statement (if any) of the Company;
- a copy of the financial statements registered under the Financial Reporting Act 1993 and that are referred to in the registered prospectus (if any).

Except for the items described in the last two bullet points a fee of 20 cents per page may be charged to cover the cost of copying and providing the requested information.

Requests for the above information should be made in writing to the Company and delivered to:

Mykris Limited  
c- Forest Harrison  
Level 1, 18 Shortland Street  
PO Box 828  
Auckland  
(attention Chew Choo Soon)  
Phone: 09 308 0080

## 17. Glossary of Non Technical Terms

Acquisitions	The Acquisition of MyKRIS Asia and the Acquisition of MyKRIS Net, collectively.
Acquisition of MyKRIS Asia	Acquisition of MyKRIS Asia: The acquisition of the entire issued and paid-up share capital of MyKRIS Asia comprising 500,000 MyKRIS Asia shares from Zenwise, for a total purchase consideration of RM2,000,000, which was satisfied by the issuance of 2,000,000 ordinary shares of RM1.00 each in MyKRIS at RM1.00 per share.
Acquisition of MyKRIS Net	Acquisition of MyKRIS Net: The acquisition of the entire issued and paid-up share capital of MyKRIS Net comprising 40,000 MyKRIS Net Shares from the Vendors, for a total purchase consideration of RM10,000,000, which was satisfied by the issuance of 10,000,000 ordinary shares of RM1.00 each in MyKRIS at RM1.00 per share
Board	Board of Directors of the Company
CCM	Companies Commission of Malaysia
CMA	Communications and Multimedia Act 1998, as may be amended, modified or re-enacted from time to time
Director(s)	Director(s) of the Company
EPS	Earnings per Share
FYE	Financial year ended/ending 31 December, as the case may be
Internet Business Companies	MyKRIS Asia, MyKRIS Penang (a subsidiary of MyKRIS Asia), and MyKRIS Net
Klang Valley	In general, the Klang Valley includes Kuala Lumpur and metropolitan Selangor including Petaling Jaya, Sungai Buluh, Subang, Puchong, Shah Alam, Ampang, Kepong, Sri Hartamas, Mont Kiara, Klang, Port Klang and their immediate surrounding areas
Listing	Listing of and quotation for the entire enlarged issued and paid-up share capital of the Company of 59,920,100 Shares on the NZAX

Listing Price	The price at which the Shares are initially quoted on the NZAX
Listing Rules	The Listing Rules of NZX in relation to the NZAX (or any market in substitution for that market) from time to time.
MCMC	Malaysian Communications and Multimedia Commission
MDEC	Multimedia Development Corporation Sdn Bhd (Company No. 389346-0)
Minister	Ministry of Information, Communications and Culture of Malaysia
MSC and MSC Malaysia	Multimedia Super Corridor Malaysia
MyKRIS	MyKRIS International Berhad (Company No. 811039-T)
MyKRIS Asia	MyKRIS Asia Sdn Bhd (Company No. 513199-T)
MyKRIS Asia Share(s)	Ordinary shares of RM1.00 each in MyKRIS Asia
MyKRIS Group or Group	MyKRIS and its subsidiaries
MyKRIS Net	MyKRIS Net (MSC) Sdn Bhd (Company No. 593230-P)
MyKRIS Net Share(s)	Ordinary shares of RM1.00 each in MyKRIS Net
MyKRIS Penang	MyKRIS (PG) Sdn Bhd (Company No. 592231-X)
MyKRIS Penang Share(s)	Ordinary shares of RM1.00 each in MyKRIS Penang
MyKRIS Share(s) or Share(s)	Ordinary shares of RM1.00 each in MyKRIS
NA	Net assets
N-Base	N-Base Sdn Bhd (Company No. 461734-H)
NZAX	The alternative market operated by NZX.
NZX	NZX Limited
PAT	Profit after taxation
PBT	Profit before taxation
R&D	Research and development
RM and sen	Ringgit Malaysia and sen, respectively
Sponsor	Investment Research Group Limited
Vendors	Chew Choo Soon, Chang Wai Hoong, Wong Ee Piao, Chaung Lick Chien, Chang Lik Sean, Hoon Wah Seng, Ong Jor Guan and Ui Bak Khoon, collectively
Zenwise	Zenwise Digital Sdn Bhd (Company No. 679690 - H)

## 18. Glossary of Technical Terms

ADSL	Asymmetric Digital Subscribers Line is a type of Internet access that devotes higher band width to its download speed compared to its upload speed
Bandwidth	A measure of the available or consumed Data Communication resources expressed in bit(s) or multiples of it (e.g. Mbps)
Broadband	Defined by the MCMC as Internet access with minimum download speed of 256 Kbps
Data Communication	Exchange of data in digital form between computers and/or other electronic devices, normally via a cable or wireless network

DSL	Digital Subscriber Line is a family of technologies that provides digital data transmission over the wires of a telephone network
e-COMMERCE	An Internet-based service that displays catalogue, processes orders and payment as well as manages customers' information
GHz	Gigahertz refers to radio frequency of one billion cycles per second
HSBB	High Speed Broadband is the general term used to describe Telekom Malaysia Berhad's project to provide high speed internet access over a fibre optic network to business and residential users in Malaysia
HTML	Hyper text mark-up language
i-BIZZ	The MyKRIS Group's secure wireless Internet access service for small and medium scale industries and enterprises and communal residential buildings
i-BOND	The MyKRIS Group's bandwidth-on-demand-service
i-FONE	The MyKRIS Group's VoIP service that is targeted at customers who wish to provide VoIP services to their customers
IEEE	Institute of Electrical and Electronics Engineers is an international professional organization for the advancement of technology related to electricity
IEEE 802.11	IEEE 802.11 is a set of standards for carrying out wireless LAN computer communication in the 2.4 GHz and 5 GHz frequency band IEEE 802.11a, IEEE 802.11b, IEEE 802.11g and IEEE 802.11n are different generations of the IEEE 802.11 standard
IEEE802.16	IEEE 802.16 is a set of standards for carrying out wireless LAN computer communication in the 1.25 MHz and 20 MHz frequency band
Internet	A global system of interconnected computer networks that use a standard IPS which allow people around the world to communicate with each other. The Internet is essentially a network of networks linked by a broad range of electronic and optical networking technologies
IP	Internet Protocol is a protocol used for communicating data across a packet-switched network using the ISP
i-PRINT	The MyKRIS Group's service that is targeted at customers wishing to enhance their printing services
ISDN	Integrated Services Digital Network is a set of communications standards for simultaneous digital transmission of voice, video, data and other network services over PSTN
ISP	Internet Service Provider is a business or organisation that is engaged in offering users access to the Internet. An ISP may operate a wired and/or wireless network, or both
i-REACH	The MyKRIS Group's core secure wireless Internet access service
LAN	Local Area Network is a computer network covering a small confined area, like a home or office, to link computers, printers, storage devices and other electronic devices

Last Mile	The final leg of the connection between a customer and an ISP or other communications provider's POP, network node or exchange
Line-of-sight	A location (Point A) is said to have line-of-sight with another location (Point B) if Point B is directly visible (with or without the use of image magnification equipment such as binoculars or telescopes) from Point A
Network	A dial-up Internet access service that operates through the telephone network. Narrowband has a download speed of less than 256 Kbps
NOC	Network Operating Centre refers to the facility operated by the MyKRIS Group to monitor and manage the Group's secure wireless Internet service
POP	Point of Presence refers to a rooftop facility comprising of wireless network equipment set up by the MyKRIS Group
PSTN	Public Switched Telephony Network is the network of the world's public circuit-switched telephone networks and includes mobile phones and fixed line telephones
Router	Router refers to a device that interconnects two or more computer networks, and selectively interchanges packets of data between them
Super Wi-Fi Internet	A wireless networking standard IEEE 802.22 that delivers speeds up to 22Mbps to devices as far as 100-kilometers away from the nearest transmitter
SDSL	Symmetric DSL refers to DSL where the upload and download speeds are the same
Switches	Within the context of this Disclosure Document, a switch is a type of hardware that is used to connect different parts of a network
TCP/IP	The <b>TCP/IP model</b> (Transmission Control Protocol/Internet Protocol) describes a set of general design guidelines and implementations of specific networking protocols to enable computers to communicate over a network.
VDSL	Very-high-bit-rate DSL refers to DSL that has very high download speeds. However, this is only over very short distances
VPN	Virtual Private Network is a computer network that is layered on top of an underlying computer network, such as the Internet
VoIP	Voice over IP is a general term for a family of transmission technologies for delivery of voice communications over IP networks such as the Internet
WAN	Wide Area Network is a network covering a wide geographical area, involving a vast array of computers and other devices. It is used to connect LANs together, so that users, computers and devices in one location can communicate with users, computers and devices in other locations
Wi-Fi	Wireless Fidelity is a set of standards for wireless LANs based on the IEEE 802.11 specifications. Wi-Fi was intended to be used for wireless devices and LANs, but is now commonly used for Internet access. It enables a person with a Wi-Fi enabled computer or device to connect to the Internet when within range of an access point called a "hotspot"

WiMAX	Worldwide Interoperability for Microwave Access is a telecommunications protocol that provides fixed and mobile Internet access. WiMAX is based on the IEEE 802.16 standard
WLAN	Wireless LAN is a LAN that uses radio waves or microwaves to carry data within the network
xDSL	The term used to collectively refer to the various types of DSLs technology, including ADSL, SDSL and VDSL
XML	Extensive mark-up language
3G	The name commonly used to refer to the third generation of mobile phone standards
4G	The name commonly used to refer to the fourth generation of mobile phone standards



## 19. Certification of the Directors and Promoters

We, the persons signing this Disclosure Document, after due inquiry by us, certify that:

- (a) All Material Information relating to the Issuer, the proposed transactions outlined in this Disclosure Document and the business of the Issuer is set out in this Disclosure Document;
- (b) All the information contained in this Disclosure Document is complete and accurate in all material respects, and the Disclosure Document does not contain any material that is false, or untrue, or is likely to deceive or mislead, with regard to any particular that is material to the proposed transactions outlined in this Disclosure Document;
- (c) In the period between the date to which the latest financial information contained in this Disclosure Document (30 September 2011) and the date of this certification, there have not, in our opinion, arisen any circumstances (other than the proposed transactions outlined in this Disclosure Document) that materially affect –
  - (i) The trading or profitability of the Issuer; or
  - (ii) The value of its assets; or
  - (iii) The ability of the Issuer to pay its liabilities due within the next 12 months.

In this Disclosure Document:

"Issuer" means MyKRIS Limited.

"Material Information" means information in relation to the Issuer that a reasonable person would expect to have a material effect on the price of Quoted Securities of the Issuer.

SIGNED:



Chew Choo Soon

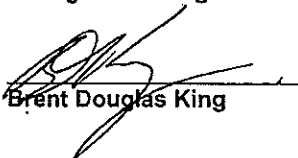


Siow Hock Lee

Lyn Lim



Chang Wai Hoong



Brent Douglas King



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Chew Choo Soon

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Siow Hock Lee

\_\_\_\_\_  
Brent Douglas King

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Huei Min Lim

