ADVANCE SYNERGY BERHAD
(Company No.: 1225-D)
(Incorporated in Malaysia)

Registered Office:
Level 3A (Tower Block)
Menara Milenium
No. 8 Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur

24 May 2002

Directors

Dato' Ahmad Sebi Bakar *(Executive Chairman)*
Dato' Nik Ibrahim Kamil bin Tan Sri Nik Ahmad Kamil
Aznan bin Hj Ismail
Datin Masri Khaw binti Abdullah
Wong Ah Nam @ Wong Joon Tuang
Chim Wai Khuan

To: The stockholders of Advance Synergy Berhad

Dear Sir / Madam,

ADVANCE SYNERGY BERHAD

- **Proposed disposal of 49% equity interest in ACE Synergy Insurance Berhad comprising 49,000,000 ordinary shares of RM1.00 each to United Merchant Group Berhad for a total cash consideration of RM71,000,000;**
- **Proposed acquisition by Worldwide Matrix Sdn Bhd, a wholly-owned subsidiary of Advance Synergy Berhad, of a 70% equity interest in Unified Communications Sdn Bhd comprising 700,140 ordinary shares of RM1.00 each for a total cash consideration of RM54,000,000 from Wong Tze Leng; and**
- **Proposed acquisition by Worldwide Matrix Sdn Bhd, a wholly-owned subsidiary of Advance Synergy Berhad, of a 70% equity interest in Unified Communications Pte Ltd comprising 700,000 ordinary shares of SGD1.00 each for a total cash consideration of RM45,000,000 from Wong Tze Leng.**

1. INTRODUCTION

On 26 May 2001, SIBB, on behalf of ASB, announced the proposed acquisitions of 70% equity interest in UCSB and UCPL for a total consideration of RM109 million. On 13 July 2001, SIBB announced the proposed disposal of ASB's entire 49% equity interest comprising 36,750,000 ordinary shares of RM1.00 each, together with 12,250,000 ordinary shares of RM1.00 each pursuant to the then Proposed Rights Issue, in ACE to UMG for a cash consideration of RM71,000,000 or RM1.45 per share. On 22 March 2002, SIBB, on behalf of ASB, announced that the acquisition price of UCSB and UCPL had been reduced to RM99 million, as follows:

	No. of shares to be acquired	Purchase consideration (RM)	Per share (RM)
UCSB	700,140	54,000,000	77.12
UCPL	700,000	45,000,000	64.28
Total		**99,000,000**	

On 17 May 2002, SIBB, on behalf of ASB, announced that the Vendor of UCSB and UCPL had consented to the extension of time for the fulfillment of conditions precedent and second payment of the purchase consideration to 15 June 2002 and 15 August 2002 respectively.

As stated in Section 8 of this Circular, Dato' Ahmad Sebi Bakar, who is the Executive Chairman of ASB and the Chairman of UMG as well as a major stockholder of ASB, is deemed interested in the Proposed ACE Disposal. In compliance with Section 10.08 of the KLSE Listing Requirements, the Directors of ASB, except for Dato' Ahmad Sebi Bakar who is deemed interested in the Proposed ACE Disposal, have appointed MIMB as the independent adviser to the minority stockholders of ASB in relation to the Proposed ACE Disposal. MIMB, had on 25 July 2001, confirmed its view to the SC and KLSE on its eligibility to act as Independent Adviser to the minority stockholders of ASB for the Proposed ACE Disposal.

The independent advice letter from MIMB is included in Part B of this Circular.

The purpose of this Circular is to provide you with the relevant information on the Proposals, to set out your Board of Directors' recommendation on the Proposals and to seek your approval for the resolutions to be tabled at the forthcoming EGM to be convened at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara Off Jalan Damansara, 60000 Kuala Lumpur on Wednesday, 12 June 2002 at 10.30 a.m. The notice of the EGM together with the Form of Proxy is enclosed in this Circular.

Stockholders of ASB are advised to read and consider carefully the contents of part A and part B of this Circular before voting on the ordinary resolutions to give effect to the Proposals at the forthcoming EGM.

2. THE PROPOSALS

2.1 The Proposed ACE Disposal

The consideration for the Proposed ACE Disposal is as follows:

	Interest held by ASB		Interest acquired by UMG		Disposal consideration RM
	No. of shares	% held	No. of shares	% held	
ACE	49,000,000	49	49,000,000	49	71,000,000

ACE was incorporated on 26 October 1995 under the Companies Act, 1965 and is primarily involved in the underwriting of general insurance comprising fire, marine, aviation and transit, motor and miscellaneous insurance. ACE is 51% owned by ACE INA International Holdings Ltd, a subsidiary of ACE Limited, a company incorporated in the Cayman Islands and quoted on the New York Stock Exchange.

ASB is currently the registered and beneficial owner of a 49% interest in ACE comprising 49,000,000 ordinary shares of RM1.00 each (Sale Shares). ASB's cost of investment in ACE todate is as follows:

Date of investment	Cost of investment (RM million)
20 August 1996 to 22 August 1996	13.88
30 October 1996 to 28 December 1996	2.89
24 July 2001	12.25
Total	**29.02**

ACE currently has an issued and paid-up share capital of RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each. The audited PAT and NTA of ACE stood at RM8,241,000 and RM108,683,000 respectively for the financial year ended 31 December 2001.

2.1.2 Terms of the Proposed ACE Disposal

Pursuant to an agreement entered into between ASB and UMG dated 13 July 2001, ASB proposes to dispose its entire 49% equity interest in ACE to UMG for a cash consideration of RM71,000,000.

The shares in ACE will be disposed free from all charges, liens, pledges, trust and other encumbrances and with all rights, benefits and entitlements now or thereafter attaching thereto, including without limitation all bonuses, dividends and other distributions declared, paid or made in respect of the Sale Shares.

Subsequently, on 24 April 2002, ASB and UMG had entered into ACE SA to extend the period of time by nine (9) months or such other longer period as may be agreed in writing for the fulfillment of conditions precedent in relation to the Proposed ACE Disposal.

Salient terms and conditions to the ACE SPA and ACE SA

Under the terms of the ACE SA, the consideration shall be satisfied by UMG to ASB by way of cash in the following manner:

Payment	Payment Schedule	%	Payment Date	RM'000
1st	Upon execution of the ACE SPA	20.00	13 July 2001	14,200
2nd	Upon the subscription by ASB of 12,250,000 ordinary shares of RM1.00 each in ACE (Rights Issue Shares) (of which the rights issue exercise was completed on 24 July 2001)	17.25	19 July 2001	12,250
3rd	Within seven (7) days from the execution of the ACE SA	20.00	26 April 2002	14,200
4th	Within seven (7) days from the date of the fulfillment of the last of the conditions precedent to the ACE SPA	10.00	-	7,100
5th	Upon the completion date, i.e the date falling seven (7) days from the fulfillment of the last condition precedent or such other date as may be agreed in writing	32.75	-	23,250
		100.00	**-**	**71,000**

ASB shall refund to UMG all monies paid together with interest at the prevailing 3-month fixed deposit rate of Malayan Banking Berhad if the conditions precedent are not met within nine (9) months from the date of ACE SA.

Other than the conditions precedent set out in Section 7 of Part A of this Circular, the Proposed ACE Disposal is also conditional on the following:

i) ACE INA agreeing to waive its rights of pre-emption (if any) in respect of the 49,000,000 shares;

ii) ACE INA agreeing to the Proposed ACE Acquisition and agreeing to the assignment of all rights and obligations of ASB pursuant to the Shareholders' Agreement dated 29 March 1996 to UMG, which provides for certain arrangements relating to ACE's operations and affairs and to determine certain rights and obligations of the shareholders of ACE;

iii) the conduct of a due diligence investigation by UMG into ACE and its affairs, the results of which are satisfactory to UMG at UMG's absolute discretion; and

iv) UMG appointing an independent actuarist to prepare an actuarial report on ACE and UMG having received the said actuarial report.

The due diligence investigation conducted by UMG into ACE and its affairs was completed on 29 April 2002, the findings of which are satisfactory to UMG. All other conditions stated above have also been met.

2.1.3 Background information on UMG

UMG was incorporated on 10 January 1994 under the Companies Act, 1965. UMG was initially incorporated under the name of United Merchant Group Sdn Bhd, as a private limited company on 10 January 1994. Subsequently, on 4 April 1994, UMG was converted to a public company and assumed its present name of United Merchant Group Berhad. UMG was listed on the Main Board of the KLSE on 18 August 1994. UMG is a 50.75%-owned subsidiary of ASB.

The principal activities of UMG are that of investment holding and provision of management services. The principal activities of its subsidiary and associated companies relate to financial services comprising credit and leasing, management services, provision of manpower management services and provision of bus maintenance services, merchant banking, cash management, portfolio investments and nominee services.

2.1.4 Basis of the consideration

The purchase consideration of RM71,000,000 has been arrived at on a willing buyer-willing seller basis after taking into the earnings potential of ACE.

ASB's cost of investment in ACE, based on the audited accounts for the financial year ended 31 December 2001, amounted to a total of RM29.02 million. Under the terms of the ACE SPA, UMG had appointed an independent firm of actuarists, MZC, to prepare a valuation report on ACE whereby the purchase consideration may be subject to adjustment by mutual agreement based on the independent actuarial report and any such adjustment shall be made to the final payment of the purchase consideration. No adjustment has been made to the valuation on ACE pursuant to the valuation by MZC as disclosed below, and the consideration of RM71.0 million remains unchanged.

The valuation by MZC dated 16 April 2002, was prepared based on audited accounts of ACE as at 31 December 2001. The two bases of valuation applied by MZC are as follows:

Breakup value

As at 31 December 2001, the appraisal value of the general insurance operations (Funds) stood at RM111.1 million based on the revised Net Asset Value (NAV) of ACE. Based on equity stake of 49%, the breakup for the 49% stake amounts to RM54.44 million.

On Going Basis

Under the on going basis, MZC have estimated the present value (PV) of future profits to be generated by the Funds. MZC also took into consideration the cost of writing general insurance business by incorporating a cost of solvency margin. This cost of solvency is subtracted from the PV of future profit, the result of which is then added to the revised NAV of the Fund as at 31 December 2001 (i.e. breakup value) to arrive at an aggregate appraisal value on an on-going basis.

For the purpose of this valuation, discount rates of 8%, 13% and 18% per annum have been adopted. Using a base scenario in which the projection assumptions are based mainly on recent historical experience, MZC have derived the valuation for the Funds to be in the range of RM137.0 million to RM195.8 million around a central estimate of RM160.4 million as set out below:

Discount rate	**8%**	**13%**	**18%**
PV of future profits (RM'million)	96.7	72.5	56.4
Less			
Cost of maintaining minimum solvency margin (RM'million)	12.0	23.2	30.5
Add			
Revised NAV (RM'million)	111.1	111.1	111.1
Valuation (RM'million)	195.8	160.4	137.0
Valuation of 49%	95.94	78.60	67.13

Note: the statutory minimum solvency margin as required by BNM is based on a percentage of premium or a percentage of claims or RM50,000,000, whichever is greater.

There are no other liabilities to be assumed under the Proposed ACE Disposal.

2.1.5 Utilisation of proceeds

The Proposed ACE Disposal will generate net cash proceeds of RM58.75 million (net of Rights Issue subscription of RM12.25 million) to ASB. The proposed utilisation of the net proceeds are as follows:

Purpose	Amount (RM'million)
To part finance the Proposed Acquisitions Working capital	Up to 32.55 Not less than 26.20
Total	58.75

2.2 Proposed Acquisitions

The Proposed Acquisitions involve the following which are inter-conditional upon each other:

- Proposed UCSB Acquisition; and
- Proposed UCPL Acquisition.

The original UC SPA was signed on 26 May 2001. Subsequently, pursuant to the UC SA dated 22 March 2002, WMSB, a wholly-owned subsidiary of ASB, proposes to acquire 70% of the respective issued and paid-up share capital of UCSB and UCPL for a total revised purchase consideration of RM99,000,000 from the Vendor as follows:

Acquiree Companies	No. of shares to be acquired	Equity interest (%)	Consideration (RM)	Consideration per share (RM)
UCSB	700,140	70	54,000,000	77.12
UCPL	700,000	70	45,000,000	64.28
Total			99,000,000	

The shares of the Acquiree Companies will be acquired free from all claims, liens, charges and encumbrances thereto.

2.2.1 Information on the Acquiree Companies

UCSB and UCPL were established in 1998 by Mr Wong Tze Leng. The two companies, located in Malaysia and Singapore respectively, are headed by their Chief Executive Officer, Mr Wong Tze Leng.

The UC Group is a supplier and enabler of converged communications products and enhanced services in the Asia Pacific region. Its solutions enable carriers and service providers, as well as other enterprises in the Asia Pacific to provide value-added services to their clients. The UC Group specialises in state-of-the art technology in computer telephony, data, switching, voice/fax processing and internet telephony.

UC Group's products and solutions are developed based on its flagship product, UniLink, that was entirely developed in-house. UniLink is an "open architecture universal platform" designed and developed for enhanced value added services for carriers. Applications built on the platform include pre/post paid calling card system for International Direct Dial (IDD) and mobile phones, protocol converter, International Simple Resale (ISR), Voice Over Internet Protocol (VoIP) gateway, database integration and contact centre integration. With its continuous research & development plan, the UC Group has also enabled speech technologies to be incorporated into the UniLink product as well. Applications such as Text-To-Speech, Voice Recognition and Voice Portal can also be built on the same platform.

(a) Background information on UCSB

UCSB was incorporated in Malaysia on 24 March 1998 under the Companies Act, 1965. Its authorised share capital is RM5,000,000 out of which RM1,000,200 comprising 1,000,200 ordinary shares of RM1.00 each have been issued and fully paid-up as at 31 December 2001.

UCSB's principal activities comprise research and development, software engineering, system integration, project management and maintenance and support for the telecommunication industry. In December 2000, UCSB was granted Multi-media Super Corridor (MSC) Status with various tax incentives that, amongst others include, Pioneer Status. For the financial year ended 31 December 2000, UCSB generated a PAT of RM743,335.

Based on the latest audited accounts as at 31 December 2000, UCSB's NTA is RM2,363,121 or RM2.36 per share.

(b) Background information on UCPL

UCPL was incorporated in Singapore on 28 May 1998. Its authorised share capital is SGD5,000,000 out of which SGD1,000,000 comprising 1,000,000 ordinary shares of SGD1.00 each have been issued and fully paid-up as at 31 December 2001.

UCPL's principal activities comprise the design and development of telecommunication software and trading of telecommunication products. UCPL is essentially the regional marketing and customer services arm of the UC Group.

Based on an exchange rate of SGD2.12 to RM1.00 and the latest audited accounts as at 31 December 2000, UCPL's NTA is SGD1,326,370 (or RM2,811,904) or SGD22.11 (or RM46.86) per share. It generated a PAT of SGD1,232,432 (or RM2,612,756) for the financial year ended 31 December 2000.

As at 30 April 2002, the UC Group has a total staff strength of 120, comprising 74 of technical and support, 30 of sales and 16 of finance and administration.

The business of the UC Group can be categorised into 2 main segments:

Segment 1:
Telecommunications (Telcos) and service providers (SPs)

- Fixed lines, International carriers (Tier 1 operators)
- Mobile operators
- Internet service providers, application service providers and Tier 2 telecommunication service providers

For the Telcos and SPs, the UC Group enables them with enhanced solutions to provide value added services (fixed and wireless) to their subscribers such as pre-paid mobile services, mobile fleet management system, prepaid/postpaid calling services, least cost routing, VoIP gateway, audio conferencing, voice portal and network switching applications.

Some of the solutions and applications provided by the UC Group are:

- **Universal Switching Platform (USP)**

  To enable value added systems such as pre-paid/post-paid calling services, pre-paid mobile, international simple resale, premium rate services, tandem switching/least cost routing and protocol conversion.

- **Mobile Real Time Management System (MRTM)**

  The MRTM System is a web-based communication system to enable mobile service providers to offer their enterprise customers to plan, manage and control their fleet of mobile phones in an easy manner so as to achieve productivity, efficiency and cost saving.

- **Interactive Voice Response System (IVR)**

  To enable service providers to implement enhanced services such as voice portal, audiotex systems and unified messaging including fax messaging, Email and SMS.

The UC Group also develops and supplies to Telcos and SPs network switching application, messaging solutions, telecommunications network monitoring and surveillance system, mobile solutions such as short messaging service (SMS) and location-based services.

In addition to the above-mentioned products and solutions, the UC Group also undertakes special projects for clients that may require a significant amount of customisation, design, programming, implementation and support.

Approximately 80% of the UC Group revenue is derived from Segment 1 business.

Segment 2:
Enterprises

- **Multinational corporations, government sector and financial service sector**

  For the enterprises under Segment 2, the UC Group provides them with enhanced communication solutions to boost business productivity and efficiency such as Unified messaging incorporating fax messaging, interactive voice response, VoIP gateway, call centers etc.

The clientele of the UC Group spans across the Asia Pacific region, with a main presence in Singapore, Malaysia, Indonesia, Philippines, Brunei, China, Saudi Arabia and Pakistan. Its major customers include Smart Communications Inc, DiGi Telecommunications Sdn Bhd, Vocom International Telecommunications Inc, Telekom Malaysia Berhad, Tribal Drum Communications Sdn Bhd, China Telecom, Singapore Telecommunication Ltd and StarHub Pte Ltd.

A summary of the major projects undertaken by the UC Group and its milestones are as follows:

	Project	Date Launched/ Awarded
1.	Successful commission of UniLink at Keppel Bank Ltd, Singapore for the implementation of the 'click-to-talk' function for its web-based call centre	August 1998
2.	Successful commission and launch of an Intelligent Flight Information Retrieval System for Singapore Changi Airport	November 1999
3.	Successful commission and launch of a customised turnkey project of an audio conferencing system for Telekom Malaysia Berhad	November 1999
4.	Successful commission and launch of Prepaid IDD Calling Card System for DiGi Telecommunications Sdn Bhd, Malaysia	March 2000
5.	Engaged by Smart Communications Inc, Philippines beginning 2000 to supply, install, implement and support nationwide prepaid GSM mobile service	July 2000
6.	Successful commission and launch of Premium Rate Service System for Tribal Drum Communication Sdn Bhd, the exclusive premium rate service licensee in Brunei	November 2000
7.	UCSB was awarded MSC status company, and is granted a 5-year full tax exempt pioneer status	December 2000
8.	UCPL was engaged by Changi Airport to enhance its existing Intelligent Flight Information Retrieval System by integrating Natural Voice Recognition Features	September 2001

	Project	Date Launched/ Awarded
9.	Successful commission and launch of Vocom's International Wholesale Traffic Network covering North America, North and South East Asia. The System was built on the UniLink Platform.	September 2001

Presently, the UC Group is focusing on the following new areas of technologies:

- Speech Technologies to enable services to be pronounced from normal text to voice in different languages including Bahasa Malaysia. This is expected to impact on areas such as messaging services and the traditional interactive voice response system. Speech Technologies also includes voice recognition. UCPL is partnering with a U.S. based player in speech technologies, Speechworks International Inc. in application development in areas such as Voice Portal.

- As the demand for wireless communications grows, the UC Group is also venturing into wireless applications such as Short Messaging Service and General Packet Radio Services (GPRS). UniLink now has capability of a Short Messaging Service Centre (SMSC) that can be offered to telecommunications companies at a competitive price without sacrificing the features and compatibilities of the system.

The following are the UC Group's critical success factors:

(i) Technical Expertise

The UC Group has a team of key technical staff with expertise in areas of converged communications and information technology. Mr Wong Tze Leng, its founder and Chief Executive Officer, has more than 12 years' experience in the telecommunication sector. More than sixty percent (60%) of its staff force consist of technical staff, reflecting its emphasis on Research & Development (R&D) and development of new products and solutions.

The following shows the breakdown of staff by countries:

	Technical	Sales/Administrative
Malaysia	54	20
Singapore	14	24
Philippines	6	2
Total	74	46
Total in %	62%	38%

(ii) Intellectual Properties

The UC Group's products are mainly developed in-house. Therefore, it has control and ownership of the software developed including the source codes and designs. The strength of such ownership enables the UC Group to further undertake larger projects without the need to pay for third party loyalty and hence increasing its profitability. As a result, the UC Group is able to offer a wider range of value-added solutions for both the niche and general market. The UC Group is also able to take on customised project entirely for example, the traffic termination project with Vocom International Telecommunications Inc. in U.S.

(iii) Strategic Relationships

The UC Group stresses the importance of forming strategic relationships with other ICT providers. Over the years, it has developed various software solutions that add value to the hardware and components supplied by companies such as Intel Corporation., Lucent Technologies International Sales Ltd, Cisco Systems Inc, Quintum Technologies Inc and Speechworks International Inc.

(iv) Track Record and Market Penetration

The UC Group's key accounts are generally well spread in the Asia Pacific region. These include Singapore Telecommunication Ltd, Smart Communications Inc., China Telecom, Telekom Malaysia Berhad and DiGi Telecommunications Sdn Bhd in Malaysia. The UC Group is confident that by leveraging on the experiences gained from working with these diverse customers, it can further extend its market reach in other countries in the region.

(v) Cost efficiency

The UC Group realises the importance of managing its operating cost so as to achieve optimum profitability. As such in the very beginning of its operation, it has placed its main Research & Development team in Malaysia which greatly reduces operating cost and hence maintains competitiveness and maximises its profitability.

2.2.2 Salient Terms And Conditions Of The UC SPA, UC SA and the Letter

The purchase consideration of RM99, 000,000 shall be satisfied entirely by cash in the following manner:

Payment	Payment Schedule	%	RM'000
1st	Upon execution of the UC SPA (Deposit)	22.02	21,800
2nd	No later than 15 July 2002 together with interest thereon calculated at 6% per annum from 16 May 2002.	45.10	44,650
3rd	Within achievement of the 2002 guaranteed profit as set out below and thirty (30) days of production of audited accounts	14.85	14,700
4th	Within achievement of the 2003 guaranteed profit as set out below and thirty (30) days of production of audited accounts	18.03	17,850
		100.00	**99,000**

The Vendor had via the Letter consented to the extension of time for the second payment of RM44.65 million to 15 August 2002 together with interest thereon calculated at 6% per annum from 16 May 2002.

Should ASB subsequently fail to settle the outstanding balance for any reason other than for the failure or non-fulfilment of any condition precedent as set out in the UC SPA, then there will be no cash refund of the Deposit, but instead, the Deposit shall be refunded by way of a proportionate number of shares in UCSB and UCPL, representing 14% equity interest in both UCSB and UCPL, transferred to ASB. Subsequently, ASB will have the option to subscribe for a further 6% in both UCSB and UCPL to enable ASB to hold a total interest of 20%.

The Vendor has warranted the aggregate audited PAT of the Acquiree Companies for 3 financial years ended/ending 31 December 2001, 2002 and 2003 to be at least RM63,000,000 (Profit Warranty), as follow:

Year ended/ending 31 December	**2001**	**2002**	**2003**
Warranted Profits (RM'000)	16,500	21,000	25,500
70% of Warranted Profits (RM'000)	11,550	14,700	17,850

In the event that there is a shortfall in achieving the 2002 Profit Warranty and/or 2003 Profit Warranty, the Vendor shall make good 70% of the shortfall upon confirmation of the assessment within three (3) months of the respective financial year end by paying a cash sum equal to 70% of the shortfall to WMSB.

For the purpose of assessing compliance of the Warranted Profits (for the two (2) financial years ending 31 December 2003, which shall be at least RM46, 500,000 in aggregate and which include 2002 Profit Warranty), the surplus of the actual profit after tax achieved over profit after tax warranted for any year shall be carried forward to set off any shortfall in the subsequent years.

As security for the Profit Warranty, the amount of RM14.70 million and RM17.85 million of the purchase consideration will be paid on a deferred basis upon achievement of the profit after tax for financial year ending 2002 and 2003 profits respectively. The total amount of RM32.55 million to be deferred is arrived at based on 70% of the minimum amount of profit guarantee for 2002 and 2003 amounting to RM14.7 million and RM17.85 million respectively.

The Vendor shall enter into a service contract with UCSB to serve as Chief Executive Officer for a period of five (5) years from the date of completion of the UC SPA expected to be no later than the end of third quarter 2002 unless mutually extended.

Neither WMSB nor the Group is required to assume any liability pursuant to these Proposed Acquisitions.

2.2.3 Basis of the Purchase Consideration

The purchase consideration shall be satisfied entirely by cash and to be paid entirely in Malaysian Ringgit in Malaysia and will be financed by a combination of funds to be generated via the Proposed ACE Disposal of up to RM32.55 million, and/or other internal sources of funding of RM44.65 million which may include the return of surplus capital from UMG, its 50.75% owned subsidiary, which had on 19 March 2002 announced a capital return. The proposed capital return by UMG is presently pending submission to the SC and UMG have sought the consideration of the KLSE to grant an extension of two (2) months from 24 April 2002 to 23 June 2002 for UMG to make the submission to the relevant authorities.

The purchase consideration is arrived at on a willing buyer willing seller basis, after taking into account the following:

- The UC Group's past and projected performance;
- Independent valuation of RM162.40 million using the discounted cash flow method for the UC Group as prepared by Tokyo-Mitsubishi International (Singapore) Ltd in their business valuation report dated 11 September 2001;
- The price earnings ratio of 6.73 times for the purchase consideration over the average warranted yearly PAT of RM14, 700,000 (being 70% of the Warranted Profits) of the UC Group;
- The warranty of the aggregate profits after tax of the UC Group for three (3) financial years ending 31 December 2003;
- The established and niche business advantage of the UC Group as stated in Section 2.2.1; and
- The prospects of the UC Group, as stated in Section 5.2.2.

The cost of investment by the Vendor in UCSB and UCPL is as follows:

Date of investment	**Amount (RM)**
UCSB	
16 September 1998	10,000
UCPL	**Amount (SGD)**
28 May 1998	1
1 August 2000	59,998

2.2.4 Information on Vendor

The UC Group was founded and is spearheaded by its chief executive officer, Mr Wong Tze Leng, who is the Vendor. He is a technologist specialising in telecommunications for more than 12 years. Mr Wong, aged 38, graduated from Monash University with a degree in Bachelor of Computer Science in 1985 and Electrical and Electronic Engineering in 1987. He started his career in Information Technology (IT) with the Singapore Institute of Standards & Industrial Research (SISIR) in design and development centre. SISIR, now part of Productivity and Standard Board of Singapore, was then a government statutory board for improving the research competence for local industry. He started specialising in computer telephony in 1990, with Federal Computer Services as Software Manager, responsible for all computer telephony integration software product development. He joined Dialogic S.E.A. Pte Ltd (Dialogic) (formerly listed on NASDAQ, and delisted after being acquired by Intel for USD780 million in 1999) in 1993 as an Application Engineer and progressed to the position of Business Development Director for the entire Asia Pacific Region. Dialogic is a telecommunication technology company, which is a worldwide supplier of Computer Telephony components. During his career with Dialogic, he established close rapport and working relationship with numerous information technology companies and telecommunications companies in Asia Pacific. In 1998, he left Dialogic and founded the UC Group.

2.2.5 Information on the key management of UC Group

Raymond Suen Kok Hong- Director of Business Development

Raymond, aged 46, joined the UC Group in 16 October 2001 as the Director of Business Development. He oversees the project team of the UC Group covering the Asean region except for Malaysia and Philippines. He obtained his Master of Science in International Marketing from the University of Strathclyde, United Kingdom. Raymond has more than 25