

Type : **Announcement**
Subject : **AKTIF LIFESTYLE CORPORATION BERHAD ("AKTIF" OR THE "COMPANY")**
- REQUISITE ANNOUNCEMENT PURSUANT TO PRACTICE NOTE 10/2001 OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")

Contents :

1. INTRODUCTION

On 15 June 2006, AmMerchant Bank Berhad (*a member of AmInvestment Group*) ("**AmMerchant Bank**"), on behalf of Aktif, announced the execution of the restructuring agreement between Aktif and the promoters of Strandcom MSC Berhad ("**Strandcom**") on even date ("**Restructuring Agreement**") which seeks to regularise the financial condition of Aktif and its subsidiaries.

Pursuant to the above, on behalf of Aktif, AmMerchant Bank is pleased to announce that the restructuring exercise to regularise the financial position of Aktif shall involve Strandcom, being the white knight, undertaking the following: -

(a) proposed capitalisation of amount owing to directors of RM4,000,000 via the issuance of 40,000,000 new ordinary shares of RM0.10 each in Strandcom ("**Proposed Capitalisation**");

(b) proposed bonus issue of 71,123,472 new ordinary shares of RM0.10 each in Strandcom ("**Bonus Shares**") on the basis of three (3) Bonus Share for every five (5) existing ordinary shares of RM0.10 each ("**Strandcom Shares**") held in Strandcom ("**Proposed Bonus Issue**");

(c) proposed restricted issue of 51,212,408 new Strandcom Shares ("**Restricted Issue Shares**") to the existing shareholders of Strandcom at an indicative issue price of RM0.16 per Restricted Issue Share ("**Proposed Restricted Issue**");

(d) proposed scheme of arrangement to be undertaken between Strandcom, Aktif and the shareholders of Aktif pursuant to Section 176 of the Companies Act, 1965 ("**Act**"), where the entire issued and paid up share capital of Aktif comprising 20,479,000 ordinary shares of RM1.00 each is proposed to be exchanged with 19,125,000 Strandcom Shares at an indicative issue price of RM0.16 per Strandcom Share, to the existing shareholders of Aktif ("**Proposed Shareholders' Scheme**");

(e) proposed acquisition of the remaining 40% equity stake in Infotech Accord Sdn Bhd ("**Infotech**") not already owned by Strandcom, comprising 400,000 ordinary shares of RM1.00 each, for a purchase consideration of RM11,200,000 to be satisfied via the issuance of 70,000,000 Strandcom Shares at an indicative issue price of RM0.16 per Strandcom Share ("**Proposed Acquisition of Infotech**");

(f) proposed private placement of 70,000,000 new Strandcom Shares to investors to be identified ("**Proposed Placement**") at a placement price to be determined later; and

(g) proposed delisting of Aktif from the Second Board of Bursa Securities and the proposed admission of Strandcom to the Official List of Bursa Securities with the listing of and quotation for its entire enlarged issued and paid up share capital in place of Aktif, on the Second Board of Bursa Securities ("**Proposed Transfer of Listing Status**").

(Collectively referred to as the "**Proposals**")

2 . DETAILS OF THE PROPOSALS

The Proposals to be undertaken by Strandcom are set out below. However, the respective number of Strandcom Shares to be issued pursuant to the proposed exercises set out in Paragraphs 2.1 to 2.6 below and the corresponding issue price of the said Strandcom Shares shall only be finalised upon finalisation of the audited financial statements of Strandcom for the financial year ended ("**FYE**") 31 May 2006.

2.1 Proposed Capitalisation

Pursuant to the Proposed Capitalisation, Strandcom proposes to capitalise RM4,000,000 of the amount owing to Directors via the issuance of 40,000,000 new Strandcom Shares, to be credited as fully paid up, at an issue price of RM0.10 per Strandcom Share, to the respective Director(s). The said new Strandcom Shares shall, upon such allotment and issuance, rank pari passu in all respects with the then existing Strandcom Shares except that the said new Strandcom Shares so issued will not be entitled to any dividend, rights, allotments and/or any other distributions which may be declared, made or paid, for which the entitlement date is prior to the allotment date of the said new shares.

2.2 Proposed Bonus Issue

Upon completion of the Proposed Capitalisation, Strandcom proposes to implement a bonus issue involving the issuance of the Bonus Shares to the shareholders of Strandcom on the basis of three (3) Bonus Share for every five (5) existing Strandcom Shares held, to be credited as fully paid-up, on an entitlement date to be determined.

The Proposed Bonus Issue will be implemented by capitalising RM7,112,347 from the retained profit account of the Company for the Bonus Shares, each credited as fully paid-up, to entitled shareholders. Based on the latest audited consolidated results of Strandcom as at 31 May 2005, the retained profit accounts, company level and group level, stood at RM2,031,862 and RM12,607,412 respectively. Notwithstanding this, the retained profit accounts of Strandcom (company level), is expected to be sufficient for the capitalisation for the Proposed Bonus

Issue upon finalisation of the audited financial statements of Strandcom for FYE 31 May 2006.

The Bonus Shares shall, upon such allotment and issuance, rank pari passu in all respects with the then existing Strandcom Shares except that the Bonus Shares so issued will not be entitled to any dividend, rights, allotments and/or any other distributions which may be declared, made or paid, for which the entitlement date is prior to the allotment date of the Bonus Shares.

2.3 Proposed Restricted Issue

Upon completion of the Proposed Bonus Issue, Strandcom proposes to undertake the Proposed Restricted Issue involving the issuance of the Restricted Issue Shares to the existing shareholders of Strandcom at an indicative issue price of RM0.16 per Restricted Issue Share.

The indicative issue price of RM0.16 for the Restricted Issue Shares is based on the proforma audited consolidated net tangible asset ("**NTA**") per Strandcom Share as at 31 May 2005, and after adjusting for the indicative profit after tax of Strandcom based on its management accounts for FYE 31 May 2006 ("**Adjusted NTA**"), as well as after taking into consideration the effects of the Proposed Capitalisation and Proposed Bonus Issue.

Hence, the indicative issue price of RM0.16 shall only be finalised upon the finalisation of the audited financial statements of Strandcom for FYE 31 May 2006, which is expected to be completed prior to the submission to the relevant authorities for the Proposals.

The Restricted Issue Shares shall, upon such allotment and issuance, rank pari passu in all respects with the then existing Strandcom Shares except that the Restricted Issue Shares so issued will not be entitled to any dividend, rights, allotments and/or any other distributions which may be declared, made or paid, for which the entitlement date is prior to the allotment date of the Restricted Issue Shares.

2.4 Proposed Shareholders' Scheme

The proposed acquisition of Aktif by Strandcom shall be undertaken via a proposed scheme of arrangement between Strandcom, Aktif and the shareholders of Aktif pursuant to Section 176 of the Act.

Pursuant to the Proposed Shareholders' Scheme, the entire issued and paid up share capital of Aktif comprising 20,479,000 ordinary shares of RM1.00 each will be exchanged for 19,125,000 new Strandcom Shares, which shall be issued at an indicative issue price of RM0.16 per Strandcom Share,

to the existing shareholders of Aktif. Any fractional shares arising from the Proposed Shareholders' Scheme will be disregarded.

Based on the above, the purchase consideration for the entire issued and paid up share capital of Aktif amounts to RM3,060,000. This is arrived at based on the unaudited NTA of Aktif of RM2,131,000 as announced for FYE 28 February 2006, and after adjusting for the market value of Aktif's investments in quoted securities.

The indicative issue price of RM0.16 per Strandcom Share to be issued pursuant to the Proposed Shareholders' Scheme is based on the Adjusted NTA, after taking into consideration the effects of the Proposed Capitalisation, Proposed Bonus Issue and Proposed Restricted Issue. Hence, the issue price of the Strandcom Shares shall only be finalised upon the finalisation of the audited financial statements of Strandcom for FYE 31 May 2006.

The new Strandcom Shares to be issued pursuant to the Proposed Shareholders' Scheme shall, upon such allotment and issuance, rank *pari passu* in all respects with the then existing Strandcom Shares except that the new Strandcom Shares so issued will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid, for which the entitlement date is prior to the allotment date of the new Strandcom Shares.

2.5 Proposed Acquisition of Infotech

Pursuant to the Proposed Acquisition of Infotech, Strandcom had on 14 July 2006 entered into a share purchase agreement ("**SPA**") with the vendors of Infotech ("**Infotech Vendors**") to acquire the remaining 40% equity stake in Infotech, comprising 400,000 ordinary shares of RM1.00 each ("**Sale Shares**"), for a purchase consideration of RM11,200,000. The purchase consideration shall indicatively be satisfied via the issuance of 70,000,000 Strandcom Shares ("**Consideration Shares**") at an indicative issue price of RM0.16 per Strandcom Share, subject to the finalisation of the audited financial statements of Strandcom for FYE 31 May 2006.

The salient terms of the SPA include, *inter alia*, that the Infotech Vendors shall enter into a profit guarantee agreement with Strandcom as soon as practicable upon the execution of the SPA and in any event prior to the submission to the Securities Commission ("**SC**") for the purposes of obtaining the approvals for the Proposals, whereupon the parties agree, *inter alia*, that all or certain of the Infotech Vendors shall guarantee 100% of the aggregate profit after tax of

Infotech for three (3) financial years ending 31 May 2007, 31 May 2008 and 31 May 2009 of at least RM19,300,000, upon the terms and subject to the conditions to be agreed by the parties.

For informational purposes, prior to the execution of the SPA, Strandcom had on 13 July 2006 entered into a share purchase agreement with the Infotech Vendors to acquire a 60% equity stake in Infotech, comprising 600,000 ordinary shares of RM1.00 each, for a purchase consideration of RM16,800,000, to be satisfied by way of cash payment.

Upon completion of the Proposed Acquisition of Infotech, Infotech will become a wholly-owned subsidiary of Strandcom. The details of the Infotech Vendors are disclosed in Table 1 and their respective cost of investment is set out in Table 2. A summary of the key financial data of the Infotech group of companies is set out in Table 3.

2.5.1 Information on Infotech

Infotech was incorporated in Malaysia on 29 March 2000 under the Act as a private limited company. Infotech has an authorized share capital of RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which 1,000,000 ordinary shares have been issued and fully paid-up. Infotech and its subsidiaries are principally engaged in the business of research and development, manufacturing and provision of installation, services and maintenance of security surveillance and telecommunication systems as well as centralised monitoring services.

2.5.2 Basis of arriving at the purchase consideration

The purchase consideration of RM28,000,000 was arrived at based on a willing-buyer-willing-seller basis after taking into consideration, *inter alia*, the future prospects and earnings potential of Infotech. In addition, the Infotech Vendors shall guarantee 100% of the aggregate profit after tax of Infotech for three (3) financial years ending 31 May 2007 to 2009 of at least RM19.3 million, as detailed in Paragraph 2.5 above.

2.5.3 Rationale for the Proposed Acquisition of Infotech

The Proposed Acquisition of Infotech is expected to provide the merged group distinct advantages such as increasing the range of products and services offering as the enlarged group is now able to create a strong product differentiation value proposition focusing on delivering products and services with a comprehensive range of features and a wholesome approach towards development projects with electronically driven lifestyle themes as well entry level products and services. This will enable the enlarged group to target its products and services for a much bigger market segment with the potential to offer higher end products for purposes of upgrading its previously entry level product owners.

Despite having adopted different strategies in the business models of Strandcom and Infotech, their strategies are expected to complement each other. The Proposed Acquisition of Infotech will allow cross provision of products and services enabling the merged group the ability to increase their respective revenues by offering not only each other's products to their customers but also creating new product lines and services launched from their much bigger customer base. Internal outsourcing, larger pool of technical expertise, sharing of backroom facilities and services is expected to create a merged entity with the ability to generate higher revenue at lower direct as well as indirect costs.

2.5.4 Shares acquired free from encumbrances

Pursuant to the SPA, Strandcom agrees to purchase and the Infotech Vendors agree to sell the Sale Shares free from all charges, liens, encumbrances, equities and claims whatsoever together with all rights, dividends, interests and benefits attached thereto.

2.5.5 Liabilities to be assumed

Strandcom will not assume any liabilities pursuant to the Proposed Acquisition of Infotech.

2.5.6 Basis of determining the issue price and the ranking of the new Strandcom Shares

The indicative issue price of RM0.16 for the new Strandcom Shares is based on the Adjusted NTA, and after taking into consideration the effects of the Proposed Capitalisation, Proposed Bonus Issue, Proposed Restricted Issue and Proposed Shareholders Scheme.

Hence, the indicative issue price of RM0.16 shall only be finalised upon the finalisation of the audited financial statements of Strandcom for FYE 31 May 2006.

The Consideration Shares to be issued pursuant to the Proposed Acquisition of Infotech shall, upon such allotment and issuance, rank pari passu in all respects with the then existing Strandcom Shares except that the Consideration Shares so issued will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid, for which the entitlement date is prior to the allotment date of the Consideration Shares.

2.6 Proposed Placement

Strandcom proposes to implement a private placement of up to 70,000,000 new Strandcom Shares ("**Placement Shares**") to investors to be identified, to meet the 25% public shareholding spread required for Strandcom's listing on Bursa Securities, at a placement price to be determined later.

The Placement Shares shall, upon such allotment and issuance, rank pari passu in all respects with the then existing Strandcom Shares except that the Placement Shares so issued will not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid, for which the entitlement date is prior to the allotment date of the Placement Shares.

2.7 Proposed Transfer of Listing Status

Upon completion of the Proposed Placement, it is proposed that Strandcom be listed in place of Aktif on

the Second Board of Bursa Securities. Accordingly, Aktif shall be de-listed from the Second Board of Bursa Securities and Strandcom will be admitted to the Official List of Bursa Securities with the listing of and quotation for its entire enlarged issued and paid-up share capital in place of Aktif, on the Second Board of Bursa Securities.

3. UTILISATION OF PROCEEDS

The proceeds to be raised from the Proposals are intended to be utilised, inter alia, for the redemption of the outstanding convertible notes previously issued by Strandcom, the expansion of Strandcom's core business and for the working capital requirements of Strandcom and its subsidiaries ("**Strandcom Group**" or the "**Group**") including research and development ("R&D") expenses.

The amount of proceeds to be raised from the Proposals shall only be determined later upon finalisation of the issue price of the Restricted Issue Shares (which in turn, will be determined after finalisation of the audited financial statements of Strandcom for FYE 31 May 2006) and the placement price of the Placement Shares.

4. MORATORIUM ON NEW STRANDCOM SHARES

Pursuant to Chapter 12 of the SC's Policies and Guidelines on Issue/Offer of Securities ("**SC Guidelines**"), for acquisitions resulting in a change in dominant shareholders / board of directors, a moratorium on disposal will be imposed on 50% of the consideration securities to be received by the vendors of the assets to be injected ("**Moratorium Shares**"). Accordingly, upon such a condition being imposed by the SC on the Infotech Vendors and the Promoters of Strandcom, they will not be allowed to sell, transfer or assign the Moratorium Shares for one (1) year from the date the Moratorium Shares are listed on Bursa Securities.

The Infotech Vendors and promoters of Strandcom will submit the proposed structure for the Moratorium Shares to the SC in due course.

5. INFORMATION ON STRANDCOM

Strandcom was incorporated on 12 March 2004 in Malaysia under the Act, under the name of Britland Sdn. Bhd. Subsequently, the name was changed to Strandcom MSC Sdn. Bhd. on 8 September 2004. It was converted into a public company and adopted its present name on 30 September 2004. Strandcom has an authorized share capital of RM10,000,000 comprising 100,000,000 ordinary shares of RM0.10 each, of which 78,539,120 ordinary shares have been issued and fully paid-up.

Strandcom's principal activities are investment holding and development of Managed Electronic Townships ("**MeT**") whilst its subsidiaries are currently involved in the areas of: -

(i) providing electronic devices for Smart-Homes and townships security and automation systems;

(ii) providing software for aggregation and distribution of interactive electronic content; and

(iii) providing electronic equipment for wireless broadband

infrastructure.

The Company obtained its MSC Status from the Multimedia Development Corporation on 5 April 2004. The MSC Status was granted to Strandcom for the following qualifying activities:-

(a) To undertake the development and enhancement of software modules for *mi.Guardz* Smart-Home management system; and

(b) Development of MeT.

The present directors and substantial shareholders of Strandcom as well as their original cost of investment in Strandcom including the date thereof are set out in Table 4 and 5 respectively.

A summary of the key financial data of the proforma Strandcom Group is set out in Table 6.

6. RATIONALE FOR THE PROPOSALS

The Proposals are intended to achieve the following objectives: -

(i) preserve the value of the listing status of Aktif via the Strandcom Group, which has a profitable core business with profits and growth potential, assuming Aktif's listing status upon completion of the Proposals;

(ii) to maximise the recovery of shareholders' value for Aktif's shareholders; and

(iii) enable Aktif's shareholders to participate in the new listed entity, namely Strandcom, allowing them to participate in its future growth and earnings potential.

The Proposals will also raise funds to meet the working capital requirements of the Strandcom Group, as well as to meet the public shareholding spread requirements.

7. PROSPECTS

Upon completion of the Proposals, the shareholders of Aktif shall be participating in a new core business, i.e the core business of Strandcom, which operates within the information and communications technology ("**ICT**") industry and the security and public safety industry.

Prospects of the ICT Industry

As concerted efforts continue to be undertaken to strengthen the foundation for a knowledge-based economy, the greater adoption and usage of ICT will become strategically more important. The country will need to increasingly harness ICT to improve productivity and competitiveness as well as progress to high value added and knowledge-intensive economic activities. The Government will build upon and enhance ICT capacity for ubiquitous access, develop core competencies, narrow the digital divide and expand usage of electronic transactions as part of the overall effort to empower the populace to partake in the growing networked economy. Simultaneously, this will allow for the greater expansion of ICT-related industries and services.

Adequate and reliable ICT infrastructure with extensive capacity to

support access and delivery of information will remain a major factor in the support of a knowledge-based economy. A critical component will be the availability of broadband network needed to achieve greater adoption of online multimedia and Internet-based applications. The implementation of the National Broadband Plan will be accelerated as part of the efforts to ensure rapid expansion and uptake of broadband services to reach 13.0 per cent of the population by 2010, compared to the current 1.9 per cent.

Apart from increasing access to communications infrastructure, the greater use of broadband services will be promoted through the provision of innovative packages and competitive tariffs. Innovative last-mile technologies that provide alternative connections for homes and businesses such as wireless broadband and broadband over power lines to areas that lack telephone land lines, will be considered. Further downstream, measures will be undertaken to allow service providers to have greater access to infrastructure capacity at satellite and cable landing stations and provide international backhaul and transit services to businesses or third parties. In addition, the provision of Internet exchange in the country will also be further opened up.

The emphasis on ICT infrastructural development as well as application usage and adoption will provide the private sector with extensive investment and employment opportunities. Among the new sources of growth within the major segments of the ICT sector, include digital content development, e-commerce, shared services and outsourcing and bioinformatics. The aim is to increase the number of new companies as well as specialists capable of producing customised technological solutions in niche areas. Particular emphasis will also be given to the promotion and usage of local products and services. The Government will work closely with relevant ICT-related industries, involved in promoting and nurturing creative content developers, to further enhance the effectiveness of existing incubator programmes. Improved support mechanisms will be introduced to enhance capacity and capability for innovative multimedia products and services as well as knowledge applications technologies, both for the local and overseas markets. Focus will also be given to building key competencies through accreditation programmes with local and international content industry associations. The designation of Digital Media Zone in Cyberjaya as a digital content development hub and the setting up of Creative Zones in newly designated cybercentres are expected to add to the sustainable pool of digital content providers. These zones will leverage on existing infrastructure and generate specialized technologies required for content development.

(Source: Ninth Malaysian Plan)

Prospects of the Security and Public Safety Industry

The growing trend of crime in Malaysia has provided an impetus for security agencies to invest further in public safety communication equipment and to provide better monitoring and surveillance activities. The Government has also increased and strengthened security and enforcement by reviewing several departments of the Royal Malaysian Police with the view to increase their capacity and effectiveness

through the provision of equipment and special training.

The demand for a safe working and living environment also leads to greater installation of security equipment such as integrated CCTV systems, smart access control, motion detectors, identity clearance control and control that is internet interfaced. This emphasis towards safety highlights the concerns of society towards public safety and this trend is to the benefit of Strandcom.

The security market is worth more than RM1.52 billion, and is estimated to grow at rates ranging from 5% to 25% per annum. With Strandcom's involvement in the systems integration and provision of security equipment segments which is growing at a higher rate of 10% to 25% per annum, this bodes well for the Strandcom Group. The trend in the security industry is poised to benefit Strandcom, as security is potentially the initial factor leading to the installation of a smart-home.

(Source: The management of Strandcom)

8. RISKS FACTORS

Below are the main risk factors relating to Strandcom (which may not be exhaustive), which will be faced by Aktif's shareholders upon completion of the Proposals: -

8.1 Business Risks

The risks inherent in the ICT industry include among others the rapid technological development, evolving industry standard, swift changes in customer requirements, computer operating requirements as well as frequent new products introductions and enhancements.

8.2 Political, Economic and Social Considerations

Adverse developments in political, economic and regulatory conditions in Malaysia or other countries where Strandcom markets its products could materially and adversely affect the financial prospects of Strandcom. Other political, economic and regulatory uncertainties include risks of war, riots, expropriation, nationalisation, renegotiations or nullification of existing contracts, fluctuations in foreign exchange rates, inflation, changes in interest rates and methods of taxation.

While Strandcom will continue to take effective measures such as prudent financial management, geographical diversification of operation and efficient operating procedures, there is no assurance that adverse political and economic factors will not materially affect Strandcom.

8.3 Intellectual Property Issues

It may be possible for employees of Strandcom Group to unlawfully copy, obtain and use the Strandcom Group's intellectual property. While the Strandcom Group attempts to limit the provision of proprietary information to such parties, this may not be adequate to deter misappropriation of proprietary information and the Strandcom Group may not be able to detect unauthorised use of or to take appropriate steps to

protect its intellectual property rights to the products/ applications to which the Group has proprietary rights. The Strandcom Group cannot be certain that its technology, other than those in which the Strandcom Group has proprietary rights, does not infringe upon valid copyright or other intellectual property rights held by third parties. In the event that such rights are infringed, the Strandcom Group may be subject to legal proceedings and claims relating to the intellectual property of others. As a result, the Strandcom Group may incur substantial expenses and resources in defending against such infringement claims. Further, any successful infringement claims against the Strandcom Group may result in substantial monetary liability or may materially disrupt the conduct of its business.

To mitigate this risk, Strandcom will emphasise on originality of its products in its R&D functions to avoid duplication of ideas and infringing third party intellectual property rights.

8.4 Competition Risks

Together with the companies in the Strandcom Group, Strandcom believes that it has the edge over its competitors due to its R&D capabilities and its technological skill.

In addition, Strandcom also continuously strive to develop more product range through possible corporate acquisitions as well as internal growth to create a higher entry barrier to its market.

Strandcom has taken pro-active measures to mitigate the competitive risks which include, *inter alia*, to constantly review its development and marketing strategies in response to ever-changing economic conditions and market demands, and to adopt different development concepts and marketing strategies that will correctly position its products and services to serve the needs of the target market.

However, there can be no assurance that Strandcom will be able to maintain its competitiveness against current and future competitors or that competitive pressures will not materially and adversely affect Strandcom's business, operating results and financial condition.

8.5 Approvals of the relevant authorities

The Proposals are subject to and dependent on the approvals being obtained from the relevant regulatory authorities as set out in Paragraph 10 herein. There can be no assurance that the authorities will approve the Proposals. Should Aktif fail to secure the necessary approvals for the implementation of its regularisation plan and does not appeal within the

allowed timeframe, or if it does not succeed in its appeal, Bursa Securities may commence delisting procedures against the securities of Aktif.

8.6 Implementation Timeframe of the Proposals

There can be no assurance that the Proposals will be implemented on a timely manner. Any delay in the implementation of one proposal may affect the Proposals as a whole. As such, the failure to implement the Proposals within the timeframe stipulated by the authorities may result in Bursa Securities commencing delisting procedures against the securities of Aktif.

9. EFFECTS OF THE PROPOSALS

The effects of the Proposals are as follows:

9.1 Share Capital

The changes to the issued and paid-up share capital of Aktif and Strandcom as a result of the Proposals are set out in Table 7.

9.2 Net Assets

The Proposals does not/will not have any effect on the net assets of Aktif Group.

For illustrative purposes, and for the purposes of this announcement, the computation of the proforma effects of the Proposals on the net assets of Strandcom is based on the latest available audited financial statements of Strandcom as at 31 May 2005, as set out in Table 8. This excludes the further movements to the net assets of Strandcom contributed by its profit after tax for FYE 31 May 2006.

9.3 Earnings

The Proposals are not expected to have any material effect on the earnings of Aktif as it does not involve an injection of a profitable asset / business into Aktif, but rather, it involves the acquisition of Aktif by Strandcom.

The Proposals are not expected to have any material effect on the earnings of Strandcom for the financial year ending 31 May 2007 as the Proposals are only expected to be completed by the 2nd quarter of 2007.

However, as the Proposals involve the raising of proceeds for working capital and future expansion plans, as well as the consolidation of Infotech's complementary businesses, the Proposals are expected to contribute positively to the earnings of the Strandcom Group in future years.

9.4 Substantial Shareholders' Shareholdings

The proforma effects of the Proposals on the substantial shareholders' shareholdings in Aktif and Strandcom are set out in Table 9.

9.5 Dividends

No dividend has been paid or declared by Aktif for FYE 28 February 2006, and the Proposals are not expected to have any material effect on the dividend policy of Aktif.

The Proposals are not expected to have any material effect on the dividend policy of Strandcom. The dividends to be declared by Strandcom for FYE 31 May 2007 and future financial years, if any, would depend on, amongst others, the profitability and cashflow position of the Strandcom Group.

10. CONDITIONS OF THE PROPOSALS

The Proposals are conditional upon, inter-alia, the following approvals:-

- (i) the SC;
- (ii) the Equity Compliance Unit of the SC
- (iii) Ministry of International Trade and Industry;
- (iv) the shareholders of Aktif at an extraordinary general meeting and at a meeting to be convened pursuant to an order of the court pursuant to Section 176 of the Act;
- (v) the sanction and confirmation of the court pursuant to Section 176 of the Act;
- (vi) Bursa Securities for the admission of Strandcom to the Official List of Bursa Securities in place of Aktif and the listing of and quotation for the enlarged issued and paid-up share capital of Strandcom on the Second Board of Bursa Securities; and
- (vii) any other relevant authorities, if required.

11. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save for their participation under the Proposed Shareholders' Scheme for which all existing shareholders of Aktif are entitled to, none of the Directors and/or major shareholders of the Company and/or persons connected with them have any interest, direct or indirect, in the Proposals.

12. DEPARTURE FROM THE SC GUIDELINES

To the best knowledge of the Board of Directors, the Proposals do not involve any departure from the SC Guidelines.

13. BOARD OF DIRECTORS' STATEMENT

Having considered the rationale and the effects of the Proposals, and after due and careful deliberation, the Board of Directors is of the

opinion that the Proposals are in the best and long-term interest of Aktif and its shareholders.

14. APPOINTMENT OF ADVISER AND ESTIMATED TIME FRAME FOR SUBMISSION AND COMPLETION

AmMerchant Bank has been appointed as the Adviser for the Proposals. The application to the authorities is expected to be made by 30 September 2006, whilst the Proposals are expected to be completed by the 2nd quarter of 2007.

15. DOCUMENTS FOR INSPECTION

The Restructuring Agreement and the SPA will be made available for inspection at the registered office of Aktif at 9th Floor, Wisma Equity, 150 Jalan Ampang, 50450 Kuala Lumpur during normal office hours from Monday to Friday (except Public Holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 14 July 2006.