

Nomad Technologies Holdings Limited

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 8645

SHARE OFFER

Sole Sponsor



Joint Bookrunners



Joint Lead Managers



IMPORTANT

If you are in any doubt about any contents of this prospectus, you should obtain independent professional advice.

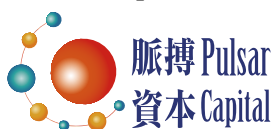
NOMAD TECHNOLOGIES HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

LISTING ON GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Number of Offer Shares offered under the Share Offer	:	150,000,000 Shares (Subject to the Offer Size Adjustment Option)
Number of Placing Shares	:	135,000,000 Shares (subject to reallocation and the Offer Size Adjustment Option)
Number of Public Offer Shares	:	15,000,000 Shares (subject to reallocation)
Offer Price	:	Not more than HK\$0.40 per Offer Share and expected to be not less than HK\$0.34 per Offer Share, plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full upon application in Hong Kong dollars and subject to refund)
Nominal Value	:	HK\$0.01 per Share
Stock Code	:	8645

Sole Sponsor



Joint Bookrunners



Joint Lead Managers



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents delivered to the Registrar of Companies in Hong Kong and available for inspection" in Appendix V to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company on or about Friday, 29 November 2019 or such later date as may be agreed between the parties. If, for any reason, the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by that date or such later date as agreed by our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters), the Share Offer will not proceed and will lapse immediately. The Offer Price will not be more than HK\$0.40 per Offer Share and is expected to be not less than HK\$0.34 per Offer Share unless otherwise announced. The Joint Bookrunners (for themselves and on behalf of the Underwriters) may, with the consent of our Company, reduce the number of Public Offer Shares and/or the indicative Offer Price range stated in this Prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, notices of the reduction in the number of Public Offer Shares and/or the indicative Offer Price range will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.nomad-holdings.com.

Prospective investors of the Offer Shares should note that the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) may in its absolute discretion, upon giving notice in writing to our Company, terminate the Public Offer Underwriting Agreement with immediate effect if any of the events set forth under the paragraph headed "Underwriting – Underwriting arrangements and expenses – Public Offer – Grounds for termination" of this prospectus occurs at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Should the Joint Bookrunners (for themselves and on behalf of the Underwriters) terminate the Underwriting Agreements in accordance with the terms of the Underwriting Agreements, the Share Offer will not proceed and will lapse.

Prior to making an investment decision, prospective investors should carefully consider all the information set out in this prospectus, including the risk factors set out in the section headed "Risk factors" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of, U.S. persons, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

EXPECTED TIMETABLE

If there is any change in the following expected timetable of the Share Offer, we will issue an announcement to be posted on the website of our Company at www.nomad-holdings.com and the website of the Stock Exchange at www.hkexnews.hk.

2019 (Note 1)

Public Offer commences and **WHITE** and **YELLOW**

Application Forms available from 9:00 a.m. on Monday, 25 November

Latest time for completing electronic applications under

HK eIPO White Form service through one of the below ways (Note 2):

(1) the **IPO App**, which can be downloaded by searching “**IPO App**” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp

(2) the designated website www.hkeipo.hk 11:30 a.m. on Thursday, 28 November

Application lists open (Note 3) 11:45 a.m. on Thursday, 28 November

Latest time for lodging **WHITE** and **YELLOW**

Application Forms and to give **electronic application instructions** to HKSCC (Note 4) 12:00 noon on Thursday, 28 November

Latest time for completing payment of

HK eIPO White Form applications by effecting internet banking transfer(s) or PPS payment transfer(s) 12:00 noon on Thursday, 28 November

Application lists of the Public Offer close (Note 3) 12:00 noon on Thursday, 28 November

Expected Price Determination Date (Note 5) Friday, 29 November

Announcement of (i) the final Offer Price;

(ii) the level of indication of interest in the Placing;
(iii) the level of applications in the Public Offer; and
(iv) the basis of allotment of the Public Offer Shares under the Public Offer to be published on the website of our Company at www.nomad-holdings.com and the website of the Stock Exchange at www.hkexnews.hk on or before Friday, 6 December

Results of allocation in the Public Offer to be available

in the **IPO App** or at www.tricor.com.hk/ipo/result or www.hkeipo.hk/IPOResult with a “search by ID Number/Business Registration Number” function from Friday, 6 December

EXPECTED TIMETABLE

Announcement of results of allotment of the Public Offer (with successful applicants' identification document numbers, where applicable) to be available through a variety of channels as described in the paragraphs headed "How to apply for the Public Offer Shares – 11. Publication of results" in this prospectus from Friday, 6 December

Despatch/Collection of Share certificates or deposit of share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer on or before (*Notes 6 to 8*) Friday, 6 December

Despatch of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques on or before (*Note 7 to 11*) Friday, 6 December

Dealings in the Shares on GEM to commence at 9:00 a.m. on Monday, 9 December

Notes:

1. All dates and times refer to Hong Kong local dates and times, except as otherwise stated. Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and conditions of the Share Offer" in this prospectus. If there is any change in this expected timetable, an announcement will be published on the website of our Company at www.nomad-holdings.com and the website of the Stock Exchange at www.hkexnews.hk.
2. You will not be permitted to submit your application through the **IPO App** or the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the **IPO App** or the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
3. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 28 November 2019, the application lists will not open or close on that day. Further information is set forth in the paragraphs headed "How to apply for the Public Offer Shares – 10. Effect of bad weather on the opening of the application lists" in this prospectus. We will make a press announcement in such event.
4. Applicants who apply for the Public Offer Shares by giving electronic application instructions to HKSCC should refer to the paragraphs headed "How to apply for the Public Offer Shares – 6. Applying by giving electronic application instructions to HKSCC via CCASS" in this prospectus.
5. The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about Friday, 29 November 2019. If, for any reason, the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by the Price Determination Date or such later date as agreed by our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters), the Share Offer will not proceed and will lapse immediately. Notwithstanding that the Offer Price may be less than the maximum Offer Price of HK\$0.40 per Offer Share, applicants must pay the maximum Offer Price of HK\$0.40 per Offer Share at the time of application, plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, but will be refunded the surplus application monies, without interest, as provided in the section headed "How to apply for the Public Offer Shares" in this prospectus.

EXPECTED TIMETABLE

6. Share certificates for the Offer Shares are expected to be issued on Friday, 6 December 2019 but will only become valid certificates of title at 8:00 a.m. on Monday, 9 December 2019 provided that (i) the Share Offer has become unconditional in all respects; and (ii) the Underwriting Agreements have not been terminated. If the Share Offer does not become unconditional or the Underwriting Agreements are terminated, we will make an announcement as soon as possible.
7. Applicants for 1,000,000 Public Offer Shares or more on **WHITE** Application Form(s) or through **HK eIPO White Form** may collect their refund cheques (where relevant) and/or Share certificates (where relevant) personally from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Friday, 6 December 2019 or any other day as announced by us as the date of despatch of Share certificates/refund cheques.
8. Individuals who are eligible for personal collection must not authorise any other person(s) to make collection on their behalf. Corporate applicants which opt for personal collection must attend by their authorised representative(s) bearing a letter of authorisation from such corporation(s) stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar.
9. Applicants for 1,000,000 Public Offer Shares or more on **YELLOW** Application Forms may collect their refund cheques, if any, in person but may not collect their Share certificates personally which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts, as appropriated. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.
10. Uncollected Share certificates and refund cheques (if any) will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant Application Form. For further information, applicants should refer to the paragraphs headed "How to apply for the Public Offer Shares – 14. Despatch/collection of share certificates and refund monies" of this prospectus.
11. e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Public Offer and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheques.

The above expected timetable is a summary only. You should refer to the sections "Structure and conditions of the Share Offer" and "How to apply for the Public Offer Shares" for details of the Public Offer, including the conditions of the Public Offer, and the procedures for application for the Public Offer Shares.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of and does not constitute an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances.

You should rely only on the information contained in this prospectus to make your investment decision. We, the Sole Sponsor, the Joint Bookrunners and the Joint Lead Managers, have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Joint Bookrunners and the Joint Lead Managers, any of their respective directors, officers, employees, agents or representatives, or any other person or party involved in the Share Offer.

The contents on the website at www.nomad-holdings.com, which is the official website of our Company, do not form part of this prospectus.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. Since it is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares.

There are risks associated with any investment in companies listed on GEM. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

Our Group is a well-established managed internet service (MIS) provider in Malaysia. According to the F&S Report, we ranked fifth in the MIS industry in Malaysia with a market share of 1.3% in terms of revenue in 2018. We provide customised (i) network support services mainly encompassing network infrastructure design and hardware installation, network management and security services; and (ii) network connectivity services that focus on providing intranet and internet connectivity solutions and value-added services. These two kinds of managed internet services are complementary to each other to facilitate seamless data transmission and management. Our Group's history can be traced back to the establishment of our first operating subsidiary, IP Core, in June 2007 by our executive Director, Dato' Tan, together with an Independent Third Party, as an ICT provider in Malaysia providing system integration services. Our Group has later focused on the provision of managed internet services.

OUR BUSINESS

Our business model. By providing both network support services and network connectivity services on a single platform, we are the single point of contact that provides end-to-end network solutions to our customers. For engaging our network support services, our customers generally either purchase the hardware or use the hardware provided by us. For the provision of network connectivity services, as an ASP licence holder, we operate as a virtual network operator that is eligible to subscribe for the networks of third-party telecommunication companies so as to leverage their nationwide network infrastructure to provide network, connectivity services to our customers using Metro Ethernet and to a lesser extent, with broadband. If customers engage both our network support services and network connectivity services, we can utilise the hardware installed under our network support services to monitor and manage their entire network, including the network infrastructure at each individual location, the connection between each individual location, and their internet connection, as a single point of contact to their end-to-end network solutions. After the installation of hardware based on our network infrastructure design, we provide on-going management, maintenance and updates and security services. In this connection, our customers (including both channel partners and direct customers) tend to subscribe our services by placing purchase orders with us or entering into fixed-term contracts with us for a term ranging from one year to 10 years.

During the Track Record Period, the revenue generated from channel partners accounted for approximately 58.4%, 72.0% and 69.3% of our total revenue for FY2017, FY2018 and FY2019, respectively. Hence, we heavily relied on our channel partners. As at the Latest Practicable Date, we had 11, five and five years' of business relationship with Supplier A, Supplier D and AIMS Data Centre Sdn. Bhd, together with its other group companies respectively, being our three major channel partners during the Track Record Period. Through provision of network support services and network connectivity services to

SUMMARY

the customers of our major channel partners, we can reach out to end-users of our services through the channel partners' networks. As we did not enter into any contract with these end-users directly, our channel partners are regarded as our customers to whom we charged our service fees and through their networks, we offer our services to their customers who are end-users of our services.

Our network support services. Our network support services typically include (a) network infrastructure design and installation of hardware, such as routers, network firewalls, web application firewalls, load balancers, switches, wireless access points and network traffic analysers; (b) bandwidth management services, which are mainly related to the integrated services of monitoring and managing network activities while optimising the bandwidth usage efficiency of our customers; (c) hardware monitoring and maintenance services of our customers' network and hardware, and providing remote and on-site technical support and hardware replacement services in case of any hardware failure on 24 hours a day, seven days a week basis; and (d) internet security services against network threats to or attacks on our customers' networks. Save for the cabling works, all major stages of our projects in network support services are managed and executed by our network operating centre team and engineering team which provide 24 hours a day, seven days a week services to our customers. Our customers generally either purchase or use the hardware provided by us for the provision of our services. Hence, our revenue generated in this segment during the Track Record Period comprised the revenue generated from (i) the sale and installation of hardware; (ii) lease of hardware; and (iii) provision of other network support services to our customers, the breakdown of which is as follows:-

	FY2017	%	FY2018	%	FY2019	%
	RM		RM		RM	
Network Support Services						
One-off						
<i>Sales and installation of hardware</i>	4,444,074	46.8	15,004,599	66.5	7,381,338	35.5
Recurring						
<i>Lease of hardware</i>	2,848,630	30.0	3,932,953	17.4	5,208,566	25.0
<i>Provision of other network support services</i>	2,202,431	23.2	3,620,885	16.1	8,209,451	39.5
	<u>9,495,135</u>	<u>100.0</u>	<u>22,558,437</u>	<u>100.0</u>	<u>20,799,355</u>	<u>100.0</u>
Total	<u>9,495,135</u>	<u>100.0</u>	<u>22,558,437</u>	<u>100.0</u>	<u>20,799,355</u>	<u>100.0</u>

Our revenue generated from the provision of network support services increased from approximately RM9.5 million in FY2017 to approximately RM22.6 million in FY2018, which was mainly attributed to two major projects awarded to us by Supplier A and Supplier D (who are also our customers) with a contract sum of approximately RM4.7 million and RM2.2 million, respectively, for our provision of sale and installation of hardware, which had been fully recognised for FY2018. Furthermore, the increase in revenue in FY2018 was also partially contributed by the aggregate increase in revenue from other customers including AIMS Data Centre Sdn. Bhd. and its group company, namely, AIMS Cyberjaya Sdn. Bhd., Customer G, as well as 37 new customers of our network support services, contributing an increase of approximately RM2.7 million, RM1.2 million and RM0.9 million, respectively, to our revenue in FY2018.

Our revenue from network support services decreased by approximately RM1.8 million or 8.0% from RM22.6 million for FY2018 to approximately RM20.8 million for FY2019. Such decrease was mainly attributable to the decrease of our one-off revenue from sales and installation of hardware by approximately RM7.6 million or 50.7%, from approximately RM15.0 million for FY2018 to approximately RM7.4 million for FY2019 as more customers inclined to lease rather than purchase equipment and hardware from us. The decrease was offset by the increase of our recurring revenue by approximately RM5.8 million or 76.3%, from

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approximately RM7.6 million for FY2018 to approximately RM13.4 million for FY2019. Revenue from leasing of hardware therefore increased by approximately RM1.3 million or 33.3% from approximately RM3.9 million in FY2018 to approximately RM5.2 million in FY2019. Revenue from leasing of hardware, being recognised on a straight-line basis over the term of the relevant leases, is lower than the revenue recognised from the outright sale of the same hardware.

Our network connectivity services. Our network connectivity services provide intranet and internet connectivity solutions mainly with metro Ethernet technology which enables our customers to have dedicated internet access and secured private network within their corporate branches and offices nationwide. In addition to metro Ethernet, upon customers' request and to a lesser extent, we also provide broadband internet connectivity for cost efficient internet connection and to provide network redundancy. Our network connectivity services are therefore scalable and we are able to provide incremental bandwidth expansion as per individual customers' requirements, for a minimum subscription period of 12 months. We do not possess our own network for providing network connectivity services, but subscribe metro Ethernet and broadband services from third-party telecommunication companies for the provision of network connectivity services to our customers and the end customers of our channel partners.

As advised by our Company's Malaysia Legal Advisers, our Company has obtained the relevant ASP license for providing such network connectivity services. For more details, please see paragraph headed "Regulatory overview – Overview of Malaysia laws and regulations – (I) Laws and regulations relating to IT, (b) The Communications and Multimedia Act 1998" in this prospectus.

Our revenue, gross profit and gross profit margin. For FY2017, FY2018, and FY2019, our total revenue amounted to approximately RM21.4 million, RM36.6 million and RM41.4 million, respectively. For the same years, we recorded gross profit of approximately RM8.9 million, RM16.2 million and RM17.1 million, respectively, with a gross profit margin of approximately 41.6%, 44.1% and 41.3%, respectively. The following table sets forth a breakdown of our revenue, gross profit and gross profit margin for the years indicated:

	FY2017			For the year ended 30 June FY2018			FY2019		
	Revenue RM	Gross profit RM	Gross profit margin %	Revenue RM	Gross profit RM	Gross profit margin %	Revenue RM	Gross profit RM	Gross profit margin %
Network support services	9,495,135	4,895,067	51.6	22,558,437	11,565,970	51.3	20,799,355	10,963,674	52.7
Network connectivity services	11,948,804	4,034,091	33.8	14,073,349	4,584,128	32.6	20,553,770	6,132,585	29.8
Total/overall	21,443,939	8,929,158	41.6	36,631,786	16,150,098	44.1	41,353,125	17,096,259	41.3

Our overall gross profit margin increased from 41.6% for FY2017 to 44.1% for FY2018, which was mainly due to the increase in the revenue generated from our network support services with a higher profit margin in FY2018. The gross profit margin subsequently decreased to 41.3% in FY2019, which was primarily due to the decrease in proportion of the gross profit contributed from provision of network support services from approximately RM22.6 million for FY2018 to approximately RM20.8 million for FY2019,

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which had a gross profit margin of over 52.0%. For more details, please refer to the paragraphs headed “Financial information – Description of selected items in consolidated statements of profit or loss” of this prospectus.

Our revenue model. As a prerequisite for using our network support services, our customers need to be equipped with all necessary hardware. In this connection, we offer our customers the choice of (i) a subscription-based model pursuant to which we offer necessary hardware to our customers during the provision of our network support services and thus, our recurring subscription fee charged would include both the rental of hardware and the fees for our services, like hardware replacement in case of failure, rendered to them; and (ii) a capital-based model pursuant to which we provide network support services to our customers with the hardware we sold to them and thus, we charge our customers a recurring subscription fee for the services rendered to them and a one-off fee for the sale of hardware. Warranty of hardware under the capital-based model would be provided by the relevant hardware vendor under its own terms. In both cases, we charge a one-off hardware installation fee at the beginning of the contracts with our customers.

For provision of network connectivity services, we generally charge our customers a recurring subscription fee for a subscription period of at least twelve months. Hence, our revenue in this segment is mainly derived from the monthly subscription fees paid to us during the term of contracts between our customers and our Group.

For FY2017, FY2018 and FY2019, there were one, ten and ten new customers for our network connectivity services, respectively. The average original contract sum of our contracts with these new customers is approximately RM0.2 million. For FY2017, FY2018 and FY2019, there were 45, 49 and 60 existing customers for our network connectivity services, respectively. The average original contract sum of our contracts with these existing customers is approximately RM0.4 million.

Our customers subscribe a specific type of services or a combination of different types of services under our network support services and/or network connectivity services through one or more purchase order(s) and/or agreement(s) with us. Our revenue can therefore be categorised into one-off revenue and recurring revenue. The one-off revenue mainly included our revenue generated from the sale of hardware and installation of hardware at our customers’ sites according to our network infrastructure design. The recurring revenue mainly included all-inclusive subscription fees (including the rental of our hardware and our service fees) paid to us on monthly or annual basis under the fixed terms purchase orders/agreements with our customers. During FY2017, FY2018 and FY2019, approximately 79.3%, 59.0% and 82.2% of our revenue, respectively, was generated from our monthly or annual fees whereas the remaining 20.7%, 41.0% and 17.8% of our revenue, respectively, was generated from one-off hardware installation services and sale of hardware for the corresponding years.

SUMMARY

The table below sets forth the breakdown of the revenue by the nature of our services:

Range of original contract sum	Aggregate original contract sum RM'000	Revenue recognised during the Track Record Period (approximately RM'000)						Remaining revenue to be recognised after the Track Record Period as estimated by management (approximately RM'000)	
		FY2017		FY2018		FY2019		One-off Revenue (Note 1)	Recurring Revenue (Note 2)
		One-off Revenue (Note 1)	Recurring Revenue (Note 2)	One-off Revenue (Note 1)	Recurring Revenue (Note 2)	One-off Revenue (Note 1)	Recurring Revenue (Note 2)		
1,000,000 or above									
Network support services	33,315	220	1,895	8,771	2,799	4,869	6,754	-	5,812
New customers		-	-	-	-	-	-		
Existing customers		220	1,895	8,771	2,799	4,869	6,754		
Network connectivity services	16,090	49	2,981	13	2,858	-	3,326	-	3,916
New customers		-	-	-	-	-	-		
Existing customers		49	2,981	13	2,858	-	3,326		
Combined	41,450	201	5,195	1,692	5,488	143	7,926	-	12,268
New customers		-	-	313	502	-	-		
Existing customers		201	5,195	1,379	4,986	143	7,926		
	90,855	470	10,071	10,476	11,145	5,012	18,006	-	21,996
Below 1,000,000	76,641	3,974	6,929	4,529	10,482	2,369	15,966	-	24,489
Total	167,496	4,444	17,000	15,005	21,627	7,381	33,972	-	46,485

Notes:

- (1) It refers to the revenue generated from the sale and installation of hardware.
- (2) It refers to the revenue generated from the monthly subscription fee and annually subscription fee that our customers paid or would pay to us for our managed internet services.

Failure rate of hardware. For FY2017, FY2018 and FY2019, we provided an average of approximately 4,000, 4,100 and 4,400 pieces of major hardware to our customers who use our services on a subscription basis, respectively, and the number of failures requiring replacement was 45, 60 and 53, respectively. The failure rate of the hardware provided to our customers varies for different types of hardware. We generally replace malfunctioning hardware with the same or similar model for our customers who use our services on a subscription basis without extra charge in case a failure happens during the subscription period. The table below sets out mean-time-between-failure (“**MTBF**”) figures provided by manufacturers, averaged from all models in a particular type of hardware used in our services (“**average manufacturer’s MTBF**”), and the failure rate of hardware provided to our customers during FY2017, FY2018 and FY2019 in terms of MTBF measured based on the estimated aggregated operation time of all such hardware and the number of failures (“**measured MTBF**”) during FY2017, FY2018 and FY2019, for each type of hardware.

Hardware Type	Average manufacturer’s MTBF (‘000 hours)	FY2017			FY2018			FY2019		
		Estimated operation time (‘000 hours)	No. of failures	Measured MTBF (‘000 hours)	Estimated operation time (‘000 hours)	No. of failures	Measured MTBF (‘000 hours)	Estimated operation time (‘000 hours)	No. of failures	Measured MTBF (‘000 hours)
Firewall	84	4,551	12	379	5,207	27	193	5,457	24	227
Switch	397	2,999	7	428	2,941	6	490	3,218	10	322
Access Point	843	26,330	25	1,053	26,857	26	1,033	26,849	14	1,918
Router	120	1,081	1	1,081	1,135	1	1,135	2,908	5	582

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Our pricing policy. We generally determine the prices of our network support services and network connectivity services on a cost-plus basis with reference: (i) the types of services provided and whether we have to provide the necessary hardware; (ii) the complexity of the project; (iii) the prevailing market rates for similar services offered by our competitors and the prevailing value of the hardware and its rental if we have to provide the necessary hardware to our customers during the provision of services; (iv) the payment terms; (v) the cost; and (vi) the track record and the length of business relationship with individual customers.

Our licences. Our major operating subsidiaries, IP Core and MDC, have obtained ASP licence from MCMC since April and August 2013, respectively. This means IP Core and MDC are licensed virtual network operators that are eligible to subscribe for different types of networks from third-party telecommunication companies to leverage their nationwide network infrastructure, including data services and internet access, which, as advised by our Malaysia Legal Advisers, are essentially the functions or capabilities required for the delivery of our network connectivity services to the end-users.

Tax incentives. IP Core and MDC obtained MSC status from MDEC in April 2014 and April 2016, respectively, which means they are recognised by the Government of Malaysia for their services, and are entitled to the incentives, rights and privileges provided for them as they have continually adhered to the applicable criteria and conditions. IP Core was also granted the pioneer status with effect from 4 April 2014 whereby it was entitled to tax exemption for five years, which had expired on 3 April 2019. IP Core's application to renew its pioneer status and the tax exemption was yet to be approved as at the Latest Practicable Date.

COMPETITIVE LANDSCAPE AND MARKET SHARE

According to the F&S Report, the MIS industry in Malaysia generated a total market size by revenue of approximately RM3,141.5 million in 2018, at a CAGR of approximately 5.9% from 2013. It is expected that the market size by revenue of MIS industry in Malaysia would reach approximately RM4,019.0 million in 2023, at a CAGR of approximately 4.9% from 2019 to 2023. The MIS industry in Malaysia was fragmented with the top 10 players which accounted for 19.1% of the market share in 2018 and our Company was the fifth largest player with a market share of 1.3% in terms of revenue where there were over 250 players in the MIS industry in Malaysia. Our Company was the fifth largest network support services provider in 2018 in Malaysia with a market share of 2.0% in 2018 and was the eighth largest network connectivity services provider in 2018 in Malaysia with a market share of 0.9% in 2018 in terms of revenue.

OUR CUSTOMERS

During the Track Record Period, our customers mainly comprised (i) channel partners including telecommunication companies and IT service providers; and (ii) direct customers engaged in different industries in Malaysia. Our revenue generated from channel partners and direct customers accounted for approximately 58.4% and 41.6% of our total revenue, respectively, for FY2017; approximately 72.0% and 28.0% of our total revenue, respectively, for FY2018; and approximately 69.3% and 30.7% of our total revenue, respectively, for FY2019. During FY2017, FY2018 and FY2019, our top five customers accounted for approximately 57.7%, 70.9% and 72.9% of our total revenue, respectively, while our largest customer

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accounted for approximately 21.1%, 29.9% and 32.1% of our total revenue for the same period. The following table sets forth the revenue generated from (i) channel partners; and (ii) direct customers for both of our network support services and network connectivity services business during the Track Record Period:

	FY2017 RM	%	FY2018 RM	%	FY2019 RM	%
Channel partners						
Network support services	5,445,883	25.4	18,210,726	49.7	17,009,431	41.2
Network connectivity services	7,081,304	33.0	8,178,600	22.3	11,629,260	28.1
Sub-total	12,527,187	58.4	26,389,326	72.0	28,638,691	69.3
Direct customers						
Network support services	4,049,252	18.9	4,347,711	11.9	3,789,924	9.1
Network connectivity services	4,867,500	22.7	5,894,749	16.1	8,924,510	21.6
Sub-total	8,916,752	41.6	10,242,460	28.0	12,714,434	30.7
Total	21,443,939	100.0	36,631,786	100.0	41,353,125	100.0

OUR SUPPLIERS

Suppliers of goods and services to our Group mainly include: (i) telecommunication companies that provide metro Ethernet and broadband; (ii) hardware suppliers; and (iii) subcontractors for cabling works. During FY2017, FY2018 and FY2019, purchases from our five largest suppliers accounted for approximately 60.5%, 68.1% and 82.6% of our total purchases, respectively, while our largest supplier accounted for approximately 50.1%, 42.9% and 53.7% of our total purchases for the same period, respectively.

ENTITIES WHO ARE OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, three of our major customers, namely Supplier A (being a telecommunication company listed on the Main Market of Bursa Malaysia with a market capitalisation of over RM13.9 billion as at the Latest Practicable Date) and a subsidiary; TT dotCom Group (being a group of companies consisting of TT dotCom Sdn. Bhd, AIMS Data Centre Sdn. Bhd. and AIMS Cyberjaya Sdn. Bhd., which are mainly engaged in provision of telecommunication services and the holding company of which is TIME dotCom Berhad, a public company listed on the Main Market of Bursa Malaysia (Stock Code: 5031); and Supplier D (being a telecommunication service provider and holding company of which is listed on the Tokyo Stock Exchange in Japan). These customers are our channel partners to whom or to whose end customers we offer our network support services and they pay our network support services fee. They are also our suppliers as they are the telecommunication companies from whom we subscribed their network connectivity for provision of network connectivity services to our direct customers.

For FY2017, FY2018 and FY2019, our total revenue generated from Supplier A and its said subsidiary amounted to approximately RM4.5 million, RM10.9 million and RM6.8 million, respectively, representing approximately 21.1%, 29.9% and 16.5% of our total revenue, respectively. For FY2017, FY2018 and FY2019, our total purchases from Supplier A amounted to approximately RM7.6 million, RM8.4 million and RM10.8 million, respectively, representing approximately 50.1%, 42.9% and 53.7% of our total purchases, respectively.

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For FY2017, FY2018 and FY2019, our total revenue generated from the TT dotCom Group amounted to approximately RM3.3 million, RM7.7 million and RM7.4 million, respectively, representing approximately 15.4%, 20.9% and 17.8% of our total revenue, respectively. For FY2017, FY2018 and FY2019, our total purchases from the TT dotCom Group amounted to approximately RM0.1 million, RM0.8 million and RM2.4 million, respectively, representing approximately 0.7%, 4.7% and 12.1% of our total purchases, respectively.

For FY2017, FY2018 and FY2019, our total revenue generated from Supplier D amounted to approximately RM0.6 million, RM4.4 million and RM13.3 million, respectively, representing approximately 3.0%, 11.9% and 32.1% of our total revenue, respectively. For FY2017, FY2018 and FY2019, our total purchases from Supplier D amounted to approximately RM0.3 million, RM0.6 million and RM0.7 million, respectively, representing approximately 1.9%, 3.2% and 3.5% of our total purchases, respectively. For more details, please refer to the paragraphs headed “Business — Our relationship with our other major customers that were also our suppliers during the Track Record Period” of this prospectus.

COMPETITIVE STRENGTHS

Our Directors believe that our competitive strengths will enable us to maintain our position as an active market player in our business segment of the MIS industry in Malaysia. Our competitive strengths in this respect include that we (i) are the single point of contact to our customers for the end-to-end network solutions; (ii) are the only Fortinet recognised MSSP Platinum Partner appointed in Malaysia; (iii) have a proven track record and maintain good and stable relationship with our customers; (iv) have an experienced and capable management team; and (v) have established a comprehensive and stringent quality assurance system. For more details, please refer to the paragraphs headed “Business — Competitive strengths” of this prospectus.

CONTROLLING SHAREHOLDER

Immediately following completion of the Capitalisation Issue and the Share Offer (assuming the Offer Size Adjustment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of options that may be granted under the Share Option Scheme), Advantage Sail, which is wholly-owned by Dato’ Tan, will hold approximately 50.625% of the enlarged issued share capital of our Company and Robust Cosmos, which is wholly-owned by Ms. Kwong, will hold approximately 5.625% of the enlarged issued share capital of our Company. Ms. Kwong is the spouse of Dato’ Tan. Hence, Dato’ Tan and Ms. Kwong, together with their wholly owned subsidiaries, namely Advantage Sail and Robust Cosmos, will be regarded as a group of Controlling Shareholders.

None of our Directors, Substantial Shareholders and their respective close associates was, as at the Latest Practicable Date, interested in any businesses, which compete, or are likely to compete, directly or indirectly, with our businesses. One of our Controlling Shareholders, Dato’ Tan, is an executive Director of our Company. For further details, please refer to the paragraphs headed “Directors, senior management and employees — Directors — Executive Directors” of this prospectus.

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PRE-IPO INVESTMENT

On 27 July 2018, a subscription agreement was entered into between our Company, Dato' Tan, Ms. Kwong and Alpha Vision, pursuant to which Alpha Vision, which is wholly owned by Mr. Foo, shall subscribe for 10 Shares, representing 25% of the then enlarged share capital of our Company at the subscription price of HK\$15 million. The consideration was arrived at after arm's length negotiations between Alpha Vision and our Company with reference to the historical financial performance of IP Core and MDC and the future prospects of our Group. The above subscription was irrevocably, properly and legally completed and settled on 27 July 2018. As Mr. Foo had over 29 years' experience in the IT industry and he is currently the chairman, an executive director and the chief executive officer of Nexion Technologies Limited, a company listed on GEM (stock code: 8420), Mr. Foo is expected to offer advice to our Group not only on our business development and positioning in the MIS industry, but also on the corporate governance of being a listed company in Hong Kong.

After the said transfer, our Company was owned as to 67.5% by Advantage Sail, 7.5% by Robust Cosmos, and 25% by Alpha Vision, respectively. Immediately following the completion of the Share Offer and the Capitalisation Issue (assuming the Offer Size Adjustment Option is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options that may be granted under the Share Option Scheme), our Company will be owned as to 18.75% by Alpha Vision. Given that (i) no special rights have been granted to Alpha vision or Mr. Foo as our pre-IPO investor; and (ii) the investment having been completed more than 28 clear days before the date of submission of the Listing application, the pre-IPO investment is in compliance with the "Interim Guidance on pre-IPO Investments" (HKEx-GL29-12) and the "Guidance on Pre-IPO Investments" (HKEx-GL43-12) issued by the Stock Exchange. For further details, please refer to the paragraphs headed "History, Reorganisation and corporate structure — Pre-IPO Investment" of this prospectus.

KEY OPERATIONAL AND FINANCIAL DATA

The following tables present a summary of key operational and financial data during the Track Record Period and should be read in conjunction with our financial information included in the Accountants' Report set forth in Appendix I to this prospectus, including the notes thereto.

SUMMARY

Selected information extracted from the consolidated statements of profits or loss

	FY2017 <i>RM</i>	FY2018 <i>RM</i>	FY2019 <i>RM</i>
Revenue	21,443,939	36,631,786	41,353,125
Cost of sales and services	<u>(12,514,781)</u>	<u>(20,481,688)</u>	<u>(24,256,866)</u>
Gross profit	8,929,158	16,150,098	17,096,259
Other income	42,114	63,559	68,453
Other gain and losses	15,541	(66,364)	(102,383)
Selling expenses	(319,528)	(465,127)	(898,622)
Administrative expenses	(2,586,844)	(3,439,002)	(5,304,696)
Listing expenses	-	(2,002,619)	(3,812,652)
Finance costs	<u>(198,197)</u>	<u>(378,955)</u>	<u>(430,744)</u>
Profit before tax	5,882,244	9,861,590	6,615,615
Income tax credit (expense) (Note 1)	<u>150,457</u>	<u>(194,775)</u>	<u>1,925,467</u>
Profit and total comprehensive income for the year	<u><u>6,032,701</u></u>	<u><u>9,666,815</u></u>	<u><u>8,541,082</u></u>
Profit (loss) and total comprehensive income (expense) for the year attributable to:			
Owners of the Company	6,032,701	9,666,815	8,618,524
Non-controlling interest	<u>-</u>	<u>-</u>	<u>(77,442)</u>
	<u><u>6,032,701</u></u>	<u><u>9,666,815</u></u>	<u><u>8,541,082</u></u>
Earnings per share			
- Basic (<i>RM cents</i>)	<u><u>1.79</u></u>	<u><u>2.86</u></u>	<u><u>1.95</u></u>

Notes:

- Income tax credit in FY2017 was attributable to MDC, one of the subsidiaries of our Group, which made loss in FY2017. Income tax credit in FY2019 was mainly attributable to a tax incentive provided by the Malaysian Investment Development Authority for 5 plus 5 years in respect of entities providing or engaged in connectivity and multimedia services.

We generate revenue from the provision of network support services and network connectivity services. Our total revenue increased by approximately RM15.2 million or 71.0% from RM21.4 million for FY2017 to RM36.6 million for FY2018. Such increase was mainly due to the 137.9% increase in revenue from network support services and 18.5% increase in revenue from network connectivity services for FY2018. In this connection, the significant increase in revenue derived from network support services was attributable to the two major contracts awarded to us by Supplier A and Supplier D (who are also our customers) for the provision of sale and installation of hardware with a respective contract sum of approximately RM4.7 million and RM2.2 million, which had been fully recognised for FY2018.

Our total revenue increased by approximately RM4.8 million or 13.1% from RM36.6 million for FY2018 to RM41.4 million for FY2019. Such increase was mainly due to the 46.1% increase in revenue from network connectivity services and offset by 8.0% decrease in revenue from network support services for FY2019. The significant increase in revenue derived from network connectivity services was attributable to the the subscription fees revenue received from (i) new contracts from our existing channel partners including Supplier A and a subsidiary, Supplier D, Dicity (M) Sdn. Bhd., and AIMS Data Centre Sdn. Bhd. of approximately RM3.2 million, (ii) new contracts from our existing direct customers including

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Customer D and Customer G of approximately RM2.7 million, as well as (iii) provision of network connectivity services to 10 new direct customers engaged in various industries such as construction, information technology and hotel of approximately RM0.4 million.

Our total net profit increased by approximately RM3.7 million or 61.7% from RM6.0 million for FY2017 to RM9.7 million for FY2018. Such increase was mainly due to the increase in revenue and the higher gross profit margin in FY2018 resulted from the corresponding increase in revenue generated from our network support services with a higher profit margin. Our network support services represented approximately 44.3% of our total revenue in FY2017 and approximately 61.6% of our total revenue in FY2018.

Our total net profit decreased by approximately RM1.2 million or 12.4% from RM9.7 million for FY2018 to RM8.5 million for FY2019. Such decrease was mainly due to (i) the lower gross profit margin in FY2019 due to the change in revenue mix between our network support services and network connectivity services; (ii) increase in administrative expenses resulted from the increase in our contribution to the Universal Service Provider (USP) Fund and the increase in staff costs for administrative and management personnel; and (iii) the increase of listing expenses incurred from approximately RM2.0 million in FY2018 to approximately RM3.8 million in FY2019.

Selected information extracted from the consolidated statements of financial position

	2017 RM	At 30 June FY2018 RM	FY2019 RM
Non-current assets	6,062,592	8,181,367	22,715,472
Current assets	14,542,980	23,873,477	27,902,640
Current liabilities	6,793,528	10,091,869	15,630,277
Net current assets	7,749,452	13,781,608	12,272,363
Total assets less current liabilities	13,812,044	21,962,975	34,987,835
Net assets	8,044,376	15,011,192	31,442,212

Selected information extracted from the consolidated statements of cash flows

	FY2017 RM	FY2018 RM	FY2019 RM
Operating cash flows before movements in working capital	<u>7,639,885</u>	<u>13,084,461</u>	<u>11,560,810</u>
Net cash from operating activities	4,285,215	7,129,476	16,503,713
Net cash used in investing activities	(4,973,572)	(4,911,672)	(15,877,747)
Net cash from financing activities	<u>73,045</u>	<u>176,997</u>	<u>4,164,528</u>
Net (decrease)/increase in cash and cash equivalents	(615,312)	2,394,801	4,790,494
Cash and cash equivalents at beginning of year	943,298	327,986	2,735,410
Effect of exchange rate differences	<u>-</u>	<u>12,623</u>	<u>2,149</u>
Cash and cash equivalents at end of year	<u><u>327,986</u></u>	<u><u>2,735,410</u></u>	<u><u>7,528,053</u></u>

For further details, please refer to the paragraphs headed “Financial information - Liquidity and capital resources - Cash flow” in this prospectus.

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Cost of sales and services

Our cost of sales and services mainly comprises telecommunication and network subscription, network equipment and hardware, cabling, staff costs and depreciation. The following table sets forth a breakdown of our cost of sales and services for the periods indicated:

	FY2017		FY2018		FY2019	
	RM	%	RM	%	RM	%
Telecommunication and network subscription	7,814,481	62.4	9,385,662	45.8	14,193,967	58.5
Network equipment and hardware	1,400,436	11.2	5,453,459	26.6	2,123,227	8.8
Cabling	1,066,069	8.5	1,915,258	9.4	3,185,876	13.1
Staff costs	1,484,694	11.9	1,801,549	8.8	1,962,662	8.1
Depreciation of property, plant and equipment	731,838	5.9	1,702,447	8.3	2,518,102	10.4
Others	17,263	0.1	223,313	1.1	273,032	1.1
	<u>12,514,781</u>	<u>100.0</u>	<u>20,481,688</u>	<u>100.0</u>	<u>24,256,866</u>	<u>100.0</u>

For further details, please refer to the paragraphs headed “Financial information - Description of selected items in consolidated statements of profit or loss – Cost of sales and services” in this prospectus.

KEY FINANCIAL RATIOS

	FY2017	FY2018	FY2019
Gross Profit Margin	41.6%	44.1%	41.3%
Net Profit Margin	28.1%	26.4%	20.7%
Return on equity	75.0%	64.4%	27.5%
Return on total assets	29.3%	30.2%	16.9%
Interest coverage	30.7	27.0	16.4
		As at 30 June	
	2017	2018	2019
Current ratio	2.1	2.4	1.8
Quick ratio	2.0	2.3	1.8
Gearing ratio	58.6%	39.7%	17.7%
Net debt to equity ratio	20.4%	1.8%	net cash

Our net profit margin decreased from 28.1% for FY2017 to 26.4% for FY2018 due to the listing expenses of approximately RM2.0 million incurred during FY2018. Our net profit margin decreased from 26.4% for FY2018 to 20.7% for FY2019 due to the listing expenses of approximately RM3.8 million incurred during FY2019. For further details, please refer to the paragraphs headed “Financial information – Key financial ratios” in this prospectus.

DIVIDENDS

Our Board has not adopted any fixed dividend policy for the time being and does not have any pre-determined dividend ratio. At the discretion of our Board, we will consider the relevant factors when determining the dividends to be declared, if any.

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For FY2017 and FY2018, our Group declared dividends of RM900,000 and RM2.7 million, respectively. Interim dividends of RM500,000 and RM850,000 for FY2019 were declared and fully settled as at the Latest Practicable Date. Save for disclosed above, we have not paid or declared any dividends prior to the Listing.

The recommendation of the payment of dividend is subject to the absolute discretion of our Board, and, after listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders. Our Group currently does not have any dividend policy. Our Directors may recommend a payment of dividend in the future after taking into account our operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of the dividend will be subject to (a) our constitutional documents; (b) the Cayman Companies Law; (c) the approval of our Shareholders; (d) the Companies Act 2016 which stipulates the requirements that dividend can only be distributed out of profit and when the company is solvent; as well as (e) relevant loan covenants with banks under which the declaration of dividends by IP Core is currently capped at not more than 25% of its net profit after tax. The said loan covenants restricting the declaration of dividends by IP Core will be released when the relevant bank loan is settled upon Listing.

BUSINESS STRATEGIES, FUTURE PLAN AND USE OF PROCEEDS

Our principal business objectives are to achieve sustainable growth, further strengthen our position in the MIS industry in Malaysia, and create long-term value for our Shareholders by executing the key business strategies set out in the table below. Assuming the Offer Price of HK\$0.37 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$0.34 per Offer Share to HK\$0.40 per Offer Share, we will receive a gross proceeds of approximately HK\$55.5 million. The net proceeds from the Share Offer are estimated to be approximately HK\$28.0 million, after deducting the underwriting commission and other estimated expenses payable by our Company in relation to the Share Offer and assuming Offer Size Adjustment Option is not exercised. We intend to apply such net proceeds from the Share Offer in order to execute our business strategies as follows:

Approximate amount of net proceeds	Business strategies	Fully utilised by year/period ending
HK\$4.6 million or 16.4%	Implementing cloud-based data content management solution	31 December 2020
HK\$11.0 million or 39.3%	Acquiring additional hardware and software to provide cloud-based internet security services	31 December 2020
HK\$6.3 million or 22.5%	Establishing a disaster recovery centre and becoming a holder of network service provider licence	31 December 2020
HK\$1.4 million or 5.0%	Establishing a branch office and a backup data centre in Kuala Lumpur	31 December 2021
HK\$2.7 million or 9.6%	Expanding and strengthening our manpower to cater for the anticipated expansion plans	31 December 2021
HK\$2.0 million or 7.2%	Promoting our business to capture more market share in the industry	31 December 2021

SUMMARY

If the Offer Size Adjustment Option is exercised in full, we estimate that we would receive additional gross proceeds of approximately HK\$8.3 million. The additional net proceeds received from the exercise of the Offer Size Adjustment Option will be applied pro rata to the above mentioned purposes. For more details, please refer to the section headed “Future plans and use of proceeds” of this prospectus.

SHARE OFFER STATISTICS

	Based on the minimum Offer Price of HK\$0.34 per Offer Share	Based on the maximum Offer Price of HK\$0.40 per Offer Share
Market capitalisation (<i>Note 1</i>)	HK\$204 million	HK\$240 million
Unaudited pro forma adjusted consolidated net tangible assets of our Group attributed to equity owners of our Company per Share (<i>Note 2</i>)	HK\$0.15	HK\$0.17

Notes:

1. The calculation of our market capitalisation is based on 600,000,000 Shares which will be in issue immediately following the completion of the Capitalisation Issue and the Share Offer, but takes no account of any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by Company pursuant to the general mandate to issue shares and general mandate to repurchase shares as described in the section headed “Share capital” of this prospectus.
2. For the calculation of the unaudited pro forma adjusted combined net tangible asset value per Share attributable to the Shareholders, please refer to the section headed “Unaudited Pro Forma Financial Information” in Appendix II to this prospectus.

RISK FACTORS

We believe that there are certain risks involved in our business and operations. They can be classified into: (i) risks relating to our business; (ii) risks relating to the industry in which we operate; (iii) risks relating to conducting business in Malaysia; (iv) risks relating to the Share Offer and our Shares; and (v) risks relating to statements made in this prospectus.

In particular, our major risks include: (i) our failure to anticipate and respond to changes in technologies or needs could adversely affect our business; (ii) our failure to renew our ASP licence issued by the MCMC to us on an annual basis; (iii) the revocation of our MSC status; (iv) we may encounter cost overrun or delay in our provision of network support services and network connectivity services; (v) we may not be able to continue to obtain tax exemption under pioneer status as IP Core’s tax exemption granted to it due to its pioneer status has expired on 3 April 2019 and its application for extension of income tax exemption period the pioneer status was yet to be approved as at the Latest Practicable Date; and (vi) we may not be able to maintain our status as the only Fortinet recognised MSSP Platinum Partner in Malaysia.

A detailed discussion of the risk factors is set forth in the section headed “Risk factors” of this prospectus. Prospective investors should read the section headed “Risk factors” in its entirety before making any investment decision in the Listing.

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REASONS FOR LISTING IN HONG KONG

Our Group had considered and evaluated different listing venues including Hong Kong and Malaysia and have concluded that, notwithstanding that our business is primarily based in Malaysia, Hong Kong is the suitable venue for us to pursue a listing for the following reasons: (i) Hong Kong has favourable environment that gives long-term advantages to our business expansion; (ii) high liquidity and trading volume in the stock market in Hong Kong enable us to raise fund for future business development more easily; (iii) unique connectivity of the Hong Kong stock market with the PRC market expands and diversifies our shareholder base; and (iv) Hong Kong has a stable currency pegged to US\$. For further details, please refer to the paragraphs headed “Future plans and use of proceeds – Reasons for the Listing – Reasons for Listing in Hong Kong” in this prospectus.

LISTING EXPENSES

Our estimated expenses in relation to the Listing including underwriting commission amounted to approximately HK\$27.5 million assuming an Offer Price of HK\$0.37 per Offer Share (being the mid-point of the indicative Offer Price range) and that the Offer Size Adjustment Option is not exercised, of which approximately HK\$9.2 million is directly attributable to the issue of new Shares and to be accounted for as a deduction from the equity, and the remaining amount of approximately HK\$18.3 million has been or will be reflected in our consolidated statements of profit or loss and other comprehensive income. Listing expenses of approximately RM2.0 million (equivalent to approximately HK\$3.9 million) and RM3.8 million (equivalent to approximately HK\$7.2 million) were reflected in our consolidated statements of profit or loss and other comprehensive income for FY2018 and FY2019, respectively and an additional listing expenses of approximately RM3.9 million (equivalent to approximately HK\$7.3 million) is expected to be charged in our consolidated statements of profit or loss and other comprehensive income subsequent to the Track Record Period and upon Listing. As such, our results of operations for the year ending 30 June 2020 is expected to be adversely affected by the one-off listing expenses incurred in the year.

EXPIRY OF TAX EXEMPTION STATUS

Under the Pioneer Status Incentive Scheme, which was granted to our Group with effect from 4 April 2014 for a term of five years, our Group could enjoy 100% income tax exemption on certain income. During FY2017, FY2018 and FY2019, our Group was entitled to the tax incentive of RM2.6 million, RM3.4 million and RM4.1 million, respectively.

As at the Latest Practicable Date, IP Core’s application for extension of income tax exemption period was yet to be approved. Despite the expiry of tax exemption status on 4 April 2019, our Group was still entitled to tax exemption in FY2019 before the expiry of the tax exemption status. However, if no further tax exemption or similar benefit is granted to our Group, our Group’s income will be subject to the statutory tax rate which, for FY2019, was of 17% for the first RM500,000 taxable income; and 24% for any sum in excess of RM500,000 and, subsequent to FY2019, our profit for the year will be adversely affected.

RECENT DEVELOPMENT AND MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to Latest Practicable Date, we had completed 61 contracts on hand, and had obtained 53 new contracts with an aggregate original contract sum of approximately RM4.5 million.

SUMMARY

Subsequent to the Track Record Period and up to the Latest Practicable Date, to build up our cloud-based data management content management solution business, we have placed a total purchase orders of approximately US\$3.4 million with equipment suppliers for servers, switches, network server and real-time filtering software, of which payment of US\$3.0 million (equivalent to approximately RM12.7 million or HK\$23.5 million) had been made. The equipment arrived in March 2019 for the setting up of phase 1 of the cloud-based network data content management infrastructure, which had reached the internal testing phase and can support the data content management of up to 40 gigabyte of data traffic once deployed.

The expiry of our Group's income tax exemption status on 3 April 2019, which had not yet been renewed as at the Last Practicable Date, would adversely affect our Group's financial performance subsequent to the Track Record Period if no further tax exemption or similar benefit is granted to our Group.

Furthermore, the impact of the Listing expenses, the expected increase in staff costs and depreciation expenses on the hardware we have acquired or will acquire for our Data Content Management Hub and our provision of Secure Cloud Service may cause a material adverse change to our financial and operating position and are expected to lead to a decrease in profit for the year ending 30 June 2020.

Save as disclosed, our Directors confirmed that since 30 June 2019 and up to the up to the date of this prospectus, (i) there had been no material adverse change in the market conditions or the industry and environment in which our Group operates that would materially and adversely affect our financial and operating position; (ii) there had been no material adverse change in the trading and financial position or prospect of our Group; and (iii) no event had occurred that would materially and adversely affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this prospectus. Certain other terms are explained in the section headed “Glossary of technical terms”.

“ACE Market”	the alternative market of Bursa Malaysia
“Accountants’ Report”	the accountants’ report of our Group prepared by the Reporting Accountants set out in Appendix I to this prospectus
“Advantage Sail”	Advantage Sail Limited, a company incorporated in BVI with limited liability on 16 April 2018 which is wholly-owned by Dato’ Tan, a Controlling Shareholder
“Affiliate(s)”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Alpha Vision”	Alpha Vision Ventures Limited, a company incorporated in BVI with limited liability on 31 May 2018, which is wholly-owned by Mr. Foo and through which Mr. Foo invested in our Group
“Application Form(s)”	WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s), individually or collectively, as the context may require, relating to the Public Offer.
“Articles of Association” or “Articles”	the amended and restated articles of association of our Company adopted on 11 November 2019 which will take effect on the Listing Date and as amended from time to time, a summary of which is set out in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Audit Committee”	the audit committee of the Board
“Big Data Analytics”	Big Data Analytics Sdn. Bhd. (1212762-P), a company limited by shares incorporated in Malaysia on 19 December 2016, and a company owned as to 45% by Ms. Chan, mother of Dato’ Tan, 10% by Mr. Saw and 45% by an Independent Third Party which is excluded from our Group
“Board” or “Board of Directors”	our board of Directors
“Bursa Malaysia”	the stock exchange of Malaysia comprising the Main Market and the ACE Market

DEFINITIONS

“Business Day(s)” or “business day(s)”	a day on which banks in Hong Kong are generally open for business to the public and which is not (i) a Saturday, Sunday or public holiday in Hong Kong or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the allotment and issue of 449,999,960 Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company referred to in the paragraphs headed “A. Further information about our Company – 3. Written resolutions of our Shareholders” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted participating in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted participating in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted participating in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“close associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Companies Law” or “Cayman Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands, as amended, modified and supplemented from time to time
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, modified and supplemented from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance” or “Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, modified and supplemented from time to time

DEFINITIONS

“Company”, or “our Company”	Nomad Technologies Holdings Limited (formerly known as Nomad Holdings Limited), an exempted company incorporated in the Cayman Islands with limited liability on 5 June 2018
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules and in the case of our Company, refer to Dato’ Tan, Ms. Kwong, Advantage Sail and Robust Cosmos
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules
“Dato’ Tan”	Eric Tan Chwee Kuang, an executive Director, one of our Controlling Shareholders, spouse of Ms. Kwong
“Deed of Indemnity”	the deed of indemnity dated 11 November 2019 entered into between each of the Controlling Shareholders and our Company (for itself and as trustee for its subsidiaries), the particulars of which are set out in the paragraphs headed “Other information – 1. Tax and other indemnities” in Appendix IV to this prospectus.
“Director(s)”	the director(s) of our Company
“Etika Trident”	Etika Trident Sdn. Bhd. (848541-P), a company limited by shares incorporated in Malaysia on 3 March 2009, and owned as to 95% by Dato’ Tan and 5% by Ms. Kwong, which is excluded from our Group
“Excluded Companies”	refers collectively to Big Data Analytics, Etika Trident, Teraju Cipta Technology and Valuemax Vision, companies which are excluded from our Group
“Frost & Sullivan”	Frost & Sullivan International Limited, an independent industry consultant engaged by our Company
“FY2017”	the financial year ended 30 June 2017
“FY2018”	the financial year ended 30 June 2018
“FY2019”	the financial year ended 30 June 2019
“F&S Report”	an independent industry research report prepared by Frost & Sullivan commissioned by our Company on the MIS industry in Malaysia

DEFINITIONS

“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Government” or “Hong Kong Government”	the government of Hong Kong
“GREEN Application Form(s)”	the application form(s) to be completed by HK eIPO White Form Service Provider
“Group”, “our Group”, “we” or “us” or “our”	our Company and our subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of our present subsidiaries pursuant to the Reorganisation, our present subsidiaries
“ HK eIPO White Form ”	the application for the Public Offer Shares to be issued in applicant’s own name by submitting applications online through the IPO App or the designated website at www.hkeipo.hk
“ HK eIPO White Form Service Provider ”	the HK eIPO White Form service provider designated by our Company, as specified in the IPO App or on the designated website at www.hkeipo.hk
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HK\$” or “Hong Kong dollar(s)” or “HKD” or “cents”	Hong Kong dollars and cents respectively, the lawful currency for the time being of Hong Kong
“Hong Kong” or “HK” or “HKSAR”	The Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited, our Hong Kong branch share registrar and transfer office
“Independent Third Party(ies)”	individual(s) or a company(ies) who is (or are) not a connected person (within the meaning of the GEM Listing Rules) of our Company, any of its subsidiaries or any of their respective associates

DEFINITIONS

“IFRS(s)”	International Financial Reporting Standards issued by International Accounting Standards Board
“IP Core”	IP Core Sdn. Bhd. (776941-T), a company limited by shares incorporated in Malaysia on 13 June 2007, and an indirect wholly-owned subsidiary of our Company
“IP Core Network”	IP Core Network Sdn. Bhd. (108744-U), a company limited by shares incorporated in Malaysia on 16 July 2018, and a subsidiary of our Company owned as to 70% by IP Core and 30% by Ms. Fathim Nur Zaida Binti Zainal Ariffin, one of our senior management.
“ IPO App ”	the mobile application for HK eIPO White Form service which can be downloaded by searching “ IPO App ” in App Store or Google Play or downloaded at www.hkeipo.hk/IPOApp or www.tricorglobal.com/IPOApp
“Joint Bookrunners”	GLAM Capital Limited, Enlighten Securities Limited and Opus Capital Limited, being the joint bookrunners for the Share Offer
“Joint Lead Managers”	GLAM Capital Limited, Enlighten Securities Limited, Opus Capital Limited and Innovax Securities Limited, being the joint lead managers for the Share Offer
“Latest Practicable Date”	16 November 2019, being the latest practicable date for the purpose of ascertaining certain information in this prospectus prior to its publication
“laws”	include all laws, rules, regulations, guidelines, opinions (whether formally published or not), notices, circulars, orders, judgements, decrees or rulings of any court, government, governmental or regulatory authority whether or not ejusdem generis with any of the foregoing (including, without limitation, the Stock Exchange) and “law” shall be construed accordingly
“Listing”	the listing of the Shares on GEM
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date on which dealings in the Shares on GEM first commence, which is expected to be on 9 December 2019
“Listing Division”	the listing division of the Stock Exchange

DEFINITIONS

“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Main Market” or “Main Market of Bursa Malaysia”	the main board of Bursa Malaysia which was formed by essentially merging the Main and Second Boards of Bursa Malaysia in 2009
“Malaysia Legal Advisers”	David Lai & Tan, the legal advisers to our Company as to Malaysia law
“MDC”	Metro Direct Carrier (M) Sdn. Bhd. (1050810-D), a company limited by shares incorporated in Malaysia on 19 June 2013, and an indirect wholly-owned subsidiary of our Company
“Memorandum of Association” or “Memorandum”	the amended and restated memorandum of association of our Company, adopted on 11 November 2019 and with effect from the Listing, and as amended from time to time, a summary of which is set out in Appendix III to this prospectus
“Mr. Foo”	Mr. Foo Moo Teng (符懋胜), a pre-IPO investor investing in our Group through Alpha Vision. He will hold 18.75% of the entire issued share capital of our Company upon Listing and will be a Substantial Shareholder
“Mr. A. Abd Hamid”	Mr. Amran Bin Abd Hamid, a former shareholder and a former director of IP Core, an Independent Third Party
“Mr. M. Abd Hamid”	Mr. Mohd Sayuthi Bin Abd Hamid, a former shareholder and a former director of IP Core, an Independent Third Party
“Mr. Haron”	Mr. Zulkarnain Bin Haron, one of the founders of IP Core, an Independent Third Party
“Mr. Lim”	Mr. Lim Peng Chuan Terence (林炳泉), an independent non-executive Director
“Mr. Phua”	Mr. Phua Cheng Sye Charles (潘正帥), an independent non-executive Director
“Mr. Saw”	Mr. Saw Zhe Wei, an executive Director
“Mr. Yau”	Mr. Yau Yeung On (游楊安), an independent non-executive Director
“Ms. Chan”	Ms. Chan Joo On, one of the founders of MDC, mother of Dato’ Tan

DEFINITIONS

“Ms. Kwong”	Ms. Kwong Shir Ling, one of our Controlling Shareholders, spouse of Dato’ Tan
“Nationwide Project”	The two major projects awarded to our Group by Supplier A and Supplier D in FY2018, which comprised two phases, one being phase 1 related to the nationwide delivery and installation of hardware and equipment to the corporate end users of our services across Malaysia; and the other being phase 2 related to the installation of additional hardware and the provision of network support services after completion of the delivery and installation of hardware in phase 1.
“Nomad (HK)”	Nomad (HK) Limited, a company incorporated in Hong Kong with limited liability on 8 May 2018 and an indirect wholly-owned subsidiary of our Company
“Nomination Committee”	the nomination committee of our Board
“Offer Price”	the final price per Offer Share (exclusive of any brokerage fee, SFC transaction levy and Stock Exchange trading fee) of not more than HK\$0.40 per Offer Share and not less than HK\$0.34 per Offer Share at which the Offer Shares are to be offered for subscription pursuant to the Share Offer, to be determined as further described in “Structure and Conditions of the Share Offer” in this prospectus
“Offer Share(s)”	collectively, the Public Offer Shares and the Placing Shares
“Offer Size Adjustment Option”	the option expected to be granted by our Company to the Joint Bookrunners (for themselves and on behalf of the Placing Underwriters), pursuant to which our Company may be required by the Joint Bookrunners to allot and issue up to 22,500,000 additional new Shares, representing up to 15% of the Offer Shares initially available under the Share Offer at the Offer Price as described in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriters for and on behalf of our Company at the Offer Price subject to the terms and conditions as described in the section headed “Structure and conditions of the Share Offer” in this prospectus

DEFINITIONS

“Placing Shares”	the 135,000,000 Shares being initially offered by our Company for subscription at Offer Price under the Placing (subject to reallocation and the Offer Size Adjustment Option) as described under the section headed “Structure and conditions of the Share Offer” in this prospectus
“Placing Underwriters”	the underwriters of the Placing that are expected to enter into the Placing Underwriting Agreement
“Placing Underwriting Agreement”	the underwriting agreement expected to be entered into on or around the Price Determination Date by our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, and the Placing Underwriter(s) relating to the Placing
“PRC” or “China”	the People’s Republic of China, for the purpose of this prospectus, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“Pre-IPO Investment”	the pre-IPO investment in our Company as set out in the paragraphs headed “History, Reorganisation and corporate structure – Pre-IPO Investment” in this prospectus
“Price Determination Agreement”	the agreement to be entered into between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company on or around the Price Determination Date to fix the Offer Price
“Price Determination Date”	the date expected to be on or about 29 November 2019 or such later date as may be agreed by our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters), on which the Offer Price is fixed for the purpose of the Share Offer
“Public Offer”	the offer of the Public Offer Shares for subscription by members of the public in Hong Kong for cash at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), payable in full on application, on and subject to the terms and conditions described in this prospectus and the Application Forms
“Public Offer Shares”	the 15,000,000 Shares (subject to reallocation) initially offered by our Company for subscription in the Public Offer, as described under the section headed “Structure and Conditions of the Share Offer” in this prospectus

DEFINITIONS

“Public Offer Underwriter(s)”	the underwriters of the Public Offer, whose names are set out under the paragraph headed “Underwriting – Public Offer Underwriters” in this prospectus
“Public Offer Underwriting Agreement”	the underwriting agreement dated 22 November 2019 and entered into by our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, and the Public Offer Underwriters relating to the Public Offer
“Pulsar Capital” or “Sole Sponsor”	Pulsar Capital Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities (as defined in the SFO), acting as the sole sponsor to our Company’s application for the Listing
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of our Board
“Reorganisation”	the corporate reorganisation of our Group conducted in preparation for the Listing, details of which are set out in the section headed “History, Reorganisation and Corporate Structure” of this prospectus
“Reorganisation Agreement”	the reorganisation agreement dated 28 June 2018 entered into by Dato’ Tan, Ms. Kwong and our Company, pursuant to which our Company acquired all the issued shares of Top Quantum from Dato’ Tan and Ms. Kwong, and in consideration thereof, our Company allotted and issued as fully paid nine Shares to Advantage Sail and one Share to Robust Cosmos
“Reporting Accountants”	Deloitte Touche Tohmatsu
“RM”	Malaysian ringgit, the lawful currency of Malaysia
“Robust Cosmos”	Robust Cosmos Limited, a company incorporated in the BVI with limited liability on 9 April 2018, which is wholly-owned by Ms. Kwong, a Controlling Shareholder
“SFC” or “Securities and Futures Commission”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Share Offer”	the Public Offer and the Placing
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 11 November 2019, the principal terms of which are summarised under the paragraphs headed “D. Share Option Scheme – 1. Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	shareholder(s) of our Company from time to time
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“Substantial Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Teraju Cipta Technology”	Teraju Cipta Technology Sdn. Bhd. (1060752-U), a company limited by shares incorporated in Malaysia on 4 September 2013, and a company owned as to 50% by Dato’ Tan and 50% by an Independent Third Party, which is excluded from our Group
“Top Quantum”	Top Quantum Limited, a company incorporated in BVI with limited liability on 16 April 2018, which is a direct wholly-owned subsidiary of our Company
“Track Record Period”	comprises FY2017, FY2018 and FY2019
“Underwriters”	the Public Offer Underwriter(s) and the Placing Underwriter(s)
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

DEFINITIONS

“Valuemax Vision”	Valuemax Vision Sdn. Bhd. (986057-V), a company limited by shares incorporated in Malaysia on 9 April 2012, and a company owned as to 50% by Dato’ Tan and 50% by Ms. Kwong, which was excluded from our Group
“ WHITE Application Form(s)”	the application form(s) for use by the public who require(s) such Offer Shares to be issued in the applicant’s or applicants’ own name(s)
“ YELLOW Application Form(s)”	the application form(s) for use by the public who require(s) such Offer Shares to be deposited directly into CCASS
“sq.ft.” or “ft ² ”	square foot (feet)
“sq.m.” or “m ² ”	square metre(s)
“%”	per cent

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms, definitions and abbreviations used in this prospectus in connection with our Group and its business. The terms and their meanings may not correspond to standard industry meaning or usage of those terms.

“APNIC”	Asia-Pacific Network Information Centre, the regional internet address registry for the Asia-Pacific region
“applications service provider” or “ASP”	a provider of particular networking functions such as voice services, data services, Internet access, electronic commerce and other transmission services to end-users.
“applications service provider licence” or “ASP licence”	licence authorised by MCMC for providing particular functions such as voice services, data services, Internet access, electronic commerce and other transmission services to end-users
“authentication”	a process that ensures and confirms a user’s identity
“backup”	an activity of copying files or database stored in a computer system via proprietary or public network to an on-site or off-site computer system (for the purpose of preventing data loss, corruption and disclosure of sensitive information from unauthorised data access, server crash, human error or natural disaster
“bandwidth”	carrying capacity or rate of information transmitted over a given connection, often measured in terms of Mbps, Gbps or other relevant units
“Big Data”	a term to describe data of massive volume and speed that requires new form of processing
“Big Data analytics”	refers to the process of examining and analysing Big Data to uncover hidden patterns, unknown correlations and other useful information, including cyber security threats
“broadband”	mass market high-speed internet connection that is always on and faster than dial-up access
“CAGR”	compound annual growth rate
“channel partners”	companies including telecommunications companies and IT service providers which market and sell our services to their customers

GLOSSARY OF TECHNICAL TERMS

“cloud”	an information technology paradigm for enabling ubiquitous network access to a shared pool of configurable computing resources (e.g. networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction
“Cloud Computing”	refers to the practice of using a network of remote services hosted on the internet to store, manage and process data, rather than a local server or a personal computer
“network connectivity services”	network connectivity services in setting up and managing intranet and internet connectivity
“database”	a collection of information and data stored in computer systems that can be easily accessed, managed and updated
“data centre”	a centralised repository, either physical or virtual, for the storage, management, and dissemination of data and information
“dedicated internet access”	a type of internet access where the specified amount of bandwidth subscribed has been carved out and dedicated for a particular customer
“encryption”	the process of encoding information to make it unreadable for unauthorised users
“end-user”	describes a customer who subscribed for telecommunications services, including an enterprise
“Ethernet”	protocol for the transmission of data commonly used in LAN, MAN and WAN
“firewall”	a system or device designed to control access and prevent unauthorised access to or from a network
“Fortinet”	Fortinet, Inc., a company engaged in the provision and marketing of network security appliances for carriers, data centres, enterprises and distributed offices
“Gbps”	gigabit(s) per second
“GDP”	gross domestic product
“hardware”	physical aspect of computers, telecommunications, including networking equipment and other devices

GLOSSARY OF TECHNICAL TERMS

“ICT”	information and communication technology, which refers to all devices, networking components, applications and systems that combined to enable people and organisations to interact in the digital world and capture, transmit and display data and information electronically
“interconnection”	any connection between systems or services or elements of systems or services for the delivery of any communication, data or signal over the connection
“internet” or “the Internet”	an interconnected system of networks that connects compute around the world and is publicly accessible
“internet exchange”	refers to an internet exchange point which is the physical infrastructure through which major telecommunication companies connect their networks and exchange traffic
“intranet”	private network accessible only by an organisation internally and not available to the public
“IP” or “Internet Protocol”	the principal communications protocol for relaying data across network boundaries
“IP address”	a numerical label assigned to each device connected to a computer network such as the internet or an intranet that uses the Internet Protocol for communication
“IPVPN” or “Internet Protocol virtual private network”	a type of virtual private network that uses private connection between each site and avoids using public internet gateways to increase security, reliability
“ISO”	an acronym for a series of quality management and quality assurance standards published by International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
“ISO 9001”	ISO standards for quality management which are primarily concerned with what an organisation does to ensure that its products conform to customer and applicable regulatory requirements and which set requirements for what an organisation must do to manage processes influencing product quality. ISO 9001 is a member of that family and it provides a set of standardised requirements for a quality management system

GLOSSARY OF TECHNICAL TERMS

“IT” or “information technology”	the use of computers to store, retrieve, transmit, and manipulate data, or information, often in the context of a business or other enterprise
“load balancer”	a device that improves the distribution of traffics across multiple internet connection
“local area network” or “LAN”	a computer network that interconnects computers within a limited geographical area
“Malaysia Internet Exchange”	a non-profit and neutral internet exchange in Malaysia to which local internet service providers connect to exchange internet traffic
“managed internet services” or “MIS”	refer to the integrated network support and monitoring services to customers by leveraging strong internet capability and expertise, and include network support services and network connectivity services
“managed internet services industry” or “MIS industry”	includes the network support services sector and the network connectivity services sector
“network support services”	network management and security services relating to (a) network infrastructure design and hardware installation; (b) bandwidth management services; (c) hardware monitoring and maintenance services; and (d) internet security services
“Mbps”	megabit(s) per second
“MCMC”	Malaysian Communications and Multimedia Commission
“MDEC”	Malaysia Digital Economy Corporation in Malaysia
“metro Ethernet”	a metropolitan area network using Ethernet
“metropolitan area network” or “MAN”	a network that interconnects users with computer resources in a geographic area or region larger than that covered by a local area network but smaller than the area covered by a wide area network
“MSC Malaysia”	formerly the Multimedia Super Corridor, a special economic zone and high-technology business district in central-southern Selangor
“MSC status” or “MSC Malaysia status”	a recognition awarded to entities by the Government of Malaysia through the MDEC for ICT and ICT-facilitated businesses that satisfy certain eligibility criteria from time to time defined or revised by MDEC

GLOSSARY OF TECHNICAL TERMS

“MSSP”	Managed Security Service Provider, a partnership status under Fortinet’s partnership programme for the provision of security device management and continuous monitoring services
“network”	refers to a computer network, which is a digital communications network that allows devices connected to it to share resources and includes both internet and intranet
“network redundancy”	a measure through which additional or alternate network devices or communication mediums are installed to ensure network uptime and availability
“network service provider” or “NSP”	a provider of basic network connectivity and bandwidth services to support a variety of applications which typically owns or deploys the network facilities, but may also provides such services using network facilities owned by another licensee. Network services enable connectivity or transport between different networks
“network service provider licence” or “NSP licence”	licence authorised by MCMC for providing basic connectivity and bandwidth services to support a variety of applications
“network traffic analyser”	a device that capable of recording, reviewing and analysing network traffic for the purpose of performing, security and/or general network operations and management
“NOC” or “network operating centre”	a physical premises providing service for network monitoring and control, or network management
“protocol”	well-defined formats for exchanging messages in a communication system
“SOPHOS”	SOPHOS Group plc, a security software and hardware company engaged in the provision of IT security and data protection solutions
“uptime”	time during which a network is in operation
“virtual network operator” or “VNO”	a provider of management services and a reseller of network services from other telecommunication suppliers, that does not own a telecommunication infrastructure
“VPN” or “virtual private network”	a networking technology that allows users in one network to connect to another network through a secured connection or through public internet connection. It extends a private network across a public network and enables users to send and receive data across shared or public networks

GLOSSARY OF TECHNICAL TERMS

“visibility” or “network visibility”	refers to being aware of everything within and moving through a network with an aim to overseeing network traffic, monitoring applications and network performance, managing network resources, and performing Big Data analytics
“wide area network” or “WAN”	a computer network that extends over a large geographical distance
“Wi-Fi” or “wifi”	a wireless networking technology for connecting devices to a local area network using radio wave wirelessly based on a prevalent family of wireless computer networking standards
“wireless access point”	a network hardware that connects electronic devices to a local area network wirelessly using Wi-Fi
“wireless router”	a device that performs the functions of a router and as a wireless access point

FORWARD LOOKING STATEMENTS

This prospectus contains certain statements and information that are “forward-looking” and uses forward-looking terminology such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “may”, “ought to”, “should” or “will” or similar terms, in particular, in the sections headed “Business” and “Financial information” in this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

These statements are based on various assumptions regarding our present and future business strategy and the environment in which we will operate in the future. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions including the risk factors described in this prospectus and the following:

- our business and operating strategies and the various measures to implement such strategies;
- our dividends;
- our operations and business prospects, including development plans for its existing and new businesses;
- the future competitive environment for the industries in which we operate;
- the regulatory environment as well as the general industry outlook for the industries in which we operate;
- future developments in the industries in which we operate;
- the effects of the global financial markets and economic crisis; and
- other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations and the Listing Rules, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section. In this prospectus, unless otherwise stated, statements of or references to our intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

RISK FACTORS

You should consider carefully all the information set out in this prospectus and, in particular, should consider and evaluate the following risks and uncertainties associated with an investment in our Company before making any investment decision in relation to our Company. The business, financial position, or results of business operation of our Group can be materially and adversely affected by any of these risks. The market price of the Shares could fall significantly and you may lose all or part of your investment.

We believe that there are certain risks involved in our business and operations. They can be classified into: (i) risks relating to our business; (ii) risks relating to the industry in which we operate; (iii) risks relating to conducting business in Malaysia; (iv) risks relating to the Share Offer and our Shares; and (v) risks relating to statements made in this prospectus.

RISKS RELATING TO OUR BUSINESS

We derived revenue mainly from channel partners during the Track Record Period. If there are any material changes in these channel partners, or if our channel partners cease to use our services, our financial condition and results of operation may be materially and adversely affected

We generated approximately 58.4%, 72.0% and 69.3% of our total revenue from channel partners for FY2017, FY2018 and FY2019, respectively and up to the Latest Practicable Date we have maintained business relationship with our major channel partners ranging from five to eleven years. Through these channel partners, we can leverage their sales network to provide managed internet services to their customers and to reach out to more potential customers and end-users of our services. Pursuant to the terms of our agreement with the channel partners, the contract sum is mainly a pre-agreed fixed price. The channel partners would collect payments from their customers for our services rendered to them, and pay our service charges subsequently. Hence, there is a risk that the channel partners would not pay our service charges if their customers default making payments to them. Moreover, there is no assurance that their customers will continue to use our services if the channel partners terminate our services. These end customers may also change their budget and policy consideration, where there is a risk that these end customers would cease to use the services provided by our channel partners, which may lead to the resultant termination of our services by the channel partners. In this connection, change in the end customers' budget and policy consideration may have an impact on the corresponding demand for our services. If our services cannot continue to be well-received by these end customers, and as a result, these end customers may also cease to use our services, our business, financial condition and results of operations may be materially and adversely affected.

Moreover, the channel partners only outsource the network support and network connectivity services to us among the services they provide to their customers. If they consider the quality and pricing of our services not as competitive as other MIS providers, they may outsource the services to other MIS providers upon expiry of our contracts with them or for their new customers. Therefore, there is no assurance that our channel partners will continue to outsource these services to our Group in the future.

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Furthermore, as we only have contractual relationship with the channel partners, who only outsource the network support and connectivity services to us if they consider it viable or cost-efficient for them to do so, the channel partners' practices and the conduct of sales between the channel partners and their customers are beyond our control but may affect our business or operation to the extent that if their customers terminate their services, our services will be terminated correspondingly.

In the course of our provision of services to the customers of our channel partners, we are generally not allowed to disclose our identity to these end customers but to provide the services as part of or on behalf of the channel partner's IT services team and, thus, the end-customers, who are the end users of our services, are not expected to distinguish between our Group's services and the services provided to them by the channel partners. As such, these end customers, may not have a particular preference for or loyalty to our Group and there is no assurance that the end customers will opt for our services in the future.

Our failure to anticipate and respond to changes in technologies or needs could adversely affect our business

The market for managed internet services is characterised by rapidly-changing technology and introduction of new products and services. Our success depends on our technical know-how on new technologies in the provision of both network support services and network connectivity services, our ability to respond and adapt quickly to technological changes and our capability to understand the changing needs, preferences and requirements of our customers. There is no assurance that we will be able to offer, on a timely basis, new solutions or enhancements of existing technologies that will address the changing needs of our customers. Our Group may experience unanticipated delays in the availability of new solutions and enhancements and fail to meet customer expectations with respect to the timing of such availability. Our existing range of solutions may also become obsolete due to rapid technological advances and changes in the MIS industry. If our Group does not quickly respond to the rapidly changing and rigorous needs of our customers by making available, on a timely basis, new solutions and enhancements to our existing solutions that can respond to advanced threats and our customers' needs, our competitive position, profitability and business prospects will be adversely affected.

Furthermore, from time to time, our competitors may offer managed internet services with capabilities or technologies that could have the potential to replace our services. There is no assurance that announcements of new solutions by competitors will not cause customers to defer subscription of our services.

Even if our Group is able to make available upgrades our existing services, there is no assurance that our services will achieve widespread market acceptance or meet users' expectations. If our Group fails to develop any upgrades and offer managed internet services with advanced capabilities and technologies or they do not receive the expected market acceptance, our competitive position, profitability and business prospects will also be adversely affected.

RISK FACTORS

We may encounter cost overrun or delay in the provision of our network support services and/or network connectivity services and as a result, our business, financial position and results of operation may be materially and adversely affected

In providing network support services and/or network connectivity services to our customers, we generally provide the services on a project basis and at a fixed price. In this connection, to determine the quotations of a project, we estimate the time and cost needed for the provision of these services.

There may be various factors affecting the actual time taken and cost incurred by us in completing a project, including, among others, integration with the hardware supplied by third-party suppliers, the condition of our customers' premises, the price and quality of the hardware, technical difficulties, documentation readiness and other unforeseeable problems and circumstances. Delay in project completion or cost overruns could be caused by any one of these factors. We cannot assure you that the actual time taken and cost incurred would not exceed our estimation. We expect to continue bidding fixed price projects and this would increase the possibility of exposing us to cost overruns and resulting in lower profits or even losses in carrying out a project.

Some of our projects are subject to specific completion schedules, and if we do not meet the schedules, our customers are entitled to claim liquidated damages from us. Failure to meet the schedules of the projects may result in claims for damages, other liabilities and disputes with our clients or even termination of relevant projects.

We cannot assure you that we would not encounter cost overruns or delays in our current and future projects. Our business, financial position and results of operations would be materially and adversely affected if such problems occur.

Moreover, our Group often enters into long-term contracts with our customers for a maximum term of 10 years. For more details, please refer to the paragraphs headed "Business – Competitive strengths - We have a proven track record and maintain good and stable relationship with our customers" in this prospectus. These long-term contracts may not generally provide any price adjustment mechanism. Hence, during the subsistence of these contracts, any increase in our cost, particularly labour costs or any malfunction of hardware could cause overrun and thus affect our profitability. We cannot assure you that we would not encounter cost overruns in our current and future contracts, notwithstanding our control measures to avoid cost overrun, as detailed in the paragraphs headed "Business – Our customers – Pricing policy" in this prospectus.

Our Group's performance can be affected by our tax position

Pioneer Status

Our subsidiary, IP Core, was granted the pioneer status, with effect from 4 April 2014, which had expired on 3 April 2019. Pursuant to the relevant Pioneer Status Certificate issued to IP Core, it was entitled to 100% income tax exemption in respect of the revenue generated from the provision of services as part of the tax incentive scheme implemented by the Malaysia government for the first five years or such period as the Minister of the Ministry of International Trade and Industry may allow after the end of the first five years of the tax relief period. The tax incentives amounted to approximately RM2.6 million, RM3.4 million

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and RM4.1 million in FY2017, FY2018 and FY2019, respectively. Without the tax incentives, the net profits of our Group will decreased to approximately RM3.5 million, RM6.3 million and RM4.4 million in FY2017, FY2018 and FY2019 respectively.

There is no assurance that IP Core will be granted any further tax exemption or similar benefits after the expiry of its current tax exemption status on 3 April 2019. In particular, on 12 June 2018, the Government of Malaysia announced its participation in the Organisation for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) taxation initiatives whereby Malaysia in principle has committed to implement the BEPS Action Plan, which is an international taxation standard. As such, the Government of Malaysia will streamline all relevant tax incentives for Malaysia to be consistent with the minimum standard under the BEPS Action 5. Following the announcement on OECD, the Government of Malaysia has issued certain MSC Malaysia related regulations and orders whereby for the qualifying companies which have been granted the pioneer status under the PIA 1986, certain income has to be disregarded for the purpose of tax relief. For details, please refer to the paragraphs headed “Regulatory overview – Overview of Malaysia laws and regulations – (I) Laws and regulations relating to IT”. According to our Company’s Malaysia Legal Advisers, as at the Latest Practicable Date, the MSC Malaysia Services Incentive has been approved by the Government of Malaysia and new applicants can apply for the incentive starting from 2 April 2019. Any application for extension of income tax exemption period will be put on hold until further notice by MDEC. As such, IP Core’s application for extension of income tax exemption period was yet to be approved as at the Latest Practicable Date. If no further tax exemption or similar benefits is granted to IP Core after the tax exemption had expired in April 2019, IP Core’s income will be subject to the statutory tax rate of 17% for the first RM500,000 taxable income and 24% for any sum in excess of RM500,000 from 4 April 2019 onwards and our business, financial position and results of operation will be adversely affected. For more details, please refer to the paragraph headed “Regulatory overview – Overview of Malaysia laws and regulations – (IV) Laws and regulations relating to taxation” in this prospectus.

We cannot assure you that the Malaysia government will not change its policy or our Group will continue to enjoy such tax incentive in the future. Moreover, the tax incentive, which was for a period of five years, had expired in April 2019. We cannot assure you that our application for extension of the tax incentive period, which has not yet been approved as at the Latest Practicable Date, will be granted.

Deferred tax assets

In applying our accounting policies, our management is required to make judgments, estimates and assumptions about the carrying amount of our certain assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience of our Directors and other factors that are considered relevant. Therefore, actual results may differ from these accounting estimates. For more details, please refer to Note 4 of the Accountant’s Report set out in Appendix I to this prospectus.

As of 30 June 2017, 2018 and 2019, we recognised deferred tax assets (liabilities) of RM(100,996), RM(139,526), and RM1,904,109, respectively. The temporary differences between the carrying amount of our assets and liabilities in the financial statements and their tax bases would give rise to deferred tax assets or liabilities. We recognise deferred tax assets based on our estimates and assumptions that they will be

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recovered from taxable income arising from continuing operations in the foreseeable future. If sufficient profits or taxable temporary differences are not expected to be generated or are less than expected, our deferred tax assets should be reversed immediately.

We may not be able to maintain our status as the only Fortinet recognised MSSP Platinum Partner in Malaysia

As at the Latest Practicable Date, we are the only Fortinet recognised MSSP Platinum Partner in Malaysia. Fortinet is an internationally renowned and leading provider of network security appliances with headquarters in the U.S. It provides a wide range of security products for users ranging from small and medium-sized enterprises, and multinational corporations to telecommunications companies. We purchase Fortinet firewalls and other hardware through its authorised distributors in Malaysia.

Availing ourselves of the Fortinet MSSP Platinum Partnership Programme, our Group is eligible to purchase featured Fortinet products from Fortinet's authorised distributors at a greater discount, which in turn allows us to offer competitive prices to our customers when we offer network support services to them with Fortinet products. We are also entitled to the exclusive supporting features from Fortinet at no additional cost such as a unique policy migration tool that can reduce our migration workload, which can in turn shorten our project delivery time and enhance the productivity of our technical teams.

In order to maintain our status as the Fortinet recognised MSSP Platinum Partner in Malaysia which allows us to obtain the abovementioned benefits, we are required to meet certain criteria such as maintaining a number of expertise in our company, conducting a performance audit every six months, etc.

If we fail to maintain our status as the only Fortinet recognised MSSP Platinum Partner in Malaysia, the resources, support and favourable rates given by Fortinet to us on an on-going basis may be reduced and our cost of sales may increase. This may accordingly adversely affect our competitive edge, business, results of operations and profitability.

The quality of the hardware provided by our suppliers is not under our control. If the IT security products provided by our suppliers are defective or fail to meet the required standards, our business and reputation may be adversely affected

We source various kinds of network equipment and hardware from our suppliers for the provision of our managed internet services, which accounted for approximately 11.2%, 26.6% and 8.8% of our total cost of sales and services for FY2017, FY2018, and FY2019, respectively. Although the suppliers or manufacturers generally warrant that their hardware will perform in accordance with the hardware's specifications for a certain period, such hardware may have coding, design or manufacturing defects or errors that may impair our customers' operation or cause malfunctions. There may also be compatibility issues between the network equipment and/or the hardware we source from our suppliers and our customers' existing computer system or network environment. There is no assurance that we would be able to detect and resolve these defects and errors in a timely manner or at all, and if that happens, our reputation may be adversely affected.

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We depend on major customers for a significant portion of our business and the loss of any of such customers could materially and adversely affect our business and financial position

A significant portion of our revenue had been and is expected to continue to be derived from a limited number of customers. For FY2017, FY2018 and FY2019, the revenue generated from our largest customer accounted for approximately 21.1%, 29.9% and 32.1% of our total revenue, respectively, and for the same periods, the revenue generated by our top five customers accounted for approximately 57.7%, 70.9% and 72.9% of our total revenue, respectively. Most of these customers are major telecommunication service providers in Malaysia. There can be no assurance that our major customers will continue to use our services. In the event that any of these customers ceases to use our services and we fail to replace such customers with new customers, our business and financial position may be materially and adversely affected.

We rely on third-party suppliers and telecommunication companies for the supply of hardware and network, respectively

We source our network connection for provision of our network connectivity services to our customers from independent telecommunication companies during the Track Record Period. As such, we rely on the ability and efficiency of these telecommunication companies to provide network infrastructure. Our purchases from our largest supplier during the Track Record Period, namely Supplier A, amounted to approximately RM7.6 million, RM8.4 million and RM10.8 million for FY2017, FY2018 and FY2019, respectively, representing approximately 50.1%, 42.9% and 53.7% of our total purchases for the respective years. Our purchases from our second, second and third largest supplier during the Track Record Period, namely, Ingram Micro Malaysia Sdn Bhd which is a hardware supplier, amounted to approximately RM649,000, RM2.3 million and RM1.8 million for FY2017, FY2018 and FY2019 respectively, representing approximately 4.3%, 11.8% and 8.9% of our total purchases for the respective years. Our purchases from our top five suppliers accounted for approximately 60.5%, 68.1% and 82.6% of our total purchases in the corresponding years.

We rely on Supplier A, a national telecommunication service provider in Malaysia, as one of our major suppliers. As we do not own our own network infrastructure, we have to rely on telecommunication companies as our network connectivity suppliers to lay out the physical fibre and hence, our business, financial condition and operating results depend on the continuous supply of network connection from these telecommunication companies and our stable relationship with them. Any delay in the supply, or our inability to identify and procure other suppliers from alternative sources, will have significant impact on our business and the results of our operation.

On the other hand, any deterioration in our relationship with our major suppliers, in particular Supplier A, could affect our ability to secure sufficient supply of network infrastructure for our business. In the event that Supplier A suspends or terminates its supply of network to us and we fail to procure other telecommunication companies or NSP to allow us to use their network infrastructure, our business, financial condition and operating results may be materially and adversely affected. For further details, please refer to the paragraphs headed “Business – Our suppliers” in this prospectus.

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We are exposed to payment delays and/or defaults by our customers

We cannot assure you that our customers, including both channel partners and direct customers, will pay us on time and that they will be able to fulfil their payment obligations. As at 30 June 2017, 30 June 2018 and 30 June 2019, we recorded billed trade receivables amounted to approximately RM6.5 million, RM5.6 million and RM7.4 million, respectively. In addition, our average billed trade receivables turnover days were approximately 80.1 days, 81.4 days and 65.1 days, respectively, which exceeded the credit period stipulated in our service agreements with our customers. We generally grant our customers credit terms of 30 days, while our credit period granted by our suppliers generally ranges from 30 days to 60 days. If our customers fail to pay in a timely manner or default in payment, our business and financial position may be adversely affected.

Our failure to renew our ASP licence issued by the MCMC to us on an annual basis and the revocation of our MSC status could adversely affect our business

Pursuant to Communications and Multimedia Act 1998, our Group is required to maintain a relevant class licence issued by the MCMC in order to provide any application services. In order to obtain the relevant class licence, we are required to submit the licensing application with the necessary documents proving our eligibility annually. The licence is granted upon our satisfactory compliance with, among others, the applicable criteria set by the relevant government authorities. For more details, please refer to the section headed “Regulatory overview” in this prospectus. The class licence is granted to us for a period of one year and renewable before the expiry of each year upon application. However, we cannot assure you that our Group’s licences can be successfully renewed upon their expiry.

On the other hand, our operating subsidiaries, namely, IP Core and MDC, were granted a MSC status whereby they are entitled to the incentives, rights and privileges provided for under the Bill of Guarantees subject to our continued adherence to the relevant criteria and applicable conditions related to the grant of MSC status. Though the MSC status, once granted, does not have an expiry date, MIDA still has the power to revoke the grant if certain events, such as our cessation to carry on the MSC qualifying activities (including the establishment and operation of a shared service/outsourcing centre rendering information technology outsourcing services in system integration, device management, technology infrastructure and the provision of implementation, technical services and maintenance related to the abovementioned services) for a continuous period of 24 months, happen. Hence, we cannot assure you that our MSC status would not be subject to any changes in the future. Furthermore, any changes in the existing policies by the government authorities in relation to the class licence and/or our MSC status may also adversely affect our business operation if we cannot adapt to such changes. Thus, there is no assurance that our licences or our MSC status will not be subject to variations, modifications and imposition of additional conditions. In the event that our Group fails to renew the relevant class licence, our business, financial position and results of operation may be adversely affected.

The future capital expenditure of our Group for the purchase of hardware may result in an increase in our depreciation expenses.

We currently plan to use approximately (i) RM15.6 million (equivalent to approximately HK\$29.4 million (partly from our internal resources and partly from the net proceeds from the Share Offer) to acquire hardware such as core routers, core switches, telecommunication processing servers and network processing

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servers and the relevant software for setting up the Data Content Management Hub; and (ii) RM5.8 million (equivalent to approximately HK\$11.0 million) from net proceeds of the Share Offer to acquire additional hardware and software for the provision of Secure Cloud Service. For more details, please refer to the section headed “Future plans and use of proceeds” in this prospectus. Such purchase of hardware may increase our depreciation expenses and may therefore adversely affect our Group’s future result of operations and financial performance. Furthermore, any unexpected requirement for the acquisition of hardware would have a negative impact on our cash level and the additional depreciation expenses may adversely affect our financial performance in the future.

Our business comprises contracts and we may be unable to secure new contracts

We operate in a competitive market where it is difficult to predict when or whether our Group can secure new contracts. Our ability to generate revenue is to a large extent dependent on our ability to secure new contracts from both new customers and existing customers for the provision of network support services and network connectivity services for a term ranging from one year to 10 years.

However, there is no assurance that we will be able to secure new contracts of a similar value or profit margins or that our existing contracts will not be terminated by our customers before expiration. If we are unable to secure such new contracts or our contracts are terminated, our results of operations, profitability and financial condition may be adversely affected.

Defects, errors or vulnerabilities in our services could harm our reputation and adversely impact our results of operations

Our managed internet services may contain design defects or errors that cannot be detected until after their deployment. Defects may cause our services to be vulnerable to security attacks or cause them to fail in securing and managing networks. Since the technologies used by computer hackers to access or sabotage networks and computers change frequently and new technologies generally are not recognised until having been launched against a target, we may be unable to anticipate these attacks and provide a solution in time to protect our customers’ networks. Our services could also be targeted by internet attacks specifically designed to disrupt our business and harm our reputation. In addition, defects or errors in our services could leave the systems and networks of our customers vulnerable to attacks. Any defects, errors or vulnerabilities in our services could result in expenditure of significant resources to analyse, correct, eliminate, or work around errors or defects or to address and eliminate vulnerabilities. This may also result in the loss of existing or potential customers, or loss of revenue, delay or failure to attain market acceptance, increase in costs incurred for the servicing of warranty claims and/or legal action, any of which would adversely affect our business, reputation, financial condition and results of operations.

Damage to our reputation will adversely affect the attractiveness of our business

Our business is sensitive to the perception of our existing and potential customers. Any incident which may be perceived as a failure on our part could lead to damage to our reputation. If our services cannot meet the expectations of our customers, even for factors outside of our control, our reputation could be damaged and our business, reputation, financial condition and results of operations may be materially and adversely affected. Security breaches of the customers’ systems and networks could cause disruption or

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damage to their systems and networks or create other negative consequences that could result in negative publicity to our Group, damage to our reputation, declining sales, increased expenses and customer relations issues.

Furthermore, our services and solutions may fail to detect or prevent internet attacks, intrusions or similar threats for unforeseen reasons. To the extent potential customers or industry analysts believe that the occurrence of such a failure is a flaw or indicates that our services and solutions are not effective, our reputation and business could be harmed and our business will be adversely affected.

Our profitability may be affected by the shortage of technical expertise and rising labour costs

According to the F&S Report, MIS industry is a knowledge-intensive and technology-leading industry in which high-end talents who are scarce and need to be cultivated by long-term training and practice. The managed internet services we provide require very specific skills and talents and we may encounter difficulties staffing our services. As we are providing both network support services and network connectivity services, technical expertise from various disciplines with different specific skills may be required.

There is no assurance that the supply of technical expertise and average labour costs will be stable at all times. Projects that require specific skills are more susceptible to technical expertise shortage. When there is a significant increase in the cost of labour and we have to retain our labour by increasing their wages, our staff costs will increase and as a result, our profitability will be adversely affected. On the other hand, if we fail to retain existing technical expertise and/or recruit sufficient labour in a timely manner to cope with our existing or future projects, we may not be able to complete our projects on schedule and may be subject to claims from our customers and/or incur losses.

Our historical results may not be indicative of our future revenue and profit margin

Our revenue increased from approximately RM21.4 million for FY2017 to approximately RM36.6 million for FY2018. The increase in revenue for FY2018 was mainly due to the 137.9% increase in revenue from network support services and 18.5% increase in revenue from network connectivity services for FY2018, and the significant increase in revenue from network support services was attributed to, among others, the increase in our one-off revenue generated from the sale and installation of hardware for FY2018, which was attributed to the Nationwide Project awarded to us with a contract sum of approximately RM4.7 million and RM2.2 million respectively. As the sale of hardware and the relevant installation works had been completed in FY2018, we may not be able to generate a similar amount of one-off revenue from hardware sales and installation in the future.

Moreover, our revenue increased from approximately RM36.6 million for FY2018 to approximately RM41.4 million for FY2019, i.e. an increase of approximately RM4.8 million or 13.1%. Such increase was mainly due to the 46.1% increase in revenue from network connectivity services projects and offset by 8.0% decrease in revenue from network support services for FY2019.

Our gross profit increased from approximately RM8.9 million for FY2017 to approximately RM16.2 million for FY2018 and to approximately RM17.1 million for FY2019 and our gross profit margin increased from 41.6% for FY2017 to 44.1% for FY2018. For the same period, our net profits amounted to approximately RM6.0 million and RM9.7 million respectively. Meanwhile, our gross profit margin decreased from approximately 44.1% for FY2018 to approximately 41.3% for FY2019. For the same period, our net profit amounted to approximately RM9.7 million and RM8.5 million, respectively.

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Such increase in our gross profit margin in FY2018 was due to the increase in our revenue generated from the provision of network support services, which was attributed to the increase in revenue generated from the provision of network support services that generally has a higher profit margin as compared to our network connectivity services. Such trend of the historical financial information of our Group is only an analysis of our past performance. It does not have any positive implication, nor would it necessarily reflect our financial performance in the future and the historical revenue from our projects may not be indicative of our future revenue or profitability. We may not be able to sustain our historical gross profit and gross profit margin for various reasons, including but not limited to, intensification of competition in the MIS industry and fluctuation on the costs of hardware. For detailed analysis of our Group's gross profit and gross profit margin, please refer to the paragraphs headed "Financial information – Review of historical results of operations" in this prospectus.

In addition, IP Core, our major operating subsidiary, enjoyed 100% income tax exemption in respect of the revenue generated from the provision of our services as part of the tax incentive scheme implemented by the Malaysia government to promote products and activities in specific business activities with effect from 4 April 2014. Such income tax exemption has expired on 3 April 2019. IP Core's application for extension of its pioneer status and income tax exemption had yet to be granted as at the Latest Practicable Date. If we are no longer eligible for the tax incentive or the policy discontinues in the future, our financial results may be adversely affected.

Our Group has generated a significant portion of our revenue in FY2018 from two contracts which were not recurring in nature and any significant decrease in one-off contracts may adversely affect our future operations and financial results

In FY2018, Supplier A and Supplier D, who are also our major customers, had awarded two major contracts to us with an initial contract sum of approximately RM4.7 million and RM2.2 million, respectively in relation to the Nationwide Project in respect of Supplier D's customers. A revenue of approximately RM6.8 million, or 18.6% of our total revenue in FY2018, had been contributed by these two major projects. Such contracts are one-off in nature and Supplier A and Supplier D are not obliged to award similar one-off contracts to us in the future. For more details, please refer to the paragraphs headed "Financial information - Year ended 30 June 2018 compared to year ended 30 June 2017 - Revenue from network support services" in this prospectus.

As such, there is no assurance that Supplier A and Supplier D who are also our customers or any other existing customers will award any new one-off contracts of similar size to us, nor can we guarantee that we would be able to maintain our business relationship with our existing customers. In the event that we are unable to obtain new one-off contracts of similar size from our existing customers, there may be a significant decrease in our revenue. Our operations and financial results would hence be adversely affected.

Our insurance policies may not be sufficient to cover liabilities from claims and litigation and our insurance premium may increase from time to time

Our staff may be required to work at our customers' premises and thus may face claims or legal actions brought by our customers for loss and damages caused by the negligent conduct of our staff. As a result, additional costs to settle such claims may be incurred and our financial position may be adversely affected.

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Further, any disruption of intranet and/or internet services or compromise of network security caused by any defects or errors could affect our customers' business operation. There are certain types of losses for which insurance coverage is not generally available on commercial terms acceptable to us, or at all. Examples of these include the insurance against losses suffered due to business interruptions, earthquakes, floodings or other natural disasters, wars, terrorist attacks or civil disorders, or losses or damages caused by industrial actions.

If we suffer any losses, damages or liabilities in the course of our business operations arising from events for which we do not have any or adequate insurance covers, we may have to bear such losses, damages or liabilities by ourselves. In such case, our business operations and financial results may be adversely affected. Even if we have insurance policies, our insurers may not fully compensate us for all potential losses, damages or liabilities regarding our properties or our business operations.

We also cannot guarantee that the insurance premiums payable by us in relation to the operation of our business will not increase. During FY2017, FY2018 and FY2019, our total insurance premiums amounted to approximately RM46,819, RM38,081 and RM76,799, respectively. Any further increases in insurance costs (such as an increase in insurance premiums) or reductions in insurance coverage may materially and adversely affect our business operations and financial results.

We rely on key management personnel

Our success and growth is, to a large extent, attributable to the continued commitment of our executive Directors and our senior management team and specifically Dato' Tan, our chairman and chief executive officer, and our capability to identify, hire, retain suitable and qualified employees, including management personnel with the necessary industry expertise. Notwithstanding our efforts in rewarding them for their service and contribution to our Group, there can be no assurance that our compensation packages and incentive schemes will be successful in attracting and retaining key personnel. Any unanticipated departure of our executive Directors and/or our senior management team may have an adverse impact on our business operations and profitability.

RISKS RELATING TO THE INDUSTRY IN WHICH OUR GROUP OPERATES

The competition in the MIS industry may intensify

Our Group faces intense competition from multinational corporations and local operators which are able to offer network support services and network connectivity services. The MIS industry in Malaysia is competitive and characterised by rapid changes in technologies, customer requirements, industry standards and frequent new product introductions and improvements. As a consequence, the service we provide may become obsolete, and our Group may not have sufficient resources or be responsive enough to react to new technologies and product developments.

Further, some of our Group's competitors may have greater technical, financial and marketing resources, longer operating histories, broader geographical network of suppliers and customers, be more entrenched in the markets in which our Group operates or intends to venture into, have longer customer relationships, possess niche expertise, offer a wider or more superior range of products, services and solutions, or may demand lower returns on investment and be able to present better technical or economic

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bids compared to our Group. Some of our Group's competitors may also engage in product bundling and/or employ closed technology platforms in their offerings that discourage users from purchasing other products and services. Our Group may face price-cutting pressures from our competitors in their attempt to maintain or expand their market share. Potential customers may also prefer to purchase from their existing suppliers rather than a new supplier regardless of performance. As a result, even if the quality of our Group's services is superior, such customers may not choose our services. Our Group's current and potential competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their resources. There is no assurance that our Group will be able to compete successfully in the future against our existing or potential competitors or that our business, financial position and results of operations will not be adversely affected by increased competition.

RISKS RELATING TO CONDUCTING BUSINESS IN MALAYSIA

As all of our Group's assets and business operations are in Malaysia, its economic, political and legal developments would affect the results of our operations, financial position and prospects accordingly. The major risks that we are exposed to are as follows:

Our business operations are subject to uncertainties with respect to the laws and regulations, social, political and economic developments, and Malaysia government policies

Our Group's business, prospects, financial position and results of operations may be adversely affected by any changes in the laws and regulations, social, political and economic developments and changes in Malaysia government policies. All our business operations are located in Malaysia, which will continue in the foreseeable future. Our operations will be subject to the risks of regional conflicts, terrorism, extremism, nationalism, changes in interest rates, imposition of capital controls, changes in government policies or introduction of new rules or regulations concerning IT industries and telecommunication and MIS industries or environmental regulations and methods of taxation in Malaysia. Any negative developments in the Malaysia economy may have a material adverse effect on our business. Although the overall Malaysia economic environment (in which our Group predominantly operates) appears to be positive, there can be no assurance that this will continue to prevail in the future.

Currency conversion and exchange rate risks

Since a substantial amount of income and profit of our Group is denominated in RM, any fluctuations in the value of RM may adversely affect the amount of dividends, if any, payable to the Shares in HK\$ to our Shareholders.

The Central Bank of Malaysia had, in the past, intervened in the foreign exchange market to stabilise the RM, and it pegged the RM to the US\$ in September 1998. On 21 July 2005, the Central Bank of Malaysia adopted a managed float system which benchmarked the RM to a currency market to ensure that the RM remains close to its fair value. Our Group cannot assure you that the Malaysia government will not impose more restrictive or additional foreign exchange controls. Any imposition, variation or removal of exchange controls may lead to less independence in the Malaysia government's conduct of its domestic monetary policy and increased exposure of the Malaysia economy to the potential risks and vulnerability of external developments in the international markets.

RISK FACTORS

Furthermore, fluctuations in the RM's value against other currencies will create foreign currency translation gains or losses and may have an adverse effect on our Group's business, financial position and results of operations. Any imposition, variation or removal of foreign exchange controls may adversely affect the value, translated or converted into HK\$, of our Group's net assets, earnings or any declared dividends. Consequently, this may adversely affect our Group's ability to pay dividends or satisfy other foreign exchange requirements.

Our ability to receive dividends and other payments from our subsidiaries in Malaysia may be restricted

There are foreign exchange policies in Malaysia which support the monitoring of capital flows into and out of the country in order to preserve its financial and economic stability. The foreign exchange policies are administered according to the Foreign Exchange Administration Rules as promulgated by the Central Bank of Malaysia. The foreign exchange policies apply to both residents and non-residents. Under the current Foreign Exchange Administration Rules issued by the Central Bank of Malaysia, non-residents are free, at any time, to repatriate any amount of investment proceeds, including capital, divestment proceeds, profits, dividends, or any income arising from investments in Malaysia, subject to the applicable reporting requirements and any withholding tax, provided that repatriation of funds must be made in a foreign currency.

If the Central Bank of Malaysia introduces any new foreign exchange policies which restrict such proceeds from being repatriated in the future, the ability to repatriate dividends or distributions to our Company could adversely affect our business, results of operations and financial position.

Our Group's principal subsidiaries are incorporated in Malaysia and their main assets are located in Malaysia. It could be difficult to enforce a foreign judgment against our Malaysia subsidiaries, our Directors and the management in Malaysia

Our Group's principal subsidiaries are incorporated under the laws of Malaysia. The majority of our Directors and members of management are residents of Malaysia and a substantial portion of the assets and the assets of our Directors and management are located in Malaysia. Enforceability of certain foreign judgments in Malaysia is by virtue of the Reciprocal Enforcement of Judgments Act 1958, under which a foreign judgement must be registered before it can be enforceable. The registration of such foreign judgments is only possible if a judgment is given by a superior court from a country listed in the First Schedule of the Reciprocal Enforcement of Judgment Act 1958, which includes United Kingdom, Hong Kong, Singapore, New Zealand, Republic of Sri Lanka, India and Brunei Darussalam. In the alternative, a foreign judgment can be enforced by the commencement of civil action in Malaysia Court. As a result, it could be time consuming or difficult to enforce a foreign judgment against our Subsidiaries, our Directors and the management in Malaysia.

RISK FACTORS

RISKS RELATING TO THE SHARE OFFER AND OUR SHARES

The market price and trading volume of our Shares may be highly volatile

Prior to the Share Offer, there has been no public market for our Shares, and there is no assurance that an active trading market for our Shares will develop or be sustained upon completion of the Share Offer. The market price and trading volume of our Shares may be highly volatile. Factors such as variations to our Group's revenue, earnings or cash flow and/or announcements of new investments, strategic alliances could cause the market price of our Shares to change substantially. Any such factors may result in large and sudden changes in the volume and market price at which our Shares will be trading. There is no assurance that these developments will or will not occur in the future and it is difficult to quantify the impact on our Group and on the trading volume and market price of our Shares. In addition, our Shares may be subject to changes in the market price, which may not be directly related to our financial or business performance.

Shareholders' equity interests may be diluted

Our Group may need to raise additional funds in the future to finance, inter alia, expansion or new developments relating to its existing operations or new acquisitions. If additional funds are raised through the issue of new equity and equity-linked securities of our Company other than on a pro rata basis to the existing Shareholders, the percentage ownership of the Shareholders in our Company may be reduced and Shareholders may experience dilution in their percentage shareholdings in our Company. In addition, any such new securities may have preferred rights, options or pre-emptive rights that make them more valuable than or senior to the Shares.

Investors of the Shares may experience dilution in the net asset value per Share of the Shares they invested if our Company issues additional Shares in the future at a price which is lower than the net asset value per Share.

Future sale of Shares by existing Shareholders or the issue of new Shares could materially and adversely affect the prevailing market price of our Shares

The Shares beneficially owned by the existing Shareholders are subject to certain lock-up periods. There are no assurances that any Controlling Shareholders will not dispose of our Shares held by them following the expiration of the lock-up periods, or any Shares they may come to own in the future. Our Group cannot predict the effect, if any, of any future sales of our Shares by any Controlling Shareholder on the market price of our Shares. Sale of a substantial number of Shares by any of them or the issue of a substantial number of new Shares, or the market perception that such sale or issue may occur, could materially and adversely affect the prevailing market price of our Shares.

There has been no prior public market for our Shares and an active trading market for our Shares may not develop

Prior to the Share Offer, there has been no public market for our Shares. The Offer Price of the Shares will be determined through negotiations between us and the Joint Bookrunners (for themselves and on behalf of the Underwriters), and it may not necessarily be indicative of the market price of the Shares after the Share Offer is complete. While we have applied for the listing of and permission to deal in the

RISK FACTORS

Shares on GEM, we cannot assure you that an active trading market will develop, or, if it does develop, that it will be sustained following completion of the Share Offer, or that the market price of the Shares will not fall below the Offer Price.

RISKS RELATING TO STATEMENTS MADE IN THIS PROSPECTUS

Statistics and industry information may come from various sources which may not be reliable

Certain facts, statistics and data presented in the section headed “Industry overview” and elsewhere in this prospectus in relation to the MIS industry have been derived, in part, from various publications and industry-related sources prepared by government departments or Independent Third Parties. We believe that the sources of the information are appropriate sources for such information and we have no reason to believe that such information is false or misleading or that any fact that would render such information false or misleading has been omitted. Neither our Group, our Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers nor any of the parties involved in the Share Offer have independently verified, or make any representation as to, the accuracy of such information and statistics, as such these statistics and data should not be unduly relied upon.

Investors should read this entire prospectus carefully and we strongly caution you not to place any reliance on any information (if any) contained in press articles or other media regarding us and the Share Offer including, in particular, any financial projections, valuations or other forward looking statements. There may be press or other media, which contains certain information referring to us and the Share Offer that is not set out in this prospectus prior to the publication of this prospectus. We wish to emphasise to potential investors that neither we nor any of the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, the directors, officers, employees, advisers, agents or representatives of any of them, or any other parties (collectively, the “**Professional Parties**”) involved in the Share Offer have authorised the disclosure of such information in any press or media, and neither the press reports, any future press reports nor any repetition, elaboration or derivative work were prepared by, sourced from, or authorised by us or any of the Professional Parties. Neither we nor any Professional Parties accept any responsibilities for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is not contained in this prospectus or is inconsistent or conflicts with the information contained in this prospectus, we disclaim any responsibilities and liabilities whatsoever in connection therewith or resulting therefrom. Accordingly, prospective investors should not rely on any such information in making your decision as to whether to subscribe the Offer Shares. You should rely only on the information contained in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (subsidiary legislation 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading. In addition, all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

INFORMATION ON THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and the representations made in this prospectus and the Application Forms. So far as the Share Offer is concerned, no person is authorised to give any information or to make any representation not contained in this prospectus or the relevant Application Forms, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Sole Sponsor and the Joint Bookrunners (for themselves and on behalf of the Underwriters) any of their respective directors, officers, agents, employees, affiliates and/or representatives or any other person or parties involved in the Share Offer.

PROCEDURE FOR APPLICATION FOR THE OFFER SHARES

The procedure for applying for the Public Offer Shares is set out in the section headed "How to apply for the Public Offer Shares" in this prospectus and in the relevant Application Forms.

OFFER SHARES ARE FULLY UNDERWRITTEN

This prospectus is published in connection with the Share Offer for which Pulsar Capital is the Sole Sponsor. The Public Offer is fully underwritten by the Public Offer Underwriter under the terms and conditions of the Public Offer Underwriting Agreement. The Placing Underwriting Agreement relating to the Placing is expected to be entered on or around the Price Determination Date, subject to agreement on pricing of the Offer Shares between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters). The Share Offer is managed by the Joint Bookrunners. Further information relating to the Public Offer Underwriter and the Share Offer and the underwriting arrangements is set out in the section headed "Underwriting" of this prospectus. If, for any reason, the Offer Price is not agreed, the Share Offer will not proceed and will lapse.

RESTRICTIONS ON SUBSCRIPTION OF THE OFFER SHARES

Each person acquiring the Offer Shares will be required to, or be deemed by his, her or its acquisition of the Offer Shares to, confirm that he, she or it is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

No action has been taken in any jurisdiction other than Hong Kong to register or qualify the Offer Shares or the Share Offer, or otherwise to permit the offering of the Offer Shares or the distribution of this prospectus and/or the Application Forms. This prospectus and/or the Application Forms is not an offer or invitation in any jurisdiction in which it is not authorised, and is not an offer or invitation to any person to whom it is unlawful to make an unauthorised offer or invitation. The distribution of this prospectus and the related Application Forms in jurisdictions outside Hong Kong may be restricted by law and therefore persons who possess this prospectus or any of the related Application Forms should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the applicable securities laws.

The distribution of this prospectus or the related Application Forms and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered and sold, and will not be offered or sold, directly or indirectly, in the PRC or the United States, except in compliance with the relevant laws and regulations of each of such jurisdictions.

Prospective applicants for the Offer Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe the applicable laws, rules and regulations of any relevant jurisdictions. Prospective applicants for the Offer Shares should also inform themselves as to the relevant legal requirements and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

OFFER SIZE ADJUSTMENT OPTION

For details of the Offer Size Adjustment Option, please refer to the paragraphs headed “Structure and conditions of the Share Offer - Offer Size Adjustment Option” in this prospectus.

APPLICATION FOR LISTING ON GEM

Our Company has applied to the Listing Division for the listing of, and permission to deal in, the Shares in issue and which are to be issued or may be issued pursuant to the Capitalisation Issue and the Share Offer (including any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any option which may be granted under the Share Option Scheme) and as otherwise described herein on GEM.

No part of the share or loan capital of our Company is listed, traded or dealt in on any stock exchange and save as disclosed herein, no such listing or permission to deal is being or proposed to be sought.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission for the Shares offered under this prospectus to be listed on GEM has been refused before the expiration of three weeks from the date of the closing of the Share Offer or such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company for permission by or on behalf of the Listing Division, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of at least 25% of the issued share capital of our Company in the hands of the public. A total of 150,000,000 Offer Shares, representing approximately 25% of the enlarged issued share capital of our Company immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme) will be made available under the Share Offer.

Only securities registered on the register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential applicants for the Offer Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of the subscription for, holding, purchase, disposal of or dealing in the Shares or exercising their rights thereunder. It is emphasised that none of our Company, our Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents, representatives or any other person or party involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, holders of Shares resulting from the subscription for, holding, purchase, disposal of or dealing in the Shares or the exercise of their rights thereunder.

HONG KONG BRANCH SHARE REGISTRAR, REGISTRATION AND STAMP DUTY

The principal register of members of our Company will be maintained by our principal share registrar, Estera Trust (Cayman) Limited, in the Cayman Islands and a branch register of members of our Company will be maintained by our Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, in Hong Kong. Unless our Directors otherwise agreed, all transfer and other documents of title of Shares must be lodged for registration with, and registered by our Company's Hong Kong branch share registrar and transfer office.

All the Shares will be registered on our Company's branch register of members in Hong Kong. Only Shares registered on our Company's branch register of members in Hong Kong may be traded on GEM. Dealings in the Shares registered on our Company's branch register of members maintained in Hong Kong will be subject to Hong Kong stamp duty.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Details of the structure of the Share Offer, including its conditions are set out in the section headed "Structure and conditions of the Share Offer" of this prospectus.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or,

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

under contingent situation, any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect their rights and interests.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. If you are unsure about the details of CCASS settlement arrangement and how such arrangements will affect your rights and interests, you should seek the advice of your stockbroker or other professional advisers.

COMMENCEMENT OF DEALING IN THE SHARES

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on or about Monday, 9 December 2019.

Shares will be traded in board lots of 6,000 Shares each and are freely transferable. The GEM stock code for the Shares is 8645.

Our Company will not issue any temporary document of title.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and the Chinese version of this prospectus, the English version of this prospectus shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

EXCHANGE RATE CONVERSION

Unless we specified, amounts denominated in Malaysian ringgit (RM) in this prospectus have been translated into, for the purpose of illustration only, at the following exchange rate as at the Latest Practicable Date:

RM1.00 = HK\$1.89

ROUNDING

Certain amounts or percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of individual items. Where information is presented in thousands or millions of units, amounts may have been rounded up or down. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Address	Nationality
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Executive Directors

Dato' Eric Tan Chwee Kuang	No. 23, Jalan Merak 16 Taman Merak Bukit Katil 75450 Melaka Malaysia	Malaysian
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Mr. Saw Zhe Wei	43, Jalan BKD 29 Taman Bukit Katil Damai 2 75450 Melaka Malaysia	Malaysian
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Independent Non-Executive Director

Mr. Lim Peng Chuan Terence (林炳泉)	47 Carmichael Road Singapore 359827	Singaporean
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Mr. Phua Cheng Sye Charles (潘正帥)	530 Joo Chiat Road #14-06 Singapore 427710	Singaporean
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Mr. Yau Yeung On (游楊安)	Flat B, 13/F Blk 1 Beneville 18 Tuen Kwai Road Tuen Mun New Territories Hong Kong	Chinese
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For further information on the profile and background of Directors, please refer to the section headed "Directors, senior management and employees" of this prospectus.

Sole Sponsor

Pulsar Capital Limited

Unit 318, 3/F

Shui On Centre

6-8 Harbour Road

Wanchai, Hong Kong

(A corporation licensed under the SFO and permitted to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities)

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Joint Bookrunners

GLAM Capital Limited

Rooms 908-11, 9/F, Nan Fung Tower,
88 Connaught Road Central &
173 Des Voeux Road Central
Central, Hong Kong

Enlighten Securities Limited

6/F, Jubilee Centre,
18 Fenwick Street,
Wanchai, Hong Kong

Opus Capital Limited

18/F Fung House,
19-20 Connaught Road Central,
Central,
Hong Kong

Joint Lead Managers

GLAM Capital Limited

Rooms 908-11, 9/F, Nan Fung Tower,
88 Connaught Road Central &
173 Des Voeux Road Central
Central, Hong Kong

Enlighten Securities Limited

6/F, Jubilee Centre,
18 Fenwick Street/46 Gloucester Road,
Wan Chai, Hong Kong

Opus Capital Limited

18/F Fung House,
19-20 Connaught Road Central,
Central,
Hong Kong

Innovax Securities Limited

Unit A-C, 20/F Neich Tower,
128 Gloucester Road,
Wan Chai, Hong Kong

Legal advisers to our Company

As to Hong Kong Law

TC & Co.

Units 2201-2203
22/F., Tai Tung Building
8 Fleming Road
Wanchai
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

As to Malaysia Law

David Lai & Tan

Level 8-3 & 8-4, Wisma Miramas
No. 1, Jalan 2/109E
Taman Desa Jalan Klang Lama
58100 Kuala Lumpur
Wilayah Persekutuan

As to Cayman Islands Law

Appleby

2206-19 Jardine House
1 Connaught Place
Central
Hong Kong

Legal advisers to the Sole Sponsor and the Underwriters

Li & Partners

22/F, World-wide House
Central
Hong Kong

Reporting accountants and auditor after Listing

Deloitte Touche Tohmatsu

Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

Industry consultant

Frost & Sullivan International Limited

1706, One Exchange Square
8 Connaught Place
Central
Hong Kong

CORPORATE INFORMATION

Head office and Principal place of business in Malaysia	No.25, 25-1 & 25-3 Jalan MH 3 Taman Muzaffar Heights 75450 Ayer Keroh Melaka Malaysia
Head office and Principal place of business in Hong Kong under Part 16 of the Companies Ordinance	13/F, Wah Yuen Building 149 Queen's Road Central Hong Kong
Registered office in the Cayman Islands	PO Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Company's website address	<u>www.nomad-holdings.com</u> <i>(information on this website does not form part of this prospectus)</i>
Company Secretary	Mr. Tam Chun Wai Edwin <i>Certified Public Accountant</i> 13/F, Wah Yuen Building 149 Queen's Road Central Hong Kong
Authorised representatives (for the purpose of the GEM Listing Rules)	Dato' Eric Tan Chwee Kuang No.23, Jalan Merak 16 Taman Merak Bukit Katil 7545D Melaka Malaysia Mr. Tam Chun Wai Edwin 13/F, Wah Yuen Building 149 Queen's Road Central Hong Kong
Compliance officer	Dato' Eric Tan Chwee Kuang
Audit Committee	Mr. Lim Peng Chuan Terence (<i>Chairman</i>) Mr. Yau Yeung On Mr. Phua Cheng Sye Charles

CORPORATE INFORMATION

Remuneration committee	Mr. Yau Yeung On (<i>Chairman</i>) Mr. Lim Peng Chuan Terence Dato' Eric Tan Chwee Kuang
Nomination committee	Mr. Phua Cheng Sye Charles (<i>Chairman</i>) Mr. Lim Peng Chuan Terence Dato' Eric Tan Chwee Kuang
Cayman Islands principal share registrar and transfer office	Estera Trust (Cayman) Limited P.O. Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Principal bank	Malayan Bank Berhad 14th Floor, Menara Maybank 100, Jalan Tun Perak 50050 Kuala Lumpur Malaysia
Compliance adviser	Pulsar Capital Limited Unit 318, 3/F Shui On Centre 6-8 Harbour Road Wanchai Hong Kong

INDUSTRY OVERVIEW

The information presented in this section, unless otherwise indicated, is derived from various official government publications and other publications and from the market research report prepared by Frost & Sullivan, which was commissioned by us. We believe that the information has been derived from appropriate sources and we have taken reasonable care in extracting and reproducing the information. We have no reason to believe that the information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading in any material respect. The information has not been independently verified by us, the Sponsor or any of our or their respective directors, officers or representatives or any other person involved in the Share Offer except Frost & Sullivan nor is any representation given as to its accuracy or completeness. The information and statistics contained in this section may not be consistent with other information and statistics compiled within or outside of Malaysia.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the managed internet services (MIS) industry in Malaysia, including the network connectivity services sector and the network support services sector. Frost & Sullivan is a global consulting company founded in 1961 in New York and has over 40 global offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists. A total fee of HKD690,000 was paid to Frost & Sullivan for the preparation of the report, which we believe that it would not affect the fairness of the views and conclusions presented in the F&S Report and would reflect market rates for reports of this type.

RESEARCH METHODOLOGY

The F&S Report was undertaken through both primary and secondary research obtained from various sources using intelligence collection methodologies. Primary research involved discussing the status of the industry with certain leading industry participants across the industry value chain in Malaysia and conducting interviews with relevant parties, including Malaysian Communications and Multimedia Commission (MCMC), Standard and Industrial Research Institute of Malaysia (SIRIM) and other authorities, to obtain objective and factual data and prospective predictions. Secondary research involved reviewing information integration of data and publication from publicly available sources, including official data and announcements from government agencies, and company reports, independent research reports and data based on Frost & Sullivan's own data base.

Basis and assumptions

In compiling and preparing the F&S Report, Frost & Sullivan has adopted the following assumptions (i) the social, economic and political environment in Malaysia is likely to remain stable in the forecast period; and (ii) industry key drivers are likely to drive the MIS industry in Malaysia, including the network connectivity services sector and the network support services sector in the forecast period.

OVERVIEW OF THE MANAGED INTERNET SERVICES INDUSTRY IN MALAYSIA AND THE MACROECONOMIC ENVIRONMENT AFFECTING THE MIS INDUSTRY IN MALAYSIA

Malaysia has experienced a stable growth in its nominal GDP. Growing from RM971.3 billion in 2012, the nominal GDP of Malaysia has reached approximately RM1,352.5 billion in 2017, representing a CAGR of approximately 6.8%. According to the 11th Malaysia Plan (2016-2020) (“**11th MP**”) issued by Malaysia government on 21 May 2015, the economy of Malaysia is expected to grow further in the next few

INDUSTRY OVERVIEW

years, with manufacturing, construction, internet and communication and other sectors spearheading the growth. The nominal GDP is projected to grow at a slightly lower CAGR of approximately 6.0% from 2018 to 2022, amounting to approximately RM1,845.5 billion by 2022, according to the F&S Report.

The 11th MP focuses on the ICT (Internet and Communications Technology) industry as an imperative enabler for a knowledge economy and the government is striving to increase the ICT contribution to GDP to 17.0% from 13.1% during the 10th Malaysia Plan. As a subsector of ICT industry, the MIS industry in Malaysia will usher more supportive policies and development opportunities. The ICT industry continued its growth over the past few years at a CAGR of approximately 10.4% from 2012 to 2017 in Malaysia. GDP of the ICT industry reached approximately RM164.9 billion and accounted for approximately 13.4% of the total national economy GDP in 2016; among the major sub-sectors of the ICT industry, ICT services and ICT manufacturing took up for the largest shares with approximately 40.0% and 36.1% respectively. Going forward, with the rising popularity and widening scenario applications of emerging technologies, including Cloud Computing, Big Data analytics, software-as-a-service (SaaS), social media applications, and the Internet of Things, the ICT industry is expected to be driven further and its GDP is expected to reach approximately RM351.7 billion, contributing to approximately 19.1% of the total national economy GDP in 2022, according to the F&S Report.

The Malaysia's telecommunications sector had experienced significant structural and physical transformation and reform from 1985 to 2000. Particularly, two major events, privatization and liberation of the telecom sector in the 1980s and the enactment of the Communications and Multimedia Act in 1998, had substantially transformed the regulatory regime for the telecommunications sector in Malaysia. The regulatory framework and the market structure for the telecommunications sector continue to evolve, which has significantly promoted the development of telecommunication sector and ICT (Internet and Communications Technology) industry in Malaysia.

In Malaysia's telecommunications sector, virtual network operators and backhaul network operators are different. Specifically, a virtual network operator is a reseller of network services from other telecom suppliers and a provider of network support services that does not own the underlying network and telecom infrastructure, which is a form of infrastructure sharing used by network providers without spectrum. Comparing with virtual network operator, a backhaul network operator is a provider of network services that owns fiber networks or microwave equipment to support a projected demand for high speed internet and telecom services, which connects communication data from end users to nodes through the central network.

The metro Ethernet infrastructures are mainly owned and managed by the major backhaul provider in Malaysia, such as Telekom Malaysia Berhad and Celcom Axiata Berhad. It is normal for MIS providers in Malaysia to rely on a single/major supplier of metro Ethernet. In most cases, having a solid business cooperation with a single/major supplier of metro Ethernet will bring some advantages to MIS providers in the network connectivity industry, especially in geographical network coverage, availability and price advantage (e.g. wholesales). Additionally, it is common for the MIS providers in Malaysia to have major suppliers who are also their major customers.

OVERVIEW OF THE MANAGED INTERNET SERVICES INDUSTRY IN MALAYSIA

Definition and classification

Managed internet services refer to the integrated network access and monitoring services provided to the customers by leveraging on strong internet capability and expertise. Basically, the MIS industry could be divided into two major sectors including network support services sector and network connectivity services sector.

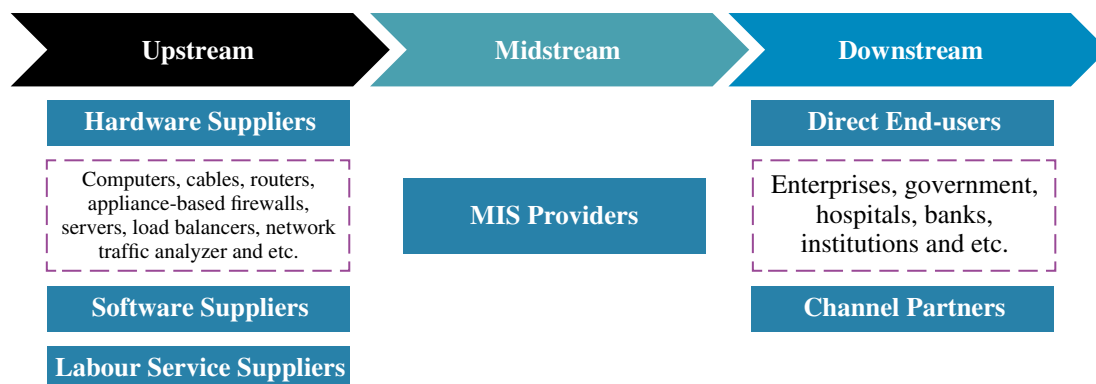
Network support services sector in the MIS industry focus on providing comprehensive and customised information and communication technology (ICT) solutions based on demand of customers. Malaysia's network support services sector is categorised into four categories, namely network infrastructure

INDUSTRY OVERVIEW

design and hardware installation, bandwidth management services, hardware monitoring and maintenance services and internet security services. Network infrastructure design and hardware installation services assist customers with designing the infrastructure and ensure all components are connected and functioned as an integrated system. Bandwidth management services that monitor and control internet access activities by improving bandwidth usage efficiency. Hardware monitoring and maintenance services that supplement customers' existing network, identify and offer maintenance solutions. Internet security services that protect customers' network and information from internal and external threats.

Network connectivity services sector in the MIS industry refers to services which enable intranet and internet connectivity by leveraging on metro Ethernet technology and other medium such as broadband so as to facilitate intranet and internet access for enterprise clients. Network connectivity services could flexibly allow the customers to realize efficient and secured communication across their branches or subsidiaries located in various geographical locations with the aid of strong metro Ethernet technical capability and also enable the customers to have cost-efficient internet access with secondary medium technology.

Value chain analysis of the MIS industry in Malaysia



Source: F&S Report

There are mainly three types of upstream suppliers in the MIS industry which are hardware suppliers, software suppliers and labour service suppliers. Hardware suppliers mainly provide computers, cable, routers, appliance-based firewalls, backhaul transport network infrastructures, servers, load balancers, network traffic analyzer and others. Software suppliers offer all technical support software for midstream network connectivity services & network management and security service providers. Labour service suppliers can provide technical staffs that help midstream enterprises to better adopt both hardware and software. MIS in downstream market is mainly sold to direct end-users, including enterprises, hospitals, banks, institutions and others, or via channel partners. Moreover, it is an industry norm for the MIS providers in Malaysia to receive payment from channel partners after the latter have collected payments from their customers.

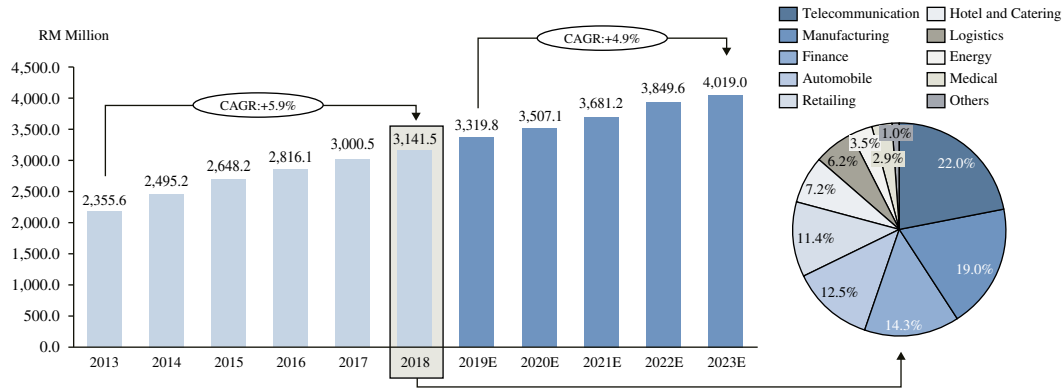
Market size by revenue of the MIS industry in Malaysia

The chart below sets forth the market size by revenue of the MIS industry in Malaysia from 2013 to 2023 and according to the F&S Report, the MIS industry in Malaysia generated a total market size by revenue of approximately RM3,141.5 million in 2018, at a CAGR of approximately 5.9% from 2013. With the rising integration of internet technology in various sectors, an increasing number of customers are aware of the importance of managed internet services which could optimize their internal or external business networks, supervise their significant data traffic transmission and facilitate cost-efficient network connectivity. Some of the major application sectors include corporates, government, hospitals, banks, institutions which might require different types of services based on their needs. It is expected that the market size of the MIS industry in Malaysia by revenue would reach approximately RM4,019.0 million in 2023, at a CAGR of approximately 4.9% from 2019 to 2023. The major revenue generating business model in the MIS industry in Malaysia basically includes direct sales to end customers, sales to channel partners

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such as telecommunication companies and IT service providers and revenue/profit-sharing model by working with channel partners to secure projects. Kuala Lumpur achieved a market size by revenue of RM963.2 million in 2018, accounting for approximately 30.6% of the total MIS industry market size in Malaysia in 2018.

Market size by Revenue of the MIS Industry in Malaysia, 2013-2023E

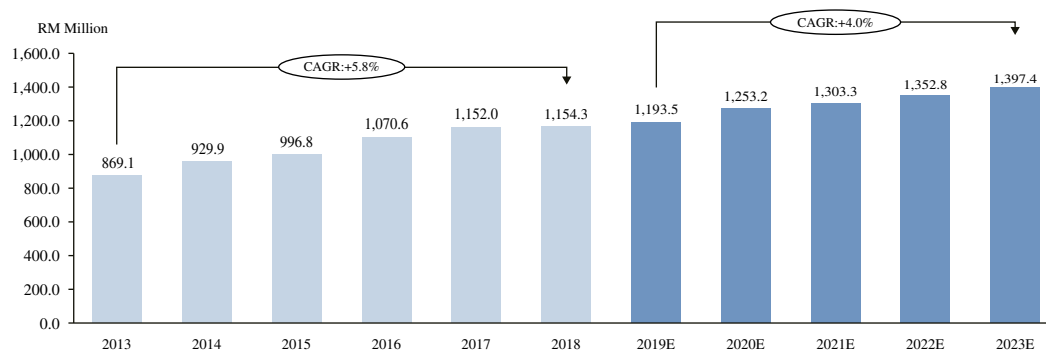


Source: F&S Report

Market size by revenue of the network support services sector in Malaysia

The market size by revenue of network support services sector of the MIS industry in Malaysia reached approximately RM1,154.3 million in 2018, at a CAGR of approximately 5.8% from 2013. A growing number of enterprises in Malaysia become aware of the importance of a well-established corporate network system which could enhance their operational efficiency, facilitate much freer internal and external communication as well as strengthen the security management on crucial business data and information. Also, with the development of the emerging technologies such as Big Data analytics and Cloud Computing, there would be further demand for network management and security services in the next few years so that the working efficiency and flexibility could be promoted with powerful network infrastructure products installed and attending system monitoring service delivered. Moreover, the development of Big Data concerns significant transmission flow of data traffic which would need more comprehensive and professional security management services along the whole process. Hence, the market size by revenue of the network support services in Malaysia is expected to further grow and reach approximately RM1,397.4 million by 2023, at a CAGR of approximately 4.0% from 2019, according to the F&S Report.

Market size by Revenue of the Network Support Services Sector in Malaysia, 2013-2023E



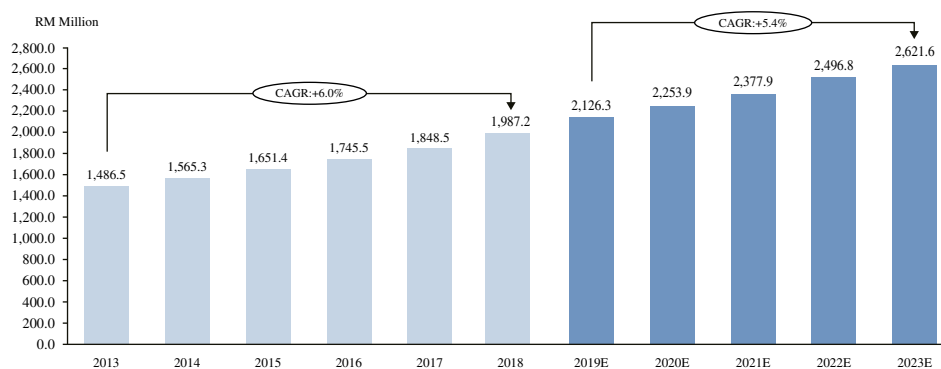
Source: F&S Report

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Market size by revenue of the network connectivity services sector in Malaysia

With the rapid development of Malaysia economy and more mature Ethernet technology, an increasing number of enterprises across industries in Malaysia gained intranet and internet access to establish a secure private network within corporates branches and offices during the past few years, in order to boost their operational efficiency. The market size by revenue of the network connectivity services industry experienced a rapid growth from approximately RM1,486.5 million in 2013, to approximately RM1,987.2 million in 2018, representing a CAGR of approximately 6.0%. Looking forward, 11th MP emphasizes the ICT industry as an imperative enabler for a knowledge economy and the government is striving to increase the ICT contribution to GDP by approximately 4% in 2020. Combined the supportive policies with more advanced Ethernet technology, the market size by revenue of network connectivity services industry is expected to grow at a CAGR of approximately 5.4% from 2019 to 2023, amounting to approximately RM2,621.6 million by 2023, according to the F&S Report.

Market size by Revenue of the Network Connectivity Services Sector in Malaysia, 2012-2022E



Source: F&S Report

Market drivers and opportunities of the MIS industry in Malaysia

i) Increasing demand from various customer sectors

The development of Malaysia economy has accelerated the growth of network penetration across various industries over the past few years, which enabled the usage of computer, internet and web presence in Malaysia to reach 74.0%, 62.2% and 29.5%, respectively in 2018, according to F&S Report. However, the complex network architecture and the changing threat environment are challenging companies to maintain an effective security posture, which requires companies to pay more attention to cyber security issues and equip their network system with advanced security management tools including network firewalls, web application firewalls and others. Therefore, in order to reduce sophisticated internal and external network threats and risks, the demand of setting up network security management system from companies has been growing rapidly. Moreover, an increasing number of enterprises are seeking for integrated services of managing internet access activities, in order to optimize the bandwidth usage efficiency and create a steady and efficient network environment through tools such as load balancers, network traffic analyzers and others. Besides, having a well-established network security system would significantly increase network performance and assist companies to achieve a higher efficiency level at all times. With all the benefits, MIS industry in Malaysia is expected to grow rapidly in the next few years.

ii) Technology advancement

Technologies in high-speed information transmission and network security management have been evolving rapidly over time, which provides strong supports for business to have an efficient and safety network management system. For example, Cloud Computing has a significant impact on the transformation of security system technology. Cloud Computing is a method for delivering on-demand computing services,

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which contains servers, storage, networking, software and more over the internet through web-based tools and applications rather than a direct connection to a server. The virtualised system security and virtualised firewalls in Cloud Computing helps to further facilitates the MIS industry, which enables companies to have more secured and convenient data and information storage systems. Moreover, Big Data analytics is the process of analysing and examining large data sets containing a wide range of data types, which aims to uncover hidden patterns, unknown correlation and other insights. The market size of big data and analytics software market in Malaysia reached RM500.5 million in 2018, which is expected to increase from RM550.6 million in 2019 to RM850.0 million in 2023, at a CAGR of 11.5% from 2019 to 2023, according to Frost & Sullivan Report. The rising popularity and widening scenario applications of Big Data analytics allow service providers to offer a continuous protection and monitor of their customer's network security. Big Data analytics can not only detect anomalous activities being carried out and malicious data being transmitted over the networks, but also perform complex correlations across a variety of data sources ranging from server and application logs to network events and user activities. Therefore, by leveraging Big Data, Cloud Computing techniques and other advanced technologies, there are more and more opportunities in the market for the MIS providers to offer more extensive customer support and tailored management solutions.

iii) Policy supporting environment

Malaysia government has placed a great importance on the development of the ICT industry and related subsectors. The 11th Malaysia Plan (2016-2020) focuses on the ICT industry as an imperative enabler for a knowledge economy and the government is striving to increase the ICT contribution to GDP to 17.0% from 13.1% during the 10th Malaysia Plan. As a subsector of ICT industry, the MIS industry in Malaysia will usher more supportive policies and development opportunities. For instance, Malaysia broadband initiatives namely, High Speed Broadband Project (HSBB1) and High-Speed Broadband Project Phase 2 (HSBB2) projects have connected 4.27 million premises to high speed broadband up to 100Mbps, whilst Suburban Broadband project (SUBB) connecting 589,000 premises to broadband services with speeds up to 20Mbps in rural areas in 2017. Besides, Malaysian Communications and Multimedia Commission (MCMC) released the Commission Determination on Mandatory Standard on Access Pricing in 2017 to regulate prices of wholesale services. With all the policy supports, it can be forecasted that MIS industry in Malaysia will be driven further.

Entry barriers for the MIS industry

i) Customer barrier

The relationship between service providers and customers is mostly long-term and recurring, which allows experienced service providers to establish a solid customer-base and set up a high barrier to new entrants. Customers in the MIS industry tend to be extremely reluctant to change its service provider since a change could be potentially time-consuming and disruptive to the business of the end-users, which requires plenty of time to replace the complicated system with a high upfront cost and employees to spend some time to adapt the new system. Newer industry players would have to compete against industry players who have mature setup and networks, and would not able to build MIS experiences and networks in a short time.

ii) Capital barrier

MIS industry in Malaysia are capital-intensive, which requires MIS providers to make a large investment on purchasing necessary devices, such as hardware equipment and network-related software. Furthermore, due to the rapid technical upgrade and iteration in this industry, the service providers normally need to make large amounts of investment on staff training, in order to track the updated technologies and acquire better techniques to meet the increasing demand of customers. Moreover, most of the network service projects have the characteristics of long-term service and delay of payment, which forces service providers to make some spending on supplement working capital. Therefore, new entrants without sufficient capitals are difficult to enter and make competitions in this industry.

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iii) Talent barrier

MIS industry is a knowledge-intensive and technology-leading industry, the high-end talents are mainly concentrated in the leading players of this industry in Malaysia. This is because high-end talents are scarce and need to be cultivated by a long-term training and practice, and most of high-end talents have been hired by the leading service providers with attractive salary package, which makes it costly for new entrants to poach high-end talents from the leading players. Without the high-end talents, it is difficult for new entrants to quickly differentiate their own products or services or form competitive advantages to compete with the leading network service providers.

Market challenges of the MIS industry

i) Rising labour cost

The business success of MIS providers depends heavily on the contribution of skilled and qualified technical staff and experienced sales staff. Therefore, in order to stay competitive and achieve growth in the market, MIS providers must be able to retain and train their current staff as well as to attract high-end talents with outstanding expertise in the market. However, retaining experienced and absorbing new fresh minds requires competitive and attractive salary packages paid by the MIS providers, which might be a burden for those who have not established a sound corporate financial mechanism or those who have financial difficulties.

ii) Rapid changes in technologies

Technologies in high-speed information transmission and network security systems have been evolving and changing rapidly over time, which has significant impacts on the development of MIS industry. As the emerging technologies progress, more and more customers are looking for more safety and advanced managed internet services and products to face the changing threat environment, which makes the existing ones obsolete or outdated. If the MIS providers in the market fail to predict and follow the development trends of new technologies, they will be unable to provide innovative services and products to satisfy customers' evolving needs and, as a result, will suffer from losing customers, revenues and profitability. Therefore, failure to address the rapid changes in technologies might adversely and materially impact the businesses of MIS providers.

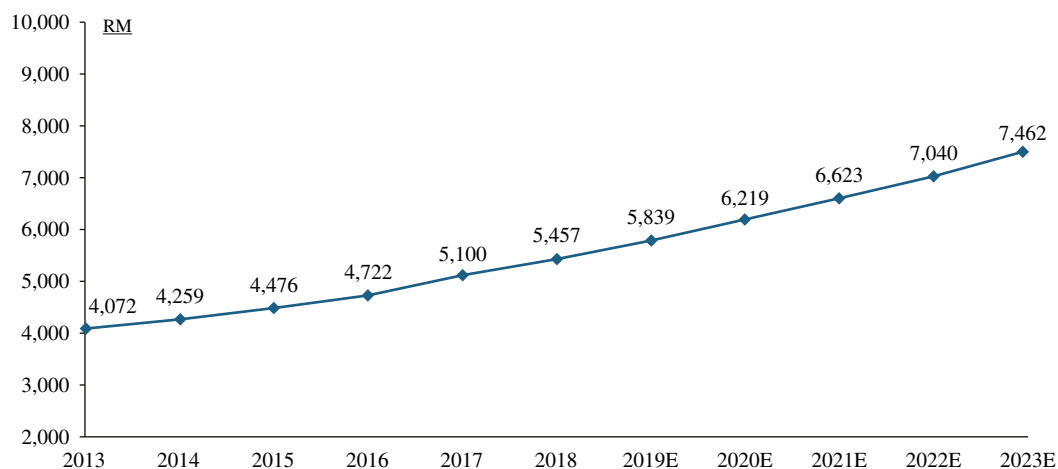
iii) Relationship with suppliers

The businesses of service providers in MIS industry are heavily relied on their major suppliers, because service providers have to purchase necessary hardware equipment and software products for the establishment of physical infrastructures and then are able to deliver related integration services and products to customers. Therefore, any variables or changes that adversely affect the relationships between the MIS providers and their major suppliers might severely impact providers' current or future businesses, as a result of the lack of technical support, insufficient supply of products, unguaranteed quality of products or cost increase from the suppliers.

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Major cost factor

Average Monthly Wage of the MIS Industry in Malaysia, 2013-2023E



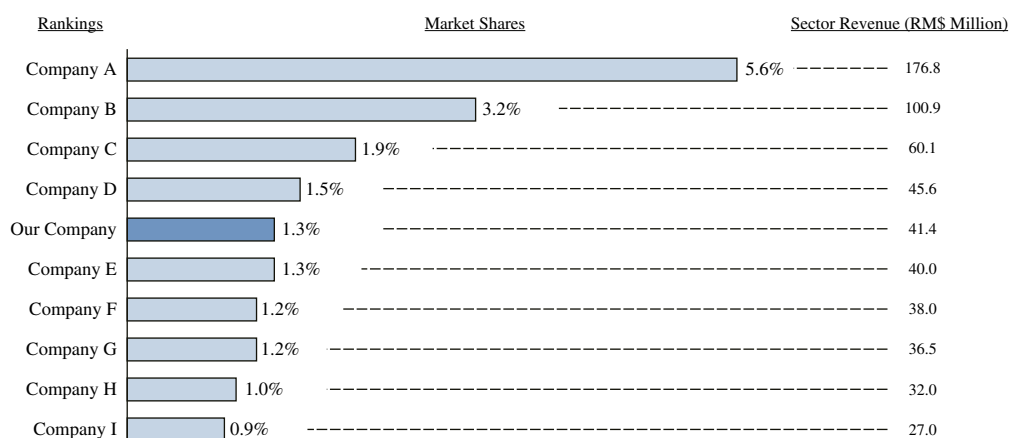
Source: F&S Report

The average monthly wage of the MIS industry in Malaysia reached approximately RM5,457 in 2018, increased from approximately RM4,072 in 2013. With the development of the urbanization in Malaysia and the steadily improving economic situation, the average monthly wage of the MIS industry is expected to further grow in the coming years and reach approximately RM7,462 in 2023.

COMPETITIVE LANDSCAPE ANALYSIS

According to the F&S Report, the MIS industry in Malaysia was fragmented with the top 10 players accounting for 19.1% of the market share in 2018 and there were over 250 players in the Malaysian MIS market. The market was led by Company A who occupied 5.6% of the total market share, followed by Company B and Company C who constituted 3.2% and 1.9%, respectively. Our Company was the fifth largest player in the Malaysian MIS industry with a market share of 1.3% in terms of revenue in 2018. The chart below set forth the top 10 MIS providers in Malaysia in 2018:

TOP 10 MIS Providers in Malaysia, 2018

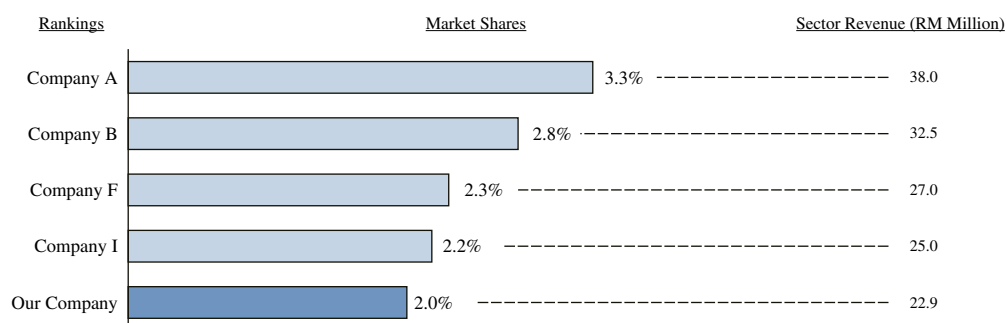


Source: F&S Report

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Also, our Company was the fifth largest network support services provider for the network support services sector in Malaysia, with a market share of 2.0% in 2018 in terms of revenue. According to the F&S Report, the network support services sector was fragmented with the top 5 players accounting for approximately 12.6% of the market share and there were over 200 players delivering related services in 2018. The chart below set forth the top 5 network support services providers for the network support services sector in Malaysia in 2018:

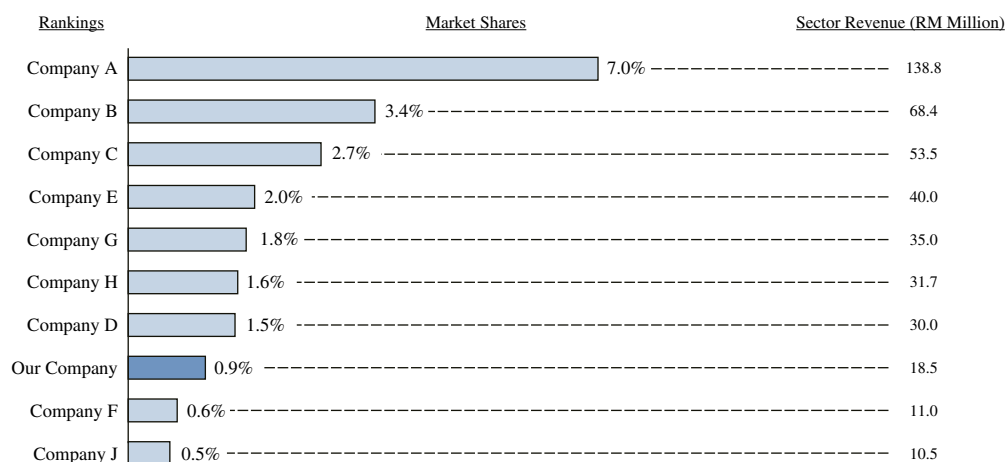
TOP 5 Network Support Services Providers in Malaysia, 2018



Source: F&S Report

Also, the network connectivity services sector in Malaysia was fragmented with top 10 players accounting for approximately 22.0% of the market share in 2018 and there were over 200 companies in Malaysia, according to the F&S Report. The market was led by Company A who took up 7.0% of the total market share, followed by Company B and Company C who constituted 3.4% and 2.7%, respectively. Our Company ranked the eighth largest player amongst the network connectivity services sector in Malaysia in 2018 with a market share of 0.9% in terms of revenue. The chart below set forth the top 10 network connectivity services providers in Malaysia in 2018:

TOP 10 Network Connectivity Services Providers in Malaysia, 2018



Source: F&S Report

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Company Profile

Company Name	Listed or Not	Company Profile
Company A	Listed	The company is the largest telecommunications company and converged communications services provider that offers a comprehensive suite of communication services and solutions in fixed (telephony and broadband), mobility, content, Wi-Fi and smart services in Malaysia.
Company B	Listed	The company is a fixed line telecommunications provider based in Kuala Lumpur that offers a full suite of domestic and international connectivity, and data centre solutions to the wholesale, enterprise and SME & consumer markets.
Company C	Listed	The company is a communications service provider based in Kuala Lumpur that provides a wide range of communication products, applications and value-added services for consumers, large enterprises and small & medium business owners.
Company D	Listed	The company is an integrated telecommunications and digital infrastructure services provider in Malaysia that offers an extensive range of services under three main categories, there are telecommunications services, managed telecommunications network services and industry digital services.
Company E	Private	The company is a network service provider and network facilities provider primarily in the telecommunications industry in Malaysia that provides the backbone infrastructure and ancillary services to Telco providers. The company has also expanded its customer base to include managed network service providers and global operators.
Company F	Listed	The company is a managed Internet/Intranet services provider in Malaysia that specialises in corporate/enterprise network connectivity services. The company offers a full suite of comprehensive network connectivity services consisting of wireless/wired managed Internet/Intranet, fiber leased lines, international leased circuit and data centre services.
Company G	Private	The company is a network carrier that provides network services in telecommunications industry in Malaysia that provides a full suite of offerings to address the critical needs of service providers – reliable network performance, short time-to-market, cost effective solution and excellent customer service.
Company H	Private	The company is a global provider that offers a wide range of innovative global information and communications technology (ICT) solutions including cloud, network and security services.
Company I	Private	The company is a global system integrator and network support services provider that provides a full suite of offerings containing managed network services, managed security services, network optimisation assessment and other services to the customers.
Company J	Private	This company is one of the major players in the information technology and telecommunication industry in Malaysia that specialises in broadband application and network management.

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OVERVIEW OF MALAYSIA LAWS AND REGULATIONS

As at the Latest Practicable Date, our Group acts as MIS provider with two of its subsidiaries registered under Multimedia Super Corridor (“MSC”) in Malaysia. The business focus of our Group includes network support services and network connectivity services.

A summary of salient Malaysia legal and regulatory frameworks that may be applicable in our business operations are as follows:–

(I) Laws and Regulations relating to IT

(a) *Multimedia Super Corridor Status in Malaysia*

Government of Malaysia through the MDEC recognises MSC status for ICT-facilitated businesses.

To be eligible for MSC status, a company must meet the following criteria:–

- (i) undertake technology and/or knowledge transfer and/or contribute towards the development of MSC Malaysia or support Malaysia’s e-economy initiatives;
- (ii) establish a separate legal entity for MSC Malaysia qualifying activities; and
- (iii) where applicable, locate in a designated premise within MSC Malaysia Cybercity or Cybercentre.

Currently, entities that are granted MSC status are entitled to a set of incentives, rights and privileges from the Government of Malaysia, namely the MSC Malaysia Bill of Guarantees (“BOGs”). The BOGs are as follows:–

- (i) provide a world-class physical and information infrastructure;
- (ii) allow employment of local and foreign knowledge workers;
- (iii) ensure freedom of ownership by exempting companies with MSC status from local ownership requirements;
- (iv) give the freedom to source capital globally for MSC Malaysia infrastructure, and the right to borrow funds globally;
- (v) provide competitive financial incentives, namely Pioneer Status (100% tax exemption) for up to 10 years or an Investment Tax Allowance for up to 5 years and no duties on importation of multimedia equipment;
- (vi) become a regional leader in intellectual property protection and cyberlaws;

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- (vii) ensure no censorship of the Internet;
- (viii) provide globally competitive telecommunications tariffs;
- (ix) tender key MSC Malaysia infrastructure contracts to leading companies willing to use MSC Malaysia as their regional hub; and
- (x) provide a high-powered implementation agency to act as an effective one-stop super shop.

On 12 June 2018, the Government of Malaysia announced its participation in the Organisation for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) taxation initiatives whereby Malaysia in principal has committed to implement the BEPS Action Plan which is the international taxation standard. As such, the Government of Malaysia will streamline all relevant tax incentives for Malaysia to be consistent with the minimum standard under the BEPS Action 5.

Please refer to paragraphs headed “(IV) Laws and regulations relating to taxation” below in this section for the details of the revised tax incentives.

Further, all companies currently enjoying tax incentives under the MSC status for intellectual property income and non-intellectual property income will be given an option to either:-

- (i) enjoy the income tax exemption under their existing Pioneer Status incentive until 30 June 2021; or
- (ii) subject to the new legislation and guidelines coming into force, and migrate to the new regime and be subjected to the new criteria/conditions which are currently being reviewed by the Government of Malaysia.

(b) *The Communications and Multimedia Act 1998*

Communications and Multimedia Act 1998 (“**CMA 1998**”) establishes a framework to promote and regulate the communications and multimedia industry. Pursuant to CMA 1998, there are two key type of licenses i.e. the individual license and class license. Individual license requires a high degree of regulatory control which is for specified person to conduct a specified activity and may include special conditions whereas the class license is a “light-handed” form of regulation which is designed to promote industry growth and development with easy market access. The type of the licenses required will depends on the licensable activities which the person intends to operate.

Pursuant to CMA 1998, there are four categories of licensable activities namely, network facilities provider (NFP), network service provider (NSP), applications service provider (ASP) and content application service provider (CASP). The table below provides the brief description on the licensable activities:-

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Licensable Activities	Brief Description
NFP	The providers of network facilities, namely infrastructure such as, cables, towers, satellite earth stations, broadband fibre optic cables, telecommunications lines and exchanges, radiocommunications transmission equipment, mobile communications base stations and broadcasting transmission towers and equipment. These represent the fundamental building blocks of the convergence model upon which network, applications and content services are provided.
NSP	It provides the basic network connectivity and bandwidth to support a variety of applications. Network services enable network connectivity or transport between different networks. A network service provider usually owns or deploys the said network facilities. However, a licensee providing network connectivity services may use the network facilities owned by another licensee.
ASP	It provides particular functions such as voice services, data services, internet access and electronic commerce. Applications services are essentially the functions or capabilities; which are delivered to end-users. These are retail services.
CASP	It represents a special subset of applications service providers such as television and radio broadcast services, and services such as online publishing (currently exempt from licensing requirements) and the provisioning of information services.

In order to be qualified as a NSP individual license holder, a NSP individual license applicant shall submit the following information to MCMC pursuant to the CMA 1998 and the Communications and Multimedia (Licensing) Regulations 2000 and the licensing guidebook issued by MCMC:–

- (a) anticipated operating and capital expenditure, proposed financing plan including the sources of financing, whether domestic or foreign. Furthermore, the financial plan/ business plan for the proposed activity which should include a breakdown of the proposed capital expenditure and working capital requirements for the first five years of operation, projected volume of business, the forecast internal rate of return and payback period of the investment, the segment of the market that the applicant will target and etc;
- (b) the proposed operating procedures including a disaster recovery plan which shall include the contingency measures, contact point in the event of emergency, details of measures undertaken to ensure network and data security;

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- (c) the proposed technical and service rollout for the next five years such as a description of the activities that will take place in a given timeframe such as commencement of service, equipment requisition, proposed marketing activity and rates for the services;
- (d) the range of services to be provided and the components of the services;
- (e) the description of the resources required for the provision of the service which include identifying the relevant bands in the spectrum plan or type of numbering or electronic addresses required; and
- (f) an impact analysis report containing the information in relation to benefit or impact of the applicant's operation to the country generally and the communications and multimedia industry specifically and contribute towards making Malaysia a communications and multimedia global hub, the strategies that will be employed to compete effectively in the communications and multimedia market, details of technological innovations to be utilised in the provision of service or carrying out of activity and etc.

Besides that, the individual license holder shall:-

- (a) comply with the relevant Malaysia foreign investment restrictions;
- (b) notify MCMC of any change on shareholdings;
- (c) notify MCMC of any joint venture with other licensees which the licensee enters into;
- (d) to notify MCMC of the numbering and electronic addressing plan issued under CMA 1998;
- (e) to comply with any consumer codes registered under CMA 1998 which are relevant to the activities of the licensee;
- (f) must involve in the provision of broadband network services; and
- (g) must provide a specific undertakings with respect to levels of investment, specific activities and operations.

In evaluating the application made by the applicant, MCMC will consider the merits of each application against a set of criteria which may include but not limited to the following:-

- (a) the financial capability of the applicant in carrying out the activities in questions together with the feasibility of the business plan;
- (b) the background of the applicant and in the event that the applicant is an established company, the revenue earnings and the business segment in which the applicant is involved in would be taken into account;

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- (c) the shareholding structure;
- (d) the major projects undertaken by the applicant and proven managerial and technical expertise;
- (e) the benefit and impact that will be brought by the applicant to the overall communications and multimedia industry;
- (f) technological and/or service innovations the applicant proposes to provide;
- (g) the target market of the proposed activity; and
- (h) any other general policy decisions made by MCMC on the licensing framework.

In respect of the application of class license, the applicant will be required to provide a description of the network (inclusive of network topology and configuration of the network), description of the equipment to be use, channelling plan of frequency and details of proposed customers and scope of the activities of services to be provided.

It is provided in Section 126 of CMA 1998 that any person who (i) own or provide any network facilities; (ii) provide any network services; or (iii) provide any applications services, shall unless exempted by the Minister, possess either a valid individual license or class license granted pursuant to CMA 1998. The license holder is under an obligation to comply with the relevant standard conditions of the license as specified in the Schedule of CMA 1998. Any persons who operate a licensable activities without valid license shall, on conviction, be liable to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding 5 year or to both and shall be liable to a further fine of RM1,000 every day or part of a day during which the offence is continued after conviction.

If a body corporate commits an offence under CMA 1998, a person who at time of the commission of the offence was a director, chief executive officer, manager, secretary or other similar officer of the body corporate or was purporting to act in any such capacity or was in any manner or to any extent responsible for the management of any of the affairs of the body corporate or was assisting in such management may be charged severally or jointly in the same proceedings with the body corporate; and if the body corporate is found guilty of the offence, shall be deemed to be guilty of that offence unless, having due regard to the nature of his functions in that capacity and to all circumstances, he proves that the offence was committed without his knowledge, consent or connivance; and he had taken or reasonable precautions and exercised due diligence to prevent the commission of the offence.

It is also a duty of the network facilities provider, network service provider, applications service provider to deal reasonably with the consumers; and adequately address consumer complaints. Any service provider who failed or contravene the above said duty shall, on conviction, be liable to a fine not exceeding RM20,000 or to imprisonment for a term not exceeding 6 months or to both.

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In respect of the class license issued by MCMC, there is no special requirements or criteria that need to be fulfilled before the submission of the re-registration application save and except that the said application shall be filed within 60 days before the expiry of the preceding registration. Our Malaysia Legal Advisers is of the view that so long as the operating subsidiaries have complied with the standard license conditions as imposed under CMA 1998, inter alia, the numbering and electronic addressing plan and the relevant consumer codes registered under CMA 1998, they do not foresee any legal impediment on the future re-registration application filed by the operating subsidiaries.

(II) **Laws and Regulations relating to Business Operation**

(a) *The Local Government Act 1976*

It is a requirement for a company carrying out business in Malaysia to obtain a business license for each operating premise from the relevant local authority which is empowered under the Local Government Act 1976 (“**LGA 1976**”).

LGA 1976 confers the power to the local authority to make by-laws which provide that no person shall use any premise within the jurisdiction of respective Municipal Council without a license issued by respective Municipal Council.

The validity of the business license granted by the local authority shall be valid for a period not exceeding 3 years and subject to renewal. Every person to whom a license has been granted shall exhibit his license at all times in some prominent place on the licensed premises and shall produce such license if required to do so by any officer of the local authority authorised to demand the same. It is provided under LGA 1976 that any person who fails to exhibit or to produce such license shall be liable to a fine not exceeding RM500 or to imprisonment for a term not exceeding 6 months or to both.

Our Group is running our businesses at the district of Hang Tuah Jaya only and therefore it is a requirement to comply with the Licensing of Trades (Malacca Historic City Council) By-Laws 2010 (“**Trade By-Law**”).

The Trade By-Laws provides that no person shall use any place or premises, within the area administered by the Malacca Historic City Council for any trade, business or industry of without a license issued by the Malacca Historic City Council. Any person who contravenes any of the provisions of the Trade By-Laws stated therein shall be guilty of an offence and shall be liable on conviction to a fine not exceeding RM2,000 or imprisonment for a term not exceeding one year or both.

(b) *The Financial Procedure Act 1957*

The Financial Procedure Act 1957 (“**FPA 1957**”) provides for the control and management of the public finances of Malaysia, and for financial and accounting procedure including procedure for the collection, custody and payment of the public moneys of the Federation and of the States, and the purchase, custody and disposal of public property, other than land, of the Federation and of the States and for matters connected therewith.

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FPA 1957 must be read together with the Treasury's Direction (Arahan Perbendaharaan) ("**Direction**") made pursuant to the authority conferred under Section 4 of FPA 1957. Pursuant to the Direction, all individuals, firms, companies or entities who wish to have the business dealings with any of the government authority must be registered with the Ministry of Finance ("**MOF**").

The Treasury has special powers to determine the criteria and rules for such registration. They are also empowered to suspend or cancel such registration against any individual, firm, company and any entity who has been found guilty on the default or are unsatisfactory in their performance of a contract to the government for a reasonable period.

The Company Registration Guide for Procurement of Supplies and Services issued by MOF provides that a company holding a MSC status may qualify to be registered with MOF provided that it has a paid-up capital not less than RM2,500.00. The said company shall also present its MSC Certificate and the academic qualifications of the owners of the company, its directors and employees in the e-Procurement System.

(c) *The Financial Services Act 2013*

The business of our Group in Malaysia is subject to foreign exchange laws and regulations in Malaysia.

The Financial Services Act 2013 ("**FSA 2013**") provides for the regulation and supervision of financial institutions, payment systems and other relevant entities and the oversight of the money market and foreign exchange market to promote financial stability and for related, consequential or incidental matters.

Pursuant to Notice 4 issued by Central Bank of Malaysia, a non-resident is allowed to repatriate funds from Malaysia, including any income earned or proceeds from divestment of ringgit asset, provided that the repatriation is made in foreign currency.

(III) Laws and Regulations relating to Employment

The business of our Group is subject to the employment laws in Malaysia. Malaysia's employment and labour laws are governed by statutes and case law.

(a) *The Industrial Relations Act 1967*

The Industrial Relations Act 1967 ("**IRA 1967**") provides the legal framework and procedures for employees who have been unfairly dismissed and/or constructively dismissed by their employers. The IRA 1967 provides an avenue to seek redress via the Malaysia industrial court, which specializes in handling industrial relation matters only.

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(b) *The Employment Act 1955*

The Employment Act 1955 (As at 30 April 2012) (“**EA 1955**”) is the principal legislation that governs the employment practice and employer-employee relationship in Malaysia. EA 1955 regulates all labour relations including contracts of service, payment of wages, employment of women, maternity protection, rest days, hours of work, holidays, termination, lay-off and retirement benefits, employment of foreign employees and keeping of registers of employees.

For the purpose of clarifying, the First Schedule of the EA 1955 states that ‘employee’ means any person, irrespective of his occupation, who has entered into a contract of service with an employer and whose wages does not exceed RM2,000 a month.

(c) *The Employees Provident Fund Act 1991*

The Employees Provident Fund (“**EPF**”) is a social security fund formed in accordance to the Employees Provident Fund Act 1991 (“**EPFA 1991**”) providing for the retirement benefits for employees through management of their savings in an efficient and reliable manner.

Under EPFA 1991, both the employer and employee are required to make contributions into the employee’s individual account in the EPF. The amount is calculated based on the monthly wage of the employee and the contribution rate is based on the wage or salary received by the employee.

If the employer fails to pay to the EPF any contributions within the prescribed period, the company and the directors who are liable to pay in respect of or on behalf of any employee shall, on conviction, be liable to imprisonment for a term not exceeding 3 years or to a fine not exceeding RM10,000 or to both.

(d) *The Employees’ Social Security Act 1969*

Social Security Organization (“**SOCSSO**”) was mandated to administer and enforce the Employees’ Social Security Act 1969 (“**ESSA 1969**”) and Employee Social Security General Rules 1971 (“**ESSGR 1971**”). Through the ESSA 1969 and ESSGR 1971, SOCSSO is able to provide free medical treatment, facility for physical or vocational rehabilitation, and financial assistance to employees if they have lost their abilities due to accidents or disease that have reduced their abilities to work or rendered them incapacitated.

The contribution in respect of an employee under ESSA 1969 shall comprise the contributions payable by the employer and employee respectively. The contributions shall fall into the following two categories, namely:–

- (a) First category (employment injury and invalidity schemes) – The rates of contribution under this category comprise of 1.75% employer’s share and 0.5% employee’s monthly wages;
- (b) Second category (employment injury scheme) – The rates of contribution under this category is 1.25% of the employee’s monthly wages solely borne by the employer.

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If the employer fails to make the required contribution to SOCSO, the company and the directors shall be punishable with imprisonment for a term which may extend to 2 years, or with a fine not exceeding RM10,000 or with both. Court may also order the employer to pay to the SOCSO the amount of any contributions, together with any interest credited on it, due and payable to SOCSO.

(e) The Employment Insurance System Act 2017

The Employment Insurance System Act 2017 (“**EISA 2017**”) is an employment insurance system which aims to provide certain benefit and re-employment placement programme for insured persons in the event of loss of employment which will promote active labour market policies. The said system was administered by SOCSO.

With effect from January 2018, an employer that has registered his industry with SOCSO in accordance to ESSA 1969 shall be deemed to have registered his industry under EISA 2017 and shall make contribution at the rate as specified in the Second Schedule of EISA 2017 based on the amount of the monthly wages of the employees insured under EISA 2017. Such contribution shall cease when the employee attains the minimum retirement age.

Any employer who fails to register his industry shall on conviction, be liable to a fine not exceeding RM10,000 or to imprisonment for a term not exceeding two years or to both. Any question, dispute, claim or appeal by an insured person, employer, training provider or any person in relation to any matter under EISA 2017 shall be filed to the Social Security Appellate Board instituted under Section 83 of ESSA 1969 for decisions.

(f) The Minimum Wages Order (Amendment) 2018

The Minimum Wages Order (Amendment) 2018 (“**MWO 2018**”) imposes minimum wages on all employees.

The current minimum wages of employees in Peninsular Malaysia is RM1,100 per month, or RM5.29 per hour for private sector workers in Peninsular Malaysia.

As at the Latest Practicable Date, our Group has complied with the MWO 2018.

(IV) Laws and Regulations relating to Taxation

(a) The Promotion of Investments Act 1986

There are incentives available in Malaysia for investments in promoted products and activities in specific business activities as promoted by the Malaysia Government. For instance, company being accorded pioneer status is entitled to various incentives as explained below.

Under the Promotion of Investments Act 1986 (“**PIA 1986**”), any company or person proposing to register a high technology company, being desirous of establishing or participating in a promoted activity or of producing a promoted product in areas of new and emerging technologies, may make an application in writing to the Ministry of International Trade and Industry (“**the**

REGULATORY OVERVIEW

Ministry”) for pioneer status, or for pioneer status to be given when the proposed company has been registered, in relation to that activity or product. On receipt of an application for pioneer status, the Minister may grant the status if he is satisfied that it is expedient in the public interest to do so.

Where a pioneer company fails to comply with any of the conditions imposed under PIA 1986, the Minister of International Trade and Industry (“**MITI**”) shall by notice in writing require the company within 30 days from the date of service of the notice to show cause why the pioneer certificate should not be cancelled. The Minister has the discretion to cancel the pioneer certificate if he is not satisfied with the reasons for the non-compliance with the conditions imposed or the pioneer company has failed to comply with the notice served by the Minister.

Malaysian Investment Development Authority (“**MIDA**”), an agency appointed by the MITI, shall from time to time advise MITI on the formulation of policies, lead, coordinate, monitor and evaluate the implementation of the policies, strategies, activities and development of investment in the manufacturing and services sectors. A pioneer status company is generally eligible for exemption from income tax for five years and may make an application for extension of tax relief period for another five years subject to the discretion of the Ministry with the concurrence in writing of the Minister of Finance.

Following the announcement on 12 June 2018, the Government of Malaysia has recently issued some MSC Malaysia related regulations and orders to streamline the tax incentives available in Malaysia. For the qualifying companies which have been granted with the pioneer status under the PIA 1986, the following income shall be disregarded for the purpose of tax relief:–

- (i) exclusion of intellectual property income:–
 - for the period on or after 1 July 2018 but before 1 July 2021, royalty and other income derived from a new intellectual property right, but not from an existing intellectual property right, of which the MSC status company is the owner or licensee; and
 - for the period on or after 1 July 2021, royalty and other income derived from all intellectual property rights of which the MSC status company is the owner or licensee.

- (ii) exclusion of non-intellectual property income:–
 - for an MSC status company which has been granted pioneer status on or before 16 October 2017, non-intellectual property income derived after 30 June 2021 and non-intellectual property income derived after 31 December 2018 from any promoted activity approved after 16 October 2017 as the pioneer business of the MSC status company; and
 - for an MSC status company which has been granted pioneer status after 16 October 2017, non-intellectual property income derived after 31 December 2018.

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Further thereto, pursuant to the Income Tax (Exemption) (No. 10) Order 2018, the Minister may exempt a qualifying company in the basis period for a year of assessment from the payment of income tax in respect of the statutory income derived from the core income generating activities for a period of 5 years. An exemption granted herein is subject to the qualifying company complying with all the conditions imposed by the Minister which shall include the following:-

- (i) the qualifying company shall employ such minimum number of full time employees to carry on the core income generating activities;
- (ii) the full-time employees shall have such minimum amount of monthly base salary; and
- (iii) the qualifying company shall incur a minimum amount of annual operating expenditure and investment in fixed asset to carry on such core income generating activities.

The Minister may extend the exemption period for another period of 5 years subject to the qualifying company complying with all the conditions as set out above and the application for extension shall be made by the qualifying company to the Minister not later than 30 days before the expiry of the exemption period.

As at the Latest Practicable Date, all the application for the extension of tax exemption period will be put on hold until further announcement by MDEC.

(b) *The Income Tax Act 1967*

Pursuant to the Income Tax Act 1967 (“**ITA 1967**”), income tax shall be charged for each year of assessment upon the income of any person accruing in or derived from Malaysia or received in Malaysia from outside Malaysia. Section 7 of ITA 1967 defines tax resident as an individual who has been residing in Malaysia for 182 days or more in the tax year. Basically, a company will be a tax resident in Malaysia if its management and control is exercised in Malaysia.

The income tax rate payable by a resident company differs depending on the amount of the group company’s paid-up capital in relation to the particular year of assessment. For the year of assessment 2017-2018 and 2019, company with a paid-up capital of RM2.5 million and less are subject to tax rate of 18% and 17% respectively for the first RM500,000 and 24% for any sum in excess of RM500,000. In cases where a company has a paid-up capital of RM2.5 million or more, the company is subject to a tax rate of 24% with effect from year of assessment 2017-2018.

Withholding tax is applicable to corporations making contract payments to non-resident contractor as prescribed under the ITA 1967. However, Malaysia does not levy withholding tax for dividends paid by a company incorporated in Malaysia to non-resident shareholders.

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(c) *Income Tax (Deduction from Remuneration) Rules 1994*

Pursuant to Rule 3 of Income Tax (Deduction from Remuneration) Rules 1994 (“**ITDRR**”), it is mandatory for employers to make deductions from their employees’ remuneration every month in accordance with the Monthly Tax Deduction (“**MTD**”) Schedule. Employer shall then pay to the Director General the amount of tax deducted from the remuneration of employees not later than the 15th day of the month following the month of deduction.

Any person, who without reasonable excuse, fails to comply this provision shall be guilty of an offence and shall on conviction, be liable to a fine not exceeding RM20,000 or to imprisonment for a term not exceeding 6 months or to both.

(d) *The Goods and Services Tax Act 2014, Sales Tax Act 2018 & Service Tax Act 2018*

The Goods and Services Tax Act 2014 (“**GSTA 2014**”) was implemented on 1 April 2015 with the standard rate of goods and services tax (“**GST**”) fixed at 6%. GST is chargeable on all taxable supplies of goods and services made in the course or furtherance of a business in Malaysia and importation of goods into Malaysia by a taxable person. A taxable person is a person who makes taxable supplies in Malaysia with annual turnover exceeding RM500,000 and who is required to be registered with the Royal Malaysian Customs.

Pursuant to the Goods and Services Tax (Rate of Tax) (Amendment) Order 2018 which came into operation on 1 June 2018, the rate of tax was revised from 6% to 0%. As such, our Group will not be liable to pay any GST from June 2018 onwards.

With effect from 1 September 2018, GSTA 2014 was repealed and replaced by Sales Tax Act 2018 and Service Tax Act 2018. Pursuant to Service Tax Regulations 2018, any person who provides information technology services, telecommunication services and any content applications service provider who is registered under the CMA 1998 are subject to service tax. The rate of service tax shall be charged at the rate of 6%.

Pursuant to the guidelines issued by the Royal Malaysian Customs Department, provision of information technology services, telecommunication services and other services in connection with telecommunication services shall be subjected to service tax save and except:–

- (i) the provision or sales of goods in connection with the provision of information technology services;
- (ii) provision of information technology services in connection with goods or land situated outside Malaysia or other matters outside Malaysia; or
- (iii) provision of telecommunication services to another provider of telecommunication services in Malaysia or outside Malaysia.

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An information technology and telecommunication service provider reaching the prescribed threshold of total value of taxable services of RM500,000 per annum is required to register itself with the Royal Malaysian Customs Department. Any person who intends to evade or assist any other person to evade service tax commits an offence and shall on conviction, be liable to a fine not less than 10 times and not more than 20 times the amount of service tax or to imprisonment for a term not exceeding 5 years or to both.

(V) **Laws and Regulations relating to Data Protection**

(a) *The Personal Data Protection Act 2010*

The Personal Data Protection Act 2010 (“**PDPA 2010**”) aims to regulate the collection, holding, processing and use of personal data in commercial transactions and to prevent malicious use of personal information.

Section 4 of PDPA 2010 defines “data user” as a person who either alone or jointly or in common with other persons processes any personal data or has control over or authorizes the processing of any personal data and “data subject” as the person whose personal data is processed by the data user. The general principle under Section 6 of PDPA 2010 imposes an obligation on the data user to obtain consent from the data subject prior to processing the personal data of the data subject. A data user who contravenes such general principle commits an offence and shall, on conviction, be liable to a fine not exceeding RM300,000 or to imprisonment for a term not exceeding 2 years or to both.

The data user shall not disclose any personal data and shall inform the data subject by written notice when the personal data is being processed by or on behalf of the data user. Failing which, the data user who contravenes the provisions commits an offence and shall, on conviction, be liable to a fine not exceeding RM300,000 or to imprisonment for a term not exceeding 2 years or to both.

If a body corporate commits an offence, any person who at the time of the commission of the offence was a director, chief executive officer, chief operating officer, manager, secretary or other similar officer of the body corporate may be charged severally and jointly in the same proceeding with the body corporate unless he successfully proves that the offence was committed without his knowledge, consent or connivance and he has taken all reasonable precautions and exercised due diligence to prevent the commission of the offence.

(VI) **Laws and Regulations relating to Intellectual Property**

(a) *The Trade Marks Act 1976*

Trade Marks Act 1976 (“**TMA 1976**”) provides protection for registered trademarks and service marks in Malaysia.

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It is provided under TMA 1976 that the valid registration of a person as registered proprietor of a trade mark (other than a certification trade mark) in respect of any goods or services shall be given or be deemed to have been given to that person the exclusive right to the use of the trade mark in relation to those goods or services subject to any conditions, amendments, modifications or limitations entered in the Register of Trade Marks (“**Register**”).

A mark must be capable, in relation to any goods or services, of distinguishing in the course of trade goods or services certified by any person in respect of origin, material, mode of manufacture, quality, accuracy, or other characteristic, from goods or services not so certified shall be registrable as a certification trade mark in the Register in respect of those goods or services in the name of that person as proprietor thereof except that a mark shall not be so registrable in the name of a person who carries on a trade in goods or services of the kind certified.

The proprietor of a trade mark which is entitled to protection under the Paris Convention or the Agreement on Trade Related Aspects of Intellectual Property Rights as a well-known trade mark is entitled to restrain by injunction the use in Malaysia in the course of trade and without the proprietor’s consent of the trade mark which, or the essential part of which, is identical with or nearly resembles the proprietor’s mark, in respect of the same goods or services, where the use is likely to deceive or cause confusion.

A trade mark, once registered with the Intellectual Property Corporation of Malaysia is valid for 10 years and may be renewed every 10 years.

The Common Law Protection towards Unregistered Trade Marks

It is provided under Section 82 of TMA 1976 that no person shall be entitled to initiate any action to prevent or to recover damages for the infringement of an unregistered trade mark. However, nothing in this TMA 1976 shall be deemed to affect the right of action against any person for passing off goods or services as those of another person or the remedies in respect thereof.

Despite the non-registration of the trademark under the TMA 1976, there is an alternative cause of action for passing off goods or services under common law.

(VII) Laws and Regulations relating to the distribution of dividend

(a) *Companies Act 2016*

The Companies Act 2016 requires that a company may only declare dividend and make distribution to the shareholders out of profits of the company available if the company is solvent.

Furthermore, all the distribution must be authorised by the directors of the company before the distribution is made and the directors may only authorise the distribution at such time in such amount if the directors are satisfied that the company will be solvent immediately after the distribution is made.

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For the purpose of this section, the company is regarded as solvent if the company is able to pay its debts as and when the debts become due within 12 months immediately after the distribution is made.

Pursuant to Companies Act 2016, the company, every officer and any other person or individual who fails to comply with the same or wilfully pays or permits to be paid or authorised the payment of any improper or unlawful distribution, shall be liable to imprisonment for a term not exceeding 5 years or to a fine not exceeding RM3,000,000 or to both.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

BUSINESS DEVELOPMENT

Our Group is a MIS provider based in Malaysia which specialises in providing network support services and network connectivity services as a single point of contact to our customers.

Our Group's history can be traced back to the establishment of our first operating subsidiary, IP Core in June 2007 by our executive Director, Dato' Tan together with Mr. Haron, an Independent Third Party. IP Core was incorporated in Malaysia as a ICT provider in Malaysia providing system integration services. At the time of incorporation, Dato' Tan and Mr. Haron perceived that there was a growing demand for security-related solution services in the ICT industry. IP Core has since then developed into a provider of network support services and network connectivity services to customers engaged in a wide range of industries across Malaysia.

In 2012, IP Core's quality management system was assessed and accredited with ISO: 9001:2008 for our corporate positions as a ICT service provider.

In June 2013, our second operating subsidiary MDC was incorporated in Malaysia for the purpose of focusing on small and medium-sized enterprises.

IP Core was granted with MSC status from MDEC in April 2014. This status entitles IP Core to the rights and privileges under the bill of guarantees, which includes tax exemptions.

Over the years of operation, our Group has a solid track record in the industry and has been appointed by various telecommunication companies as business partners. With our capacity to expand our business footprint across Malaysia, our Group currently offers network support services, which mainly focuses on network customisation and installation, bandwidth management services, network operations centre and maintenance services and IT security service. In terms of network connectivity services, we also offer solutions on setting up and managing intranet and internet using metro Ethernet technology.

Milestones and Business Awards of our Group

The chronological overview of the key events in respect of the major business development of our Group is set out below:

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Year	Milestones
2007	<p>IP Core, our first operating subsidiary, was incorporated in Malaysia</p> <p>IP Core was appointed as a Gold Partner of Supplier A to provide solutions to end-customers</p>
2010	<p>IP Core became the only company appointed by Fortinet in Malaysia to be a Gold Partner of Managed Security Service Provider</p>
2012	<p>IP Core was first accredited with ISO 9001:2008, in relation to the scope of provision of ICT service</p> <p>IP Core was appointed as an Elite Partner of Supplier A</p>
2013	<p>MDC, our second operating subsidiary, was incorporated in Malaysia to focus on small and medium-sized enterprises</p> <p>IP Core and MDC were each issued a ASP licence by MCMC which allowed us to engagement in the provision of network connectivity services</p>
2014	<p>IP Core was awarded MSC status from MDEC</p> <p>IP Core's MSSP partnership status with Fortinet was upgraded from Gold to Platinum Partner</p>
2015	<p>IP Core became an associate member of Malaysia Internet Exchange ("MyIX"), a non-profit organisation providing a business networking platform for local internet service providers and content providers</p>
2016	<p>IP Core was awarded SOPHOS Enterprise Partner of the Year under the network security group category from SOPHOS</p>
2017	<p>IP Core was accredited with ISO 9001:2015 in relation to the scope of provision of ICT service</p>

ESTABLISHMENT AND DEVELOPMENT OF OUR COMPANY AND ITS MAJOR SUBSIDIARIES

As at the Latest Practicable Date, the subsidiaries of our Group comprised our Company, Top Quantum, IP Core, MDC, IP Core Network and Nomad (HK). Set out below is the brief corporate history of the subsidiaries of our Company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Our Company

Our Company, being the listing vehicle of our Group, was incorporated in the Cayman Islands as an exempted company with limited liability on 5 June 2018 and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 21 September 2018. As at the date of incorporation, our Company had an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of par value HK\$0.01 each. On the same date, one Share was allotted and issued as fully paid to the initial subscriber at par, which was transferred to Advantage Sail (a BVI company wholly and beneficially owned by Dato' Tan). On the same date, an additional eight Shares were allotted and issued as fully paid at par to Advantage Sail and one Share was allotted and issued as fully paid at par to Robust Cosmos (a BVI company wholly and beneficially owned by Ms. Kwong). For details of the Reorganisation, please refer to the paragraphs headed "Reorganisation" below in this section.

As at the Latest Practicable Date, our Company was mainly an investment holding company.

Top Quantum

Top Quantum was incorporated in the BVI with limited liability on 16 April 2018 and is authorised to issue a maximum of 50,000 shares with no par value. On 14 May 2018, one subscriber share was allotted and issued as fully paid to each of Dato' Tan and Ms. Kwong, respectively. On 11 June 2018, Top Quantum allotted and issued eight shares to Dato' Tan.

On 28 June 2018, Dato' Tan and Ms. Kwong together as vendors and the Company as purchaser enter into the Reorganisation Agreement, pursuant to which our Company will acquire the entire issued shares of Top Quantum from Dato' Tan and Ms. Kwong. After the said acquisition, Top Quantum has become a wholly-owned subsidiary of our Company. For details of the Reorganisation, please refer to the paragraphs headed "Reorganisation" below in this section.

As at the Latest Practicable Date, Top Quantum was mainly an investment holding company.

IP Core

On 13 June 2007, IP Core was incorporated in Malaysia with an initial authorised capital of RM100,000 divided into 100,000 ordinary shares of RM1 each. It was principally engaged in the provision of ICT services. On the day of incorporation, IP Core allotted and issued as fully paid one share (representing 50% of the issue shares at the time) to each Dato' Tan and Mr. Haron, an Independent Third Party.

On 16 November 2009, Mr. Haron transferred his one share in IP Core to Mr. M. Abd Hamid, an Independent Third Party at par. The consideration for the above transfer was determined with reference to the amount of initial investment of the selling shareholder in IP Core. Such transfer was properly and legally completed and settled. After the said share transfer, each of Dato' Tan and Mr. M. Abd Hamid held 50% of the issued shares of IP Core.

On 17 November 2009, IP Core increased its then authorised capital to 500,000 ordinary shares of RM1 each.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 18 November 2009, IP Core allotted and issued as fully paid 149,999 shares to Dato' Tan and another 149,999 shares to Mr. M. Abd Hamid. After the said allotments of shares, each of Dato' Tan and Mr. M. Abd Hamid continued to hold 50% of the issued shares of IP Core, each holding a total of 150,000 shares.

On 11 October 2012, Mr. M. Abd Hamid transferred his 150,000 shares to his brother, Mr. A. Abd Hamid, an Independent Third Party at par. The consideration for the above transfer was determined with reference to the amount of the total investment of the selling shareholder in IP Core. Such transfer was properly and legally completed and settled. After the said share transfer, each of Dato' Tan and Mr. A. Abd Hamid held 50% of the issued shares of IP Core.

On 14 April 2014, IP Core allotted and issued as fully paid 100,000 shares to Dato' Tan and another 100,000 shares to Mr. A. Abd Hamid. After the said allotments of shares, each of Dato' Tan and Mr. A. Abd Hamid continued to hold 50% of the issued shares of IP Core, each holding a total of 250,000 shares.

On 30 March 2015, Mr. A. Abd Hamid transferred 200,000 of his shares to Dato' Tan at par, and the remaining 50,000 shares to Ms. Kwong at par. The considerations for the above transfers were determined with reference to the amount of total investment of the selling shareholder in IP Core. Such transfer was properly and legally completed and settled. After the said share transfers, IP Core was owned as to 90% by Dato' Tan and 10% by Ms. Kwong.

Upon completion of the Reorganisation, IP Core became an indirect wholly-owned subsidiary of our Company. For details of the Reorganisation, please refer to the paragraphs headed "Reorganisation" below in this section.

MDC

On 19 June 2013, MDC was incorporated in Malaysia with an initial authorised capital of RM400,000 divided into 400,000 ordinary shares of RM1 each. It was principally engaged in provision of ICT services to small and medium-sized enterprises. As at the day of incorporation, MDC allotted and issued as fully paid one share (representing 50% of the issue shares at the time) to each of Ms. Chan and Ms. Kwong.

On 16 August 2013, MDC allotted and issued as fully paid 99,999 shares to Ms. Chan and another 99,999 shares to Ms. Kwong. After the said allotments of shares, each of Ms. Chan and Ms. Kwong continued to hold 50% of the issued shares of MDC, each holding a total of 100,000 shares.

On 20 October 2014, Ms. Chan transferred her 100,000 shares to Dato' Tan at par. The consideration for the above transfer was determined with reference to the amount of total investment of the selling shareholder in MDC. Such transfer was properly and legally completed and settled. After the said share transfer, each of Dato' Tan and Ms. Kwong held 50% of the issued shares of MDC.

Upon completion of the Reorganisation, MDC became an indirect wholly-owned subsidiary of our Company. For details of the Reorganisation, please refer to the paragraphs headed "Reorganisation" below in this section.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

IP Core Network

On 16 July 2018, IP Core Network was incorporated in Malaysia as a private company limited by shares. It was established for the purpose of applying for an NSP licence. As at the date of incorporation, IP Core Network allotted and issued as fully paid 70 shares (representing 70% of the issued shares at the time) to IP Core, and 30 shares (representing 30% of the issued shares at the time) to Ms. Fathim Nur Zaida Binti Zainal Ariffin (“**Ms. Zainal Ariffin**”), one of our senior management. On 18 May 2019, IP Core Network allotted and issued as fully paid up 349,930 Shares to IP Core and 149,970 Shares to Ms. Zainal Ariffin. After the said allotments of shares, IP Core and Ms. Zainal Ariffin continued to hold 70% and 30% of the issued shares in IP Core Network respectively. The purpose of such allotment of shares to Ms. Zainal Ariffin is to strengthen our Group’s position in obtaining an NSP licence as after consultation with the relevant authority in Malaysia, the Directors noted that IP Core Network having a Bumiputera shareholder with not less than 30% issued shares thereof would be advantageous to its application for an NSP licence as required by the relevant authority in the course of vetting. Hence, given the Controlling Shareholders including Dato’ Eric and his spouse are both not Bumiputera, we have to look for a suitable Bumiputera investor for IP Core Network. In this connection, our Directors consider that Ms. Zainal Ariffin is the best suitable candidate taking into account her extensive experience and dedication to our Group over the years. Ms. Zainal Ariffin is currently our head of sale and had accumulated over 11 years of experience in the network computing and telecommunication industry. She also possesses a profound understanding on our business and operation, market positioning, risk management and our business relationship with individual customers. For details of the NSP licence requirements, please refer to the paragraphs headed “Regulatory overview – Overview of Malaysia laws and regulations” in this prospectus. After the said allotment of shares, IP Core Network was owned 70% by IP Core and 30% by Ms. Zainal Ariffin.

On the other hand, to mitigate the “key person” risks in case Ms. Zainal Ariffin no longer remains with us and to ensure that she would not transfer her shares in IP Core Network to any third party without our consent, upon our request, Ms. Zainal Ariffin has executed an irrevocable undertaking in favour of each of IP Core Network and IP Core to the effect that she has undertaken not to sell, transfer or dispose of or pledge any of her shareholding in IP Core Network to any third party without our written consent, and IP Core shall have the first right of refusal to purchase and transfer her shares in IP Core Network. She also undertakes that she shall maintain her Bumiputera identity and shall remain as the legal and beneficial owner of 30% issued share capital of IP Core Network until and unless her employment with us is terminated whereby she has to dispose of all her shares in IP Core Network to the transferee as instructed by us at a consideration that equals her capital contribution paid to IP Core Network. For the purpose of the undertaking, she has agreed to enter into other documents, such as shareholder agreement or call option deed, upon our request. As such, even if Ms. Zainal Ariffin’s employment with us is terminated, we can look for other suitable Bumiputera investor to take up her shares in IP Core Network. As Ms. Zainal Ariffin is required to serve not less than 3 months’ notice for her departure, our Directors are confident that we can have sufficient time to identify the alternative Bumiputera investor.

Upon completion of the Reorganisation, IP Core Network became a subsidiary of our Company. For details of the Reorganisation, please refer to the paragraphs headed “Reorganisation” below in this section.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Nomad (HK)

Nomad (HK) was incorporated in Hong Kong with limited liability on 8 May 2018. On the date of incorporation, Nomad (HK) allotted and issued as fully paid one (1) share (representing the entire issued share capital of Nomad (HK)) to Dato' Tan at the consideration of HK\$1, which was then transferred to Top Quantum on 25 June 2018. Upon completion of the Reorganisation, Nomad (HK) became an indirect wholly-owned subsidiary of our Company. For details of the Reorganisation, please refer to the paragraphs headed "Reorganisation" below in this section.

Since its incorporation and up to the Latest Practicable Date, Nomad (HK) mainly establishes a business presence in Hong Kong, and has not commenced any business activities.

PRE-IPO INVESTMENT

Background of the Pre-IPO Investor

Alpha Vision is an investment holding company incorporated in the BVI with limited liability on 31 May 2018, the shares of which are legally and beneficially and wholly-owned by Mr. Foo, who is also the sole director of Alpha Vision.

Mr. Foo, aged 54, is a founder, chairman, an executive director and also chief executive officer of Nexion Technologies Limited ("**Nexion**"), a company listed on GEM (stock code: 8420). Mr. Foo has over 29 years of experience in the IT industry and our Group believed that his extensive industry experience can bring to us valuable insights and visions, prompting our business in a sustainable direction with his strategic investments. Between February 1989 and September 1996, Mr. Foo founded several IT businesses which were engaged in the provision of word processing and repair services for the private and government sectors, the sales and servicing of computers, and the trading of computer parts and computer peripherals respectively. From October 1998 to December 1999, he was a training officer with the Institute of Technical Education, Singapore and was responsible for educating students in the subject of electronics engineering. In January 2000, he joined Premier Electro Communication Pte. Ltd., a company engaged in the business of IT system integration, as a service manager where he was responsible for assisting to manage a team of engineers, generation of revenue as well as the maintenance of contracts with existing clients. From March 2001 to April 2002, he joined Getronics Solutions (S) Pte Ltd., a subsidiary of a holding company headquartered in Munich, Germany, which is in the business of system integration as a project manager. He was responsible for the negotiation, implementation and maintenance of IT projects. Mr. Foo obtained a diploma in Electronics & Communication Engineering from Singapore Polytechnic in April 1990.

Mr. Foo's senior management experience in the IT industry has enabled him to get acquaintance with different investors and had built up a business network. In 2016, Mr. Foo got acquaintance with Dato' Tan through a vendor event, whereby Mr. Foo expressed his interest in investing in the managed security service and network connectivity solution provider business in Malaysia in light of the potential growth arising from the growth in IT industry in Malaysia. Apart from expanding the asset base of our Company with the Pre-IPO Investment, we can leverage Mr. Foo's business connection worldwide, his extensive experience and knowledge in investments and the capital market in Hong Kong. Our Directors believe that Mr. Foo will provide valuable business and corporate governance related advice to us alongside with our business expansion in the future. To the best of the knowledge, information and belief of our Directors after making

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all reasonable enquiries, Mr. Foo is an Independent Third Party prior to his investment as the ultimate beneficial owner of Alpha Vision in our Group. He is independent of and not connected with our Controlling Shareholders. The investment of Alpha Vision in our Group was financed out of its internal resources.

Save as the Pre-IPO Investment, to the best knowledge and belief of our Directors, Alpha Vision and Mr. Foo, its ultimate beneficial owner, were Independent Third Parties. To the best and belief of our Directors, Alpha Vision decided to invest in our Group as it was interested in and is optimistic about the business prospect of our Group and the MIS industry in Malaysia. Our Directors believe that Alpha Vision's investment would strengthen and diversify the shareholders' portfolio of our Company, serve as an endorsement of our operation, performance and prospects. Also, Alpha Vision's ultimate beneficial owner, namely, Mr. Foo, is an executive director of a listed company in Hong Kong, and thus, he has the relevant experience to provide guidance to our Directors on corporate governance matters, improvement on internal control procedures and compliance with relevant rules and regulations, and the mutual introduction of customers in different spectrum of the services provided in the IT industry in Malaysia will benefit both Alpha Vision and our Group. Further, our Group can leverage Mr. Foo's business connection in South East Asia, and his extensive experience and knowledge in investments and the capital market in Hong Kong. In addition, Mr. Foo can contribute his expertise and experience in cybersecurity to our Group and assist our Group to expand beyond Malaysia into other part of Asia. Our Directors believe that Mr. Foo will provide valuable business and corporate governance related advice to us alongside with our business expansion in the future.

Investment

On 27 July 2018, a subscription agreement (the "**Subscription Agreement**") was entered into between our Company, Dato' Tan, Ms. Kwong and Alpha Vision, pursuant to which Alpha Vision agreed to subscribe for 10 Shares, representing 25% of the enlarged share capital of our Company (taking into account 30 Shares allotted and issued by our Company to Advantage Sail and Robust Cosmos referred to in paragraphs headed "Reorganisation" below in this section) at the subscription price of HK\$15 million. The implied pre-money valuation of our Company based on the consideration of HK\$15 million paid by Alpha Vision to subscribe 25% equity interest in our Company at the time of pre-IPO investment is HK\$60 million. The consideration was arrived at after arm's length negotiations between Alpha Vision and our Company with reference to the historical financial performance of IP Core and MDC and the future prospects of our Group. The above subscription, inclusive of banking charges, was irrevocably, properly and legally completed and settled on 27 July 2018. Alpha Vision is expected to offer business advice to our Group on its business development and positioning through Mr. Foo who had over 29 years of experience in the I.T. industry, and experience as a business adviser specialising in the formulation and implementation of business strategies for companies. After the said transfer, our Company was owned as to 67.5% by Advantage Sail, 7.5% by Robust Cosmos, and 25% by Alpha Vision, respectively.

Set out below is a summary of the details for the Pre-IPO Investment mentioned above:

Name of Pre-IPO investor:	Alpha Vision
Date of subscription agreement:	27 July 2018
Subscription price:	HK\$15 million

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Settlement date of subscription price:	27 July 2018
Number of Shares of Mr. Foo subscribed:	10 shares (representing approximately 25% of the total issued share capital of our Company upon completion of the Pre-IPO Investment)
Shareholding in our Company immediately after completion of the Share Offer and the Capitalisation Issue:	Approximately 18.75%
Investment cost per Share on the basis of the enlarged share capital of our Company immediately after completion of the Share Offer and the Capitalisation Issue and discount to mid-point of the Offer Price range:	Approximately HK\$0.13, representing approximately 64.9% discount to the mid-point of the indicative Offer Price range
Use of proceeds:	Working capital of our Group
Strategic benefits that the pre-IPO investor will bring to our Group:	Our Directors believe that the investment made by Alpha Vision, as a shareholder of our Company, will bring strategic benefits to our Group by providing financing and strategic advice to our Group's business
Special rights:	Nil
Lock-up:	The Shares held by Alpha Vision are subject to a lock-up period of six months from the Listing Date

Sponsor's confirmation

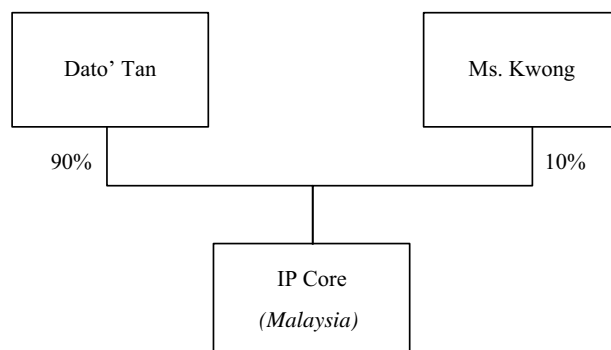
Given that (i) no special rights have been granted to Alpha Vision in respect of its investment; (ii) our Directors have confirmed that the terms of the investment by Alpha Vision (including the consideration) was determined on arm's length basis taking into account the historical financial performance of and the future prospects of our Group; and (iii) the consideration under the pre-IPO investment has been settled on 27 July 2018, which was more than 28 clear days before the date of submission of the Listing application, the Sponsor is of the view that the pre-IPO investment by Alpha Vision is in compliance with the "Interim Guidance on pre-IPO Investments" (HKEx-GL29-12) and the "Guidance on pre-IPO Investments" (HKEx-GL43-12) issued by the Stock Exchange.

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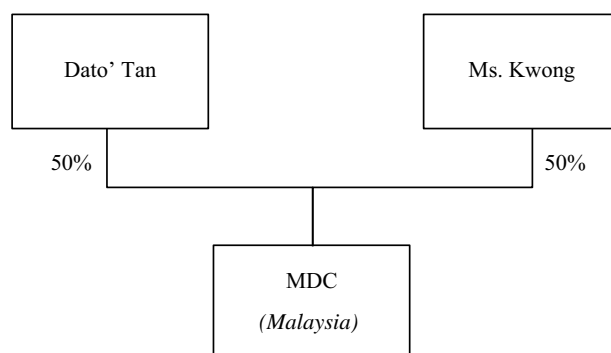
REORGANISATION

Prior to the Reorganisation, the structure of our Group was as follows:

IP Core



MDC



Corporate restructuring

To rationalise our Group's structure in preparation for the Listing, our Group underwent various corporate restructuring as more particularly described as follows:

- (1) On 16 April 2018, Top Quantum was incorporated in the BVI with limited liability. For details of Top Quantum, please refer to the paragraphs headed "Establishment and development of our Company and its major subsidiaries – Top Quantum" of this section.
- (2) On 8 May 2018, Nomad (HK) was incorporated in Hong Kong with limited liability. On the date of incorporation, Nomad (HK) allotted and issued as fully paid one share (representing the entire issued share capital of Nomad (HK)) to Dato' Tan at the consideration of HK\$1. For details of Nomad (HK), please refer to the paragraphs headed "Establishment and development of our Company and its major subsidiaries – Nomad (HK)" of this section.
- (3) On 5 June 2018, our Company was incorporated in Cayman Islands as an exempted company with limited liability with an authorised share capital of HK\$380,000.00 divided into 38,000,000 Shares of par value HK\$0.01 each, of which one subscriber Share was allotted and

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issued as fully paid to an initial subscriber. Subsequently on the same date, the initial subscriber transferred one subscriber Share to Advantage Sail. On the same date, an additional eight Shares were allotted and issued as fully paid at par to Advantage Sail and one Share was allotted and issued as fully paid at par to Robust Cosmos. For details of our Company, please refer to the paragraphs headed “Establishment and development of our Company and its major subsidiaries” of this section above.

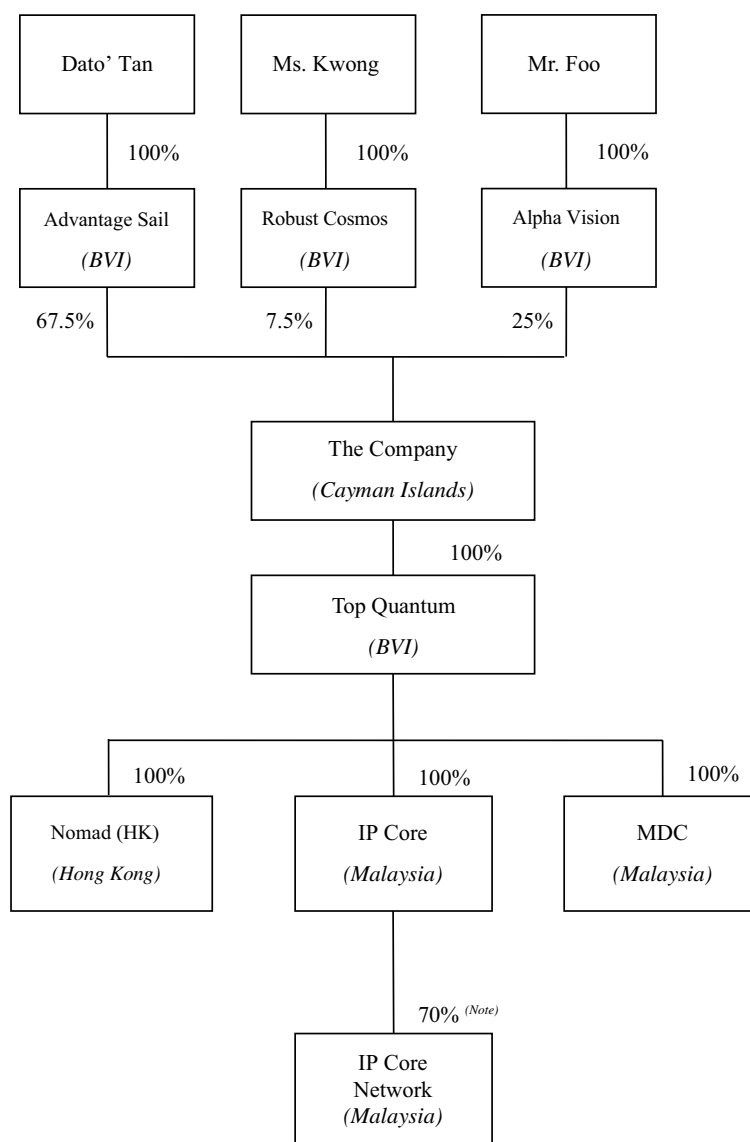
- (4) On 21 June 2018, as part of the reorganisation, (i) Dato’ Tan transferred 450,000 shares of IP Core (representing 90% of the entire issued share capital at the time) at the consideration of RM1; and (ii) Ms. Kwong transferred 50,000 shares of IP Core (representing 10% of the entire issued share capital at the time) at the consideration of RM1 to Top Quantum.
- (5) On 21 June 2018, (i) Dato’ Tan transferred 100,000 shares of MDC (representing 50% of the entire issued share capital at the time) at the consideration of RM1; and (ii) Ms. Kwong transferred 100,000 shares of MDC (representing 50% of the entire issued share capital at the time) at the consideration of RM1 to Top Quantum.
- (6) On 25 June 2018, as part of the Reorganisation, Top Quantum acquired one share (representing the entire issued shares at the time) of Nomad (HK) from Dato’ Tan at nominal value. After the said acquisition, Nomad (HK) has become a wholly-owned subsidiary of Top Quantum.
- (7) On 28 June 2018, the Reorganisation Agreement was entered between Dato’ Tan and Ms. Kwong together as vendors and our Company as purchaser, pursuant to which our Company acquired the entire issued shares of Top Quantum from Dato’ Tan and Ms. Kwong. In consideration thereof, nine Shares and one Share were allotted and issued as fully paid to each of Advantage Sail and Robust Cosmos, respectively. The acquisition was properly and legally completed and settled and after which, Top Quantum has become a wholly-owned subsidiary of our Company.
- (8) On 16 July 2018, IP Core Network was incorporated in Malaysia with limited liability. On the date of incorporation, IP Core Network allotted and issued as fully paid 70 shares (representing 70% of the issued share capital of IP Core Network) to IP Core, at the consideration of RM70. On the same day, IP Core Network also allotted and issued as fully paid another 30 shares (representing 30% of the issued share capital of IP Core Network) to Ms. Zainal Ariffin, one of our senior management. For details of IP Core Network, please refer to the paragraphs headed “Establishment and development of our Company and its major subsidiaries – IP Core Network” of this section.
- (9) On 25 July 2018, nine Shares and one Share were allotted and issued as fully paid to Advantage Sail and Robust Cosmos at par, which were properly and legally completed and settled.
- (10) On 27 July 2018, the Subscription Agreement aforementioned in the paragraphs headed “Pre-IPO Investment – Investment” above in this section was entered into between our Company, Dato’ Tan, Ms. Kwong and Alpha Vision, pursuant to which Alpha Vision agreed to subscribe for 10 Shares, representing 25% of the enlarged share capital of our Company at the

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subscription price of HK\$15 million. After the said allotment, our Company was owned as to 67.5% by Advantage Sail, 7.5% by Robust Cosmos, and 25% by Alpha Vision, respectively. The above subscription was irrevocably, properly and legally completed and settled on 27 July 2018.

- (11) On 18 May 2019, IP Core Network allotted and issued as fully paid up 349,930 to IP Core and 149,970 to Ms. Zainal Ariffin. After the said allotments of shares, IP Core and Ms. Zainal Ariffin continued to hold 70% and 30% of the issued shares in IP Core Network respectively.

Upon completion of the Reorganisation set out above, our Company became the holding company of our Group. The following chart sets out the shareholding and corporate structure of our Group immediately after the Reorganisation but prior to completion of the Share Offer and the Capitalisation Issue:

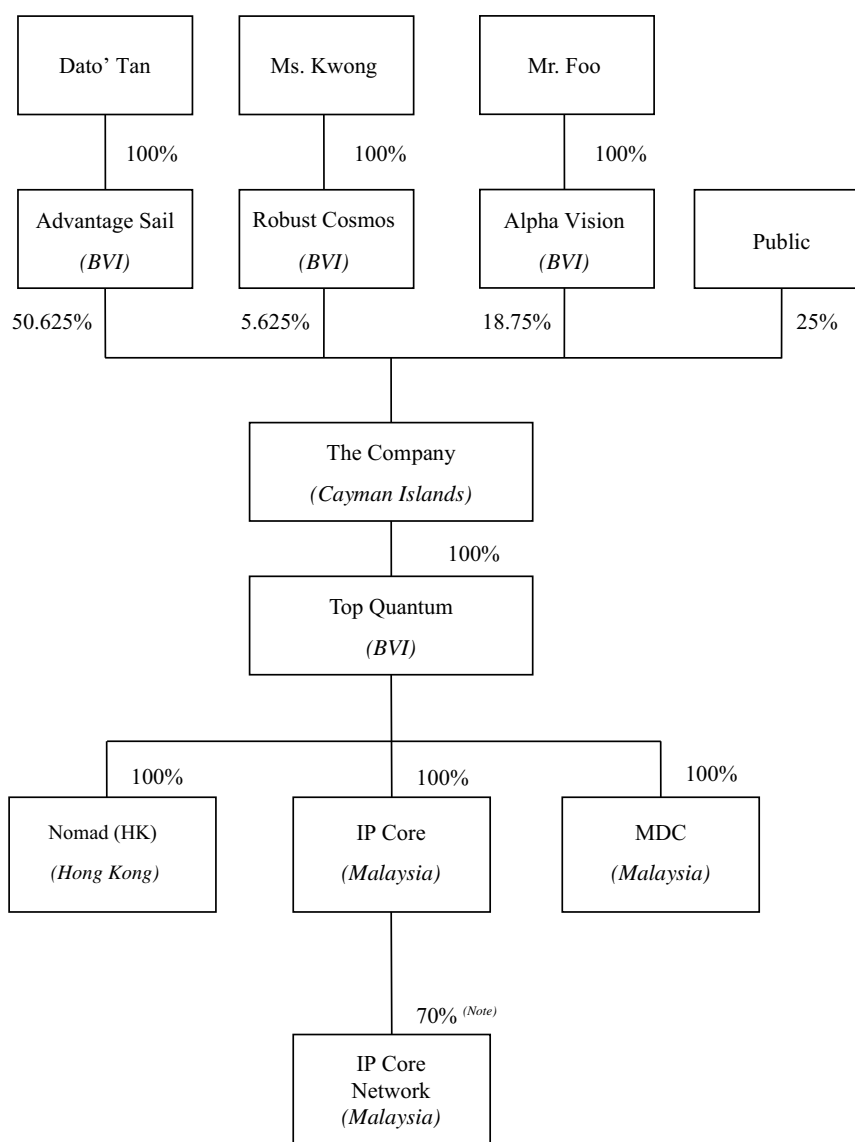


Note: Ms. Fathim Nur Zaida Binti Zainal Ariffin, one of the members of our senior management, holds the remaining 30% of the entire issued shares of IP Core Network.

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Conditional on the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the allotment and issue of the Offer Shares by our Company pursuant to the Share Offer, certain amounts standing to the credit of the share premium account of our Company will be capitalised and applied in paying up in full at par such number of Shares for allotment and issue to its shareholders (i.e. Advantage Sail, Robust Cosmos and Alpha Vision) in proportion to their respective shareholdings prior to the commencement of the trading and dealing of the Shares on the Exchange, such that the number of Shares so allotted and issued, when aggregated with the number of Shares already owned by them, will constitute not more than 75% of the total issued share capital of our Company.

The following chart sets forth the shareholding structure of our Group immediately following the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be issued upon the exercise of the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme):



Note: Ms. Fathim Nur Zaida Binti Zainal Ariffin, one of the members of our senior management, holds the remaining 30% of the entire issued shares of IP Core Network.

BUSINESS

OVERVIEW

Our business. Our Group is a well-established managed internet service (MIS) provider in Malaysia. According to the F&S Report, we are the fifth largest player in the MIS industry in Malaysia with a market share of 1.3% in terms of revenue in 2018. We provide customised (i) network support services mainly encompassing network infrastructure design and hardware installation, network management and security services; and (ii) network connectivity services that focus on providing intranet and internet connectivity solutions with metro Ethernet and broadband that is subscribed from third-party telecommunication companies. These two kinds of managed internet services are complementary to each other to facilitate seamless data transmission and management. By providing the network support services and network connectivity services on a single platform, we are a single point of contact that provides end-to-end network solutions to our customers. The following table sets forth a breakdown of our Group's revenue by services category during the Track Record Period:

	FY2017		FY2018		FY2019	
	RM	%	RM	%	RM	%
Network support services (Note)	9,495,135	44.3	22,558,437	61.6	20,799,355	50.3
Network connectivity services	11,948,804	55.7	14,073,349	38.4	20,553,770	49.7
Total	<u>21,443,939</u>	<u>100.0</u>	<u>36,631,786</u>	<u>100.0</u>	<u>41,353,125</u>	<u>100.0</u>

Note: Our network support services mainly comprise (i) network infrastructure design and hardware installation; (ii) bandwidth management; (iii) hardware monitoring and maintenance; and (iv) internet security services. For the purpose of providing these services, our customers generally either purchase or lease the hardware from us. Hence, our revenue generated in this segment comprises the revenue from (i) sale and installation of hardware; (ii) lease of hardware; and (iii) provision of other network support services to our customers.

Our network support services. Our Group's network support service business focuses on providing comprehensive and customised ICT solutions to meet individual customers' needs on a fixed term basis, ranging from one year to 10 years, in the following aspects:-

- (i) network infrastructure design and hardware installation to ensure that our customers have an integrated network infrastructure in place to meet their needs and to enable connectivity, data transmission and management.
- (ii) bandwidth management services, which are mainly related to the integrated services of monitoring and managing network traffic flow while optimising the bandwidth usage efficiency of our customers;
- (iii) hardware monitoring and maintenance services of our customers' network infrastructure and hardware on a 24 hours a day, seven days a week basis, by providing both remote and on-site technical support and hardware replacement services in case of any hardware failure; and

BUSINESS

- (iv) internet security services, which are mainly related to providing protection against internal and external network threats to or attacks on our customers' networks and establishing secured VPN connection via internet.

Our network connectivity services. Our Group's network connectivity services focus on providing network connectivity solutions to our customers engaging in various industries such as automotives, education, telecommunications, logistics and hotels industries, primarily using metro Ethernet connectivity to enable our customers to gain intranet and internet access that we subscribe from third-party telecommunication companies. Our network connectivity services enable our customers to have secured private network and dedicated internet access within their corporate branches and offices nationwide. In addition to metro Ethernet, upon customers' request and to a lesser extent, we also provide solutions on broadband internet connectivity as an alternative for cost efficient internet. Our network connectivity services are highly scalable and we are able to provide incremental bandwidth expansion as per individual customers' requirements, for a minimum subscription period of twelve months.

Our revenue growth. For FY2017 and FY2018, our total revenue amounted to approximately RM21.4 million and RM36.6 million, respectively, with an increase of approximately RM15.2 million or 71.0%. Such increase in our revenue was primarily driven by the Nationwide Project awarded to us, increase in revenue generated from our existing channel partners, and the revenue generated from new customers of our Group. For FY2018 and FY2019, our total revenue amounted to approximately RM36.6 million and RM41.4 million, respectively, with an increase of approximately RM4.8 million or 13.1%. Such increase in our revenue was mainly attributable to 46.1% increase in revenue from network connectivity services projects during FY2019 and offset by 8.0% decrease in revenue from network support services during FY2019.

Our revenue model. As a prerequisite for using our network support services, our customers are required to be equipped with all necessary hardware. In this connection, we offer our customers the choice of (i) a subscription-based model pursuant to which we offer the necessary hardware to our customers during the provision of our network support services and thus, our recurring subscription fee charged would include both the rental of hardware and the fees for our services rendered to them; and (ii) a capital-based model pursuant to which we provide network support services to our customers with the hardware we sold to them and thus, we charge our customers a recurring subscription fee for our the services and a one-off fee for the sale of hardware. Warranty of hardware under the capital-based model would be provided by the relevant hardware vendor under its own terms. In both cases, we charge our customers a one-off hardware installation fee at the beginning of the contracts with our customers.

For provision of network connectivity services, we generally charge our customers a recurring subscription fee for a subscription period of at least twelve months. Hence, our revenue in this segment is mainly derived from the monthly subscription fees paid to us during the respective term of the agreements between our customers (including both channel partners and direct customers) and us.

For FY2017, FY2018 and FY2019, there were one, ten and ten new customers for our network connectivity services, respectively. The average original contract sum of our contracts with these new customers is approximately RM0.2 million. For FY2017, FY2018 and FY2019, there were 45, 49 and 60 existing customers for our network connectivity services, respectively. The average original contract sum of our contracts with these existing customers is approximately RM0.4 million.

BUSINESS

Our customers subscribe a specific type of services or a combination of different types of services under our network support services and/or network connectivity services through one or more purchase order(s) and/or agreement(s) with us. Our revenue can therefore be categorised into one-off revenue and recurring revenue. The one-off revenue mainly include our revenue generated from the sale of hardware and installation of hardware at our customers' sites according to our network infrastructure design. The recurring revenue mainly included all-inclusive subscription fees (including the rental of our hardware and our service fees) paid to us on monthly or annual basis under the fixed terms purchase orders/agreements with our customers. During FY2017, FY2018 and FY2019, approximately 79.3%, 59.0% and 82.2% of our revenue, respectively, was generated from our monthly or annual fees whereas the remaining 20.7%, 41.0% and 17.8% of our revenue, respectively, was generated from one-off hardware installation services and sale of hardware for the corresponding years.

The table below sets forth the breakdown of the revenue by the nature of our services:

Range of original contract sum	Aggregate original contract sum RM'000	Revenue recognised during the Track Record Period (approximately RM'000)						Remaining revenue to be recognised after the Track Record Period as estimated by management (approximately RM'000)	
		FY2017		FY2018		FY2019		One-off Revenue (Note 1)	Recurring Revenue (Note 2)
		One-off Revenue (Note 1)	Recurring Revenue (Note 2)	One-off Revenue (Note 1)	Recurring Revenue (Note 2)	One-off Revenue (Note 1)	Recurring Revenue (Note 2)		
RM1,000,000 or above									
Network support services	33,315	220	1,895	8,771	2,799	4,869	6,754	-	5,812
New customers		-	-	-	-	-	-		
Existing customers		220	1,895	8,771	2,799	4,869	6,754		
Network connectivity services	16,090	49	2,981	13	2,858	-	3,326	-	3,916
New customers		-	-	-	-	-	-		
Existing customers		49	2,981	13	2,858	-	3,326		
Combined	41,450	201	5,195	1,692	5,488	143	7,926	-	12,268
New customers		-	-	313	502	-	-		
Existing customers		201	5,195	1,379	4,986	143	7,926		
	90,855	470	10,071	10,476	11,145	5,012	18,006	-	21,996
Below 1,000,000	76,641	3,974	6,929	4,529	10,482	2,369	15,966	-	24,489
Total	167,496	4,444	17,000	15,005	21,627	7,381	33,972	-	46,485

Notes:

- (1) It refers to the revenue generated from the sale and installation of hardware.
- (2) It refers to the revenue generated from the monthly subscription fee and annually subscription fee that our customers paid or would pay to us for our managed internet services.

Our customers. During the Track Record Period, our customers base mainly comprised (i) channel partners such as telecommunication companies and IT service providers; and (ii) direct customers engaged in different industries in Malaysia. Our revenue generated from channel partners and direct customers accounted for approximately 58.4% and 41.6%, respectively, of our total revenue for FY2017; approximately 72.0% and 28.0%, respectively, of our total revenue for FY2018; and approximately 69.3% and 30.7%, respectively of our total revenue for FY2019. For FY2017, FY2018 and FY2019, our top five customers accounted for approximately 57.7%, 70.9% and 72.9% of our total revenue, respectively, while our largest customer accounted for approximately 21.1%, 29.9% and 32.1% of our total revenue for the same year.

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Our suppliers. During the Track Record Period, our suppliers mainly included: (i) telecommunication companies for provision of metro Ethernet and broadband services; (ii) suppliers of hardware; and (iii) subcontractors for cabling works. During the Track Record Period, purchases from our five largest suppliers accounted for approximately 60.5%, 68.1% and 82.6% of our total purchases, respectively, while our largest supplier accounted for approximately 50.1%, 42.9% and 53.7% of our total purchases for the same period, respectively, including data services and internet access, which, as advised by our Malaysia Legal Advisers, are essentially the functions or capabilities required for the delivery of our network connectivity services to the end-users.

Our licences and tax incentives. During the Track Record Period and as at the Latest Practicable Date, our Group has obtained all necessary licences that are material to our business operations from the relevant government authorities. Our major operating subsidiaries, IP Core and MDC, have each first obtained ASP licence from MCMC in April 2013 and August 2013, respectively. This means that IP Core and MDC are licensed virtual network operators that can subscribe for different types of networks from third-party telecommunication companies to leverage their nationwide network infrastructure, including data services and internet access, which, as advised by our Malaysia Legal Advisers, are essentially the functions or capabilities required for the delivery of our network connectivity services to the end-users.

IP Core and MDC first obtained MSC status from MDEC in April 2014 and April 2016, respectively, which is a kind of tax incentives, indicating that they are recognised by the Government of Malaysia for their services, and are entitled to the incentives, rights and privileges provided for them as they have continuingly adhered to the applicable criteria and conditions. On the other hand, IP Core also obtained pioneer status and was also granted the pioneer status, and be entitled to tax exemption for five years with effect from 4 April 2014 which had expired on 3 April 2019. IP Core's application to renew its pioneer status and the tax exemption was yet to be approved as at the Latest Practicable Date.

Our qualifications. Our Directors believe that our success in the MIS industry in Malaysia is attributable to our extensive knowledge and experience in the industry and our commitment to maintain an effective management system. We have accumulated over 10 years of experience in providing managed internet services to our customers. Furthermore, we were accredited ISO 9001 for ICT service providers in relation to our quality management system.

COMPETITIVE STRENGTHS

We believe that our success is attributable to, among other things, the following competitive strengths:

We are the single point of contact to our customers for the end-to-end network solutions

By providing both (i) network support services, which include network infrastructure design and hardware installation, bandwidth management, hardware monitoring and maintenance and internet security, and (ii) network connectivity services on a single platform, we are the single point of contact to our customers for end-to-end network solutions. This means that we generally provide comprehensive one stop solution package to our customers in respect of their network infrastructure and connectivity to meet their

BUSINESS

needs without the involvement of other suppliers. Our Directors believe that this end-to-end network solution generally reduces hassle and costs, and saves resources and time of our customers in the design, set up, and function of their network.

To facilitate the provision of our end-to-end network solutions, we liaise with various suppliers, such as telecommunications companies and hardware providers to ensure that suitable intranet/internet services and hardware are provided to our customers and the end-users of our services. In providing our network support services, we are also generally responsible for setting up our customers' network including the installation of hardware such as firewalls and other network devices, whereby we can acquire sufficient understanding of their network layout and system configuration, which puts us in an advantageous position to provide management and security services to their networks. We also help our customers monitor their network. It allows us to have real-time access to their network for data collection, reporting and maintenance.

By providing end-to-end network solutions to our customers, our Directors believe that we would be in a better position than other MIS providers, which may only provide part of the managed internet services, in identifying network problems of our customers' network and seeking suitable solutions from the responsible suppliers to the problems in their networks in a timely manner. Our Directors believe that this enhances our customers' overall user experience in our managed internet services and facilitates the provision of our round-the-clock ongoing maintenance services to our customers. This also enables our customers to avoid any unnecessary delay in solving the problems, such as time wasted on identifying the responsible service provider.

Our Directors believe the convenience and efficiency we can offer to our customers with our problem solving capability in providing both network support services and network connectivity services have enabled us to gain a high degree of customer loyalty.

We are the only Fortinet recognised MSSP Platinum Partner appointed in Malaysia

We have been Fortinet's partner since 2011. As at the Latest Practicable Date, our Group is the only Fortinet recognised MSSP Platinum Partner appointed in Malaysia. Fortinet is an internationally renowned and leading provider of network security appliances with headquarters in the U.S. It provides a wide range of security products for users ranging from small and medium-sized enterprises, to multinational corporations and telecommunications companies.

We purchase Fortinet firewalls and other hardware through its authorised distributors in Malaysia. Fortinet products form a material portion of our cost of sales and services in relation to our hardware and network equipment. For FY2017, FY2018 and FY2019, our cost of sales in respect of Fortinet products amounted to approximately RM0.7 million, RM4.3 million and RM1.2 million, which accounted for approximately 53.3%, 78.4% and 55.1% of our cost of sales in network equipment and hardware, respectively, whereas the carrying value of Fortinet products held by us for leasing to customers for provision of network support services under the subscription-based model is approximately RM0.8 million, RM1.3 million and RM1.2 million, respectively, which accounted for approximately 29.5%, 32.1% and 52.6% of all our internet hardware and equipment held by us for leasing to customers during the same periods, respectively.

BUSINESS

Availing ourselves of the Fortinet MSSP Platinum Partnership Programme, our Group is eligible to purchase featured Fortinet products from Fortinet's authorised distributors at a relatively greater discount. This in turn allows us to offer competitive prices to our customers when we offer network support services to them with Fortinet products. We are also entitled to the exclusive supporting features from Fortinet at no additional cost such as a unique policy migration tool that can reduce our migration workload. This form of Fortinet's support can in turn shorten our project delivery time and enhance the productivity of our technical teams.

Since we are the only Fortinet appointed MSSP Platinum Partner in Malaysia, our Directors believe that it would help us build up confidence among customers in our services as compared to other Fortinet partners. With our commitment to provide quality and effective services, coupled with the support from Fortinet, we are able to assist our customers in identifying and solving network problems on a timely basis. The Fortinet MSSP Platinum Partnership status is renewed every six months, but can be terminated by Fortinet with notice or without notice if we fail to meet certain criteria, such as maintaining network monitoring center 24 hours a day and seven days a week, maintaining a number of experts in our Company, conducting a performance audit every six months, etc. During the Track Record Period, we had not received any complaint or notice from Fortinet for failing to meet their requirements.

Fortinet, a global leader in high-performance cybersecurity solutions, secures major enterprises, service providers, and government organizations around the world. Fortinet empowers its customers with intelligent, seamless protection across the expanding attack surface and the power to take on ever-increasing performance requirements of the borderless network. According to the F&S Report, Fortinet ranked third globally for the combined firewall, unified threat management (UTM) and VPN market in terms of revenue in 2018. We have provided Fortinet products including different types of firewalls and switches to the customers of our network support services for more than ten years and our Directors note that the products have stable performance. They had the second highest effectiveness and the lowest total cost of ownership among ten major brands of firewall products as rated by NSS Labs, a globally recognised cybersecurity lab, in 2018. Our Directors believe that our status as a Fortinet appointed MSSP Platinum Partner enables us to develop and offer our network support services in a comprehensive manner, thus allowing us to develop footprint at the end-users of our services and consistently maintain our competitive edge.

We have a proven track record and maintain good and stable relationship with our customers

Our history can be traced back to 2007 when IP Core was established by our executive Director Dato' Tan together with an Independent Third Party as an ICT provider offering system integration services which later specialised in managed internet services. We believe that our experience and skills accumulated over the years in the MIS industry, our dedication to understanding our customers' needs, and our ability to respond to their requests have fostered our customers' confidence in our ability to render good quality services with different levels of complexity.

Capitalising on our experience and skills, our Directors believe that our Group has established and maintained good and stable relationship with a wide range of customers, including our top five customers, which are (i) our channel partners through which we approach and serve end-users from private enterprises; and (ii) multi-national corporations and small and medium-sized enterprises which we approach directly or vice versa.

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By responding to our customers' technical requirements and requests in relation to areas such as security levels of their network infrastructure and bandwidth requirements on a timely basis, we are able to identify the potential problems (if any) in their network. It makes both network security issues and network traffic activities more visible and the control of network security and traffic easier.

Furthermore, as both of our network support services and network connectivity services involve not only the initial setting up of network infrastructure, but also their on-going management, maintenance and updates, our customers tend to enter into fixed-term contracts with us for a term ranging from one year to 10 years. Given that a change of MIS provider may potentially be time-consuming, disruptive to their business and bring upon uncertainty and extra up-front cost for them and/or their customers, who are end-users of our services, our customers often prefer renewing our engagement for our continuous management and maintenance services after expiry of their contracts. As such, most of our contracts with customers are long-term and/or recurring in nature, which enables us to establish a solid and diversified customer base. During the Track Record Period, our business relationship with our top five customers ranged from two to 10 years.

At the same time, for FY2017, FY2018 and FY2019, the average duration of our contracts (other than contracts generating one-off revenue only) for network connectivity services was approximately 3.3 years, 2.8 years and 2.6 years, respectively, while that of our contracts for network support services was approximately 3.9 years, 3.7 years and 3.6 years, respectively, and that of our contracts for a combination of network connectivity and network support services was approximately 3.8 years, 3.6 years and 2.9 years, respectively.

Our Directors and members of our management team have frequent interactions with our customers regarding their needs and feedbacks on the quality of our services. Through this communication channel, our Directors believe that we are able to better understand our customers' needs as well as the latest market trend in the MIS industry on a timely basis.

We have an experienced and capable management team

Our Directors consider that the strength of our management team is essential to our success. Up to the Latest Practicable Date, our executive Directors, Dato' Tan and Mr. Saw, had more than 20 years and nine years of experience in the ICT market, respectively, with a focus on the provision of managed internet services. Owing to their extensive experience and knowledge in the MIS industry in Malaysia, they are competent to discharge their duties in an effective and reliable manner. Our Directors believe that members of our senior management team also possess hands-on and in-depth knowledge in the MIS industry and our operation. In particular, Ms. Fathim Nur Zaida Binti Zainal Ariffin, our head of sales department, has over 13 years of experience in the network computing and telecommunication industry and is experienced in developing and managing business relationships.

Our Directors consider that our senior management team's dedication, extensive experience and in-depth knowledge in the MIS industry in Malaysia have played a pivotal role in the development of our business, which, we believe, differentiates us from our competitors and contributes to our growth during the Track Record Period. For further details regarding the experience of our management team, please refer to the section headed "Directors, senior management and employees" in this prospectus.

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In addition to our management team, we also have a dedicated engineering team comprising 21 in-house engineers and IT technicians. They provide technical support 24 hours a day and seven days a week throughout the year. By providing adequate on-going training to our staff and enhancing their awareness of the latest trend in the MIS industry, we believe our staff are well-equipped to respond to our customers' enquiries and cater for their needs in a timely manner.

We believe that the experience and knowledge of our executive Directors and senior management team will enable our Group to (i) manage and operate our business efficiently; (ii) attract more sizeable new customers to engage our services; and (iii) continuously maintain a close working relationship with our customers and suppliers.

We have established a comprehensive and stringent quality assurance system

Our Directors are aware that the quality of our managed internet services is crucial to the success of our business. If we provide substandard services to our customers, their confidence in our services will erode, which will in turn adversely affect our business and operation in the long run. Therefore, we have established a comprehensive and stringent quality assurance system through various internal policies to ensure the quality, reliability and timeliness of our managed internet services. We obtained the ISO 9001:2015 certification regarding our quality management system accreditation which indicates that we have established and maintained a management system and procedures in accordance with the requirements of the international standard.

For quality control over our suppliers, we maintain a list of approved suppliers based on several criteria, including quality of their products and/or services, track record, pricing and supply capability. All potential new suppliers must undergo our stringent internal selection procedures before becoming our approved suppliers.

On the other hand, we maintain a stringent quality assurance system over both our (i) pre-implementation and installation procedures; and (ii) system handover quality control procedures. For example, our engineering team will check if the hardware supplied by our suppliers is capable of or sufficient for project deployment before installation such that any products which are defective or do not comply with the stated product specifications can be replaced by our suppliers within the warranty period. "Staging" test and trial run of the installed products would also be conducted. For system handover, user acceptance tests are carried out with our customers after our engineering team has successfully implemented the services.

For further details on our quality control system, please refer to the paragraphs headed "Quality assurance" of this section.

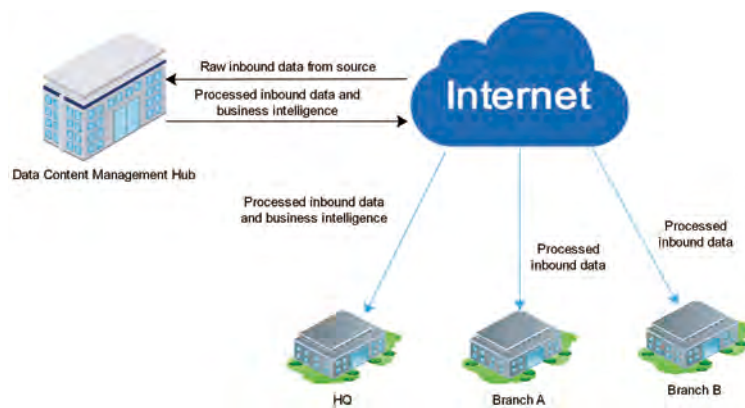
BUSINESS STRATEGIES

Our principal business objectives are to achieve sustainable growth, further strengthen our position in the MIS industry in Malaysia, and create long-term value for our Shareholders by executing the following key business strategies:

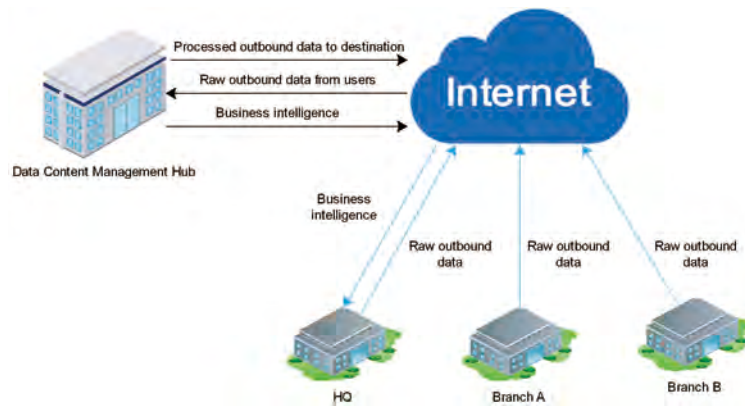
(I) Implementing cloud-based data content management solution

Digital data is an integral part of people’s daily life, but the amount of data is so massive nowadays that it is becoming increasingly difficult to manage and to avoid data loss. More customers are turning to “cloud computing”, which is a method for delivering on-demand data processing and computing services that is hosted on remote servers over the internet rather than on a local server or computer. According to the F&S Report, the rising popularity and widening scenario applications of Big Data analytics allow service providers to offer a continuous protection and monitoring of their customer’s network security. As at the Latest Practicable Date, we were in the preparatory stage of establishing our own data management infrastructure, known as “Data Content Management Hub”, for the purpose of providing, *inter alia*, (i) cloud-based data content management that is capable of handling a large amount of data from network traffic effectively such as processing of Big Data for extraction and analysis and examining a large amount of data containing in a wide range of data types which aims to uncover hidden patterns, unknown correlation and other insights (“**business intelligence**”) and (ii) data security to prevent data leakage, detect and prevent cyber threats, and monitor and filter network traffic. The following diagram is an illustration of the Data Content Management Hub in respect of inbound and outbound data traffic, respectively:

Process of inbound data traffic by Data Content Management Hub



Process of outbound data traffic by Data Content Management Hub



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Customers who subscribe for our Data Content Management Hub services can obtain business intelligence from their internet traffic that passes through our Data Content Management Hub by using our direct internet access via metro Ethernet, or by routing their internet traffic to the Data Content Management Hub via the Internet. Through business intelligence, customers can extract real-time valuable insights from the data in their internet traffic. Our target customers include telecommunications companies which may in turn provide business intelligence to their customers in different industries for further analysis.

As a kind of data security services, our Data Content Management Hub also works as a cloud-based infrastructure for capturing and processing the Big Data going through our customers' network, enabling us and our customers to further extract and analyse such Big Data for protection against cyber threats that may affect the network. Our customers who engage our network connectivity services may also subscribe for our Big Data analytics related services by using our direct internet access via metro Ethernet by routing their internet traffic to the Data Content Management Hub for detecting malicious activities or abnormal patterns of access (e.g. abnormal user activities, odd connection durations and unexpected connection sources) and other anomalies based on Big Data analytics before delivering the data to its final destination. Such detection is crucial for internet security as undetected attackers can make use of their temporary presence in our customers' systems to expand their footprint and access, gaining elevated privileges and control over the systems.

In addition, the Data Content Management Hub can also provide data leakage protection services to our end-users (including direct customers and customers of our channel partners), whereby confidential information can be classified, identified and prevented from being sent out to unauthorised party via the network in real time.

Our Group intends to leverage our existing customer base during the inception stage of implementation of our Data Content Management Hub and market this cloud-based data content management services to both existing and potential customers. Our Directors believe that it can be easily scaled up by increasing the internet connection bandwidth and hardware capacity.

Apart from purchasing the software that can achieve the tasks mentioned above, we will engage professional services to be provided by the external vendor to complete the setting up of Data Content Management Hub. These professional services mainly include (i) installation and configurations of hardware related to the physically mounting of the equipment, cabling, power supply, network deployment and integrations to our current network; (ii) customisation of our Data Content Management Hub comprising software development for the solutions that are tailor-made to meet our customers' requirements; and (iii) software development that focuses on different customers' varying needs and provision of services, monitoring and reporting.

These professional services are beyond the technical capability and expertise of and cannot be covered by our staff. As the hardware used in our existing servers for networking purpose is different from the hardware used in the Data Content Management Hub, which requires higher computing power than traditional networking hardware used by our Group to process an enormous amount of data in real-time and our staff has no prior experience or hardware engineering expertise in this respect, we have to rely on the external vendor to install the hardware and to configure and fine-tune the same to smoothly integrate it with

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our other systems. Further, customisation of the software to meet our specific needs requires the technical know-how from the external vendor and cannot be attended by our staff who has expertise in network support services and network connectivity services rather than software development.

After the installation of the hardware and instrumentation of the software mentioned above, the whole Data Content Management Hub project will be managed by our staff together with the vendor's project team which is mainly comprised of a project manager, system architects, network engineers, and implementation engineers. Given that the platform of the Data Content Management Hub is relatively complex, we have to maintain constant communications with the vendor's project team to ensure timely delivery of the systems and their quality and functionalities. After successful completion of the Data Content Management Hub project, the vendor will hand over all documentation, operations, and maintenance to us and provide support to us on a remote basis. The scope of the services will be agreed between us and the vendor.

As the Data Content Management Hub will be managed by our staff together with the project team of the vendor or the inception stage, our Directors envisage that it is not necessary for us to designate a special team for the Data Content Management Hub. Hence, our existing staff together with the additional staff to be recruited by us, the details of which are set out in the paragraph headed "Business Strategies - Expanding and strengthening our manpower to cater for the anticipated expansion plans" in this section, will be sufficient for the operation of the Data Content Management Hub. Our Directors believe that by working together with the vendor's project team at the inception stage, our staff including the additional staff to be recruited by us can acquaint themselves with the operation of the Data Content Management Hub before the vendor provides support to us on a remote basis.

The software used in Data Content Management Hub will be continuously upgraded and supported by the vendor to keep up with the latest functionalities as we will pay an annual licence fee to the vendor of approximately RM0.4 million. Our Directors expect that the hardware of the system used in Data Content Management Hub can have a useful life of approximately five years and may need to be upgraded or replaced due to technology development, normal wear and tear, or when new disruptive technologies emerge. As confirmed by Frost & Sullivan, the expected useful life of the said hardware is in line with the industry standards and norms.

Our Directors take the view that the breakeven amount of the Data Content Management Hub project is estimated to be approximately RM14.9 million. Based on enquiries from potential customers and the growing demand for Big Data analytics, the breakeven period of the Data Content Management Hub project is expected to be approximately three years. Breakeven amount refers to the revenue required to be generated from our operation to cover the expected operating expenses of the project, such as depreciation, license fee, labour costs, rental, selling expenses, etc., and breakeven period refers to the period of time required for the revenue generated by the project to at least equal the breakeven amount.

We intend to invest approximately RM15.6 million (equivalent to approximately HK\$29.4 million) for the setting up and maintenance of the Data Content Management Hub, of which a sum of approximately RM8.4 million (equivalent to approximately HK\$15.9 million) has been paid as down payment, a further sum of approximately RM4.7 million (equivalent to approximately HK\$8.9 million) will be from our internal resources and the remaining sum of approximately RM2.5 million (equivalent to approximately

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HK\$4.6 million) will be from the net proceeds of the Share Offer, representing approximately 16.4% of the net proceeds of the Share Offer. Our Group expects to launch the Data Content Management Hub by the end of 2019.

(II) Acquiring additional hardware and software to provide cloud-based internet security services

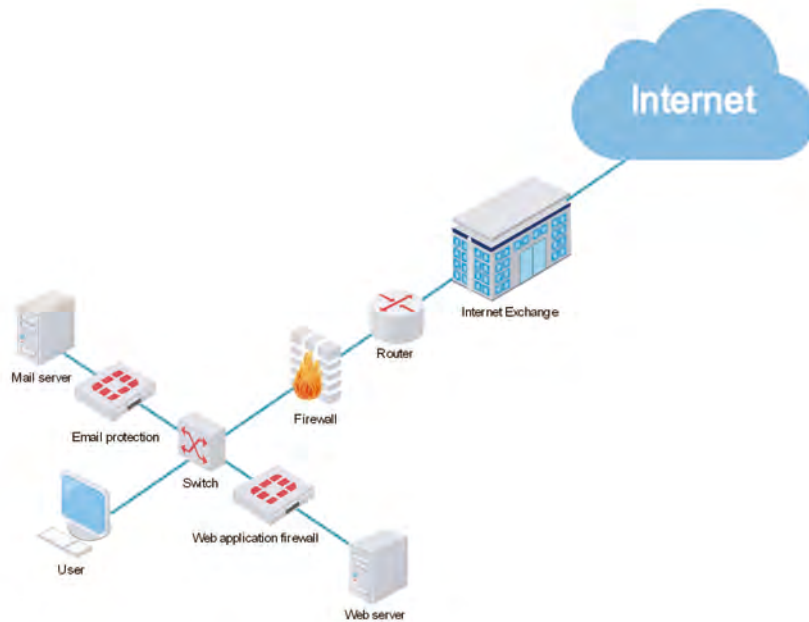
Our Directors consider that the internet security infrastructures had become increasingly complex and more costly to implement over the last few years. At the same time, it is a popular market trend for companies to outsource their network security task and maintenance to external MIS providers like our Group, migrate from on-site hardware usually located at customers' premises to cloud-based internet security services. Under a cloud-based environment, data and applications are more easily accessible and can be distributed across different networks. As a result, there is an increasing demand for internet security services providers which can provide cloud-based internet security services.

In view of such demand, we plan to offer our customers an alternative cloud-based internet security services which provide flexibility to our customers in setting up and managing their internet security infrastructure against internet attacks and unauthorised access. This alternative cloud-based internet security services will be known as "Secure Cloud Service", which can detect and protect our customers' network from external malicious threats at the internet exchange before reaching our customers' network. Our Secure Cloud Service is provided through centralised internet security infrastructure at the internet exchange owned by our Group and maintained by us at our data centre and can be shared among our customers. The Secure Cloud Service does not require the installation of security hardware at our customers' sites. As such, the internet security services used by our customers can be scalable and more flexible, and we will be able to speed up our service delivery time. Our Directors believe that such advantage will help expand our customer base and reduce our operating expenses in the long run.

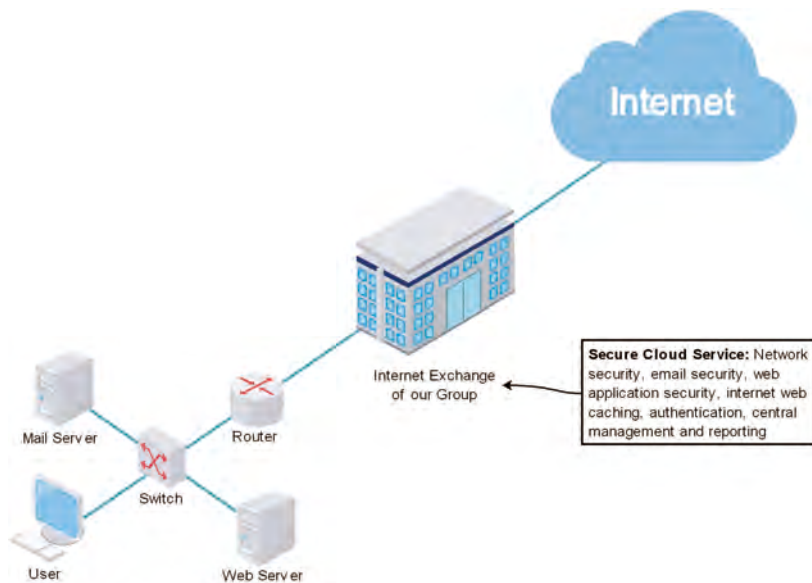
BUSINESS

The following diagram is an illustration comparing a traditional internet security infrastructure with our Secure Cloud Service:

Traditional internet security infrastructure



Internet security infrastructure of Secure Cloud Service



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Furthermore, our Directors consider that our Secure Cloud Service, which is a cloud-based internet security service system, will allow our IT engineering team to have better control and more efficient management in the provision of security services in our network infrastructure. If the hardware of our Secure Cloud Service is centralised and installed in our data centre instead of our customers' premises, our IT engineering team will save time from travelling to our customers' premises for providing services, such as configuring and repairing such hardware, thereby further shortening our response time to our customers' requests.

Our Secure Cloud Service is intended to include the following sub-functions:

Network security service that protects against external threats while simplifying the network infrastructure complexity. Network security service includes firewall services, VPN services, traffic shaping prioritisation, intrusion prevention system, web content filtering, anti-virus protection, and application control.

Web application firewall service is a kind of services with the aid of an intrusion prevention device which provides threat protection for websites. Unprotected websites are the easiest point of entry for hackers and vulnerable to a number of different kinds of attack. Web application firewall protects our customers' websites and web applications from malicious attack in this respect.

Email security service is a platform to provide anti-spam, anti-virus, anti-phishing and anti-malware services in a single holistic way to protect email systems against incoming attack. Email security service blocks spam, malware and viruses in any email content before it reaches our customers' network and affects users.

Internet web caching service temporarily stores frequently accessed static web content. It is noted that internet users with similar interest often download the same web content over and over again. Internet web caching handles requests for popular content that would otherwise be directed to the origin server. It allows our internet exchange to store the web content for a specific period of time in which the same content can be downloaded by other users without accessing the origin server again. Content caching will indirectly shorten our response time and enhance user experience on our services.

Apart from purchasing the software that can achieve the tasks mentioned above, we must engage professional services to be provided by the external software vendor in our provision of Secure Cloud Service.

The professional services we require for our Secure Cloud Service are two-fold, one of which is related to hardware and the other is related to software. The hardware part will be undertaken by our in-house engineers, who will set up the core router, core switch, cloud firewall, server and storage space installation and configuration. The software part, which concerns the system-to-system interface, will be undertaken by external software vendor. The external software vendor will perform the installation and configuration of the system-to-system interface software and will also be responsible for ensuring that the system-to-system interface software is compatible with our core router, core switches, cloud firewall, server and storage space that we are deploying from time to time. We require the services of external software vendor as software interface generally requires external software vendor's knowledge and technical know-how about the specific software. Improper integration between systems will cause stability problem in the

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long term, prevention of which is vital in internet security services provided by us and which will be detrimental to the both the operation and reputation of our Group. Meanwhile, our in-house engineers will also work with the external software vendor to fine tune the compatibility between its software and our hardware.

After successful completion of the project on Secure Cloud Service, the external software vendor will conduct training for our in-house engineers and other staff. The training will cover system administration, provision of services to customers, troubleshooting and system maintenances. Upon completion of training, the external software vendor will hand over all documentation and operations to us and provide support to us on a remote basis, the scope and fees of which will be further agreed between the external software vendor and us. As our Secure Cloud Service relies on the smooth running of the software, our Directors envisage that it is not necessary for us to designate a special team for the provision of Secure Cloud Service. Hence, our existing staff together with the additional staff to be recruited by us, the details of which are set out in the paragraph headed “Business Strategies – Expanding and strengthening our manpower to cater for the anticipated expansion plans” in this section, will be sufficient for our provision of Secure Cloud Service.

The software used in Secure Cloud Service will be continuously upgraded and supported by the vendor to keep up with the latest functionalities, as we pay an annual licence fee to the vendor at approximately RM0.6 million. Our Directors expect that the hardware of the system used in Secure Cloud Service can have a useful life of approximately five years which may need to be upgraded or replaced due to technology development, normal wear and tear, or when new disruptive technologies emerge. As confirmed by Frost and Sullivan, the expected useful life of the said hardware is in line with the industry standards and norms.

The breakeven amount of the Secure Cloud Service project is estimated to be approximately RM4.3 million. Based on our Director’s estimation and the growing interest in the cloud-based internet security services, the breakeven period of the Secure Cloud Service project is expected to be approximately two years. Breakeven amount refers to the revenue required to cover the expected operating expenses of the project such as depreciation, license fee, labour costs, rental, selling expenses, etc., and breakeven period refers to the period of time required for the revenue generated by the project to at least equal the breakeven amount.

We intend to apply approximately RM5.8 million (approximately HK\$11.0 million), i.e. approximately 39.3% out of our net proceeds of the Share Offer to acquire additional hardware and software for the provision of Secure Cloud Service. For further details, please refer to the section headed “Future plans and use of proceeds” in this prospectus.

(III) Establishing a disaster recovery centre and becoming a holder of network service provider licence

We currently hold an ASP licence granted by the MCMC and we have submitted an application for an NSP licence to MCMC in early April 2019, which is pending approval as at the Latest Practicable Date. Our Directors consider that holding an NSP licence would help us expand both our business and customer base in the MIS industry in Malaysia and better equip ourselves to provide comprehensive managed internet services to our customers.

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For certain large-scale network connectivity services projects, such as projects which provide bandwidth services, broadcasting distribution services, cellular mobile services, access applications services, space services, switching services and gateway services, the project contractor is required to hold an NSP licence. Since we do not currently hold an NSP licence, we have to cooperate with a third-party company which holds an NSP licence to undertake these projects. During the Track Record Period, we intended to submit tenders for nine network connectivity projects with a total original contract sum of approximately RM23.6 million but we were not eligible to do so due to our lack of an NSP licence; and thus we had to cooperate with a company with an NSP licence who had won the tenders for these nine network connectivity projects and provided network connectivity services to it. As such, in order to satisfy the eligibility requirements for tendering and carrying out larger and more complex network connectivity services projects, we have applied for an NSP licence from the MCMC. For details of the registration criteria, please refer to the paragraphs headed “Regulatory overview – Overview of Malaysia laws and regulations – (I) Laws and regulations relating to IT” in this prospectus.

To satisfy the conditions for the grant of an NSP Licence, we have, among others, provided an impact analysis report including the details of technological innovations to be utilised in the provision of service and details of any initiatives undertaken towards sharing of infrastructure.

Further, we have also provided detailed disaster recovery plan, including details of contingency measures undertaken to ensure our service continuity and avoid disruption of internet access for our customers. Currently, if our internet exchange fails, our disaster recovery plan can only assess the cause and extent of failure so that we can rely on such assessment to decide the appropriate remedial actions required to resume normal operation. Hence, our current disaster recovery plan is rather limited and is not able to cater for the scenario where our primary internet exchange is totally destructed. Hence, a detailed disaster recovery plan is essential for the NSP licence application. Without a disaster recovery centre, in the event of total destruction of our primary internet exchange, we may have to set up a new internet exchange at an alternative location. This implies an uncertain and prolonged downtime and disruption in our service continuity and internet access for our customers. Our Directors take the view that it will be important for us to set up a disaster recovery centre, which is a place that takes over and serves as a secondary hub through which data are exchanged when the function of a primary internet exchange fails, with resiliency design and recovery strategy to ensure the resiliency of our network services in order to support our disaster recovery plan, which is essential for the NSP licence application.

Our Malaysia Legal Advisers confirmed that we have fully fulfilled all the standard requirements and conditions to be eligible for the NSP licence applications, including but not limited to (i) being incorporated in Malaysia, (ii) having complied with the relevant laws and rules pertaining to the restrictions on foreign shareholding with a limit of 70% in the telecommunications industry, and (iii) having submitted all documents in accordance with the Communications and Multimedia (Licensing) Regulations 2000 and guidelines issued by MCMC.

In light of the above, we plan to set up the disaster recovery centre in our new branch office in Kuala Lumpur and the disaster recovery centre will be used and connected to a second internet exchange. Having our own disaster recovery centre will enable our services to be more resilient and, in our Directors’ view, will put us in a good position to obtain and/or maintain an NSP licence for the following reasons:

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- (1) Setting up a disaster recovery centre will be a significant improvement to our current disaster recovery plan as the major NSP licence holders in the industry usually have their own disaster recovery centre(s). Moreover, a disaster recovery centre will greatly improve the downtime of our services in case of disruption, which is important for us to sustain our business continuity and to support our future growth. Our Directors therefore believe that the setting up of the disaster recovery centre will strengthen our position in obtaining the NSP licence.
- (2) Given that we have disclosed our plan to set up the disaster recovery centre in our application to MCMC, our Directors believe that MCMC is likely to grant the NSP licence to us if it is satisfied that the disaster recovery plan can meet the needs of our business and operation. On the other hand, MCMC may impose other conditions on us if it deems necessary along with its grant of NSP licence to us.

Disaster recovery centre focuses on the recovery and restoration of our services as soon as possible when disaster happens. The disaster recovery centre will be equipped with systems that consist of, among others firewalls, core switches, core routers, monitoring software and management software. These systems will be activated if our primary network does not work properly. All internet exchange related services will also be redirected to the disaster recovery centre in emergency times.

Second internet exchange peering delivers an alternative access to internet gateway networks. With a second internet exchange peering, our customers will benefit with low latency access to certain networks. As part of the disaster recovery plan, the second internet exchange peering also works as redundancy to our existing internet exchange peering.

Our Directors confirm that we will continue to subscribe Metro Ethernet and broadband from our existing channel partners to provide network connectivity and bandwidth support to its end customers after obtaining the NSP licence for our network connectivity services and our Directors confirm that this will not have a material impact on our financial position or relationship with our channel partners or customers.

According to the guidelines issued by MCMC, after an applicant has submitted an application for the NSP licence, MCMC may request additional supporting documents which MCMC deems necessary. Upon the above being satisfied, MCMC may make a recommendation to the Minister of Communications and Multimedia, Malaysia (“**Minister**”) to review. There is no definite timeline for the Minister to approve the licence. After we submitted the application for an NSP licence to MCMC in early April 2019 and up to the Latest Practicable Date, we have not been informed by MCMC that the information submitted is irrelevant or incomplete. As such, our Directors believe that it is likely for MCMC to make a recommendation to the Minister by the end of December 2019. There is, again, no definite timeline as to when the Minister will grant or refuse to grant the NSP licence to us upon receipt of the recommendation made by MCMC and there is no assurance that NSP licence will be granted in our favour.

We intend to apply approximately RM3.3 million, (equivalent to approximately HK\$6.3 million) i.e. approximately 22.5% out of the net proceeds from the Share Offer to acquire the hardware and software for establishing the disaster recovery centre and application for an NSP licence.

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(IV) Establishing a branch office and a backup data centre in Kuala Lumpur

We plan to set up a branch office and a backup data centre in Kuala Lumpur that can meet the MSC status requirements, which will in turn facilitate our application for an NSP licence. In this connection, we intend to rent premises of approximately 3,000 sq. ft. in a building in the MSC Malaysia area in Kuala Lumpur to house both our branch office and backup data centre. Our Directors believe that this would also enhance our presence in Kuala Lumpur, being the business hub of Malaysia, and provide backup to our existing data centre in Melaka. Currently, we are renting an office space of less than 700 sq. ft. which is too small for all of our staff and future expansion plans. Our Directors have considered the following factors when making the decision:

(a) To capture the expected growth in demand for managed internet services in Kuala Lumpur

According to the F&S Report, it is expected that the market size by revenue of the MIS industry in Malaysia as a whole will grow from approximately RM3,319.8 million in 2019 to approximately RM4,019.0 million in 2023 at a CAGR of approximately 4.9%. Kuala Lumpur achieved a market size by revenue of RM963.2 million in 2018, accounting for approximately 30.6% of the total MIS industry market size in Malaysia in 2018. Kuala Lumpur, being the capital city of Malaysia covering an area of approximately 2,243 square kilometre, has a population of over seven million people and is the cultural, financial and economic centre of Malaysia. Numerous multi-national corporations set up their offices in Kuala Lumpur whereby it has become the regional hub city for most IT experts and professionals.

During the Track Record Period, customers in Kuala Lumpur and other parts in Selangor were served by our technicians stationed in Kuala Lumpur. The table below sets forth our revenue generated from customers located in Kuala Lumpur, customers in Selangor excluding Kuala Lumpur and customers in other parts of Malaysia, who are channel partners or direct customers during the Track Record Period.

Revenue generated from the location of channel partners

	FY2017		FY2018		FY2019	
	RM'000	%	RM'000	%	RM'000	%
Kuala Lumpur	7,928	63.3	18,780	71.1	15,312	53.5
Selangor excluding Kuala Lumpur	2,140	17.1	6,826	25.9	13,327	46.5
Other parts of Malaysia	2,459	19.6	783	3.0	-	-
	<u>12,527</u>	<u>100.0</u>	<u>26,389</u>	<u>100.0</u>	<u>28,639</u>	<u>100.0</u>

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Revenue generated from the location of direct customers	FY2017		FY2018		FY2019	
	RM'000	%	RM'000	%	RM'000	%
Kuala Lumpur	3,051	34.3	2,737	26.7	3,121	24.5
Selangor excluding Kuala Lumpur	3,339	37.4	4,567	44.6	4,611	36.3
Other parts of Malaysia	2,527	28.3	2,938	28.7	4,982	39.2
	<u>8,917</u>	<u>100.0</u>	<u>10,242</u>	<u>100.0</u>	<u>12,714</u>	<u>100.0</u>

We intend to increase our marketing effort in Kuala Lumpur by (i) cooperating with our existing channel partners by integrating our managed internet services in the services provided by them to their customers in a package, and (ii) increasing the number of our sales team staff members stationed in Kuala Lumpur and assigning some of them to focus on exploring business opportunities with potential direct customers located in Kuala Lumpur.

(b) To build a closer relationship with customers located in Kuala Lumpur

Although our customers can contact us by our customer hotline and we can provide both remote support through our NOC and on-site support through our engineers stationed locally, our Directors believe that having a physical point of contact in Kuala Lumpur is important for us to build a closer relationship with our customers where we can hold physical meetings with them and provide regular seminars and trainings to them at our office in Kuala Lumpur.

By having a branch office in Kuala Lumpur, it is easier for us to reach out to more corporate customers that have large-scale operation, and to hire professionals in the MIS industry in alignment with our business expansion.

As at the Latest Practicable Date, we have not yet identified suitable premises for setting up our branch office which will house both the disaster recovery centre and back up data centre in Kuala Lumpur. We intend to set up the branch office in Cyberjaya, a city located in the Sepang District in southern Selangor. To the best knowledge of our Directors, over 500 companies with MSC status have located their operation in Cyberjaya. Based on the information obtained from the estate agencies by our Directors, the rental of the commercial buildings in Cyberjaya ranges from RM5.0 to RM8.0 per sq. ft. Hence, if our branch office occupies an area of approximately 3,000 sq. ft., the monthly rental would range from RM15,000.0 to RM24,000.0.

Based on the quotation obtained from the renovation contractors, we expect that the renovation costs will be approximately RM233,000.0 and the breakdown of which is as follows:–

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Particulars	Estimated cost (RM'000)
Lobby and reception	18
Meeting room with furniture	22
Public restroom	12
Office area with furniture	67
Pantry	18
Carpet flooring	36
Partition and plaster ceiling works	60
	<hr/>
TOTAL	<u>233</u>

We plan to use approximately RM0.7 million (equivalent to approximately HK\$1.4 million), i.e. approximately 5.0% out of the net proceeds from the Share Offer for rental and renovation of premises that can meet the MSC status requirement for the purposes of setting up our branch office and backup data centre in Kuala Lumpur. For further details, please refer to the section headed “Future plans and use of proceeds” in this prospectus.

(V) Expanding and strengthening our manpower to cater for the anticipated expansion plans

To capture the business opportunities arising from the growth of the MIS industry in Malaysia and to implement our expansion plans, particularly the implementation of our cloud-based data content management solution and the provision of our cloud-based internet security services, we plan to expand our operation team. We believe that the success of a MIS provider depends heavily on the efforts and contribution of skilled and qualified technical staff and experienced sales staff.

As at the Latest Practicable Date, we had 25 engineers and IT technicians and four project managers. To align with our expansion plans set out above, we intend to hire additional staff. For details, please see the paragraphs respectively headed “Future plans and use of proceeds – Implementation plans” and “Future plans and use of proceeds – Use of proceeds” of this prospectus. The salary of these additional staff members, being commensurate with the market salary level, the seniority of the position, and the level of education, knowledge, skill and experience required, will be funded by the proceeds of the Share Offer which will cover up to approximately 26 months’ salary until at least 31 December 2021. Considering that our Group should secure sufficient cash inflow to cover the salary of such additional staff members in the long run, such salary will be paid from our internally generated cash inflow after the proceeds of the Share Offer allocated for such purpose have been used up. We intend to recruit two additional IT specialist engineers to assist our pre-sales and after-sales technical support, one experienced service delivery manager to oversee the project implementation and delivery, one compliance manager to enhance our internal procedures and two senior sales executives to assist in the marketing and promotion of our services.

Apart from assisting us in the projects arising from our existing business, these additional IT specialist engineers, service delivery engineer and compliance manager will also be deployed to assist us in the implementation of our cloud-based data content management solution and the provision of our cloud-based internet security services. They will also work with the project team of the relevant vendors. Hence,

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these additional staff will be hired for both our existing business; and the cloud-based data content management and our internet security services to be provided by us as part of our expansion plans. Our Directors expect that the demand for our services in Malaysia will align with the corresponding growth of the MIS industry in Malaysia. Our Directors believe that the recruitment of additional staff members is imperative for us to capture the business opportunities in the MIS industry in Malaysia.

We intend to apply approximately RM1.4 million (equivalent to approximately HK\$2.7 million), i.e. approximately 9.6% out of our net proceeds of the Share Offer to expand and strengthen our manpower.

(VI) Promoting our business to capture more market share in the MIS industry in Malaysia

We plan to increase our Group's brand awareness through different marketing activities and promote our enhanced services in the market from time to time by the following means:

(a) Redesign and maintain our website

We currently use our webpage "http://www.ipcore.com.my" mainly as a means of online marketing. We plan to redesign the webpage which will include more information on our service offering, user guides and marketing materials. We will also implement a user portal to create a user-friendly experience with comprehensive information and a tool for monitoring and managing their networks and obtaining online support from us.

By redesigning our website in the above manner, our Directors believe that we will be able to provide more information to our existing and potential customers, enhance our Group's image and enhance the communication with our customers through our website.

(b) Expand and explore more effective online marketing strategies

Most of the revenue of our Group during the Track Record Period was derived from channel partners. However, in the long run, it is our strategy to diversify our customer base and to strike a balance between our channel partners and direct customers so that we will not become over-reliant on either type of customers. During the Track Record Period, our revenue generated from direct customers had increased steadily, from approximately RM8.9 million in FY2017 to approximately RM12.7 million in FY2018 at a CAGR of 19.4%. In order to promote our business to the direct customers, we believe that the Internet provides a highly efficient platform for us to promote our services and to reach out to more customers across different regions in Malaysia. Our Directors note that owing to the transformation of marketing strategies from traditional to digital over the years, customers or potential customers in Malaysia generally look for MIS providers like our Group through the internet. This has resulted in the internet being highly cluttered by MIS providers due to the intense competition among them. In order to reach out to more customers, it has become highly important for MIS providers to clear the clutter.

We plan to adopt search engine marketing strategy, which comprises Google Ads and Search Engine optimization ("SEO"). These selected marketing tools are ideal for us to reach the targeted traffic quickly for targeting new customers, testing the market demand on our services, and the effectiveness of our website; and increase our brand awareness. We also plan to expand our

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marketing strategies via social media and continue to explore new technologies and more effective online marketing strategies related to data analysis for different target customer groups. We will also conduct research on different digital marketing strategies that would enable us to acquire a better understanding of our potential customers' needs and preferences, and to build trust and confidence with our existing customers, thus promoting our services and enhancing the image of our Group. These marketing strategies will help us identify potential customers as well as increase business opportunities with existing customers by introducing our services to them from time to time. Besides, we will seek more chance to cooperate with channel partners so that our services can be integrated with the services provided by them in order to reach a wider customer base.

One of the advantages of digital marketing strategies is that it allows us to seek more accurate results in relation to the services sought by the customers or potential customers on a real time basis. An effective digital marketing strategy combined with the right tools and technologies allows us to trace all of the sales starting from a customer's first digital touchpoint with our business. By adopting the digital marketing strategies, we can also identify trends and patterns of the behavior of our customers or potential customers. In light of the above, our Directors believe that by expanding and exploring more online marketing strategies, it would help increase our revenue as our potential and existing customers would conduct research on MIS providers, like our Group, through online research when considering whether they would engage our services or renew their contracts with us.

(c) Conduct marketing campaigns to promote our services to existing and potential customers

We intend to deploy a variety of offline publicity campaigns in Malaysia, including hosting seminars and participating in conferences to introduce and promote our services, aiming at our target customers including multinational corporations and small and medium-sized enterprises, and build up our network with potential channel partners. These offline marketing campaigns will start in Kuala Lumpur. We believe that hosting seminars and participating in conferences allow us to have more interactions with our existing and potential customers, for fostering long-term relationship with our customers and expanding our customer base. We believe maximising our Group's exposure will be an effective way to enhance our market recognition and brand awareness, thereby maintaining our competitiveness and effectively promoting our services to our target customers.

Other than publicity campaigns, we also intend to promote our services to new and existing customers by (i) building our corporate brand through consistent visual design, tone of voice and customer services which enables us to build up customer loyalty and create brand awareness; (ii) expanding and exploring more online marketing strategies as our Directors believe that our potential and existing customers would conduct research on MIS providers through online research when considering whether they would engage our service or renew our contract; (iii) seeking chance to cooperate with potential and existing channel partners so that our services can be integrated with the services provided by them in order to reach a wider customer base; and (iv) developing a referral program to encourage our existing customers to refer or introduce new customers to us by providing incentive to or staying in touch with them.

We plan to use approximately RM1.1 million (equivalent to approximately HK\$2.0 million), i.e. approximately 7.2% of the net proceeds from the Share Offer for promoting our business, including (i) approximately RM0.2 million (equivalent to approximately HK\$0.4 million) for redesigning and maintaining

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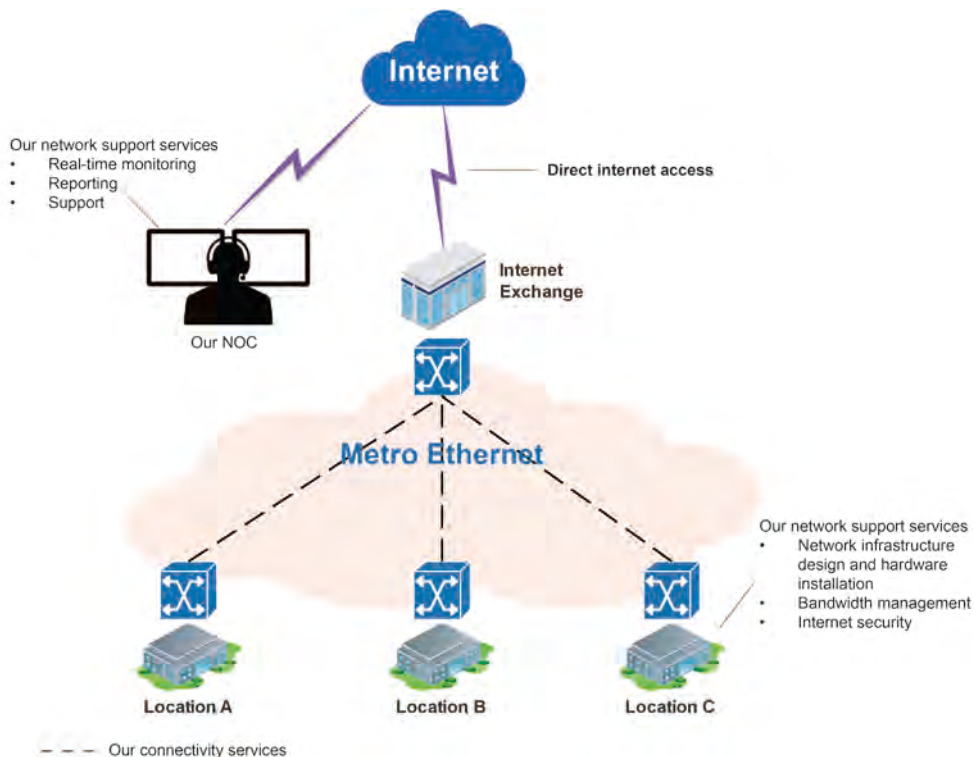
our website; (ii) approximately RM0.2 million (equivalent to approximately HK\$0.4 million) for expanding and exploring more effective online marketing strategies; and (iii) approximately RM0.6 million (equivalent to approximately HK\$1.2 million) for conducting marketing campaigns and organizing seminars to promote our services to new and existing customers. For further details, please refer to the section headed “Future plans and use of proceeds” in this prospectus.

OUR MANAGED INTERNET SERVICES

We provide customised and complementary managed internet services that cover (i) network support services mainly encompassing network infrastructure design and hardware installation, network management and security services; and (ii) network connectivity services that focus on providing intranet and internet connectivity solutions with metro Ethernet and broadband that is subscribed from third-party telecommunication companies. Our managed internet services are backed with our support on a 24 hours a day, seven days a week basis to facilitate seamless data transmission and management.

As our managed internet services allow us to comprehensively solve our customers’ network problems covering both network support services and network connectivity services, we are the single point of contact for the end-to-end network solutions to our customers.

The diagram below outlines our key managed internet services:



Our Group provides network support services and network connectivity services to direct customers and end-users in Malaysia mainly through channel partners, whereby we utilise their sales network to provide managed internet services to their customers and to reach out to more potential customers and end-

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users of our services. Our channel partners mainly comprise telecommunication companies and IT service providers with customers engaging in various industries across Malaysia and multinational corporations with presence in Malaysia.

After the channel partners are engaged by their customers for the provision of services such as data centre services and global network connectivity services, if the channel partners consider it viable or cost-efficient to outsource all or part of the services, mainly network connectivity services and network support services, to MIS providers like our Group; or if they consider our quality and pricing for such services to be competitive, they may issue a corresponding purchase order or letter of award to us for such services. As such, channel partners who pay our service fees are our customers and the channels through which we provide managed internet services to end-users. To a lesser extent, we also provide various kinds of network support services and network connectivity services to direct customers. Some channel partners are also our suppliers that provide metro Ethernet and broadband services etc. to us.

During the Track Record Period, save for the cabling works which were undertaken by our subcontractors, the major stages of our project related to network support services were generally managed and executed by our NOC team and engineer team which provided 24 hours a day, seven days a week services to our customers. During the Track Record Period, our Group generally entered into agreements with customers for our network support services on a fixed-term basis, ranging from one year to 10 years.

(I) Our network support services

Depending on individual customers' requirements, based on the nature of the services, our network support services can be categorised into (a) network infrastructure design and hardware installation; (b) bandwidth management services; (c) network monitoring and maintenance services; and (d) internet security services. Each type of our network support services is complementary to one another for the provision of seamless network support services.

Before we can provide network support services to our customers, our customers have to either (i) purchase the hardware from us or (ii) use the hardware provided by us. In both cases, we would provide hardware installation services to our customers and usually charge them installation fees on a one-off basis. However, we do not provide hardware installation services on a standalone basis.

For FY2017 and FY2018, the revenue generated from our network support services amounted to approximately RM9.5 million and RM22.6 million, respectively, which accounted for approximately 44.3% and 61.6% of our total revenue. The increase of approximately RM13.1 million, or 137.9%, was mainly attributed to the Nationwide Project awarded to us by Supplier A and Supplier D with an initial contract sum of approximately RM4.7 million and RM2.2 million, respectively. Furthermore, the increase in revenue in FY2018 was also partially contributed by the aggregate increase in revenue from other customers including AIMS Data Centre Sdn. Bhd. and AIMS Cyberjaya Sdn. Bhd., and Customer G, as well as 37 new customers of our network support services, contributing an increase of approximately RM2.7 million, RM1.2 million and RM0.9 million, respectively, to our revenue in FY2018.

For FY2018 and FY2019, the revenue generated from our network support services amounted to approximately RM22.6 million and RM20.8 million, respectively, which accounted for approximately 61.6% and 50.3% of our total revenue. The decrease of approximately RM1.8 million, or 8.0%, was mainly

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attributed to the decrease in our one-off revenue from sales and installation of hardware by approximately RM7.6 million or 50.7%, from approximately RM15.0 million for FY2018 to approximately RM7.4 million for FY2019 and offset by the increase of our recurring revenue by approximately RM5.8 million or 76.3%, from approximately RM7.6 million for FY2018 to approximately RM13.4 million for FY2019. The decline of our Group's one-off revenue from sales and installation of hardware was mainly due to the fact that an increasing number of customers were inclined to lease rather than purchase network equipment and hardware from us. Revenue from leasing of hardware increased by approximately RM1.3 million or 33.3% from approximately RM3.9 million in FY2018 to approximately RM5.2 million in FY2019.

Considering the aforesaid, the revenue generated from our network support services during the Track Record Period was therefore the combination of revenue generated from (i) sales and installation of hardware; (ii) lease of hardware; and (iii) provision of other network support services through the hardware installed by us, and the breakdown of which is as follows:–

	FY2017		FY2018		FY2019	
	RM	%	RM	%	RM	%
Network Support Services						
One-off						
<i>Sales and installation of hardware (Note 1)</i>	4,444,074 (Note 2)	46.8	15,004,599 (Note 3)	66.5	7,381,338 (Note 4)	35.5
Recurring						
<i>Lease of hardware</i>	2,848,630	30.0	3,932,953	17.4	5,208,566	25.0
<i>Provision of other network support services (Note 5)</i>	2,202,431	23.2	3,620,885	16.1	8,209,451	39.5
Total	9,495,135	100.0	22,558,437	100.0	20,799,355	100.0

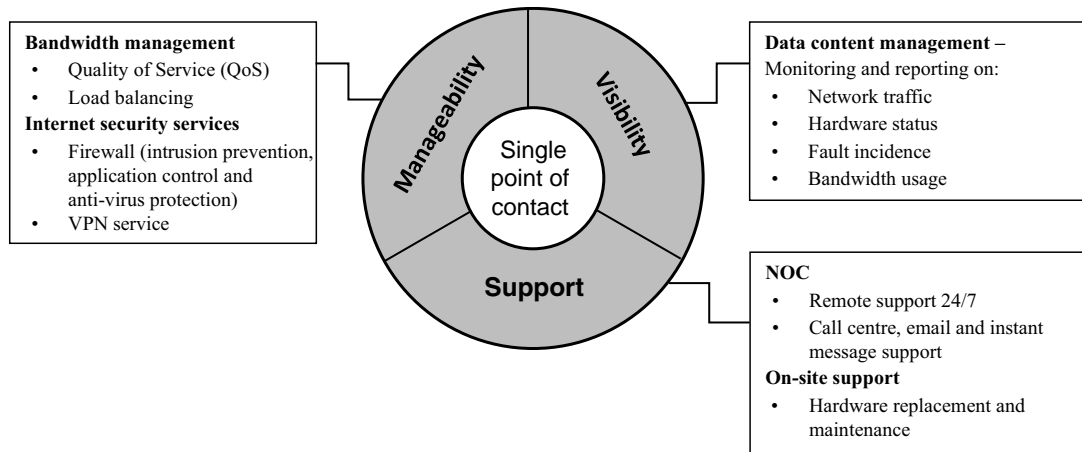
Notes:

- (1) During the Track Record Period, to facilitate our provision of managed internet services, our customers would generally either lease or purchase hardware from our Group and the hardware includes routers, network firewalls, web application firewalls, load balancers, switches, wireless access points, network traffic analyser and require our hardware installation services.
- (2) The sum of approximately RM4.4 million represents the aggregate of (i) a sum of approximately RM2.2 million (being the revenue generated from the sale of hardware); and (ii) a sum of approximately RM2.2 million (being our service fee for on-site installation of the hardware) for the provision of our network support services.
- (3) The sum of approximately RM15.0 million represents the aggregate of (i) a sum of approximately RM6.0 million (being the revenue generated from the sale of hardware); and (ii) a sum of approximately RM9.0 million (being our service fee for on-site installation of the hardware) for the provision of our network support services.
- (4) The sum of approximately RM7.4 million represents the aggregate of (i) a sum of approximately RM2.3 million (being the revenue generated from the sale of hardware); and (ii) a sum of approximately RM5.1 million (being our service fee for on-site installation of the hardware) for the provision of our network support services.

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- (5) Other network support services include bandwidth management services, network monitoring and maintenance services and internet security services.

Through our network support services, we aim to provide our customers with visibility, manageability and support to their network and internet connection in terms of bandwidth management, hardware monitoring and network security. The following diagram summarises the values we try to provide to our customers through our network support services:



Visibility. Visibility is provided through real-time monitoring and periodical reporting of network traffic, hardware status, bandwidth usage and fault incidence to our customers.

Manageability. A network is made manageable by implementing specific policy control that allows better management of the network infrastructure in terms of security, QoS prioritisation, and bandwidth efficiency. This policy control can be customised to cater for varying needs of individual customers to prevent data leakage, virus attack and malicious threats on the customers' network infrastructure.

Support. We provide remote support to our customers on a 24 hours a day, seven days a week basis through our call centre under our NOC, hotline and email, as well as on-site hardware replacement and maintenance as needs arise.

(a) **Network infrastructure design and hardware installation**

In order to enable our customers to optimise the usage of our network support services, we design customised network infrastructure to cater for the varying needs of individual customers and to ensure that all networking hardware under our network infrastructure design is duly connected with one another and functions as an integrated system to enable network connectivity and seamless data transmission and management. On the other hand, it also enables us to monitor the status of, and collect data and log from, all hardware on the network, to monitor the network link between devices, and to implement various policies to manage bandwidth and security to the network.

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After completion of our network design, we undertake the installation of networking hardware including routers, network firewalls, web application firewalls, load balancers, switches, wireless access points and network traffic analyser to satisfy customers' needs. We also provide hardware installation services to our customers in relation to our provision of other network support services.

To carry out network infrastructure design and hardware installation services, we take the following steps:-

Step 1: *Verify user requirements and specifications of individual customers.* We work closely with our customers and visit their premises to identify the specific issues encountered by them such as network security, bandwidth, manageability and visibility, and the possible solutions in order to solve their problems, if any, and improve network performance, making their business and operation more efficient.

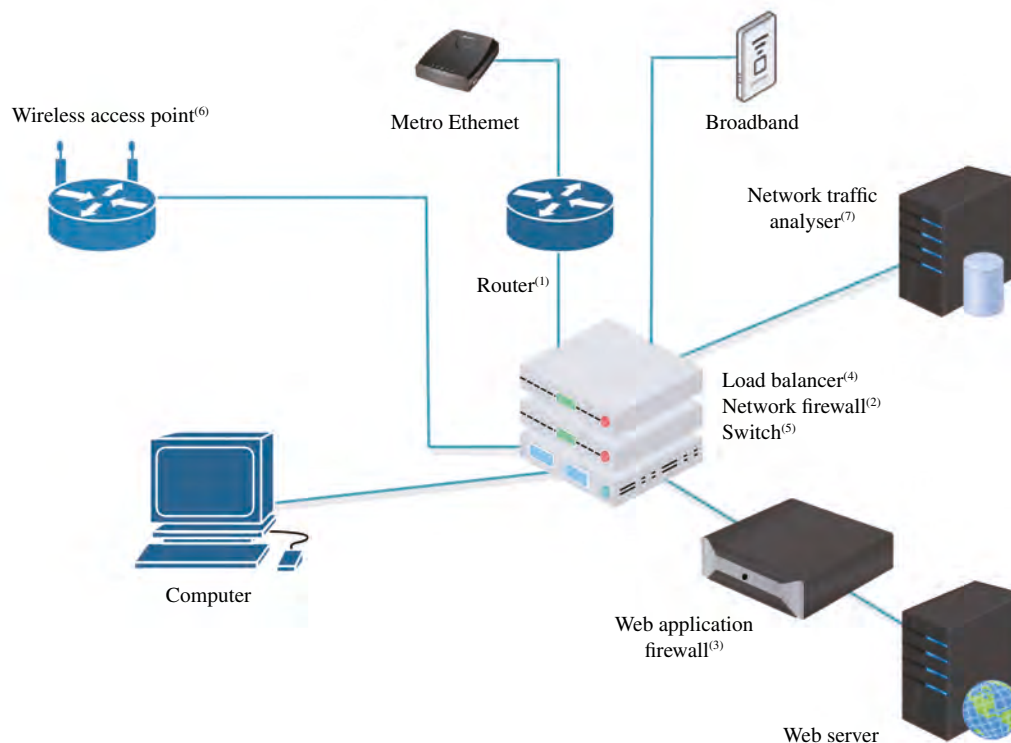
Step 2: *Determine the features and functions required to meet the needs of individual customers.* Once we have identified our customers' requirements and specifications, we will determine the hardware and policies that are needed to complete the design.

Step 3: *Create a customised network infrastructure design.* We will design a network infrastructure that is able to meet the above design goals and technical requirements.

Step 4: *Implement the network infrastructure, hardware installation and user acceptance test.* For implementation of the network infrastructure design, we provide hardware installation services. Upon completion of the installation of hardware to implement our network infrastructure design, we will carry out user-acceptance test to the satisfaction of our customers who will sign-off the user acceptance form for confirmation of acceptance. The installation of hardware at our customers' designated premises is the integral part of our network support services. Our revenue from the sale of hardware and the provision of installation services of the hardware is generally on a one-off basis at the beginning of our contracts with individual customers.

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The following simplified diagram illustrates the key hardware of the network infrastructure which we install in our customers' premises:



Notes:

- (1) A router is a device that forwards data packets between networks.
- (2) A network firewall monitors and controls data packets to or from the network.
- (3) A web application firewall monitors and filters malicious attack to and from web applications.
- (4) A load balancer balances traffic across multiple network links and enables the provision of network redundancy.
- (5) A switch connects all wired network devices together in a network.
- (6) A wireless access point connects all wireless network devices together to a wired network.
- (7) A network traffic analyser collects, analyses and correlates data records from the network and enable users to view all the network traffic and generate reports from a single platform.

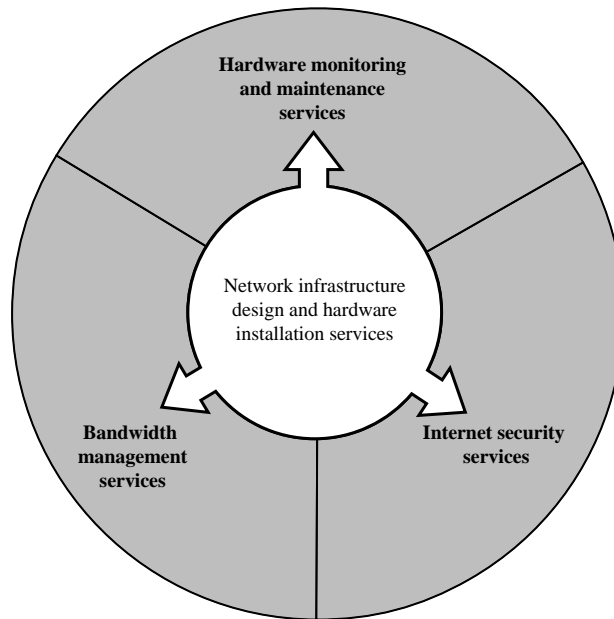
Our revenue generated from the sales and installation of hardware increased from approximately RM4.4 million in FY2017 to approximately RM15.0 million in FY2018. This was due to the phase 1 of the Nationwide Project awarded to us for the sales and installation of hardware with a respective initial contract sum of approximately RM4.7 million and RM2.2 million in FY2018,

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which had been fully recognised after completion of the hardware installation services. We proceeded to provide network monitoring and security services to the end-users in phase 2 of the Nationwide Project.

Step 5: *Ongoing support*. The project will be handed over to our network operation team for ongoing support and maintenance. We also handle customers' requests from time to time throughout the contract period.

The diagram below shows the functions of our hardware installation services in relation to our provision of various kinds of network support services.



After completion of the installation of hardware, we can begin the provision of other network support services including bandwidth management services, hardware monitoring and maintenance services and internet security services.

(b) *Bandwidth management services*

Bandwidth management is generally known as a process of measuring and controlling traffic flow of a network to ensure that the traffic will not exceed the network capacity in order to avoid network congestion or poor performance of the network. Our bandwidth management services include the Quality of Service (“**QoS**”) management which enables our customers to optimise the bandwidth usage efficiency of their network infrastructure by prioritising and allocating network bandwidth

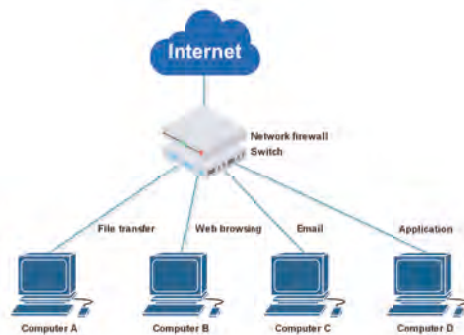
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according to individual customers' policy. Such policy can be used to guarantee a pre-set level of performance to applications with higher priority. The illustrations below show the main functions of the QoS management within a network:

Bandwidth without QoS management



- Bandwidth is not prioritised or allocated to certain applications or services
- Important applications or services may not have sufficient bandwidth and response time
- As shown above, file transfer applications occupied the majority of the bandwidth. Users of other applications, such as email and web browsing, would experience a slow response time



Bandwidth with QoS management



- Bandwidth is prioritised and specifically allocated to certain applications or services
- Important applications or services will have guaranteed bandwidth and response time
- With bandwidth managerial services, all applications are allocated an appropriate bandwidth according to their priority. Therefore, users of email and web browsing application experience a faster response time

Our bandwidth management services also include bandwidth monitoring services which allow our customers to monitor internet traffic in their network on a real-time basis via the internet, thereby providing network visibility to our customers. We also generate monthly reports on bandwidth usage, which allows our customers to make informed business decisions as to future feature upgrade and implementation.

In the case of failure of one of the internet connections of our customers, our bandwidth management services, through the load balancers located at our customers' premises, also direct internet traffic to the alternative internet connection, if available, thereby maximising the uptime of our customers' internet connection.

(c) Hardware monitoring and maintenance services

Our hardware monitoring and maintenance services, provide 24 hours a day and seven days a week monitoring and reporting services to our customers' network infrastructure including the status of individual network devices and the network connectivity links in terms of the overall operational performance of the network, in particular, reporting on the state of services and network interfaces, and irregularities found, if any, in the operation of their networks.

Our Group provides hardware monitoring services in respect of our customers' networks and their connection to the devices such as computers, servers, switches, routers and firewalls. Our NOC is capable of identifying the malfunctioning hardware that causes the failure in a network infrastructure on a real-time basis, which allows our technicians to provide 24 hours a day, seven days a week technical support and hardware replacement services against the failure and generate reports on the details of the incident. Our NOC can be accessed by our technicians via the internet, allowing them to identify the cause of a network failure remotely. In the course of providing hardware monitoring and maintenance services, we also provide our customers with suggestions on preventive measures to minimise the risk of system failures and reoccurrence of operation interruptions with the aim of improving the stability and performance of their systems.

(d) Internet security services

To protect our customers' network against unauthorised access and malicious attacks, hackers, malware and other threats on a real-time basis, we provide internet security solutions comprising internet content filtering, threat mitigation and prevention, and internet-based secured VPN. Our internet security solutions include consultation, procurement and implementation of security measures, such as network firewall, web application firewall, intrusion protection system, advanced threat protection, application control, email security, anti-virus protection and various types of internet filters. Meanwhile, our VPN services allow our customers to connect the private networks at multiple locations via the Internet where all traffic is secured by encryption protocol known as IP Security (IP sec). The same service also enables remote users to connect to a private network from the Internet in a secured way.

Our NOC provides 24 hours a day and seven days a week internet security services and is backed by our engineers and IT technicians. We dispatch our group of onsite field engineers to our customers' premises if the technical problems cannot be resolved remotely.

Based on customers' business nature, specific requirements and past records, we also assist our customers in formulating solutions and policies on internet content management to address internet challenges and threats. Our Group also responds to customers' request to update or upgrade the solutions from time to time.

Further, to provide our customers with visibility of the security status of their networks, we provide our customers with real-time monitoring of network threats so that our customers can identify the active threats that their network is facing, as well as periodic threat reports and analysis for our customers to make business decisions.

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(II) Our Network Connectivity Services

For FY2017 and FY2018, the revenue generated from our network connectivity services amounted to approximately RM11.9 million and RM14.1 million, respectively, which accounted for 55.7% and 38.4% of our total revenue for the same year. The increase in revenue of approximately RM2.2 million, or 18.5%, recorded in FY2018 is partially attributed to a revenue of approximately RM0.9 million generated from provision of network connectivity services to 10 new customers in FY2018 mainly consisting of manufacturers and companies in the construction and accounting services industries located in Selangor, Penang, Melaka, as well as other states in Malaysia. The average original contract sum of our contracts with these new customers amounted to approximately RM0.2 million, with a contract duration of up to 5 years.

For FY2018 and FY2019, the revenue generated from our network connectivity services amounted to approximately RM14.1 million and RM20.6 million, respectively, which accounted for approximately 38.4% and 49.7% of our total revenue for the same year. The increase of approximately RM6.5 million, or 46.1%, was mainly attributable to the subscription fees received from (i) new contracts from our existing channel partners of approximately RM3.2 million; (ii) new contracts from our existing direct customers of approximately RM2.7 million; (iii) provision of network connectivity services to ten new direct customers of approximately RM0.4 million; as well as (iv) existing contracts from our existing channel partners and direct customers of approximately RM0.2 million.

Network connectivity is generally known as an extensive process of connecting various parts of a network or multiple networks situated in different locations such as offices, data centres and/or disaster recovery sites to one another, through the use of routers, switches and gateways to meet the varying needs of our customers. Our network connectivity services provide solutions for setting up and managing intranet and internet using metro Ethernet to ensure dedicated, reliable and responsive transmission of data over a private and secured network.

Occasionally, we also provide solutions using broadband connectivity to our customers as an alternative internet connection for network redundancy when used in conjunction with internet access on metro Ethernet, or as a primary internet connection when used alone. Through the Internet, our customers can use our VPN service, which is part of our network support services, to connect multiple locations that are not within the same metro Ethernet network in a secured network via the Internet. The telecommunications networks using both the metro Ethernet and broadband for our provision of network connectivity services to our customers were subscribed from third-party telecommunication companies.

If our customers engage our network connectivity services together with our network support services, we can monitor and manage their entire network, including the network infrastructure at each individual location, the connection between each individual location, and their internet connection as a single point of contact to their end-to-end network solutions. For example, when the internet access of our customers is disrupted, the IT personnel of our customers do not need to contact different vendors, each within its own response time, to find out the cause of disruption and the defective device, if any. Instead, our technical support alone can pinpoint the cause of failure within their entire network infrastructure and solve the problem within a definite timeframe. Hence, our Directors take the view that our network support services and network connectivity services are complementary with each other.

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Under our current model of network connectivity services, we allow interconnection between different metro Ethernet networks operated by different telecommunications companies through the use of metro Ethernet, thereby giving choices to and creating further network redundancy for our customers. Equipped with an ASP licence, we operate as a virtual network operator that is eligible to subscribe for different types of network connectivity from third party telecommunication companies to leverage their nationwide network infrastructure. As such, we can offer network connectivity services to our customers without having to incur cost to establish and develop our own network infrastructure. Instead, we focus on internet exchange, through which we provide intranet and internet connectivity services to our customers and monitor the status of such connectivity.

Our network connectivity services are provided to our customers on a contractual basis for a period of approximately one to eight years. Apart from cabling works, we also provide other value-added services to our customers. For example, we provide in-house technical support service to our customers by our NOC and on instant messaging platform where our customers can reach our engineering team (including our engineers and IT technicians) directly for technical support on a 24 hours a day, seven days a week basis.

As advised by the Company's Malaysia Legal Advisers, the Company has obtained the relevant ASP licence for providing such network connectivity services. For more details, please see the paragraph headed "Regulatory overview – Overview of Malaysia laws and regulations – (I) Laws and regulations relating to IT, (b) The Communications and Multimedia Act 1998".

Types of network connectivity

(a) *Metro Ethernet network*

Metro Ethernet is a metropolitan area network that connects multiple networks to provide intranet connectivity. Metro Ethernet infrastructure utilises fiber optic technology over a private and dedicated Ethernet network for data transmission, which is secured, flexible and scalable. Customers who subscribe metro Ethernet services from us have the choice of a wide range of bandwidth, which generally can be up to 1 Gbps.

An intranet connected using metro Ethernet allows our customers to connect multiple sites with multi-users at different locations within the city, in different cities or even states within Malaysia via a private network, which is also known as IPVPN. This provides a dedicated, secured and reliable connection to our customers. On top of that, if required by customers, we are capable of providing dedicated internet access using metro Ethernet via our internet exchange.

While the metro Ethernet infrastructure is owned and managed by telecommunication companies in Malaysia, the design, installation and implementation of metro Ethernet within our customers' premises are done by our Group. As such, we cooperate with a variety of third party telecommunication companies in Malaysia on a project basis.

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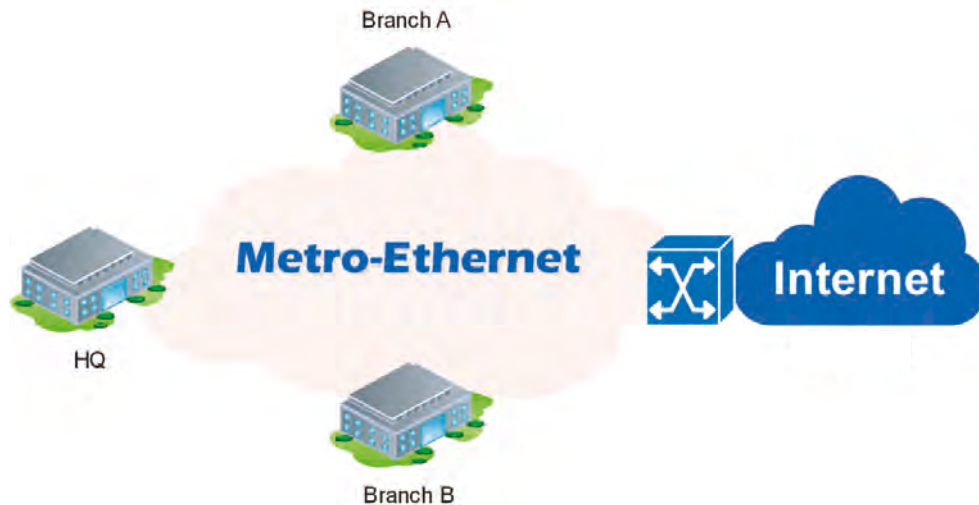
(i) *Metro Ethernet intranet, i.e. private network*



The metro Ethernet intranet solution provides network connectivity for connecting customers' sites in two or more locations by implementing metropolitan area private network using the metro Ethernet. This network connectivity can be used by our customers who require private and secured connection between two or more locations such as their branches and offices.

Compared with a network using VPN, which is a security solution for companies to set up intranets among multiple locations secured by encryption and authentication via the Internet, our metro Ethernet intranet connectivity uses IPVPN technology over metro Ethernet networks to establish a secured and dedicated intranet among multiple locations, which offers intranet connectivity with even higher level of availability and security.

(ii) *Metro Ethernet with direct internet access*



Direct internet access service utilises metro Ethernet infrastructure to connect one or more location(s) of a customer to the internet exchange of our Group. At our internet exchange, direct internet access services allocate public IP address that we obtain from APNIC to the customer and provide internet connectivity to the customer with dedicated metro Ethernet network.

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As at the Latest Practicable Date, our Group's internet exchange is connected to two internet exchanges operated by third-party telecommunication companies, including the Malaysia Internet Exchange and the wholesale internet access service of another telecommunication company which is the largest telecommunication company in Malaysia. By doing so, our customers can have access to both local and international content.

Direct internet access services are mainly used by customers that require high level of service availability and dedicated and scalable internet services. For example, our customers can use the direct internet access services to host web services or perform mission-critical tasks that require stable and responsive internet connection with sufficient protection against security threats.

(b) Broadband

In addition to the direct internet access, if required by individual customers, we are capable of using broadband either in conjunction with metro Ethernet or as our alternative internet connectivity to provide network redundancy. This is generally done by the load balancer equipment provided in our network support services in conjunction with our network connectivity services, which is capable of balancing or distributing the data traffic flow between multiple internet connectivities when one of the networks is disconnected or overloaded. Broadband is mostly used by customers in the mass consumer market who are more cost conscious and do not require the benefits provided by direct internet access.

OUR REVENUE MODEL

(I) Network Support Services

For the provision of network support services, we offer our customers the choice of (i) a subscription-based model; and (ii) a capital-based model.

Subscription-based model by which we charge customers with recurring subscription fee. For customers who engage our various kinds of network support services, depending on the terms of the purchase orders and/or our agreements between individual customers and us, we generally charge our customers with an all-inclusive and fixed monthly or annual subscription fee on a fixed contractual term ranging from one year up to 10 years for our network support services. To facilitate the provision of our network support services, we provide equipment and hardware such as firewall, load balancer and/or routers to our customers. This all-inclusive subscription fee has taken into account, among others, the rental of the hardware and our fees for rendering the network support services.

Under this revenue model, the hardware so provided to our customers is owned by our Group and used by our customers as lessee thereof unless it is expressly agreed between us and the customers that they would own the equipment and hardware after they have paid the residual subscription fees upon expiration of their contracts with us. Moreover, we are responsible for the ongoing updates and maintenance of the hardware for our customers during the contract period. Our Directors believe that offering subscription-based model to our customers is conducive to nurturing a loyal customer base and making our services more appealing to our potential customers. Through this subscription-based model, our customers can have the flexibility to manage and secure their networks without the need to make heavy capital investments in

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hardware whereby they would have the benefits of (i) less upfront cash outflow; (ii) flexible payment term; and (iii) better cash flow management. Normally, small and medium-sized enterprises prefer subscription-based model to avoid heavy capital outlay.

Capital-based model by which we charge customers with one-off hardware purchase price and recurring subscription fee. For those sizeable contracts that involve a complex network infrastructure and require a large amount of hardware, we may not be able to offer subscription-based model to our customers. Furthermore, some customers may also prefer having their own hardware. In both cases, these customers would (i) purchase the equipment and hardware from us and pay a one-off purchase price to us; and/or (ii) engage our ongoing network support services with their own hardware and pay monthly or annual subscription fees. In this connection, our revenue is derived from both the one-off purchase price of the hardware and the service fees charged by us on a monthly or annual basis.

Failure rate of hardware. For FY2017, FY2018 and FY2019, we provided an average of approximately 4,000, 4,100 and 4,400 pieces of hardware to our customers who use our services on a subscription basis, respectively, and the number of failures requiring replacement was 45, 60 and 53, respectively. The failure rate of the hardware provided to our customers varies for different types of hardware. We generally replace malfunctioning hardware with the same or similar model for our customers who use our services on a subscription basis without extra charge in case a failure happens during the subscription period. The table below sets out mean-time-between-failure (“**MTBF**”) figures provided by manufacturers, averaged from all models in a particular type of hardware used in our services (“**average manufacturer’s MTBF**”), and the failure rate of hardware provided to our customers during the Track Record Period in terms of MTBF measured based on the estimated aggregated operation time of all such hardware and the number of failures (“**measured MTBF**”) during FY2017, FY2018 and FY2019, for each type of hardware.

Hardware Type	FY2017			FY2018			FY2019			
	Average manufacturer’s MTBF	Estimated operation time	Measured MTBF	Estimated operation time	Measured MTBF	Estimated operation time	Measured MTBF			
	(’000 hours)	(’000 hours)	No. of failures	(’000 hours)	(’000 hours)	No. of failures	(’000 hours)	(’000 hours)	No. of failures	(’000 hours)
Firewall	84	4,551	12	379	5,207	27	193	5,457	24	227
Switch	397	2,999	7	428	2,941	6	490	3,218	10	322
Access Point	843	26,330	25	1,053	26,857	26	1,033	26,849	14	1,918
Router	120	1,081	1	1,081	1,135	1	1,135	2,908	5	582

Installation of hardware. To facilitate the provision of our network support services, whether it is through the hardware provided by us according to our subscription-based model or through the hardware purchased from us by our customers according to the capital-based model, we would generally charge our customers a one-off hardware installation fee at the beginning of our contracts. Hence, our hardware installation services are the integral part and the foundation of our network support services. Our revenue from the provision of hardware installation services would be recognised after the hardware installation has been completed and it would increase in correspondence to the increase in the number of contracts we have entered into with our customers during the relevant year of the Track Record Period.

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(II) Network Connectivity Services

For the majority of our network connectivity services, we generally charge our customers a subscription fee for a minimum subscription period of twelve months. Our revenue in this segment is mainly derived from the monthly subscription fees paid to us during the term of agreement between our customers and our Group.

(III) Our recurring revenue and one-off revenue

Our customers subscribe a specific type of services or a combination of different types of services under our network support services and/or network connectivity services through one or more purchase order(s) and/or agreement(s) with us. Notwithstanding that, our revenue can be categorised into one-off revenue and recurring revenue based on the nature of the services we render to our customers. As for our one-off revenue, it mainly includes our revenue generated from the sale of hardware and installation of hardware at our customers' sites according to our network infrastructure design. As for our recurring revenue, it mainly includes our all-inclusive subscription fees (including the rental of our hardware and our service fees) under the fixed terms purchase orders/agreements with our customers.

During FY2017, FY2018 and FY2019, approximately 79.3%, 59.0% and 82.2% of our revenue, respectively, was generated from our monthly or annual fees whereas the remaining 20.7%, 41.0% and 17.8% of our revenue, respectively, was generated from one-off hardware installation services and sale of hardware for the corresponding years. The following table sets forth the breakdown of our Group's revenue from continuing operation by business segment during the Track Record Period:

	FY2017		FY2018		FY2019	
	<i>RM</i>	%	<i>RM</i>	%	<i>RM</i>	%
Network support services						
– Recurring revenue	5,051,061	23.6	7,553,838	20.6	13,418,017	32.5
– One-off revenue	<u>4,444,074</u>	<u>20.7</u>	<u>15,004,599</u>	<u>41.0</u>	<u>7,381,338</u>	<u>17.8</u>
Subtotal	9,495,135	44.3	22,558,437	61.6	20,799,355	50.3
Network connectivity services						
– Recurring revenue	<u>11,948,804</u>	<u>55.7</u>	<u>14,073,349</u>	<u>38.4</u>	<u>20,553,770</u>	<u>49.7</u>
Total	<u><u>21,443,939</u></u>	<u><u>100.0</u></u>	<u><u>36,631,786</u></u>	<u><u>100.0</u></u>	<u><u>41,353,125</u></u>	<u><u>100.0</u></u>

OUR CONTRACTS

During the Track Record Period, to subscribe our managed internet services, our customers either placed purchase orders with us or entered into fixed-term agreements with us setting out thereon the type of services they subscribed and the terms and conditions in relation to our provision of managed internet services. Both purchase orders, together with the quotations or invoices issued by our Group, and

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agreements were legally binding on us and our customers. For more details, please refer to the paragraphs headed “Our customers – Key agreement terms with our channel partners” and “Our customers – Key agreement terms with our direct customers” in this section.

Our fixed-term contracts (inclusive of purchase orders and agreements) as at the Latest Practicable Date generated both one-off revenue for sale and installation of hardware, as well as recurring revenue in the form of a subscription fee which covers both the leasing of hardware (in the cases where we provide our customers with the necessary hardware) and our provision of network support services and network connectivity services.

The table below sets forth details of our contracts during the Track Record Period with an original contract sum of no less than RM1,000,000:

Item	Commence- ment date (Note 2)	Expected completion date	Duration of contract	Original contract sum (Note 3) RM'000	Revenue recognised during						Expected revenue to be recognised after Track Record Period (Note 4)	
					FY2017		FY2018		FY2019		Sale Subscription	
					Sale	Subscription	Sale	Subscription	Sale	Subscription	RM'000	RM'000
<u>Network support services</u>												
1 (Note 5)	01.08.2018	31.07.2019	1	7,410	-	-	-	-	3,550	3,538	-	322
2 (Note 5)	08.01.2018	20.06.2018	-	4,668	-	-	4,668	-	-	-	-	-
3	01.11.2015	31.10.2025	10	3,284	-	328	-	328	-	328	-	2,107
4	21.11.2015	31.12.2018	3	2,400	10	790	10	790	-	330	-	-
5 (Note 5)	08.01.2018	28.06.2018	-	2,164	-	-	2,164	-	-	-	-	-
6	29.03.2019	29.03.2021	2	1,817	-	-	-	-	-	727	-	1,090
7	19.06.2017	19.06.2020	3	1,717	123	-	-	531	-	534	-	529
8 (Note 6)	24.12.2013	29.08.2022	9	1,685	87	235	91	245	-	358	-	177
9	28.06.2019	28.06.2022	3	1,402	-	-	-	-	1,319	-	-	83
10	13.01.2015	13.01.2020	5	1,233	-	245	-	245	-	245	-	142
11	18.09.2014	17.09.2024	10	1,200	-	97	-	97	-	97	-	508
12	20.04.2018	20.04.2021	3	1,146	-	-	1,086	3	-	51	-	6
13	24.10.2017	23.10.2020	3	1,100	-	-	752	197	-	128	-	23
14	22.09.2017	21.09.2022	5	1,089	-	-	-	163	-	218	-	708
15	01.01.2015	31.12.2019	5	1,000	-	200	-	200	-	200	-	117
Sub-total				33,315	220	1,895	8,771	2,799	4,869	6,754	-	5,812
<u>Network connectivity services</u>												
16	19.01.2015	18.01.2018	3	3,150	-	1,040	-	607	-	-	-	-
17	09.12.2015	30.06.2019	3	2,847	-	730	-	730	-	807	-	-
18	18.01.2019	18.01.2022	3	2,147	-	-	-	-	-	358	-	1,789
19	15.12.2015	15.12.2020	3	1,658	-	506	-	506	-	328	-	-
20	11.11.2016	11.11.2020	4	1,500	6	218	-	373	-	374	-	529
21	11.01.2018	10.01.2021	3	1,470	-	-	11	243	-	498	-	718
22	18.11.2016	29.11.2021	5	1,133	38	128	-	219	-	236	-	512
23	01.10.2018	01.10.2020	2	1,093	-	-	-	-	-	725	-	368
24	01.12.2014	30.11.2017	3	1,092	5	359	2	180	-	-	-	-
Sub-total				16,090	49	2,981	13	2,858	-	3,326	-	3,916

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Item	Commence- ment date (Note 2)	Expected completion date	Duration of contract	Original contract sum (Note 3) RM'000	Revenue recognised during						Expected revenue to be recognised after Track Record Period (Note 4)	
					FY2017		FY2018		FY2019		Sale Subscription	
					Sale	Subscription	Sale	Subscription	Sale	Subscription	RM'000	RM'000
<i>Combined (Note 1)</i>												
25	01.10.2014	01.10.2017	3	7,310	90	2,347	30	782	-	-	-	-
26 (Note 7)	13.02.2015	31.03.2023	8	5,180	-	686	-	686	-	686	-	2,573
27	31.03.2018	31.03.2021	3	3,450	-	-	-	288	-	1,647	-	1,515
28	02.12.2013	02.12.2018	5	3,450	-	687	-	687	-	345	-	-
29	16.12.2015	16.12.2020	5	3,450	-	684	-	684	-	556	-	1,154
30	19.07.2018	19.07.2021	3	3,211	-	-	-	-	59	1,551	-	1,601
31	10.03.2013	10.03.2018	5	2,671	41	344	118	344	-	-	-	-
32	03.05.2017	01.09.2023	6	2,231	70	-	-	270	-	360	-	1,531
33	23.03.2019	17.03.2021	2	2,182	-	-	-	-	84	325	-	1,773
34	21.09.2017	21.09.2020	3	1,823	-	-	1,088	204	-	331	-	200
35	16.10.2017	16.10.2020	3	1,813	-	-	18	399	-	601	-	795
36	15.06.2016	14.06.2019	3	1,340	-	447	-	447	-	446	-	-
37	16.05.2018	31.05.2021	3	1,080	-	-	-	30	-	360	-	690
38	01.10.2017	31.10.2018	1	1,206	-	-	313	502	-	391	-	-
39	01.09.2017	30.09.2020	3	1,053	-	-	125	165	-	327	-	436
Sub-total				41,450	201	5,195	1,692	5,488	143	7,926	-	12,268
Contracts with original contract sum below RM1,000,000				76,641	3,974	6,929	4,529	10,482	2,369	15,966	-	24,489
Total				167,496	4,444	17,000	15,005	21,627	7,381	33,972	-	46,485

Notes:

- “Combined” denotes the mixture of both (i) network support services and (ii) network connectivity services provided in one contract only. Most customers would enter into two or more separate contracts with us for different services.
- Unless otherwise specified, this refers to the commencement date specified in the contract or the instruction issued by the customers’ pursuant to the contract.
- The original contract sum shown in the above table represents the original contract sum stated in the contract, or where applicable, the adjusted contract sum taking into account any upward/downward adjustments in the contract sum and/or contract extension after the award of a contract.
- The expected remaining revenue to be recognised after the Track Record Period as estimated by our management refers to the total outstanding contract sum covering the remaining term of each contract (taking into account any upward/downward adjustments in the contract sum and/or contract extension after the award of contract).
- These contracts relate to the Nationwide Project involving the nationwide delivery and installation of equipment across Malaysia to Supplier D’ s customers. For more details, please refer to the paragraphs headed “Financial information – Review of historical results of operations - Year ended 30 June 2018 compared to year ended 30 June 2017” in this prospectus.
- This contract, which initially commenced on 24 December 2014 with a term of five years, was subsequently varied upon the request of the customer on 29 August 2017, thereby extending the term for five years, and is expected to complete on 29 August 2022.
- This contract, which initially commenced on 13 February 2015 with a term of five years, was subsequently varied upon the request of the customer on 31 March 2018, thereby extending the term for five years and is expected to complete on 31 March 2023.

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Movement of backlog

The following table sets forth the movement of backlog of our contracts, representing the total estimated contract value of work (including adjustments up to 30 June 2019) which remains to be completed pursuant to the terms of the outstanding contracts as at a certain date and assuming performance in accordance with the terms of the contract, for each period during the Track Record Period and as at the Latest Practicable Date:

	Number of contracts attributed	Backlog (revenue recognised) approximately RM'000
Opening on-going contracts as at 1 July 2016	116	43,502
New contracts awarded during FY2017 (<i>Note 1</i>)	198	22,085
Contracts completed	(78)	–
Revenue recognised during FY2017 (<i>Note 2</i>)	–	(21,444)
	<hr/>	<hr/>
Closing on-going contracts as at 30 June 2017	236	44,143
	<hr/> <hr/>	<hr/> <hr/>
Opening on-going contracts as at 1 July 2017	236	44,143
New contracts awarded during FY2018 (<i>Note 1</i>)	269	41,654
Contracts completed	(152)	–
Revenue recognised during FY2018 (<i>Note 2</i>)	–	(36,632)
	<hr/>	<hr/>
Closing on-going contracts as at 30 June 2018	353	49,165
	<hr/> <hr/>	<hr/> <hr/>
Opening on-going contracts as at 1 July 2018	353	49,165
New contracts awarded during FY2019 (<i>Note 1</i>)	220	38,673
Contracts completed	(186)	–
Revenue recognised during FY2019 (<i>Note 2</i>)	–	(41,353)
	<hr/>	<hr/>
Closing on-going contracts as at 30 June 2019	387	46,485
	<hr/> <hr/>	<hr/> <hr/>
Opening on-going contracts as at 1 July 2019	387	46,485
New contracts awarded from 1 July 2019 to the Latest Practicable Date (<i>Note 3</i>)	53	4,455
Contracts completed	(61)	–
Revenue recognised from 1 July 2019 to the Latest Practicable Date	–	(13,119)
	<hr/>	<hr/>
Closing on-going contracts as at the Latest Practicable Date	379	37,821
	<hr/> <hr/>	<hr/> <hr/>

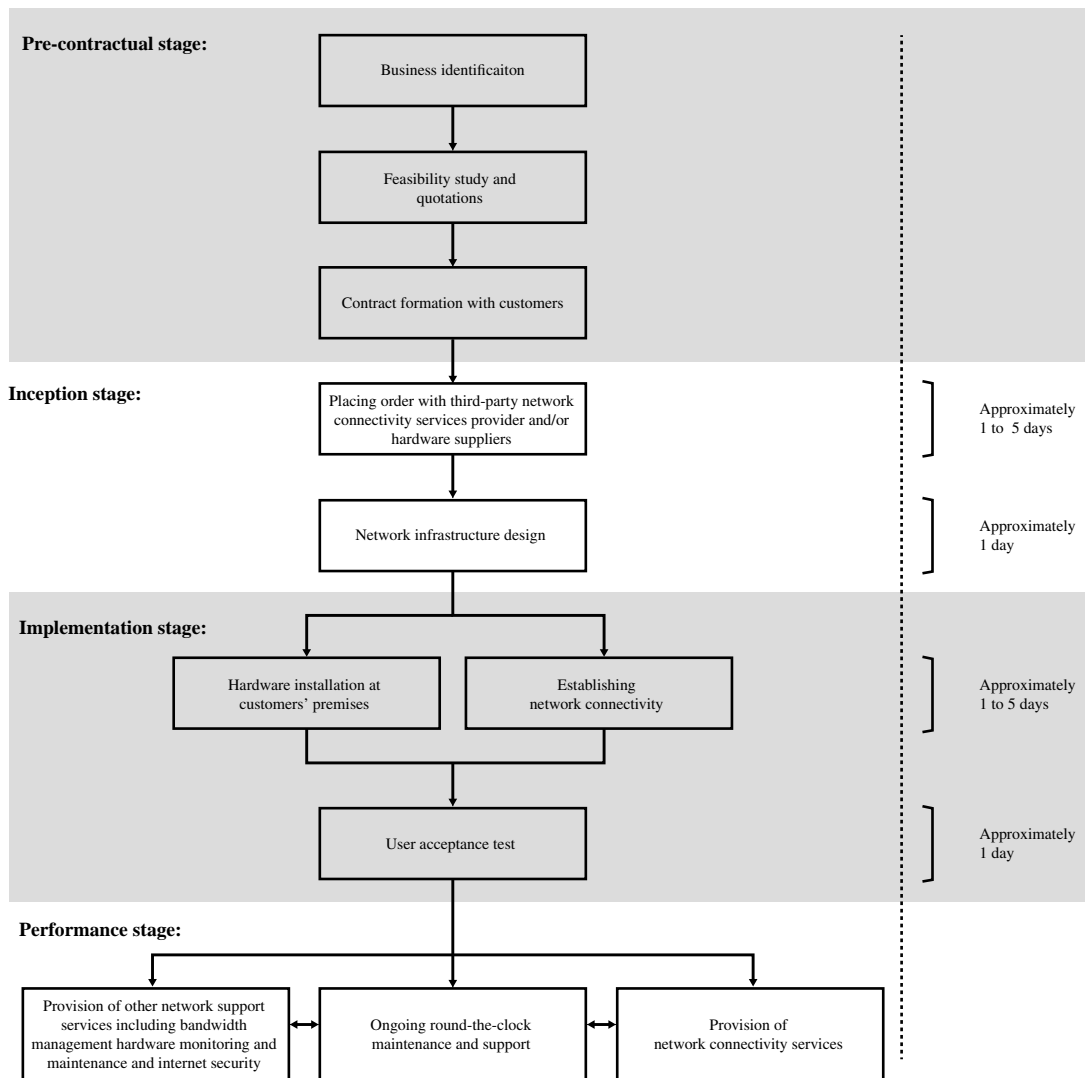
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Notes:

1. The value of these new contracts is the total contract sum of new projects (taking into account adjustments up to 30 June 2019) as at the end of the relevant financial year which were awarded to us during the relevant financial year.
2. Revenue recognised means the value of contract work recognised as revenue during the relevant financial year.
3. The value of these new contracts is the total contract sum of new projects (taking into account adjustments up to the Latest Practicable Date) as at the Latest Practicable Date which were awarded to us from 1 July 2019 to the Latest Practicable Date.

OPERATION FLOW

The flow chart below summarises our business operation flow.



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Business identification

Projects are mainly identified and awarded to us through quotation and direct engagement from channel partners and direct customers from various industries in Malaysia. On a few occasions during the Track Record Period, we obtained projects by tendering. In the course of business identification, we are usually provided with preliminary specifications, customers' needs and relevant timeframe for completing the contract.

Feasibility study and preparation of quotations

Our engineering team and sales team will make preliminary technical and financial assessment of the contract based on the project requirements and other relevant information obtained from our potential customers. In considering whether to provide quotation or not, we generally take into account the following factors, namely (i) the profitability of the project; (ii) the feasibility of undertaking the project with reference to the technical specifications, our capacity and expertise, our then available workforce and financial resources; (iii) the existing network infrastructure of the potential customer; (iv) the potential customer's preference on choice of hardware; (v) project schedule; (vi) quality expectation; (vii) the budget of the potential customer; and (viii) any relevant risk factors associated with such project.

Our engineering team and sales team will then customise a preliminary solution to accommodate the customer's needs. If we find it necessary, we will discuss with customers for the purpose of identifying the specific problems encountered by them and customise possible solutions to solve their problems. Our executive Directors will then decide whether to submit the quotation or not after considering all relevant factors. We may decline a quotation request if our then prevailing resources are already taken up by other projects.

If our Directors consider that a project is commercially viable, our sales staff will proceed to prepare the quotation as sales process with the assistance of our engineering team. Prior to the preparation of quotation, our engineering staff will first review the project requirements in detail. For more details, please refer to the paragraphs headed "Our customers – Pricing policy" in this section.

Upon receipt of our quotations, our customers may further raise enquiries or conduct interviews with us in order to clarify the particulars of our quotations before they decide to award the contracts to us.

Contract formation with customers

During the Track Record Period and up to the Latest Practicable Date, our customers generally issued purchase orders to us, which, together with the quotations or invoices issued by our Group, constituted binding agreements between our customers and us. However, for projects involving various types of services and have more complex specifications and requirements, we might enter into service agreements with our customers. On the other hand, customers subscribing for our network connectivity services, such as metro Ethernet, were required to fill in a standard application form devised by us. We generally use standard terms and conditions in our service agreements entered into with our customers. For more details, please refer to the paragraphs headed "Our customers – Key agreement terms with our channel partners" and "Our customers – Key agreement terms with our direct customers" in this section.

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Placing order with third-party telecommunication companies and/or hardware supplier

Project assignment and site visits

After we have received a purchase order or entered into a service agreement with our customers, we will assign a technical team comprising a project manager and engineers for project execution. The project manager is responsible for conducting overall planning, monitoring work efficiency and reporting to the customer from time to time accordingly and the engineer is responsible for implementing the proposed solution. The project manager will arrange a site visit with the customer to inspect the customer's premises and review technical details for designing the network infrastructure.

Network connectivity services

After the customer has signed the service agreement or place a purchase order on us, we would place a corresponding order for the requested type of network connectivity of the requested bandwidth with third party telecommunication companies. We generally choose the telecommunication companies based on their network coverage, availability and/or our customers' requirements.

During the Track Record Period, save for Supplier A, we did not enter into any master supply agreement with any of our major suppliers and our Group generally placed orders upon receipt of the signed service agreements, application forms or purchase orders from our customers. To ensure a stable supply of services, we have entered into a wholesale service agreement containing specific terms and conditions for wholesale metro Ethernet and internet access with Supplier A which applies to each subscription of its metro Ethernet and internet access services. For details of the key contract terms with our suppliers, please refer to the paragraphs headed "Our suppliers – Salient terms of the wholesale service agreement with Supplier A" in this section.

Network support services

To maintain flexibility in supplier selection, we have not signed any supply agreement for supply of hardware with any hardware supplier. Upon receiving a purchase orders from our customers or entering into a service agreement, we generally place corresponding purchase orders with our hardware suppliers.

Our procurement staff are responsible for placing orders, monitoring shipment and logistics progress, and ascertaining the qualities and quantities of the purchased goods. The hardware is either delivered to our office or to the customers' designated location directly upon their request. After the hardware has arrived at the designated location, our project manager would schedule an appointment with the customers and arrange our engineer for implementation of the proposed solution.

Hardware installation at customers' premises and solution implementation

During the Track Record Period, save for the cabling works, all hardware installation at our customers' premises and the subsequent solution implementation were managed and executed by our in-house technical engineers, project management team and engineer team. Except for one-off agreements, during the Track Record Period, our Group generally entered into agreements with customers on a fixed

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term basis, ranging from one to 10 years. Our engineers are responsible for installing the hardware and implementing the proposed solutions which involve, among others system configuration and integration and for establishing network connectivity.

User acceptance test

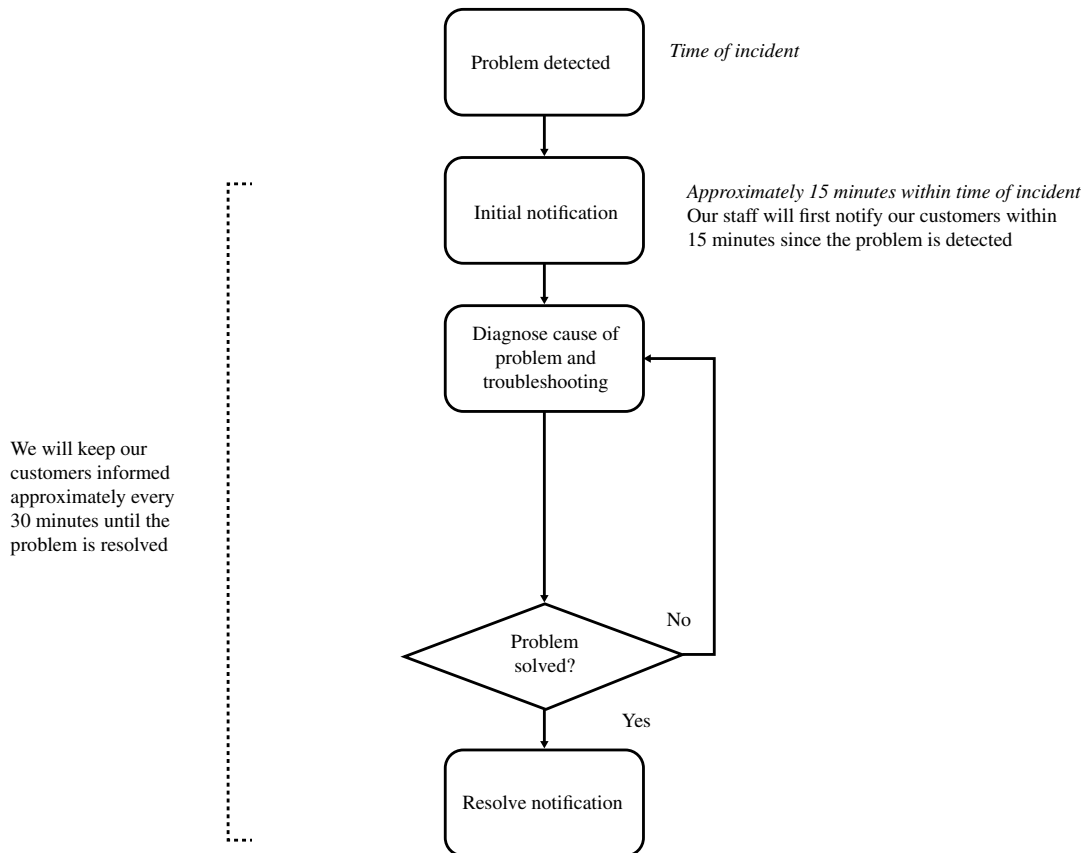
Our engineer will conduct a user acceptance test together with the customers upon completion of the implementation of a project which involves a series of tests and checks in the network installed in the customers's premises according to the customer's specifications to ensure that its requirements are met and our services are properly delivered to our customer's satisfaction. If any defect or problem is identified during the tests, we will provide support and fix the defect. The customers is required to co-sign the user acceptance form to confirm that the project has been carried out successfully.

Ongoing round-the-clock maintenance and support services

We offer round-the-clock ongoing maintenance and management services to our customers who have subscribed for our network support services and network connectivity services. Our NOC monitors the network hardware and equipment and/or network connectivity of our customers, and our customers can

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contact us via our hotline, email and instant messaging, on a 24 hours a day and seven days a week basis. We provide both remote support and on-site support. The following chart illustrates the maintenance and support services provided to our customers who have encountered a problem in their networks:



On the other hand, if our NOC has detected a system failure of our customers' network, our IT technicians will notify our customers and continue to monitor the network within the first 15 minutes. Our IT technicians will diagnose the cause of the problem which can generally be categorised into two types, namely (i) problems caused by a hardware problem or system configuration problem; or (ii) problems caused by a network connection problem. If the problem is caused by a hardware problem or system configuration problem, our IT technicians or engineers will go to the customers' premises, if necessary, where the hardware is installed, and will fix the problem and take proper action as required, such as arranging a replacement of the malfunctioned hardware. If the problem is caused by a network connectivity problem, our IT technicians will liaise with the relevant third-party telecommunication company and solve the problem together. Our IT technicians will keep our customers updated on the progress approximately every 30 minutes until the problem is resolved.

OUR CUSTOMERS

Our Group provides managed internet services to end-users in Malaysia mainly through channel partners and direct sales.

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Channel partners: Through provision of network support services and network connectivity services to the end-customers of channel partners, we are able to utilise the channel partners' then existing business networks to reach out to potential direct customers who are also the end-users of our services. For FY2017, FY2018 and FY2019, our Group had provided network support services and network connectivity services to over 130, 230 and 358 end-users through channel partners, respectively. They come from various industries including airlines, banks and financial service providers, retailers, automotive and computer hardware suppliers and dealers, construction, property developers, education, electronics manufacturers, food and beverages, government, healthcare, hotels, insurance companies, IT services providers, shopping centres, etc. However, we did not enter into any contract with these end-users directly. Hence, channel partners are regarded as both our customers to whom we charged our service fees and the channels through which we offer our services to end-users.

By entering into a non-exclusive service agreement with individual channel partners, we agree to provide the type of network support services and/or network connectivity services as specified in the agreements to the channel partners' customers directly as a kind of standalone services or together with the services provided by the channel partners. Once the end-users have indicated their service requirements such as data centre services and global network connectivity services to the channel partners, if the channel partners consider it viable or costs-efficient to outsource part of the services, mainly network connectivity services and network support services in Malaysia to MIS providers like our Group and if they consider our quality and pricing for such services to be competitive, the channel partners may issue a corresponding purchase order or letter of award to us for such services.

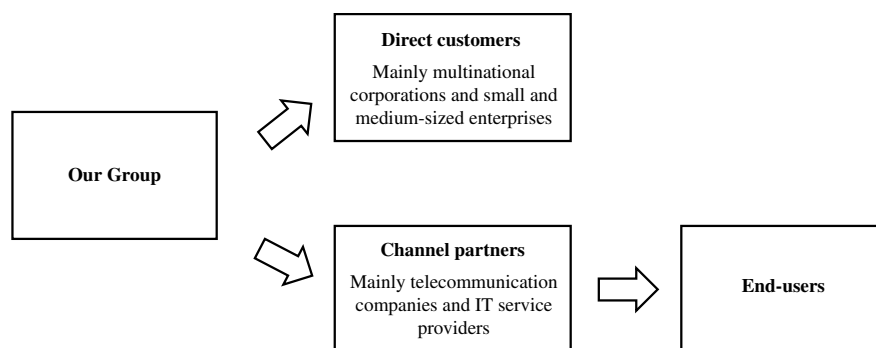
While the channel partners would collect all payment for the provision of services from the customer, we would collect our service charges from the channel partners. As confirmed by our Malaysia Legal Advisers, our contractual arrangements with our channel partners connote a mandatory and contractual obligation for our channel partners to make payments to us without being subjected to their ability to collect payments from the end-users. Our channel partners will in turn offer our network support services and/or network connectivity services to their customers, who are the end-users of our services. In this connection, we do not impose any price range on our services fees the channel partners charge against its customers and thus, our channel partners can charge their customers based on their pricing policies.

We generally follow the instructions of the channel partners to install the hardware for provision of our network connectivity services and/or network support services at a specific location and the channel partners will sometimes not explicitly disclose the identities of end-users to us, while we are generally expected not to disclose our identity to the end customers but to act as part of or representatives of the channel partners' IT services team and, thus, our Directors take the view that the end-customers are not expected to distinguish between our Group's services and the services provided to them by the channel partners. User acceptance tests for the services we provided to the end-users directly would be carried out by the channel partners. For further details about the terms of the service agreement entered into between the channel partners and us, please refer to the paragraph headed "Our customers – Key agreement terms with our channel partners" in this section.

Direct customers: We also provide our network support services and network connectivity services to direct customers covering various industries such as automotives, education, telecommunications, logistics and hotels in Malaysia. During the Track Record Period, we provided services to 147 direct customers. Our direct customers will usually place a purchase order on us regarding our network support services which

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constitutes a binding agreement between us and the customer when it is accepted by our Group. A purchase order generally includes terms such as (i) description of the type and scope of services the customer will subscribe from our Group; (ii) our service fees; (iii) payment terms; and (iv) delivery terms. As to our network connectivity services, we usually enter into a service agreement with our direct customers. For further details, please refer to the paragraph headed “Our customers – Key agreement terms with our direct customers” in this section.



The following table sets forth the revenue generated from (i) channel partners; (ii) direct customers for both of our network support services and network connectivity services business during the Track Record Period:

	FY2017		FY2018		FY2019	
	RM	%	RM	%	RM	%
Channel partners						
Network support services	5,445,883	25.4	18,210,726	49.7	17,009,431	41.2
Network connectivity services	7,081,304	33.0	8,178,600	22.3	11,629,260	28.1
Sub-total	12,527,187	58.4	26,389,326	72.0	28,638,691	69.3
Direct customers						
Network support services	4,049,252	18.9	4,347,711	11.9	3,789,924	9.1
Network connectivity services	4,867,500	22.7	5,894,749	16.1	8,924,510	21.6
Sub-total	8,916,752	41.6	10,242,460	28.0	12,714,434	30.7
Total	21,443,939	100.0	36,631,786	100.0	41,353,125	100.0

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Our Group has a diversified geographical reach. During the Track Record Period, our Group's revenue was derived from customers nationwide in Malaysia and our Group is not dependent on customers from a particular geographical region in Malaysia. Our customers are mainly from the private sector including multinational enterprises and small and medium-sized enterprises in a wide array of industries including but not limited to automotives, education, telecommunications, logistics and hotels in Malaysia.

Our Group has an established customer base and we are not dependent on any single customer. During the Track Record Period, our Group maintained relationships with our five largest customers ranging from two to 10 years.

Save for enquiries or day-to-day operational matters from our customers of our managed internet services, which are, in our Directors' opinion, ordinary and typical to our business and any MIS providers, there was no customers' complaint or disputes that led to immediate termination of our ongoing services or product recall during the Track Record Period and up to the Latest Practicable Date. Our Directors confirmed that we had no material dispute with our customers and we had not experienced any disruption of business due to any material delay or default of payment by our customers which would cause material adverse effect to our business and operation during the Track Record Period.

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The table below sets forth the composition of customers of our network support services and network connectivity services during Track Record Period:

	FY2017				FY2018				FY2019				Total number of customers %
	Number of customers using capital-based model	Number of customers using subscription-based model	Number of customers using both revenue models	Total number of customers	Number of customers using capital-based model	Number of customers using subscription-based model	Number of customers using both revenue models	Total number of customers	Number of customers using capital-based model	Number of customers using subscription-based model	Number of customers using both revenue models	Total number of customers	
Network support services													
<i>Channel partners</i>													
- New customers	-	-	-	-	1	3	-	4	-	-	-	-	
- Existing customers	1	3	4	8	1	2	5	8	2	1	6	9	
Sub-total	1	3	4	8	2	5	5	12	2	1	6	9	
<i>Direct end-users</i>													
- New customers	7	2	1	10	16	15	2	33	7	9	1	17	
- Existing customers	16	31	9	56	6	40	5	51	22	34	11	67	
Sub-total	23	33	10	66	22	55	7	84	29	43	12	84	
Total	24	36	14	74	24	60	12	96	31	44	18	93	
Network connectivity services													
<i>Channel partners</i>													
- New customers	-	-	-	-	-	3	-	3	-	-	-	-	
- Existing customers	-	10	-	10	-	9	-	9	-	12	-	12	
Sub-total	-	10	-	10	-	12	-	12	-	12	-	12	
<i>Direct end-users</i>													
- New customers	-	1	-	1	-	7	-	7	-	10	-	10	
- Existing customers	-	35	-	35	-	40	-	40	-	48	-	48	
Sub-total	-	36	-	36	-	47	-	47	-	58	-	58	
Total	-	46	-	46	-	59	-	59	-	70	-	70	

Our five largest customers during the Track Record Period

All our five largest customers have their principal place of business in Malaysia. For FY2017, FY2018 and FY2019, the revenue generated by our five largest customers amounted to approximately RM12.3 million, RM26.0 million and RM30.2 million, respectively, representing approximately 57.7%, 70.9% and 72.9% of our total revenue, respectively. For the same periods, the revenue generated from our largest customer amounted to approximately RM4.5 million, RM10.9 million and RM13.3 million, respectively, representing approximately 21.1%, 29.9% and 32.1% of our total revenue, respectively. We generally accept payment from our five largest customers by cheque or bank transfer.

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The following tables set forth the profit of our five largest customers in the Track Record Period:

For FY2017:

Customer	Channel partner/direct customer	Revenue (approximately RM'000)	Approximate percentage to the total revenue of our Group (%)	Background and principal business	Major services provided by our Group to the customer	Approximate length of business of relationship with us as our customer up to the Latest Practicable Date (year)	Credit terms (day)
Supplier A and a subsidiary (Note 1)	Channel partner	4,515	21.1	A group of telecommunication services providers in Malaysia including a public company listed on the Main Market of Bursa Malaysia, and its subsidiary	Network support services	11	30
AIMS Data Centre Sdn. Bhd. and a group company (Note 2)	Both channel partner and direct customer	3,301	15.4	A group of telecommunication service providers in Malaysia which are the subsidiaries of TIME dotCom Bhd. (Note 3)	Network support services and network connectivity services	5	30
Digicity (M) Sdn. Bhd (Note 4)	Channel partner	2,478	11.6	ICT product supplier and system software developer in Malaysia	Network support services and network connectivity services	5	30
Customer D (Note 5)	Direct customer	1,044	4.9	The second largest automobile manufacturer in Malaysia in 2017 which is a subsidiary of a public company listed on Tokyo Stock Exchange, a stock exchange located in Tokyo, Japan, and New York Stock Exchange, a stock exchange located in New York, U.S.	Network support services and network connectivity services	7	30
Customer E (Note 6)	Channel partner	1,003	4.7	ICT products and services provider in Malaysia which is a subsidiary of a public company listed in Malaysia	Network support services and network connectivity services	5	30
Total		<u>12,341</u>	<u>57.7</u>				

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For FY2018:

Customer	Channel partner/direct customer	Revenue (approximately RM'000)	Approximate percentage to the total revenue of our Group (%)	Background and principal business	Major services provided by our Group to the customer	Approximate length of business of relationship with us as our customer up to the Latest Practicable Date (year)	Credit terms (day)
Supplier A and a subsidiary (Note 1)	Channel partner	10,949	29.9	A group of telecommunication services providers in Malaysia including a public company listed on the Main Market of Bursa Malaysia, and its subsidiary	Network support services	11	30
AIMS Data Centre Sdn. Bhd. and a group Company. (Note 2)	Both channel partner and direct customer	7,655	20.9	A group of telecommunication service providers in Malaysia which are the subsidiaries of TIME dotCom Bhd. (Note 3)	Network support services and network connectivity services	5	30
Supplier D (Note 7)	Channel partner	4,376	11.9	Telecommunications services provider which is a subsidiary of a public company listed on Tokyo Stock Exchange, a stock exchange located in Tokyo, Japan	Network support services and network connectivity services	5	30
Customer G (Notes 8)	Direct customer	1,809	4.9	Distributor of pharmaceutical products which is a subsidiary of a public company listed on the Main Market of Bursa Malaysia	Network support services and network connectivity services	3	30
Customer D (Note 5)	Direct customer	1,226	3.3	The second largest automobile manufacturer in Malaysia in 2017 which is a subsidiary of a public company listed on Tokyo Stock Exchange, a stock exchange located in Tokyo, Japan, and New York Stock Exchange, a stock exchange located in New York, U.S.	Network support services and network connectivity services	7	30
Total		<u>26,015</u>	<u>70.9</u>				

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For FY2019:

Customer	Channel partner/direct customer	Revenue (approximately RM'000)	Approximate percentage to the total revenue of our Group (%)	Background and principal business	Major services provided by our Group to the customer	Approximate length of business of relationship with us as our customer up to the Latest Practicable Date (year)	Credit terms (day)
Supplier D (Note 7)	Channel partner	13,266	32.1	Telecommunications services provider which is a subsidiary of a public company listed on Tokyo Stock Exchange, a stock exchange located in Tokyo, Japan	Network support services and network connectivity services	5	30
AIMS Data Centre Sdn. Bhd. and a group company (Note 2)	Channel partner	7,371	17.8	A group of telecommunication service providers in Malaysia which are the subsidiaries of TIME dotCom Bhd. (Note 3)	Network support services and network connectivity services	5	30
Supplier A and a subsidiary (Note 1)	Channel partner	6,805	16.5	A group of telecommunication services providers in Malaysia including a public company listed on the Main Market of Bursa Malaysia, and its subsidiary	Network support services	11	30
Digicity (M) Sdn. Bhd. (Note 4)	Channel partner	1,462	3.5	ICT product supplier and system software developer in Malaysia	Network support services and network connectivity services	5	30
Kolej Universiti Tunku Abdul Rahman	Direct customer	1,250	3.0	A non-profit private university college in Malaysia	Network support services and network connectivity services	5	30
Total		30,154	72.9				

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Notes:

1. Supplier A, which also includes one of its subsidiaries, was both our largest supplier and largest customer in FY2017 and FY2018, and our largest supplier and third largest customer in FY2019. Supplier A is a Malaysia company which is principally engaged in provision of the telecommunication services, network connectivity, bandwidth, fibre optic transmission network, managed network, value-added telecommunications and information technology, and transmission of voice and data services. For our relationship with Supplier A and further details of its background, please refer to the paragraphs headed “Our relationship with Supplier A” in this section.
2. This customer also includes AIMS Cyberjaya Sdn. Bhd. which is of the same group as AIMS Date Centre Sdn. Bhd. They were our second, second and second largest customer in terms of revenue contributed for FY2017, FY2018 and FY2019, respectively. Both of them are Malaysia companies which are principally engaged in provision of value added network services, information services, system integration services, operation of data networks and network based applications for corporations. They together with their group company, TT dotCom Sdn. Bhd. was our fourth and second largest supplies for FY2018 and FY2019. For further details, please refer to the paragraphs headed “Our relationship with our other major customers that were also our suppliers during the Track Record Period” in this section.
3. TIME dotCom Bhd. is a public company listed on the Main Market of Bursa Malaysia (stock code: 5031).
4. Dicity (M) Sdn. Bhd. was our third and fourth customer in terms of revenue contributed for FY2017 and FY2019, respectively. It is a Malaysia Company which is principally engaged in supplying ICT products, including computer hardware and software, and services including maintenance, networking, training, consultation and system installation.
5. Customer D was our fourth and fifth largest customer in terms of revenue contributed for FY2017 and FY2018, respectively. It is a Malaysia subsidiary of a Japan company which is principally engaged in the production and supply of automobiles.
6. Customer E was our fifth largest customer in terms of revenue contributed for FY2017. It is a Malaysia Company which is principally engaged in provision of ICT services with focus on system integration, network support services and payment solutions and services.
7. Supplier D was our third and the largest customer in terms of revenue contributed for FY2018 and FY2019, respectively. It is a wholly-owned subsidiary of a public company listed on the Tokyo Stock Exchange and was incorporated in Malaysia in 1997, principally engaged in the provision of infrastructure as a service (cloud), data centre services, network connectivity services, voice and video communications, managed security, operations management, application services and network support services in Malaysia. Supplier D was also our supplier in FY2017, FY2018 and FY2019. For further details, please refer to the paragraphs headed “Our relationship with our other major customers that were also our suppliers during the Track Record Period” in this section.
8. Customer G was our forth largest customer in terms of revenues contributed in FY2018. It is a Malaysia company which is principally engaged in provision of logistics services and distribution of pharmaceutical and medical products to government hospitals and private institutions in Malaysia.

None of our Directors, their respective close associates, or any Shareholders, who or which own more than 5% of the issued share capital of our Company as at the Latest Practicable Date, had any interest in any of the five largest customers of our Group during the Track Record Period and up to the Latest Practicable Date. All of our five largest customers are Independent Third Parties. During the Track Record Period, our Group did not experience any major disruption in business due to material delays or defaulting payments by our customers due to their financial difficulties. Our Directors further confirm that they are not aware of any of our major customers having experienced material financial difficulties that may adversely affect our Group’s businesses.

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Key agreement terms with our channel partners

We set out below a summary of the typical key terms and conditions of our contracts with our channel partners:-

Term	A fixed term which can be extended for a further term upon mutual agreement
Contract price	The contract sum is mainly a pre-agreed fixed price, which is paid to us after the channel partner has collected the fees from its customers. The Directors confirm that, during the Track Record Period, there was no default payment of channel partners.
Performance guarantee	As a security for our due performance under the relevant service agreement, we may be required to provide performance guarantee in the form of “on demand”, irrevocable and unconditional bank guarantee issued by any licensed bank or financial institution in Malaysia at our own cost from the date of the issuance of the letter of award for each “end-to-end” services sold by our Group.
Insurance	We may be required to insure at our own cost with an insurance company acceptable to the channel partner against any damage, loss or injury in relation to any services provided under the agreement.
Obligation of the channel partner	The channel partner is responsible for handling its customers and the overall management of the project, if applicable.
Our obligation	Sale of our managed internet services as standalone services or together with the services of the channel partners to the channel partners’ customers, maintaining our managed interest services in good condition, reporting obligation, provision of information such as list of employees/contractors to the channel partners; compliance with all relevant laws and regulations and diligence at work, to comply with a minimum level of service availability, etc.
“Key Performance Indicator” (“KPI”)	<p>We have to ensure that our performance is in accordance with the relevant KPI or other guarantee as to our services, which may include the following:</p> <ul style="list-style-type: none">- To provide technical support to the customers of the channel partners upon customers’ request by our hotline on a 24 hours a day, seven days a week basis;- To escalate the issue to the channel partner if it is determined that the problem is due to the channel partner’s network or infrastructure in a timely manner;

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- To provide timely on-site support if it is determined that the problem is caused by faulty equipment at customer's premises;
- To restore faulty hardware and equipment provided by our Group within 48 hours from determination of cause of problem; and
- To notify such restoration to the channel partner and its customer within one hour after service is resumed.

The channel partner would impose a pre-determined monetary penalty on us for failure to meet the KPI or, in case of fraud, full compensation (“**failure(s)**”). The channel partner would have the right to terminate its agreement with us, and withhold the contract sum, based on the frequently and/or severity of the failures.

Our Directors confirm that we had not breached any KPI or other guarantee as to our services which would result in any penalty imposed on us by the channel partners during the Track Record Period.

Audit rights

We shall submit a periodic reports to the channel partner, or provide the channel partner with access to information, relating to all sales activities, potential customers and projects, etc, in connection with the agreement.

Liquidated damages

In case of delay in completing the project, the channel partner shall have the right to claim against us for liquidated damages in the manner set out in the agreement, if applicable.

Termination

The channel partner can terminate the agreement without notice if we are in default; or upon service of 30 days' written notice to us in the manner set out in the agreement.

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Key agreement terms with our direct customers

As to our network connectivity services, during the Track Record Period, we generally enter into service agreements with our customers on a project-by-project basis pursuant to which we are required to provide network connectivity services to our customers for terms ranging from one year to eight years. Set out below is a summary of the typical key terms and conditions of our contracts with our customers during the Track Record Period:

Contract price	The contract sum of our agreements is mainly a lump sum fixed price. The contract sum of our agreements generally refers to all charges to be paid by the customers to our Group for the provision of the network connectivity services which include installation charges, registration charges, IP address charges and any other charges imposed by our Group from time to time for access to the network connectivity services.
Duration of contract	Generally, the duration of the agreements ranges from a minimum of one year to five years. However, customers may specify a longer contract term.
Renewal	The agreements shall continue to be enforceable after the duration of the contract until the agreement is terminated by either party by giving the other party 30 days' notice in writing.
Minimum subscription period	Our customer shall subscribe for the services provided by our Group for a period of not less than one year. Our customer may further subscribe to additional services from time to time during the term subject to the minimum subscription period.
Payment terms	<p>Upon submitting the application form to our Group, customers are generally required to submit an advance fee to us. On or after the service commencement date, the amount of the deposit shall be offset against the subscription fee paid to us by our customers.</p> <p>Our customers can choose to pay us either (i) yearly; (ii) half-yearly; (iii) quarterly; or (iv) monthly.</p> <p>The service fee and charges shall be at the applicable rates indicated in the application form during the minimum subscription period and thereafter, our Group may prescribe such other rates from time to time, upon 30 days' written notice to our customers.</p>
Alteration, modification and change of service(s)	Any alteration to our services configuration and/or relocation of our services or circumstances which necessitate change to enable access to our services shall be chargeable to our customers at the rate to be specified by our Group from time to time.

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Our customers can upgrade or downgrade the bandwidth/speed of our services in accordance with the options provided in our application form. Our customers may upgrade the bandwidth/speed of our services at any time during the minimum subscription period, but customers will only be allowed to downgrade the bandwidth/speed of our services after the expiry of the minimum subscription period.

Hardware, software and equipment

Our customers shall be responsible for and shall provide all computer, hardware, cabling, and software equipment and services necessary to access the services provided by our Group at the customers' premises, either by purchasing or leasing the equipment from our Group or from another third party to enable network connectivity and usage of our services.

Termination

Either party may terminate the relevant agreement for cause immediately by written notice to the other party if the other party:

- (a) Breaches any terms, conditions, undertakings or warranties under the relevant agreement and fails to remedy the breach for a period of 30 days after the receipt of the written request to remedy the same;
- (b) Becomes bankrupt; or
- (c) Fails to perform its obligation under the relevant agreement which continues for a period of more than 60 days.

Our Group may terminate the relevant agreement if the customer:

- (a) fails to make payment of fees, charges and/or any sum due to our Group within the stipulated time and or any fees, charges or other sums payable by the customer remains outstanding for more than 60 days after the due date;
- (b) fails to comply with the terms of the relevant agreement and our Group is in the opinion that such breach shall not be tolerated; or
- (c) intentionally provides false, misleading or incomplete information to our Group in the application form.

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Early Termination

In the event that the customer terminates the contract before the contract period ends, the customer is liable to pay our Group the cancellation charge, the subscription fee for the minimum subscription period, installation charges and all other charges, fee and costs incurred by our Group for the project.

Pricing policy

Our pricing policy aims to facilitate a profitable and sustainable growth of our business. We generally determine the prices of our network support services and network connectivity services on a cost-plus basis with reference to the following factors: (i) the types of services provided and whether we have to provide the necessary hardware; (ii) the complexity of the project; (iii) the prevailing market rates of similar services offered by our competitors and the prevailing value of the hardware and its rental if we have to provide the necessary hardware to our customers alongside with our provision of services to our customers; (iv) the payment terms; (v) the cost; and (vi) the track record and the length of business relationship with individual customers. Since each customer has its own specifications or requirements, the pricing of each agreement is negotiated and determined on a case-by-case basis with individual customers in order to balance the cost for our customers and the profitability of our Group.

As in most cases, our Group has already provided the majority of the necessary hardware at the outset of the contract period. Any potential fluctuation in hardware costs or additional costs incurred in relation to hardware at the later stages of the enactment of the fixed-term contract will not affect our Group's profitability. Our Directors confirm that our Group had no loss-making projects during the Track Record Period. Nonetheless, our Group has certain control measures to avoid cost overrun in terms of the length of the fixed-term contracts with customers.

Hardware leasing. To avoid cost overrun in respect of replacement of malfunctioning equipment used in hardware leasing during the contract period, our Group would take into account the estimated replacement cost when we provide quotations to customers and keep some used hardware in its inventory that can be used to replace malfunctioning equipment.

Network connectivity services. To avoid cost overrun in respect of fluctuation in subscription fee we pay to our suppliers, our Group would follow the prevailing market price of long fixed-term network connectivity services when we provide quotations to customers. Moreover, our Directors observed a downward trend in network connectivity services pricing provided by our suppliers during the Track Record Period. Accordingly, our Directors consider the risk of costs overrun in the provision of network connectivity services to be relatively low.

Network support services (other than hardware leasing). To avoid cost overrun due to increasing labour cost in Malaysia, our Group would impose control on making new hires and consider a number of factors, such as the potential cost and benefits and any justification, before approving the hiring of any new employees. Moreover, as our Group's engineers and technicians can serve multiple customers, the labour cost in long fixed term contracts can be partially absorbed by other projects of our Group.

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We will continuously keep ourselves abreast of changes in the prevailing market rates of similar services and, conduct regular reviews on our pricing policy and pay close attention to our customers' responses at the quotation stage. Our Group may adjust its pricing policy to ensure our Group is responsive to changes in market price and customers' responses in a timely manner to avoid any material adverse impact on our market position, competitiveness, performance and financial conditions.

Credit policy

During the Track Record Period, we generally accepted payment from our customers by cheque or bank transfer and the credit term in relation to the settlement of amounts due from our customers for the services provided by us was typically 30 days from the date of billing, i.e. our invoice date. However, variation from this credit term may occur due to (i) individual customers' scale of operation, reputation and credibility; and (ii) individual customers' payment history.

We generally do not provide a longer credit period to new customers unless they are multi-national enterprises with good reputation. To protect the interest of our Group, we may also require customers to provide a personal guarantee for such credit limit.

In order to collect overdue trade receivables, our Group's finance department monitors overdue payments closely and prepares a monthly ageing report showing the customers' overdue amounts. In the event of overdue, we will take follow-up actions to collect the overdue trade receivables, such as communication with the relevant department of the customers responsible for processing payments. To discourage overdue trade receivables, our Group may also suspend our services to a customer if any of the following situations happens, namely that (i) the customer's payments are overdue; (ii) the customer faces financial hardships or operational setback; or (iii) business relationship with the customer is terminated.

During the Track Record Period, our Group did not experience material difficulty in collecting payments which caused a significant adverse impact on our business operation.

OUR SUPPLIERS

During the Track Record Period, our suppliers of goods and services mainly included (i) telecommunication companies that provide metro Ethernet and broadband services to us; (ii) suppliers of hardware such as routers and appliance-based firewalls; (iii) subcontractors for carrying out cabling works and (iv) other items and/or services such as registration of IP addresses, data centre rental and internet exchange peering.

During the Track Record Period, as there were an abundance of suppliers providing similar or the same kind of goods and services at similar price, our Directors were of the view that it was not necessary to enter into any long-term service agreement or supply agreement with our suppliers. However, to bargain for more favourable terms with Supplier A, we formalised our purchase arrangement with Supplier A and entered into a wholesale service agreement coupled with the supplemental terms and conditions with Supplier A in March 2017. Save for the wholesale service agreement we entered into with Supplier A for wholesale internet and metro Ethernet, we did not enter into any master supply agreement with any of our major suppliers and our Group generally placed orders upon receipt of the signed service agreement from our customers.

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To maintain flexibility in supplier selection, we have not signed any supply agreement for supply of hardware such as routers, firewall and other hardware with any hardware supplier. Upon receiving purchase orders from our customers or entering into a service agreement, we generally place corresponding purchase orders with our hardware suppliers.

There is no minimum purchase requirement and our Group generally places orders on a back-to-back basis upon receipt of purchase orders or signing the service agreements by our customers. During the Track Record Period, our Group did not have any difficulty in procuring hardware or network connectivity services from our suppliers.

We generally place purchase orders with our major suppliers on a project basis. Our Group would issue a standard purchase order or use the order form provided by our suppliers. The salient terms of our standard purchase orders and the order forms provided by our suppliers include the type of products and/or services and the quantity to be procured, delivery address and the ready-for-service date (for network connectivity services only), the price and the total transaction amount. Our Group is generally required to settle payment with our suppliers within 30 days to 60 days and payments are usually made by cheque or telegraphic transfer.

Selection of suppliers

Our Group maintains a list of approved suppliers which we review and update from time to time. As at the Latest Practicable Date, there were 187 suppliers on our list of approved suppliers. We generally select our suppliers based on a number of criteria such as the product or service quality, pricing and supply capability.

Our business relationship with our five largest suppliers ranged from approximately one year to seven years as at the Latest Practicable Date. Our Directors confirm that our Group had stable relationships with our suppliers and our Group did not have any material dispute with any of our suppliers, nor received any material claims from our customers in respect of the quality of hardware or network connectivity services from our suppliers during the Track Record Period and up to the Latest Practicable Date.

Salient terms of the wholesale service agreement with Supplier A

To bargain for more favourable terms, we have entered into a wholesale service agreement and the supplementary terms and conditions in March 2017, for wholesale metro Ethernet intranet and/or internet services with Supplier A (collectively, the “**Supplier A Agreement**”), which applies to each of our subscriptions of its telecommunication services and telecommunication related services. We set out below certain salient terms of the Supplier A Agreement:

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*Term and termination of
the Supplier A
Agreement*

The agreement remains in force until terminated by either party as stipulated in the termination clause.

For termination of the agreement, either party may terminate by giving a 90 calendar day notice in writing to the other party without cause. The Supplier A Agreement is terminable in any of the following events:

- (1) if any party fails to observe or perform any of its obligations in the agreement and fails to remedy such breach (if capable of being remedied) within 30 calendar days after written notice has been given specifying the nature of the breach;
- (2) if any party becomes insolvent or is wound up or shall go into liquidation whether compulsorily or voluntarily except for the purpose of a bona fide amalgamation, merger, consolidation or reconstruction with the consent of the other party;
- (3) if any party has a receiver appointed over any of its assets or undertaking;
- (4) if any distress, execution, sequestration or other process is issued against any property of the defaulting party and is not settled within 30 calendar days thereof;
- (5) if any party ceases or threatens to cease to carry on the whole or any substantial part of its business other than in the course of reconstruction or amalgamation with the consent of the other party;
- (6) if any party infringes or violates any law or regulation pertaining to the use of the services and that party fails to remedy the infringement or violation within the time frame stipulated by the relevant authority; or
- (7) if an event of force majeure (as defined in the agreement), substantially and adversely affecting Supplier A's ability to perform its obligations under the agreement, continues for a consecutive period of 90 calendar days.

However, the Initial Term (as defined below) of the Service (as defined below) shall survive the termination of the Supplier A Agreement.

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Term and termination of telecommunication services supplied by Supplier A pursuant to our order (“Service”)

The Supplier A Agreement also provides the terms regarding each order we placed for the services. The initial term of each order for the Service shall be for a minimum period of 12 months (the “**Initial Term**”). During the Initial Term, we could not terminate the Service. Supplier A has the right to terminate the Service due to our non-payment of its fees. After the Initial Term, the Service shall be automatically renewed and extended on a monthly basis until terminated by either party.

Our Group may be liable to pay certain charges and/or costs in the following events:

- (1) in the event that our Group cancels the Service prior to its commencement date but after the acceptance of the ready-for-service date by Supplier A, our Group shall be liable to pay the installation charges and/or any cost associated with the installation and provisioning of the Service;
- (2) in the event that our Group terminates the Service during the Initial Term, our Group shall be liable to pay the remainder of the charges for the unexpired months remaining in the Initial Term within 60 days from the date of termination. Our Group shall further be liable for all services rendered up to and including the date of termination. Such payments are liquidated damages and not a penalty;
- (3) our Group may terminate the Service after the Initial Term by giving a termination notice in writing not less than 30 calendar days before the requested termination date and we shall not be liable to pay any penalty to the supplier for such termination.

Relationship between Supplier A and our Group

The position of Supplier A under the Supplier A Agreement shall be that of an independent service provider. Supplier A and our Group shall not be construed to have a relationship of principal and agent or a joint venture.

Obligations of Supplier A

Supplier A shall be responsible for:

- Upon reasonable notice by our Group, permitting our Group at all reasonable times access to Supplier A’s premises for our Group to perform our duties and obligations under this Agreement.
- Upon receiving our report, conducting a series of tests and inspections to determine the cause of problems and take the necessary steps to restore the Service.

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- the operation and performance of the hardware provided by Supplier A when it is connected to the hardware at the premises where Service is provided.

Obligations of our Group

Our Group shall:

- upon completion of installation for each order for Service, make all relevant payments to Supplier A.
- continue to be responsible for and to pay all amounts due relating to the period of any temporary suspension, interruption or loss of Service resulting from our Group's breach of the material terms of this Agreement and pay any reconnection charges, if applicable, to Supplier A.
- ensure free access by Supplier A's personnel to areas within our Group's control to enable Supplier A to perform its duties and obligations under this Agreement.
- perform first level troubleshooting to ascertain the cause of any problems or disruption of Services before reporting the said problems to Supplier A; if there is indication that the said problems are not due to our Group's fault, lodge a report to Supplier A.
- where such problems are due to our Group's fault, take the necessary steps as soon as practicable to remedy or repair the hardware, internal wiring or other causes within our Group's control

Payment term

Payment shall be made by the date stipulated in the invoice or 30 calendar days from the invoice date, whichever is later.

Payment method

Payment shall be made through cheque or by telegraphic transfer.

Bank guarantee

Supplier A may require us to provide a Malaysia bank guarantee in favour of Supplier A as security for the due observance and performance by us of all terms and conditions of the agreement.

Our five largest suppliers during the Track Record Period

For FY2017, FY2018 and FY2019, our total purchases attributable to our five largest suppliers amounted to approximately RM9.2 million, RM13.4 million and RM16.6 million, representing approximately 60.5%, 68.1% and 82.6% of the total purchases of our Group, respectively. During the

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same period, the purchases attributable to our largest supplier amounted to approximately RM7.6 million, RM8.4 million and RM10.8 million, representing approximately 50.1%, 42.9% and 53.7% of the total purchases of our Group, respectively.

The following tables set forth the details of our top five suppliers during the Track Record Period:

For FY2017:

Supplier	Background and principal business	Types of products/ services purchased	Purchase amount for the year (approximately RM'000)	Approximate % of total purchases of our Group (%)	Approximate year(s) of business relationship with us as our supplier up to the Latest Practicable Date	Credit terms (day)
Supplier A	A group of telecommunication services providers in Malaysia including a public company listed on the Main Market of Bursa Malaysia, and its subsidiary	Metro Ethernet and broadband	7,630	50.1	6	30
Ingram Micro Malaysia Sdn. Bhd. (Note)	Distributor of computers, hardware and software	Fortinet products and other products	649	4.3	7	30
Supplier C	Hardware and software supplier and system integrator in Singapore	Cisco products and other products	442	2.9	7	30
Supplier D	Telecommunications services provider which is a subsidiary of a public company listed on the Tokyo Stock Exchange, a stock exchange located in Tokyo, Japan	Metro Ethernet	289	1.9	3	30
Gamma Solution Sdn. Bdn.	Surveillance systems provider and distributor	CCTV, cabling and other products	202	1.3	2	COD
Total			9,212	60.5		

Note: We purchased Fortinet products and other products from Ingram Micro Malaysia Sdn. Bhd., which is an authorised distributor of Fortinet products.

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For FY2018:

Supplier	Background and principal business	Types of products/ services purchased	Purchase amount for the year (approximately RM'000)	Approximate % of total purchases of our Group (%)	Approximate year(s) of business relationship with us as our supplier up to the Latest Practicable Date	Credit terms (day)
Supplier A	A group of telecommunication services providers in Malaysia including a public company listed on the Main Market of Bursa Malaysia, and its subsidiary	Metro Ethernet and broadband	8,438	42.9	6	30
Ingram Micro Malaysia Sdn. Bhd. (Note 1)	Distributor of computers, hardware and software	Fortinet products and other products	2,326	11.8	7	30
Pacific Intech Distribution Sdn. Bhd. (Note 2)	Hardware distributor and ICT service provider	Fortinet products	1,055	5.4	7	30
TT dotCom Sdn. Bhd. and two other group companies (Note 3)	Telecommunication services providers which are the subsidiaries of Time dotCom Bhd. (Note 4)	Metro Ethernet and broadband internet	930	4.7	3	30
MYI Technologies Sdn. Bhd.	Network securities hardware and services provider	Sangfor products, Cisco products and other products	658	3.3	5	COD
Total			<u>13,407</u>	<u>68.1</u>		

Notes:

1. We purchased Fortinet products and other products from Ingram Micro Malaysia Sdn. Bhd., which is an authorised distributor of Fortinet products.
2. We purchased Fortinet products from Pacific Intech Distribution Sdn. Bhd., which is an authorised distributor of Fortinet products.
3. Also includes AIMS Data Centre Sdn. Bhd. and AIMS Cyberjaya Sdn. Bhd., two of its group companies which together our second largest customer during the Track Record Period.
4. Time dotCom Bhd. is a public company listed on the Main Market of Bursa Malaysia (stock code: 5031).

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For FY2019:

Supplier	Background and principal business	Types of products/ services purchased	Purchase amount for the year (approximately RM'000)	Approximate % of total purchases of our Group (%)	Approximate year(s) of business relationship with us as our supplier up to the Latest Practicable Date	Credit terms (day)
Supplier A	A group of telecommunication services providers in Malaysia including a public company listed on the Main Market of Bursa Malaysia, and its subsidiary	Metro Ethernet and broadband	10,800	53.7	6	30
TT dotCom Sdn. Bhd. and two other group companies (Note 1)	Telecommunication services providers which are the subsidiaries of Time dotCom Bhd. (Note 2)	Metro Ethernet and broadband internet	2,428	12.1	3	30
Ingram Micro Malaysia Sdn. Bhd. (Note 3)	Distributor of computers, hardware and software	Fortinet products and other products	1,776	8.9	7	30
Supplier E (Note 4)	A provider of consultation service on network solution, IT services, and management of IT services	Network consultation service	885	4.4	1	30
Supplier D	Telecommunications services provider which is a subsidiary of a public company listed on the Tokyo Stock Exchange, a stock exchange located in Tokyo, Japan	Metro Ethernet	706	3.5	3	30
Total			16,595	82.6		

Notes:

- Also includes AIMS Data Centre Sdn. Bhd. and AIMS Cyberjaya Sdn. Bhd., two of its group companies.
- Time dotCom Bhd. is a public company listed on the Main Market of Bursa Malaysia (stock code: 5031).
- We purchased Fortinet products and other products from Ingram Micro Malaysia Sdn. Bhd., which is an authorised distributor of Fortinet products.
- Supplier E is a sole proprietorship registered in Malaysia in April 2015, principally engaged in the provision of consultation service on network solution, and the provision of IT services and managing IT services.

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All of our Group's five largest suppliers during the Track Record Period are Independent Third Parties. None of our Directors, their respective close associates or any Shareholders (who or which, to the best knowledge of our Directors, own more than 5% of the issued share capital of our Company as at the Latest Practicable Date) had any interest in any of our five largest suppliers during the Track Record Period.

OUR RELATIONSHIP WITH SUPPLIER A

Background of Supplier A

Supplier A, together with a subsidiary, was our largest supplier and our largest customer throughout the Track Record Period.

Established as the Telecommunications Department of Malaya in 1946, Supplier A was incorporated in Malaysia in 1984 under the Companies Act, 1965 as a public company limited by shares. Supplier A was listed on the Main Board (now Main Market) of Bursa Malaysia in November 1990 with a market capitalisation of over RM13.9 billion as at the Latest Practicable Date. Supplier A is principally engaged in the establishment, maintenance, and provision of telecommunications and related services in Malaysia and all over the world. It offers a suite of communication services and provides, among others, network connectivity and bandwidth, fiber optic transmission network, managed network, value-added telecommunications and information technology, and transmission of voice and data services.

Our purchases from Supplier A during the Track Record Period

During the Track Record Period, we engaged Supplier A to provide wholesale internet access with high-speed bandwidth, data centre, metro Ethernet and broadband services to us. For FY2017, FY2018 and FY2019, our total purchases from Supplier A amounted to approximately RM7.6 million, RM8.4 million and RM10.8 million, respectively, representing approximately 50.1%, 42.9% and 53.7% of our total purchases, respectively. Furthermore, there is no minimum service commitment imposed on us by Supplier A under the Supplier A Agreement entered into between Supplier A and us. For details, please refer to the paragraphs headed "Salient terms of the wholesale service agreement with Supplier A" in this section. This Supplier A Agreement serves as a master agreement governing the terms of our purchases from Supplier A. We place individual purchase orders using Supplier A's standard service order forms for every subscription of its services. Our Directors confirm that the terms of transactions with Supplier A are similar to those we entered into with other suppliers.

Our revenue generated from Supplier A and a subsidiary during the Track Record Period

During the Track Record Period, we provided various types of network support services including hardware installation to facilitate our subsequent provision of network infrastructure design and hardware installation, bandwidth management services, hardware monitoring and maintenance services and internet security services to the customers of Supplier A and its said subsidiary across Malaysia through Supplier A and its said subsidiary as our channel partner. For FY2017, FY2018 and FY2019, our total revenue generated from Supplier A and its said subsidiary amounted to approximately RM4.5 million, RM10.9 million and RM6.8 million, respectively, representing approximately 21.1%, 29.9% and 16.5% of our total revenue, respectively.

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Our Directors believe that Supplier A and its said subsidiary subscribe network support services from us because the business focus of Supplier A and its said subsidiary is not on network support services and it would be more cost effective for them to outsource some of their network support services to MIS providers like our Group, who would also be more flexible in provision of tailor-made solutions and project deployment to their customers.

Our reliance on Supplier A would not affect our business prospects and sustainability

As Supplier A is the largest telecommunication service provider in Malaysia, we strive to maintain a stable long-term business relationship with Supplier A, and at the same time, we would look for new telecommunications companies that provide metro Ethernet and other network connectivity services and can meet our requirements in terms of their quality and functions. There are some other telecommunication companies and network companies in Malaysia such as Supplier D and TT dotCom Sdn. Bhd. that also offer metro Ethernet and network connectivity services in Malaysia.

While our Directors confirmed that our Group has no intention to limit ourselves to subscribe services from Supplier A in the future, our Directors consider that our reliance on Supplier A would not have any significant adverse effect on our business prospects.

We have established long-term business relationship with Supplier A and we regard it as our valued business partner. We believe that our stable relationship with Supplier A was mainly due to our reputation, extensive knowledge and experience in Malaysia MIS market, our ability to meet their requirements as well as our high quality service.

Apart from subscribing metro Ethernet and broadband services from Supplier A, Supplier A, together with its said subsidiary, is also our largest customer for FY2017 and FY2018 and our channel partner as we provide various types of network support services to its end-customers through its network infrastructure. Attributed to this long-term dealing with Supplier A as its valued business partner, we believe that both of us have developed, to a large extent, a mutual trust and benefit. As such, we believe that our customers' satisfaction on the reliability and visibility of our network connectivity services and Supplier A's network can be enhanced concurrently. As at the Latest Practicable Date, we had more than 10 years' business relationship with Supplier A. Our business relationship with Supplier A had not been stopped or suspended.

We have established a reputation for offering quality managed internet services. By having Supplier A and its said subsidiary as our channel partner in our provision of network support services and as our supplier of telecommunication services and other related services such as wholesale internet access services, our Directors believe that we have successfully built up a reputation for offering quality managed internet services in the MIS industry in Malaysia. Hence, if we lose our right to sell our network connectivity services through Supplier A's network, our Group, with our expertise and reputation in the MIS market, can avail our resources to subscribe telecommunication services from other telecommunications companies for our continuous provision of network connectivity services to our customers.

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Our business relationship with Supplier A and its said subsidiary and track record in providing quality network connectivity services to our customers using metro Ethernet can therefore be regarded as a credit to our ability to provide network connectivity services and the complementary network support services. This will in turn attract more potential telecommunications companies and suppliers with a sizeable scale of operation to provide network services to us.

Industry landscape. According to the F&S Report, the MIS industry in Malaysia was fragmented with the top 10 players accounting for 19.0% of the market share in 2018 and there were over 250 players in the Malaysia MIS market and our Group was the fifth largest player in Malaysia MIS industry with a market share of 1.3% in terms of revenue in 2018. Our Group is well-positioned in the MIS market in Malaysia. The F&S Report also mentioned that the value for the MIS market in Malaysia is expected to grow at a CAGR of approximately 4.9% from 2019 to approximately RM4,019.0 million in 2023. Over the years, we have built up a good market reputation for offering quality managed internet services. Our Directors are of the view that we are well-prepared to work with other network providers and telecommunication service providers.

Experienced and dedicated management team. Our management team has extensive and in-depth knowledge of the MIS industry in Malaysia. Our founder, chairman, executive Director and chief executive officer, Dato' Tan has more than 18 years of experience in the IT and telecommunication industry in Malaysia.

Attributed to our experienced and competent management team and engineers, through providing various types of network support services to the customers of Supplier A and its said subsidiary who are the end users of our network support services, we have also developed an effective and efficient maintenance and support team which provides 24 hours a day and seven days a week support services for our customers of the network support services.

OUR RELATIONSHIP WITH OUR OTHER MAJOR CUSTOMERS THAT WERE ALSO OUR SUPPLIERS DURING THE TRACK RECORD PERIOD

During the Track Record Period, apart from Supplier A, two of our major customers, both of which were our channel partners, namely (i) three subsidiaries of TIME dotCom Berhad, namely TT dotCom Sdn. Bhd., AIMS Data Centre Sdn. Bhd. and AIMS Cyberjaya Sdn. Bhd. (“**TT dotCom Group**”); and (ii) Supplier D, were also our suppliers.

TT dotCom Group

TIME dotCom Berhad is a company listed on the Main Market of Bursa Malaysia (stock code: 5031). TT dotCom Sdn. Bhd. (“**TT dotCom**”) was incorporated in Malaysia in 1979, and was principally engaged in the provision of voice, data, video and image communication services through its domestic and international network in Malaysia. AIMS Data Centre Sdn. Bhd. and AIMS Cyberjaya Sdn. Bhd. (“**the AIMS Companies**”) were incorporated in Malaysia in 1990 and 2007, respectively, and were principally engaged in the provision of value added network services, information services, system integration services, operation of data networks and network based applications for corporations in Malaysia. The AIMS Companies, being the group companies of TT dotCom, shall together with TT dotCom be referred to as “TT dotCom Group”.

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During the Track Record Period, we provided various types of network support services including network infrastructure design and hardware installation, bandwidth management services, hardware monitoring and maintenance services and internet security services, as well as network connectivity services including metro Ethernet and direct internet access to the customers of the AIMS Companies through the AIMS Companies as our channel partner. For FY2017, FY2018 and FY2019, our total revenue generated from the AIMS Companies amounted to approximately RM3.3 million, RM7.7 million and RM7.4 million, respectively, representing approximately 15.4%, 20.9% and 17.8% of our total revenue, respectively.

During the Track Record Period, we engaged the TT dotCom Group to provide metro Ethernet and broadband services. For FY2017, FY2018 and FY2019, our total purchases from the TT dotCom Group amounted to approximately RM0.1 million, RM0.8 million and RM2.4 million, respectively, representing approximately 0.7%, 4.7% and 12.1% of our total purchases, respectively. Our Directors confirm that the terms of transactions with the TT dotCom Group are similar to those we entered into with other suppliers.

Our Group purchased metro Ethernet service from TT dotCom Sdn. Bhd. as we operated as a virtual network operator and did not own the physical network infrastructure. On the other hand, one of the principal businesses of the AIMS Companies was to provide data centre services to their customers and these customers would subscribe the services of the operators who can provide metro Ethernet service to them. Our Group would resell and provide metro Ethernet service to both of them after procuring such service from Supplier A and other suppliers.

Supplier D

Supplier D is a wholly-owned subsidiary of a public company listed on the Tokyo Stock Exchange and was incorporated in Malaysia in 1997, principally engaged in the provision of infrastructure as a service (cloud), data centre services, network connectivity services, voice and video communications, managed security, operations management, application services and network support services in Malaysia.

During the Track Record Period, we provided various types of network support services including network infrastructure design and hardware installation, bandwidth management services, hardware monitoring and maintenance services and internet security services, as well as metro Ethernet and direct internet access to customers of Supplier D as our channel partner. For FY2017, FY2018 and FY2019, our total revenue generated from Supplier D amounted to approximately RM0.6 million, RM4.4 million and RM13.3 million, respectively, representing approximately 3.0%, 11.9% and 32.1% of our total revenue, respectively.

On the other hand, during the Track Record Period, we subscribed metro Ethernet services from Supplier D. For FY2017, FY2018 and FY2019, our total purchases from Supplier D amounted to approximately RM0.3 million, RM0.6 million and RM0.7 million, respectively, representing approximately 1.9%, 3.2% and 3.5% of our total purchases, respectively. Our Directors confirm that the terms of transactions with Supplier D are similar to those we entered into with other suppliers.

Supplier D did not own fibre network in Malaysia, but rented it from other suppliers in some parts of Malaysia, so it needed to subscribe metro Ethernet from other carriers, which could be done through our Group, and we also subscribed metro Ethernet from them in some circumstances.

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Subcontracting

During the Track Record Period, our Group subcontracted cabling work in the course of provision of our managed internet services to more than 20 subcontractors, who are Independent Third Parties, save and except for Teraju Cipta Technology, a company owned as to 50% by Dato' Tan, our executive Director and our Controlling Shareholder. We generally select subcontractors from our approved subcontractors list. As at the Latest Practicable Date, we had more than 30 approved subcontractors on our internal list of approved subcontractors. Our total subcontracting fee amounted to approximately RM1.1 million, RM1.9 million and RM3.2 million during FY2017, FY2018 and FY2019, respectively. The aggregate amount of the services provided by Teraju Cipta was nil, approximately RM208,000 and nil for FY2017, FY2018 and FY2019, respectively, details of which are set out in the paragraph headed "Notes to the historical financial information – 29. Related party transactions" in Appendix I to this prospectus. There was no long term agreement entered into between our Group and our subcontractors including Teraju Cipta with respect to the provision of cabling work services. Instead, we placed purchase order for cabling work services with our subcontractors including Teraju Cipta at a service fee agreed between the parties after arm's length negotiation on a case-by-case basis. As at the Latest Practicable Date, our Group had ceased engaging Teraju Cipta for cabling work services because there are other similar cabling subcontractors in the market, which can provide cabling services to our Group at a lower rate in Malaysia.

Moreover, Dato' Tan did not have unilateral control over the business and operation of Teraju Cipta and neither could he devote time in the management and operation of Teraju Cipta due to his involvement in the business of our Group. Given that we have no intention to expand our Group's business to the provision of cabling work services in Malaysia which is different in business nature with our MIS and that the market of provision of cabling work services in Malaysia is competitive, Dato' Tan and Mr. Peter Tan Swee Peng, an Independent Third Party holding 50% of total issued shares of Teraju Cipta Technology, decided not to further develop the cabling work business of Teraju Cipta Technology as it is more beneficial to focus their time on their respective businesses. Therefore, Teraju Cipta Technology will become dormant after Listing.

INVENTORY CONTROL

Our Group normally places orders with suppliers upon acceptance of customers' purchase orders or signing our service agreements. As the IT hardware normally has a relatively short life cycle, our Group maintains a minimal level of inventories which are commonly used for implementation of our projects in order to minimise our risk of exposure to obsolete stock and reduce its working capital requirement.

QUALITY ASSURANCE

Our Directors consider the quality of our products and services to be critical to the success of our business. Our engineering team is responsible for the quality control of our managed internet services, such as network infrastructure design projects, network connectivity services and conducting user acceptance testing for our customers. Our engineering team, which comprises 26 staff members possessing relevant industry experience ranging from one to 19 years as at the Latest Practicable Date, has developed a quality control system for our Group to adhere to. The engineering team, who is also entrusted with the task of quality assurance of our services, meets regularly to discuss any potential or identified issues in relation to our managed internet services and any new technology developments to ensure that (i) we are able to keep abreast of the latest technological trend and development; (ii) we are able to meet our customers' varying

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requirements; (iii) smooth implementation of our infrastructure design and smooth transitions after changes, if any, are made to our infrastructure design; and (iv) our infrastructures are compatible with our customers' own systems and networks.

Our Directors believe that our financial performance depends on our ability to meet our customers' varying requirements. Hence, we devote significant efforts and emphasis on quality assurance system, which complies with ISO 9001: 2015 and requires that our services are to be implemented through procedures and processes which allow our Group to monitor performance and control output quality. Our Group has adopted the following quality assurance and control procedures:

Pre-implementation procedures

Our Group commences a series of pre-implementation procedures before implementing a project.

Pre-implementation quality assurance procedures refer to procedures for checking that the hardware required for the services is in accordance with the specifications and quantity ordered by customers. Our service delivery team will also check if the hardware supplied by suppliers comes with proper warranty and/or the availability of a back-to-back return policy arrangement such that any products that are defective or do not comply with stated product specifications within the warranty period will be replaced by the suppliers. In addition, our engineer team will also check if there is any damage to the physical packaging of the products before installation. Our Group will conduct a "staging" test prior to delivery whenever necessary. A "staging" test typically involves the running of the hardware in customers' premises to ensure that all components are functioning properly.

Once a project has commenced, our project managers will monitor the progress of the project in all respects to ensure that it satisfies our customers' requirements and can be delivered to our customers within the agreed timeframe. Our technical staff will have regular meetings with our project managers to report project progress and whenever issues or problems arise, they will report immediately to the project managers.

System handover quality control procedures

Once we have successfully implemented the projects, a user acceptance test is carried out with the customer to verify the functionalities of the relevant systems. Thereafter, the customer will sign off a commissioning form which serves as a certificate of acceptance to evidence that the solutions have been successfully implemented.

In terms of selection of suppliers, we will consider the the quality of the suppliers' products and monitor the suppliers' performance at planned intervals. The performance will be measured against the service targets and other contractual obligations. The performance results will be documented and reviewed to identify any non-conformities or room for improvement so as to ensure the products and/or services provided can meet our requirements.

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INSURANCE

During the Track Record Period, we maintained insurance policies set out in the following paragraphs.

Employees' compensation

We maintain insurance policies that are required under the Malaysia laws and regulations and are compatible with industry practice.

Our insurance coverage of local employees is governed by Employee Social Security Act 1969 (“ESSA 1969”), which requires the insurance to cover any accident arising out of and in the course of the employment of an insured person including but not limited to while the insured person is travelling on a route between his/her place of residence or stay and his place or work or travelling on a journey for any reason which is directly connected to their employment. The contribution to employee under ESSA 1969 shall comprise the contribution by the employer and employee respectively. In this regard, we have subscribed to insurance policies in compliance with the ESSA 1969.

After seeking the advice of our Malaysia Legal Advisers, our Directors confirmed that our Group has made the required contribution to Social Security Organization (“SOCSO”), the enforcing administration of ESSA 1969, and has maintained personal accident insurance for all employees.

We have maintained insurance coverage against, among other matters, (i) damages to our motor vehicles; and (ii) fire insurance policy for our office, which covers all office equipment, furniture, fixtures, fittings and other goods related to our Group's business.

During FY2017, FY2018 and FY2019, our total insurance premiums amounted to approximately RM46,819, RM38,081 and RM76,799, respectively. Our Directors consider that our insurance coverage is adequate and consistent with the industry norm regarding our current scope of operations. During the Track Record and up to the Latest Practicable Date, our Group did not experience any material insurance claims nor did our Group receive any material claim from our customers relating to any liability arising from or relating to the use of our Group's solutions or services.

MARKET AND COMPETITION

Competitive landscape

According to the F&S Report, the MIS industry in Malaysia reached a market size by revenue of approximately RM3,141.5 million in 2018, at a CAGR of approximately 5.9% from 2013. With the rising integration of internet technology in various sectors, an increasing number of customers are aware of the importance of managed internet services which could optimise their internal or external business networks, supervise their significant data traffic transmission and facilitate cost-efficient network connectivity. Some of the major application sectors including corporates, government, hospitals, banks and institutions would require different types of services based on their needs. It is expected that the market size of MIS industry in Malaysia would reach approximately RM4,019.0 million in 2023 in terms of revenue, at a CAGR of approximately 4.9% from 2019 to 2023.

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According to the F&S Report, the MIS industry in Malaysia was fragmented with the top 10 players contributing a market share of approximately 19.0% in 2018 and over 250 service providers in the Malaysia MIS market specialising in various types of network connectivity services and network support services including internet/intranet connectivity, network management and security services. Meanwhile, our Group contributed 1.3% to the MIS industry in Malaysia in 2018, ranking fifth in the market by revenue size. Our Company was the fifth largest network support services provider for network support services sector in 2018 in Malaysia with a market share of 2.0% in 2018 and was the eighth largest network connectivity services provider for the network connectivity services sector in 2018 in Malaysia with a market share of 0.9% in 2018 in terms of revenue. For further details, please refer to the section headed “Industry overview” in the prospectus.

Market entry barriers

Our Directors consider that there are a number of market entry barriers to the MIS industry in Malaysia, which hinder the entry of new players. Such entry barriers mainly include long-term relationship with customers, capital requirement and industry knowledge. Details of the entry barriers are set out in the paragraphs headed “Industry overview – Entry barriers for the MIS industry” in this prospectus.

In view of (i) the increasing demand from various sectors for setting up network security management systems and integrated services of managing internet access activities; (ii) technology advancement such as Big Data analytics, Cloud Computing techniques and other advanced technologies giving rise to more opportunities in the market for MIS providers; and (iii) the Malaysia government’s policies which have placed a great importance on the development of ICT industry and related subsectors, the 11th Malaysia Plan (2016-2020) focuses on the ICT industry as an imperative enabler for a knowledge economy and the government is striving to increase the ICT contributing to GDP to 17% from 13.1% during the 10th Malaysia Plan.

SEASONALITY

Our Directors believe that the industry in which we operate does not exhibit any significant seasonality. As such, our business is not tied to any seasonal factors.

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EMPLOYEES

As at the Latest Practicable Date, we had 48 employees who are located in Malaysia. A breakdown of our employees by functions is set forth below:

	Number of employees as at the Latest Practicable Date
Management	7
Administration	1
Accounting and finance	4
Sales and marketing	5
Engineer and IT technician	25
Procurement	2
Project manager	4
Total	48

Relationship with staff

Our Directors consider that we have maintained good relationships with our employees. We have not experienced any significant problems with our employees or any disruptions to our operations due to labour disputes nor have we experienced any difficulties in the recruitment or retention of experienced staff or skilled personnel during the Track Record Period and up to the Latest Practicable Date.

Training and recruitment policies

We generally recruit our employees from the open market by placing recruitment advertisements.

We believe that the quality of our employees is indispensable to our business and operation and hence, they are a crucial asset of our Group. Therefore, we place great emphasis on staff retention by cultivating a safe, healthy and conducive working environment within our organisation. Further, we place great emphasis on providing a pleasant working environment for our employees and ample opportunities for their career advancement.

Moreover, we are committed to encouraging our employees to enhance their skills and knowledge by offering relevant training and to attend development programs in relation to their respective work positions and skills. Furthermore, we also provide ongoing in-house training and development programmes which cover technical and functional courses to our employees.

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Remuneration policy

We entered into individual labour contracts with each of our employees in accordance with the applicable labour laws of Malaysia, which cover matters such as wages, employee benefits and grounds for termination. The remuneration package our Group offers to our employees includes salary, bonuses, allowances and medical benefits. In general, we determine an employee's salary based on each employee's qualifications, experience and capability as well as the prevailing market remuneration rate.

Our employee remuneration expenses and Directors' emolument (including salaries, other benefits and retirement benefit costs) amounted to approximately RM2.7 million, RM3.7 million and RM4.5 million for FY2017, FY2018 and FY2019, respectively.

After seeking legal advice from our Malaysia Legal Advisers, our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, we have complied with all employee benefits fund obligations applicable to us under Malaysia laws and regulations in all material aspects.

HEALTH AND WORK SAFETY

Our Group's operations do not involve any manufacturing process and do not result in production of any harmful products. During the Track Record Period and up to the Latest Practicable Date, our Group did not experience any significant incidents or accidents in relation to workers' safety.

ENVIRONMENTAL COMPLIANCE

Our Directors believe that the MIS industry in which we operate is not a major source of environmental pollution. The impact of our operations on the environment is therefore minimal.

We are not subject to any significant environmental regulations, and we do not currently have any environmental liabilities and do not expect to incur any environmental liabilities that could have any material impact on our financial condition or business operations.

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PROPERTIES

Owned property

The following table summaries the information regarding our owned property as at the Latest Practicable Date:

Address	Gross floor area	Owned by	Use of the property
No. 25, 25-1 & 25-2, Jalan MH 3, Taman Muzaffar Heights, 75450 Ayer Keroh, Melaka	Approximately 429 sq.m.	IP Core	Business operation
T2-28-9, Geo 38 Residence, Gohtong Jaya, 69000, Pahang, Malaysia	Approximately 60 sq.m.	IP Core	Staff quarters
T2-28-10, Geo 38 Residence, Gohtong Jaya, 69000, Pahang, Malaysia	Approximately 60 sq.m.	IP Core	Staff quarters
T2-28-11, Geo 38 Residence, Gohtong Jaya, 69000, Pahang, Malaysia	Approximately 60 sq.m.	IP Core	Staff quarters

Property valuation

As at the Latest Practicable Date, our Group had no single property with a carrying amount of 15% or more of our Group's total assets, and on this basis, our Group is not required by Rule 8.01A of the GEM Listing Rules to include in this prospectus any valuation report. Pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (WUMP) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (WUMP) Ordinance, which requires a valuation report with respect to all of our Group's interests in land or buildings.

Leased property

Our Group did not have any leased property interests as at the Latest Practicable Date.

RESEARCH AND DEVELOPMENT

Although we do not engage in research and development as such, we are attentive to the latest technologies and developments in the industry. Any new technology will be reviewed and adopted if we consider that it will improve the efficiency of our operations.

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INTELLECTUAL PROPERTY

Trademarks

As at the Latest Practicable Date, our Group had registered two trademarks in Hong Kong which we believe are material to our business. Information relating to the trademarks is set out in the paragraphs headed “B. Further information about the business of our Group – 2. Intellectual property rights of our Company – (a) Trademark” in Appendix IV to this prospectus.

Domain name

During the Track Record Period, we obtained the use of the domain name www.ipnoc.net.my for linking to our data centre for our customers to access to our bandwidth and network hardware monitoring system at nil consideration from Etika Trident, a company owned as to 95% by Dato’ Tan, a Controlling Shareholder and an executive Director, and as to 5% by Ms. Kwong, a Controlling Shareholder. As at the Latest Practicable Date, our Group has acquired the ownership of the said domain name from Etika Trident at nil consideration.

As at the Latest Practicable Date, our Group is the registered owner of the following domain names which are considered by our Directors, are material to the business of our Group:

Registrant	Domain name	Registration date	Expiry date
IP Core	www.nomad-holdings.com	2 May 2018	2 May 2023
IP Core	www.ipcore.com.my	21 June 2007	21 June 2020
MDC	www.direct.net.my	10 August 2013	10 August 2023

Save as the above, as at the Latest Practicable Date, we did not have any material intellectual property rights (whether registered or pending registrations) that are significant to our business operations or financial positions. As at the Latest Practicable Date, we had not engaged in, and were not aware of, any litigation or legal proceedings for the violation of intellectual property rights or any material violation.

LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, there was no litigation, arbitration or administrative proceedings pending or threatened against our Group or any of the Directors who may from time to time become a party to various legal, arbitration or administrative proceedings arising from the ordinary course of our Group’s business and which could have a material adverse effect on the financial condition or results of operation of our Group.

REGULATORY COMPLIANCE

As all our operations take place in Malaysia, we shall comply with the relevant laws and regulations in Malaysia. A summary of the relevant Malaysia laws and regulations applicable to our operations in Malaysia is set out in the section headed “Regulatory overview” of this prospectus. As advised by our Malaysia Legal Advisers and confirmed by our Directors, during the Track Record Period and up to the

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Latest Practicable Date, we did not have any non-compliance incident which is either a material impact non-compliance or systemic non-compliance in accordance with the interpretation of the Stock Exchange’s guidance letter HKEx-GL 63-13. During the Track Record Period, there was one non-compliance incident of our Group in connection with Income Tax Act 1967 (“**ITA 1967**”), details of which are as follows:–

Relevant section of the laws and regulations	Particulars of historical non-compliance	Reasons for non-compliance	Legal consequence including potential maximum penalty and other financial liabilities	Remedial actions
Non-compliance with section 77A of ITA 1967	Pursuant to Section 77A of ITA 1967, by the end of IP Core’s financial year and after an audit has been conducted, IP Core is required to submit an income tax return form and make all the tax payments to IRB within seven months from the date of closing accounts. The tax return of the year of assessment 2017 was submitted on 4 July 2018, i.e. after the statutory due date for the submission.	The late submission of tax return was not wilful and was due to the inadvertent oversight of the administrative staff.	Under Section 112 of ITA 1967, the maximum fine is RM20,000 and/or to imprisonment for a term not more than six months. A late filing penalty of RM13,804.88 was imposed by IRB against IP Core and the outstanding tax payable amounted to RM9,024.42.	All the tax payable and penalty of IP Core were fully paid and there is no outstanding tax payable owing by IP Core as at the Latest Practicable Date. Our Malaysia Legal Advisers are of the view that since IP Core has paid all the tax payable and penalty, there shall not be any further actions taken by IRB against IP Core for the same non-compliance.

Due to underestimation of tax payable for the year of assessment 2016, IP Core was charged an additional tax of RM4,486. Malaysia Legal Advisers confirmed that all the tax payable of IP Core for the year of assessment of 2016 has been fully paid and settled and there is no outstanding tax payable owing by IP Core to IRB and no further liabilities and obligations imposed on IP Core by IRB. Malaysia Legal Advisers also confirmed that the failure to provide an accurate tax payable estimation merely attracted additional tax payable and shall not constitute a tax non-compliance under ITA 1967.

OUR TAX STATUS

The corporate income tax rate in Malaysia is 24%. However, during the Track Record Period, the effective tax rates of IP Core, our major operating subsidiary, were significantly lower than the standard rate of Malaysia corporate income tax due to income tax exemption for the income derived from performing qualifying activities specified under the certificate of “Pioneer Status” in Malaysia granted to IP Core. IP Core started to receive the tax incentives under the Pioneer Status Incentive Scheme from 4 April 2014. The eligible period under the Promotion of Investment Act 1986 for an initial period of five years commenced on

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4 April 2014 and has expired on 3 April 2019 and IP Core's application to renew the same was yet to be approved as at the Latest Practicable Date. For further details please refer to the section headed "Regulatory overview" in this prospectus.

LICENCES AND REGULATORY APPROVALS

In order to provide network connectivity services, the service provider must be registered with the MCMC as an ASP. During the Track Record period and up to the Latest Practicable Date, our Group obtained the following registrations, details of which are as follows:

Registration	Granted by	Granted to	Date of first registration	Date of next renewal
Applications Service Provider (ASP)	Malaysian Communications and Multimedia Commission	IP Core	8 April 2013 subject to annual renewal	Before 21 May 2020
Applications Service Provider (ASP)	Malaysian Communications and Multimedia Commission	MDC	26 August 2013 subject to annual renewal	Before 26 August 2020

Renewal of the above-mentioned registrations is required every year, and we did not experience any refusal of renewal of any licenses necessary for our business during the Track Record Period and up to the Latest Practicable Date. Our Directors believe that we will not encounter any difficulties in obtaining the renewal of any licenses in the future.

Our Group has been granted the MSC status by the Government of Malaysia, details of which are as follows:-

Name of the subsidiary of our Group	IP Core	MDC
Certificate No.	3289	3823
Effective Date	4 April 2014	12 April 2016

As at the Latest Practicable Date, we were holding valid MSC status certificates, pursuant to which we were entitled to incentives, rights and privileges such as the right to employ foreign knowledge workers, exemption from local ownership requirement, etc, provided for under the Bill of Guarantees subject to our continued adherence to the relevant criteria and applicable conditions related to the grant of MSC status.

On 12 June 2018, the Government of Malaysia announced its participation in the Organisation for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) taxation initiatives whereby Malaysia in principle has committed to implement the BEPS Action Plan which is an

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international taxation standard. As such, the Government of Malaysia will streamline all relevant tax incentives for Malaysia to be consistent with the minimum standard under the BEPS Action 5. Following the announcement on OECD, the Government of Malaysia has issued certain MSC Malaysia related regulations and orders whereby for the qualifying companies which have been granted the pioneer status under the PIA 1986, certain income has to be disregarded for the purpose of tax relief. For details, please refer to the paragraphs headed “Regulatory Overview – Overview of Malaysia laws and regulations – (I) Laws and regulations relating to IT”. As advised by our Malaysia Legal Advisers, as at the Latest Practicable Date, any application for extension of income tax exemption period will be put on hold until further announcement by MDEC. In such circumstances, IP Core’s application to extend its pioneer status and income tax exemption after its expiration on 3 April 2019 was yet to be approved as at the Latest Practicable Date.

Our Directors, upon obtaining legal advice from our Malaysia Legal Advisers, confirm that during the Track Record Period and up to the Latest Practicable Date, our Group had obtained and held all necessary approvals, permits, consents, licences and registrations required for our business and operations in Malaysia, and that all of them remain in force. For further details, please refer to the paragraphs headed “Regulatory overview – Overview of Malaysia laws and regulations – (I) Laws and regulations relating to IT” in this prospectus for the discussion of the regulatory requirements of our business.

INTERNAL CONTROL

To assess and identify weakness in our internal procedures, systems and controls, we engaged an independent internal control consultant, in May 2018 to review the adequacy and effectiveness of our internal control procedures, systems and controls. Through an initial review conducted in June 2018, our Internal Control Consultant identified some weaknesses and deficiencies in our internal control system and recommended certain measures to be implemented. Following this review, we have taken some remedial measures to improve our internal control system.

The Internal Control Consultant identified the following key findings and our Group has taken the following remedial actions based upon the recommendations from the Internal Control Consultant:

Key findings

There was no mechanism in place to ensure strict compliance with debt covenants of loan agreements of our Group.

Our Group did not retain the detailed calculation of the chargeable income and tax estimate provided to external tax consultant. Due to underestimation of tax payable in the Year of Assessment 2016, IP Core was charged for an additional tax of RM4,486. ^(Note)

Remedial actions taken

Our Group has assigned the Head of Finance to prepare and approve the application of loan and to review debt covenants on a semi-annual basis. Our Group has prepared a template of debt covenant report.

Our Group has documented the records for the calculation of the chargeable income and tax estimate of MDC which is reviewed and signed by the Head of Finance.

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Note: Malaysia Legal Advisers confirmed that the failure to provide an accurate tax payable estimation merely attract additional tax payable and shall not constitute as a tax non-compliance under ITA 1967. For further details, please refer to the paragraphs headed “Regulatory compliance” in this section.

Internal control measures to improve corporate governance

In order to continuously improve our Group’s corporate governance in the future, our Group has adopted or will adopt the following measures recommended by the Internal Control Consultant:

1. On 27 August 2018, our Directors attended training sessions conducted by our Company’s legal adviser as to Hong Kong laws on the ongoing obligations and duties of a director of a company whose shares are listed on the Stock Exchange.
2. We have appointed Pulsar Capital Limited as our compliance adviser upon Listing to advise us on regulatory compliance with the GEM Listing Rules.
3. Our Group has appointed Mr. Tam Chun Wai Edwin, as the company secretary, to handle the secretarial matters and day-to-day compliance matters of our Group. He is also responsible for the timing and procedures for convening annual general meetings, including the time for sending notice of meeting and laying the respective financial statements.
4. We established the Audit Committee pursuant to a resolution of our Directors passed on 11 November 2019 which will implement formal and transparent arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the GEM Listing Rules and all relevant laws and regulations, including timely preparation and laying of accounts. It will also periodically review our compliance status with the Hong Kong laws after Listing. The Audit Committee will exercise its oversight by:
 - (i) reviewing our internal control and legal compliance;
 - (ii) discussing the internal control systems with the management of our Group to ensure that the management has performed its duty to have an effective internal control system; and
 - (iii) considering the major investigation findings on internal control matters as delegated by the Board.
5. Our Group will seek professional advice and assistance from independent internal control consultants, external legal advisers and/or other appropriate independent professional advisors with respect to matters related to our internal controls and compliance when necessary and appropriate.

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Internal control measures to improve data security and privacy protection

In order to continuously improve our Group's data security and privacy protection in preparation for our business strategy to implement cloud-based data content management solution services in the future, our Group has adopted or will adopt the following measures with the comment given by the Internal Control Consultant:

1. Our Group will treat all content as confidential and will only disclose such content to the extent necessary to deliver our cloud-based data content management solution services. Upon request by customers, our Group will provide evidence of compliance of our data protection policies.
2. Our Group will review our IT security policies annually to review data protection measures related to our cloud-based data content management solution services.
3. Our employees will attend security and privacy educational training annually and will undertake to comply with our policies in ethical business conduct, confidentiality and security as set out in our internal guidelines.
4. Our Group will notify our customers, as soon as it is practicable to do so, of any security incidents known or reasonably suspected by our Group, and to provide our customers with details and status of our remediation and restoration measures.
5. Our Group will adopt physical security and entry control measures to protect against unauthorised entries into our facilities and data centres.
6. Our Group will seek professional advice and assistance from appropriate professional advisors with respect to internal control matters related to our planned cloud-based data content management solution services when necessary and appropriate.

View of our Directors

Based on the Internal Control Consultant's review and recommendations, our Group has duly adopted the measures and policies in order to improve our internal control systems and to ensure our compliance with the GEM Listing Rules and relevant Hong Kong and Malaysia laws. Furthermore, after the Internal Control Consultant had performed their follow-up review from 16 August 2018 to 23 August 2018, they did not identify any further issues and made no further recommendations in the respective areas covered in their reviews. Based on the results of the internal control reviews, our Directors are of the view, and the Sole Sponsor concurs, to the adequate and effective internal control procedures and policies have been put in place by our Group.

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RISK MANAGEMENT

Key risks relating to our business are set out in the section headed “Risk factors” in this prospectus. The following sets out the key measures adopted by our Group under our risk management and internal control systems for managing the more particular operational and financial risks relating to our business operation:

(i) Risk relating to cost inflation

Please refer to the paragraphs headed “Our customers – Pricing policy” in this section.

(ii) Risk relating to suppliers’ performance

Please refer to the paragraphs headed “Our suppliers – Selection of suppliers” in this section.

(iii) Financial risks, in particularly interest rate risk, credit risk and liquidity risk

Please refer to the paragraphs headed “Financial information – Quantitative and qualitative disclosures about market risks” in this prospectus and “Note to the historical financial information” in Appendix I to this prospectus.

(iv) Quality assurance system

Please refer to the paragraphs headed “Quality assurance” in this section.

MAJOR CERTIFICATIONS

The following table sets out our major certifications:

Nature	Certification	Scope	Holder	Year of grant
Quality management system accreditation	ISO 9001	Provision of ICT Service	IP Core	2012 (<i>Note</i>)

Note: Our ISO 9001:2008 accreditation for IP Core obtained in 2012 has been renewed by ISO 9001:2015, which was renewable upon each expiry and the current one will expire in 2021.

ISO 9001 certifications carry a duration of three years, within which period surveillance audit is conducted by the certification body every year to review the implementation of the relevant systems for compliance. After this three-year period, the ISO 9001 certification is to be further certified subject to successful implementation of a renewal audit by the certification body.

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RECOGNITIONS AND AWARDS

The following table sets our major non-recurring awards and recognitions:

Year of award	Recipient	Award	Awarding organization or authority
2012	IP Core	Elite partner best managed services & vertical applications of the year	Telekom Malaysia Berhad (“Telekom”)
2012	IP Core	Fortinet MSSP Partner of the year (Asia-Pacific region)	Fortinet
2013	IP Core	Elite partner best network management and security partner of the year	Telekom
2013	IP Core	Fortinet MSSP Partner of the year (Asia-Pacific region)	Fortinet
2014	IP Core	Elite partner best network management and security partner of the year	Telekom
2014	IP Core	MSC status	MDEC
2015	IP Core	SOPHOS rising star Malaysia	SOPHOS
2016	IP Core	SOPHOS enterprise partner of the year (network security group) Malaysia	SOPHOS
2016	MDC	MSC status	MDEC
2017	IP Core	Valued partner	Telekom
2017	IP Core	Top Achievement Partner Award	Pacific Intech Distribution Sdn. Bhd.
2018	IP Core	Fortinet MSSP Partner Excellence award	Fortinet

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

THE CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the Share Offer (assuming the Offer Size Adjustment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of options which may be granted under the Share Option Scheme), Advantage Sail, which is wholly-owned by Dato' Tan, will hold approximately 50.6% of the enlarged issued share capital of our Company and Robust Cosmos, which is wholly-owned by Ms. Kwong, will hold approximately 5.6% of the enlarged issued share capital of our Company. Ms. Kwong is the spouse of Dato' Tan. Hence, Dato' Tan and Ms. Kwong, together with their wholly owned subsidiaries, namely Advantage Sail and Robust Cosmos, will be regarded as a group of Controlling Shareholders.

Dato' Tan is our executive Director and for further information about Dato' Tan, please refer to the section headed "Directors, senior management and employees" of this prospectus.

Save as disclosed above, there is no other person who will, immediately following the completion of the Capitalisation Issue and the Share Offer, be directly or indirectly interested in 30% or more of the Shares then in issue.

COMPANIES OWNED BY OUR CONTROLLING SHAREHOLDERS WHICH WERE NOT INCLUDED IN OUR GROUP

Introduction

Our Controlling Shareholders or their respective associates own the following companies:

(a) *Big Data Analytics*

On 19 December 2016, Big Data Analytics was incorporated in Malaysia as a private company limited by shares. As at the Latest Practicable Date, Big Data Analytics is owned as to:

- (i) 45 shares (representing 45% of the total issued shares) by Ms. Chan Joo On, mother of Dato' Tan;
- (ii) 45 shares (representing 45% of the total issued shares) by Ms. Chin Mei See, an Independent Third Party, and;
- (iii) 10 shares (representing 10% of the total issued shares) by Mr. Saw, our executive Director.

As at the Latest Practicable Date, Ms. Chan Joo On, Ms. Chin Mei See and Mr. Saw are the directors of Big Data Analytics.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

(b) *Etika Trident*

On 3 March 2009, Etika Trident was incorporated in Malaysia as a private company limited by shares. As at the Latest Practicable Date, Etika Trident is owned as to:

- (i) 95,000 shares (representing 95% of the total issued shares) by Dato' Tan, our Controlling Shareholder and executive Director;
- (ii) 5,000 shares (representing 5% of the total issued shares) by Ms. Kwong, our Controlling Shareholder and spouse of Dato' Tan.

As at the Latest Practicable Date, Dato' Tan and Ms. Kwong are the two directors of Etika Trident.

(c) *Teraju Cipta Technology*

On 4 September 2013, Teraju Cipta Technology was incorporated in Malaysia as a private company limited by shares. As at the Latest Practicable Date, Teraju Cipta Technology is owned as to:

- (i) 1 share (representing 50% of the total issued shares) by Dato' Tan, our Controlling Shareholder and executive Director;
- (ii) 1 share (representing 50% of the total issued shares) by Mr. Peter Tan Swee Peng, an Independent Third Party.

As at the Latest Practicable Date, Dato' Tan and Mr. Peter Tan Swee Peng are the two directors of Teraju Cipta Technology.

Based on the review of memorandum and articles of association (“**M&A**”) by Malaysia Legal Advisers, Dato' Tan is not able to exercise unilateral control over Teraju Cipta Technology. Malaysia Legal Advisers confirmed that the affairs of our Company shall be conducted in accordance to its M&A, as shareholders of Teraju Cipta Technology have not entered into any shareholders agreement to govern and regulate the daily control and management of Teraju Cipta Technology.

(d) *Valuemax Vision*

On 9 April 2012, Valuemax Vision was incorporated in Malaysia as a private company limited by shares. As at the Latest Practicable Date, Valuemax Vision is owned as to:

- (i) 1 share (representing 50% of the total issued shares) by Dato' Tan;
- (ii) 1 share (representing 50% of the total issued shares) by Ms. Kwong, our Controlling Shareholder and spouse of Dato' Tan.

As at the Latest Practicable Date, Dato' Tan and Ms. Kwong are the two directors of Valuemax Vision.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Delineation of the business of Excluded Companies and our Group

The business operated by the Excluded Companies and the business operated by our Group have the following differences:

(a) *Big Data Analytics*

Business model. From the date of incorporation, Big Data Analytics has been engaging in the provision of software programming services in Malaysia. The business of Big Data Analytics and our Group are not in the same industry and thus, there is no competition between Big Data Analytics and our Group. The business of Big Data Analytics had a relatively low annual turnover since its commencement of business. Based on its financial statements for the 13 months financial period ended 31 December 2017, its revenue amounted to approximately RM60,000, and its profit after tax was approximately RM25,000. As at the Latest Practicable Date, Big Data Analytics remained inactive. Our Directors confirm that they have no intention to expand our Group's business to provision of software programming services in Malaysia. Our Directors confirm that there were no overlappings of the customers or suppliers between Big Data Analytics and our Group during the Track Record Period.

(b) *Etika Trident*

Business model. From the date of incorporation, Etika Trident has been engaging in the provision of promotion services for telecommunication companies in Malaysia. The business of Etika Trident and our Group are not in the same industry and thus, there is no competition between Etika Trident and our Group. The business of Etika Trident had a relatively low annual turnover since its commencement of business. Based on its financial statements for the years ended 30 June 2016 and 30 June 2017 respectively, its revenue amounted to nil and nil, respectively and its loss after tax was approximately RM7,000 and RM33,000 respectively. As at the Latest Practicable Date, Etika Trident remained dormant. Our Directors confirm that they have no intention to expand our Group's business of promotion services for telecommunication companies in Malaysia. Our Directors confirm that there were no overlappings of the customers or suppliers between Etika Trident and our Group during the Track Record Period.

(c) *Teraju Cipta Technology*

Business model. From the date of incorporation, Teraju Cipta Technology has been engaging solely in the provision of cabling work services in Malaysia. The business of Teraju Cipta Technology and our Group are not in the same industry and thus, there is no competition between Teraju Cipta Technology and our Group. The business of Teraju Cipta Technology had a relatively low annual turnover since its commencement of business. Based on its financial statements for the years ended 31 December 2016 and 31 December 2017 respectively, its revenue amounted to approximately RM417,000 and RM67,000, respectively and its profit/(loss) after tax were approximately RM164,000 and RM(239,000) respectively. Our Directors confirm that they have no intention to expand our Group's business to the provision of cabling work services in Malaysia. Our Directors confirm that there were no overlappings of the customers or suppliers between Teraju Cipta Technology and our Group during the Track Record Period.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

(d) *Valuemax Vision*

Business model. From the date of incorporation, Valuemax Vision has been engaging in the sales of spectacles and optical goods in Malaysia. Based on its financial statements for the years ended 30 June 2016 and 30 June 2017 respectively, its revenue amounted to approximately RM291,894 and RM284,501, respectively and its profit after tax was approximately RM43,647 and RM922, respectively. Our Directors confirm that they have no intention to expand our Group's business to sales of spectacles and optical goods in Malaysia. Our Directors confirm that there were no overlappings of the customers or suppliers between Valuemax Vision and our Group during the Track Record Period.

Reasons for exclusion

As set out above, the operations of our Group are independent of and separate from the Excluded Companies. Our Directors are of the view that there is a clear delineation between those Excluded Companies and our Group. The Excluded Companies were not included in our Group as our Directors are of the view that the business of the Excluded Companies did not form part of our core business and is not in line with our overall strategy to maintain and strengthen our market position in the MIS industry in Malaysia.

Given the different nature of business between our Group and the Excluded Companies, our Directors do not expect there will be any overlap nor competition between the business of the Excluded Companies and our Group after the Listing.

RULE 11.04 OF THE GEM LISTING RULES

During the Track Record Period, our Group subcontracted cabling work in the course of provision of our managed internet services to Teraju Cipta Technology. The aggregate amounts of the services provided by Teraju Cipta Technology were nil, RM207,833 and nil for FY2017, FY2018 and FY2019, respectively. For further details, please refer to the paragraph headed "Notes to the historical financial information – 29. Related party transactions" in Appendix I to this prospectus.

There was no long-term agreement entered into between our Group and Teraju Cipta Technology with respect to the provision of cabling work services. Instead, we placed a purchase order for cabling work services with Teraju Cipta Technology at a service fee agreed between the parties after arm's length negotiation on one single occasion during the Track Record Period. Other than Teraju Cipta Technology, we had engaged 25 other subcontractors for the provision of cabling work during the Track Record Period. As at the Latest Practicable Date, our Group had ceased engaging Teraju Cipta Technology for cabling work services and Teraju Cipta Technology will also become dormant after Listing.

Given that our purchase from Teraju Cipta Technology was made after arm's length negotiation and was on a one-off basis, and that Teraju Cipta Technology will become dormant after Listing, our Controlling Shareholders and our Directors have no competing business.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Other than the above, none of our Directors, Substantial Shareholders and their respective close associates was, as at the Latest Practicable Date, interested in any businesses, which compete, or are likely to compete, directly or indirectly, with our businesses and which would otherwise require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that our Group is capable of carrying on our business independent of and without undue reliance on our Controlling Shareholders and their respective close associates after the Listing based on the following reasons:

Management independence

Our Company aims to establish and maintain a competent and independent Board to supervise our Group's business. The main functions of our Board include (i) approving our overall business plans and strategies; (ii) monitoring the implementation of the aforesaid policies and strategies; and (iii) managing our Group. We have an independent management team, which is led by a team of experienced senior management with expertise in our business, to implement our Group's policies and strategies.

The Board comprises two executive Directors and three independent non-executive Directors. Although Dato' Tan who on one hand is the director of Advantage Sail and on the other hand holds directorship in our Company, we consider that our Board and senior management will function independently from our Controlling Shareholders because:

- (a) each Director is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interest of our Company and does not allow any conflict between his duties as a Director and his personal interests;
- (b) in the event that there is a potential conflict of interest arising out of any transactions to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transactions, and shall not be counted in forming quorum. Our Group has also adopted certain corporate governance measures for conflict situation; and
- (c) our three independent non-executive Directors have sufficient and competent knowledge and experience, and will bring independent judgment to the decision-making process of the Board.

Operational independence

Our Group has established our own organisational structure comprising of individual departments, each with specific areas of responsibilities. Our Group has not shared our operational resources, such as suppliers, customers, sales and marketing and general administration resources, with our Controlling Shareholders and/or their respective close associates. The customers, suppliers and subcontractors of our Group are all independent from the Controlling Shareholders and our Group does not rely on the Controlling Shareholders or their respective close associates and has independent access to customers and suppliers.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Financial independence

Our Group has our own financial management and accounting systems, accountant and administration department and independent treasury functions, and we make financial decisions according to our own business needs.

During the Track Record Period and up to the Latest Practicable Date, Dato' Tan had provided personal guarantees for the banking facilities and financial lease arrangement used by our Group. The above personal guarantees will either be released upon Listing or will be replaced by the corporate guarantees executed by our Company upon Listing. Save as disclosed above, the Directors are of the view that our Group is not financially dependent on the Controlling Shareholders or their respective close associates in our Group's business operations and our Group is able to obtain external financing on market terms and conditions for its business operations as and when required without reliance on the Controlling Shareholders after Listing.

Having considered the above factors, our Directors consider that we have no financial dependence on our Controlling Shareholders.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS

Our Board of Directors consists of five Directors, comprising two executive Directors, and three independent non-executive Directors. All of them are independent of each other. Our Board of Directors is responsible for and has general powers for the management and conduct of our business. Our senior management is responsible for the day-to-day management of our business. The following table sets out certain information concerning our Directors:

Name	Age	Position	Date of Appointment	Date of joining our Group	Role and Responsibilities
Executive Directors					
Dato' Eric Tan Chwee Kuang	41	Chairman of the Board, chief executive officer and executive Director	27 August 2018	June 2007	Overall business strategy, preparing annual budget proposals, and major business decisions of our Group
Mr. Saw Zhe Wei	33	Executive Director	27 August 2018	October 2009	Overall business strategy, preparing annual budget proposals, and major business decisions of our Group
Independent non-executive Directors					
Mr. Lim Peng Chuan Terence (林炳泉)	49	Independent non-executive Director	11 November 2019	11 November 2019	Providing independence advice to the Board; advising on corporate governance matters and serving as the chairman of the Audit Committee, a member of the Remuneration Committee and a member of the Nomination Committee
Mr. Phua Cheng Sye Charles (潘正帥)	50	Independent non-executive Director	11 November 2019	11 November 2019	Providing independence advice to the Board; advising on corporate governance matters and serving as the chairman of the Nomination Committee and a member of the Audit Committee
Mr. Yau Yeung On (游楊安)	45	Independent non-executive Director	11 November 2019	11 November 2019	Providing independence advice to the Board; advising on corporate governance matters and serving as the chairman of the Remuneration Committee and member of the Audit Committee

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Executive Directors

Dato' Eric Tan Chwee Kuang, aged 41, was appointed as our Director on 5 June 2018 and redesignated as an executive Director and appointed as the chairman and chief executive officer of our Company on 27 August 2018. Dato' Tan is the co-founder of our Group and a director of each of IP Core and MDC and a member of the Nomination Committee and the Remuneration Committee. Dato' Tan is primarily responsible for our overall business strategy, preparing annual budget proposals, and major business decisions of our Group.

He has more than 20 years of experience in the information technology and telecommunication industry. Before establishing our Group, Dato' Tan held various positions in the information technology sector where he accumulated industry experience. On 1 August 1999, Dato' Tan was employed as a support specialist responsible for providing technical support for clients in V-tech Computers Pte Ltd, an information technology service provider involving in sales of hardware and software, system maintenance, integration and relocation services and information technology support services for multinational and small-to-medium enterprises. In October 2001, he joined Perot Systems (Singapore) Pte. Ltd., an information technology service provider involving in consultancy, system integration and operation and software development in both the government and private sectors, where his last held position was a specialist responsible for providing system access support to clients. Dato' Tan was assigned by Perot Systems (Singapore) Pte. Ltd. to support the information technology infrastructure for Union Bank of Switzerland, where his responsibilities mainly include monitoring and maintenance of global servers, performing remote access management and keeping maintenance records on a real-time basis in case of system failures.

Dato' Tan obtained his diploma in computer studies from the Informatics Institute, Malaysia in April 1998. He has also been certified as a Microsoft Certified Professional and a Microsoft Certified Systems Engineer in May 1998 and September 1998, respectively, under the Microsoft certification professional program.

Our company's corporate governance practices are based on principles and code provision as set out in the Corporate Governance Code ("CG Code") in Appendix 15 of the GEM Listing Rules. Except for the deviation from CG Code provision A.2.1, our Company's corporate governance practices have complied with the CG code.

CG Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dato' Tan is the chairman and the chief executive officer of our Group. Since Dato' Tan has been operating and managing our Group since 2007, our Board believes that it is in the best interest of our Group to have Dato' Tan taking up both roles for effective management and business development. Therefore, our Directors consider that the deviation from the CG Code provision A.2.1 is appropriate in such circumstance.

Mr. Saw Zhe Wei, aged 33, was appointed as our Director on 5 June 2018 and re-designated as an executive Director of our Company on 27 August 2018. Mr. Saw is responsible for our overall business strategy, preparing annual budget proposals, and major business decisions of our Group. Mr. Saw is also the head of technical team of IP Core, and is primarily responsible for managing the technical team to ensure that all operations in process are installed in accordance with the required standard with appropriate procedures.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

In July 2010, Mr. Saw graduated with a bachelor's degree in information technology (honours) in security technology from Multimedia University in Melaka, Malaysia. He was certified as Fortinet Certified Network Security Administrator, and as Fortinet Certified Network Security Professional, in 2011 and 2013, respectively, under the Fortinet training and certification program.

He started his career by joining our Group as an intern from October to December in 2009, and as a part-time supporting staff from January to May in 2010. He joined our Group as NOC Technical Level 2 in June 2010, and has worked on our technical engineering projects. He was promoted to the head of technical team in January 2013.

Throughout his journey at our Group, Mr. Saw has performed different roles accommodating to the needs of customers and project nature. His qualification and experience have brought him the necessary skills to provide solutions in different projects, ranging from the design and implementation of internet and intranet infrastructure, building security features for wireless connections, to setting up tunneling and backup functions for our customers. Mr. Saw has over nine years of experience, and has been involved in more than 12 major projects as of the Latest Practicable Date.

Independent Non-executive Directors

Our Company has adopted the following criteria in the selection of independent non-executive Directors in order to maintain the diversity in Board demographics:-

- The qualification, skills and expertise, such as accounting, finance and legal knowledge, that the individual independent non-executive Directors possess which, in the opinion of our Directors, will enhance the Board's effectiveness and benefit the Company in its current business and going forward;
- Integrity and independence of the independent non-executive Directors and free of conflict of interests;
- Education level which can ensure that non-executive Directors can have a clear understanding of the duties of a director;
- Willingness and commitment to devote the required amount of time to carry out the duties and responsibilities of the Board, including the time to gain knowledge in the industry and to participate in the Board meetings; and
- Willingness to represent the best interests of all shareholders and objectively appraise the performance of the executive Directors and management performance.

Notwithstanding that two of our independent non-executive Directors are from Singapore and one from Hong Kong whereas our business and operations are in Malaysia, our Directors take the view as Singapore, Hong Kong and Malaysia are all common law countries or regions with similar legal and judicial systems, it would not be difficult for the independent non-executive Directors from Singapore or Hong Kong to get themselves familiar with our operations and business environment in Malaysia. With independent non-executive Directors from other countries or regions, we can leverage their exposure, experience and business

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

connections, which will benefit our Group in the long run. Furthermore, our Directors believe that the qualifications and expertise of our independent non-executive Directors are more important than their geographic locations. In this connection, our Directors take the view that our independent non-executive Directors have the qualifications and expertise to fulfil their duties, and will collectively have sufficient experience and knowledge to ensure the proper functioning of our Group's corporate governance measures, based on the following:-

- *Professional qualifications.* Mr. Lim Peng Chuan Terence (林炳泉) (“**Mr. Lim**”) has been a member of the Certified Practising Accountants of Australia since 1 April 1999. Mr. Phua Cheng Sye Charles (潘正帥) (“**Mr. Phua**”), was admitted as advocate and solicitor in Singapore in 1995 and has over 24 years of legal practice in Singapore. Mr. Yau Yeung On (游楊安) (“**Mr. Yau**”) obtained a master degree in industry-based information technology management from the University of Wollongong, Australia in November 2004 and has over 21 years of experience in IT industry.
- *Skills and experience.* Mr. Lim had been working as an auditor in Ernst & Young from 1994 to 1997. After that, he joined See Hup Seng Pte Ltd as a business development manager and was later promoted as the business development director. He oversaw the successful listing of SHS Holdings Ltd (formerly known as See Hup Seng Limited) on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) in November 1998 (SGX stock code: 566) and he had been the executive director of the said publicly listed company until September 2006. Hence, Mr. Lim does not only possess relevant financial and accounting experience, by being appointed as an executive director of a listed company in SGX-ST, Mr. Lim can appreciate the importance of internal control of a listed company and compliance of the relevant rules and regulations. With his financial literacy, he can also understand financial statements of our Group and point out any abnormalities or inadequacies, if any. As concerns Mr. Phua, he has over 24 years of legal practice in Singapore. With his legal knowledge and background, he can provide guidance to our Group to strengthen our corporate governance and for compliance of the relevant laws and regulations. For Mr. Yau, given his knowledge and experience in IT industry, he can provide valuable advice to our Group in our business development and operations. Hence, with the diversity of their skills and experience, their experience gained in other industries can be applied in our industry for our benefits.
- *Integrity, independence and free of conflict of interests.* Based on the Sponsor's due diligence including interviews, independent background searches and perusal of documents etc, the three independent non-executive Directors are not involved in any non-compliance or breach of laws or regulations whatsoever or the professional code of conduct in their respective professional disciplines which would give rise to any reasonable doubt of their character or integrity. Furthermore, based on the Sponsor's due diligence including the independent non-executive Directors' confirmation, they did not have any past dealings with the Company nor its connected person which would cast doubt on their independency.
- *Education level.* All of our three independent non-executive Directors possessed university degree and therefore should have the ability to understand the duties of a director under the relevant laws and regulations and the GEM Listing Rules.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

- *Willingness and commitment to devote the required amount of time to carry out the duties.* The three independent non-executive Directors have expressed their willingness and commitment to devote the required amount of time to carry out the duties and responsibilities of the Board, including the time to gain knowledge in the industry and to participate in the Board meetings. The three independent non-executive Directors confirm that they have attended the required Directors' training.
- *Willingness to represent the best interests of all shareholders and objectively appraise the performance of the executive Directors and management performance.* Equipped with the relevant qualification and experience set out above, the three non-executive Directors shall have the ability to assess and appraise the performance of our executive Directors and our senior management team.

Mr. Lim Peng Chuan Terence (林炳泉), aged 49, was appointed as our independent non-executive Director on 11 November 2019. He is the chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee.

Mr. Lim graduated with a bachelor of commerce degree from the University of Western Australia in March 1995, and has been a member of the Certified Practising Accountants of Australia since 1 April 1999.

Mr. Lim has more than 22 years of experience in corporate finance. From 1994 to 1997, he started his career as an audit assistant at Ernst & Young, where he later served as an audit senior and was primarily responsible for the audit of companies in Singapore. In July 1997, he joined See Hup Seng Pte Ltd, a Singapore company primarily engaged in the business of corrosion prevention services for offshore and marine industry and construction industry as a business development manager, and was appointed as business development director in June 1998. During his position as business development director of the company, he oversaw the successful listing of SHS Holdings Ltd (formerly known as See Hup Seng Limited) on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") in November 1998 (SGX stock code: 566) and he had been the executive director of the said publicly listed company until September 2006. Since 2006, he has started his own business and co-founded Paliy Marine Engineering Pte Ltd., an exempted Singaporean private company primarily engaged in the business of building and repairing of ships, tankers and other ocean-going vessels. Mr. Lim was introduced to Dato' Tan, our executive Director, at a social gathering in 2004 when Dato' Tan was working in Singapore. Although Mr. Lim is from Singapore while the principal operations of our Group are in Malaysia, in view of his extensive experience in corporate finance stated above, Dato' Tan considered that Mr. Lim's experience can make a valuable contribution to the Board and therefore recommended his appointment as an independent non-executive Director.

Mr. Phua Cheng Sye Charles (潘正帥), aged 50, was appointed as our independent non-executive Director on 11 November 2019. He is the chairman of the Nomination Committee and a member of the Audit Committee.

Mr. Phua graduated with a bachelor of laws (honours) degree at the University of Sheffield in the United Kingdom in July 1993. In 1995, he was admitted as advocate and solicitor in Singapore. He has over 24 years of legal practice experience in the field of corporate and civil litigation, including working in Ms. Khatter Wong & Partners as a legal assistant. In 2000, he set up Legalworks Law Corporation, a barristers'

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chambers specialising in insurance litigation, which then merged with M/s Tan Kok Quan Partnership in 2007 where he served as a senior partner for six years. In 2014, he joined M/s ComLaw LLC as a director. Mr. Phua was introduced to Dato' Tan, our executive Director, at a social gathering in 2004 when Dato' Tan was working in Singapore. Although Mr. Phua is from Singapore while the principal operations of our Group are in Malaysia, our Directors believe Mr. Phua's extensive legal knowledge and experience can provide advice to our Group in relation to legal and regulatory compliance matters, and strengthening our corporate governance. In view of his professional qualification, skills and experience mentioned above, Dato' Tan recommended his appointment as an independent non-executive Director.

Mr. Yau Yeung On (游楊安), aged 45, was appointed as our independent non-executive director on 11 November 2019. He is the chairman of the Remuneration committee and a member of the Audit Committee.

Mr. Yau has more than 22 years of experience in the IT industry. From October 1997 to May 2001, he worked as a project engineer at Modern Time Technology Ltd, an IT infrastructure system integrator in Hong Kong, and was responsible for handling on-site maintenance service, installation and project coordination in Hong Kong. From May 2001 to February 2003, he joined Infotech Services (HK) Limited, which provided services for the data network team of the Hong Kong Police Force as an analyst programmer, and was involved in the implementation of project works including core network layer and technical support for the police data network in Hong Kong.

In June 2001, he set up Tohia International Limited, a body corporate providing broadband network infrastructure design, as well as technical project consultancy and management in Hong Kong. In October 2016, he served as a general manager for Boast Inc., a shoe manufacturing company, and was responsible for the daily internal administrative work and production plan control. In view of his extensive experience in the IT industry in Hong Kong, Mr. Yau was recommended to Dato' Tan by Mr. Phua at a meeting in 2018.

Mr. Yau obtained a master degree in industry-based information technology management from the University of Wollongong, Australia in November 2004.

GENERAL

Save as disclosed above, there is no other information relating to our Directors that needs to be disclosed under the requirements under Rule 17.50(2) of the GEM Listing Rules, and none of our Directors:

- (i) held any other positions in our Company or other members of our Group as at the Latest Practicable Date;
- (ii) had any other relationship with any Directors, senior management or substantial Shareholders or Controlling Shareholders of our Company as at the Latest Practicable Date; and
- (iii) he or she has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Except for such interests of Dato' Tan in the 337,500,000 Shares held immediately after the completion of Capitalisation Issue and the Share Offer which are disclosed in the section headed "Substantial Shareholders" in this prospectus, none of our Directors have any interest in the Shares within the meaning of Part XV of the SFO or is a director or an employee of a company which has an interest or short position in the Shares and underlying Shares of our Company. Each of our Directors has confirmed that none of them or their respective associates are engaged in, or interested in any business (other than our Group) which, directly or indirectly, competes or may compete with our business or has or may have any conflict of interests with our Group.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors after having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 17.50(2)(h) to (v) of the GEM Listing Rules as at the Latest Practicable Date.

SENIOR MANAGEMENT

The following table sets out certain information concerning our senior management:

Name	Age	Position	Date of Appointment	Date of joining our Group	Role and Responsibilities	Relationships amongst Directors and senior management
Ms. Fathim Nur Zaida Binti Zainal Ariffin	36	Head of sales & alliance	January 2016	April 2014	Managing our Group's business alliances and partnerships	N/A
Ms. Nor Hamimah Binti Ibrahim	31	Administrative & human resources manager	January 2018	July 2011	Managing our Group's administrative & human resources department	N/A
Ms. See Hui Ting	31	Finance manager	January 2018	January 2018	Managing our Group's finance & procurement department	N/A
Mr. Tam Chun Wai Edwin (談俊緯)	38	Company secretary	27 August 2018	27 August 2018	Corporate secretarial practices and procedures of our Group	N/A

Ms. Fathim Nur Zaida Binti Zainal Ariffin, aged 36, is the head of sales & alliance of our Group, and is primarily responsible for developing and managing business alliance and partnership relationships. She joined our Group in April 2014 as an account manager, and was promoted to her current position in January 2016. She has over 13 years of experience in the network computing and telecommunication industry. She started her career as a business consultant at Macrolynx Sdn. Bhd in 2006. She subsequently served as an account manager at Palette Multimedia Berhad from July 2009 to May 2010, and started

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

working at Patimas Outsourcing Services Sdn. Bhd. from December 2011, where she gained exposure to handling business partnerships and customers by selling technology products and developing business strategies. From September 2012 to March 2014, she was a client sales manager at AIMS Data Centre Sdn. Bhd..

She obtained a diploma in information technology from International Islamic College in Malaysia in August 2004. In January 2010, she obtained a Microsoft certification in ASP.NET under the Microsoft Certified Professional Developer certifications program. In February 2014, she also successfully completed the Certified Data Centre Professional course offered by Nota Asia (M) Sdn. Bhd..

Ms. Nor Hamimah Binti Ibrahim, aged 31, is the administrative & human resources manager of our Group. Her primary duties involve managing our administrative and human resources department in handling recruitment affairs, employee records and also insurance-related issues in our operations. In September 2011, she obtained a bachelor's degree in accountancy (honours) from the National University of Malaysia.

She joined our Group in July 2011, and has over eight years of experience in secretarial and accounting work. Prior to her current position, she was the accountant of our Group, and was responsible for managing and preparing our set of accounts, as well as handling tax and auditing matters by liaising with the appropriate professionals.

Ms. See Hui Ting, aged 31, is the finance manager of our Group and is responsible for managing our finance and procurement department. Her main duties also involve managing our Group's overall financial and accounting affairs by overseeing our Group's budgetary control and forecasting, as well as managing the working capital and cash flow of our Group. She joined our Group and was appointed to her current position in January 2018. She graduated from the Multimedia University at Melaka, Malaysia with bachelor of accounting (honours) degree in July 2011. She was admitted as a member of the Association of Chartered Certified Accountants ("ACCA") in March 2017. In 2006, she also obtained a certificate in Book-keeping – Second Level from the London Chamber of Commerce and Industry Examinations Board in the United Kingdom.

Ms. See has over nine years of experience in the accounting and finance industry. After graduating from university, Ms. See served at Ernst & Young as an industrial trainee from October 2010 to April 2011. She then joined A Famosa Resort Hotel as a management trainee in August 2011, and became an internal audit officer in 2012. In August 2012, she joined KPMG PLT in Malaysia as an audit assistant, and left as an audit assistant manager in July 2017. Prior to joining our Group, she also served at KPMG Management & Risk Consulting Sdn Bhd from August 2017.

Saved as disclosed above, none of our senior management had any directorships in any listed company over the past three years and none of our senior management has any relationship with any Director, senior management, substantial shareholder or controlling shareholder of our Company.

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COMPANY SECRETARY

Mr. Tam Chun Wai Edwin (談俊緯), aged 38, our company secretary, was appointed on 27 August 2018. He has over 16 years of experience in accounting, auditing, corporate and treasury management. From September 2003 to May 2010, Mr. Tam worked at Ernst and Young Hong Kong with his last position as audit manager. In May 2010, he joined Greenheart Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 94), as financial controller, and was further appointed as vice president – financial controller in April 2013, where he was mainly responsible for financial and accounting management, operational finance, capital market transactions, merger and acquisition matters, corporate governance as well as compliance affairs. He left Greenheart Group Limited in July 2018 and currently practises at Noble Partners CPA Company, a certified public accountants firm in Hong Kong.

Mr. Tam graduated from the Manchester Metropolitan University in the United Kingdom with a Bachelor's degree in Accounting and Finance in 2003. He is a practising fellow member of the Hong Kong Institute of Certified Public Accountants and fellow of the Association of Chartered Certified Accountants in England. Mr. Tam has been serving as the company secretary of Shenglong Splendecor International Limited, a company listed on GEM of the Stock Exchange (stock code: 8481) since July 2018; Feiyang International Holdings Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1901) since January 2019; Vision International Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8107) since May 2019; and TL Natural Gas Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8536) since May 2019.

AUTHORISED REPRESENTATIVES

Dato' Tan and Mr. Tam have been appointed as the authorised representatives of our Company under Rule 5.24 of the GEM Listing Rules.

COMPLIANCE OFFICER

Dato' Tan has been appointed as the compliance officer of our Company on 27 August 2018. For his biographical information, please refer to the paragraphs headed "Directors – Executive Directors" in this section.

COMPLIANCE ADVISER

We have appointed Pulsar Capital as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules. The compliance adviser will advise us in the following circumstances:

- (i) before the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (iii) where our Company proposes to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or if the business activities, developments or results of our Group deviate from any forecast, estimate or other information in this prospectus; and

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- (iv) where the Stock Exchange makes an inquiry of our Group under the GEM Listing Rules regarding unusual movements in the price or trading volume of the Shares.

The term of appointment of the compliance adviser shall commence on the Listing Date and end on the date on which we comply with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

BOARD COMMITTEES

Audit Committee

Our Company has established the Audit Committee pursuant to a resolution of our Directors passed on 11 November 2019 with written terms of reference in compliance with paragraphs C.3.3 and C.3.7 of the Corporate Governance Code. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control system of our Group. The Audit Committee comprises three members, namely Mr. Lim, Mr. Yau and Mr. Phua. Mr. Lim is the chairman of the Audit Committee.

Remuneration Committee

Our Company has established the Remuneration Committee pursuant to a resolution of our Directors passed on 11 November 2019 with written terms of reference in compliance with paragraph B.1.2 of the Corporate Governance Code. The Remuneration Committee comprises three members, namely Mr. Yau, Mr. Lim and Dato' Tan. Mr. Yau is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are, amongst other things, to make recommendations to our Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management and on our Group's policy and structure for all remuneration of our Directors and senior management.

Nomination Committee

Our Company has established the Nomination Committee pursuant to a resolution of our Directors passed on 11 November 2019 with written terms of reference in compliance with paragraph A.5.2 of the Corporate Governance Code. The Nomination Committee comprises three members, namely Mr. Phua, Mr. Lim and Dato' Tan. Mr. Phua is the chairman of the Nomination Committee. The Nomination Committee is mainly responsible for making recommendations to our Board on appointment of Directors and succession planning for our Directors.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Directors are committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. To accomplish this, our Group will comply with the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules and the associated GEM Listings Rules.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Board Diversity

We have adopted the policy on Board diversity which sets out the objective and approach to achieve and maintain diversity on our Board in order to enhance the effectiveness of our Board. The policy provides that our Company should endeavour to ensure that our Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy. Pursuant to our policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity, length of service, personal integrity and time commitments of the proposed candidates. The Board diversity policy further provides that the ultimate decision is based on merit and contribution that the selected candidates will bring to the Board and will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

With regards to gender diversity on the Board, the Board Diversity Policy further provides that the Board shall take opportunity to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments so as to achieve an appropriate balance of gender diversity with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity. Our Nomination Committee is delegated by our Board to be responsible for compliance with relevant code governing Board diversity under the Corporate Governance Code. After Listing, our Nomination Committee will review our policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of our policy on annual basis.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate amounts of compensation (including fees, salaries, allowances and benefits in kind, discretionary bonus and contributions to defined contribution plans) which were paid to the Directors for each of FY2017, FY2018 and FY2019 were approximately RM0.5 million, RM0.7 million and RM1.2 million, respectively.

Our Company's policy concerning the remuneration of Directors is that the amount of remuneration is determined by reference to the relevant Director's experience, responsibilities, workload, performance and the time devoted to our Group. Further details of the remuneration of the Directors are set out in the paragraphs headed "C. Further information about Directors, management and staff – 1(c). Directors' remuneration" in Appendix IV to this prospectus.

The aggregate remuneration including salaries, allowances and benefits in kind and contributions to defined contribution plans paid to our Group's five highest paid individuals (excluding our Directors) for each of FY2017, FY2018 and FY2019 were approximately RM0.4 million, RM0.5 million and RM0.5 million, respectively. During the Track Record Period, no emolument was paid by our Group to any of the Directors or the five highest paid individuals (including Directors and employees) as an inducement to join or upon joining our Group or as compensation for loss of office. None of our Directors has waived any emoluments during the Track Record Period.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Except as disclosed above, no other payments of remuneration have been made, or are payable, in respect of the Track Record Period, by our Group to or on behalf of any of the Directors. For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to Note 11 in the Accountants' Report set out in Appendix 1 to this prospectus.

REMUNERATION POLICY

The Director's fee for each of our Directors is subject to the Board's review from time to time in its discretion after taking into account the recommendation of our Remuneration Committee. The remuneration package for each of our Directors is determined by reference to market terms, seniority, experiences, duties and responsibilities of that Director within our Group. Our Directors are entitled to statutory benefits as required by law from time to time such as pension.

Prior to the Listing, the remuneration policy of our Group to reward its employees and executives is based on their performance, qualifications, competence displayed and market comparable. Remuneration package typically comprises salary, contribution to pension schemes and discretionary bonuses relating to the profit of the relevant company. Upon and after the Listing, the remuneration package of our Directors and the senior management will, in addition to the above factors, be linked to the return to the Shareholders. The Remuneration Committee will review annually the remuneration of all our Directors to ensure that it is attractive enough to attract and retain a competent team of executive members.

STAFF RELATIONS

Our Group recognises the importance of a good relationship with the employees. The remuneration payable to the employees includes basic salaries, allowances, commission, pension and bonus. The ability to recruit and retain experienced and skilled labour is crucial to the growth and development of our Group. In addition to providing the staff the opportunities to receive regular on-the-job trainings, our Group strives to create a harmonious and caring working environment for its staff.

Our Group has not experienced any significant problems with its employees save as those arising from ordinary course of business or disruption to the operations due to labour disputes, nor has our Group experienced any difficulties in the recruitment and retention of staff.

DIRECTORS' COMPETING INTERESTS

None of our Directors and their respective close associates are interested in any business which competes or is likely to compete with that of our Group.

EMPLOYEES

For details of the employees of our Group, including staff remuneration policy provided by our Group, please refer to the paragraphs headed "Business – Employees" in this prospectus.

SHARE CAPITAL

SHARE CAPITAL

The following is a description of the share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the Capitalisation Issue and the Share Offer, without taking into account any Shares which may be issued upon the exercise of the Offer Size Adjustment Option and any options that may be granted under the Share Option Scheme:

<i>Authorised share capital</i>		<i>HK\$</i>
<u>10,000,000,000</u>	Shares of par value HK\$0.01 each	<u>100,000,000.00</u>
<i>Issued and to be issued, fully paid or credited as fully paid</i>		
40	Shares in issue immediately prior to the Share Offer	0.40
449,999,960	Shares to be issued under the Capitalisation Issue	4,499,999.60
<u>150,000,000</u>	Shares to be issued under the Share Offer	<u>1,500,000.00</u>
<u>600,000,000</u>	Total	<u>6,000,000.00</u>

ASSUMPTIONS

The above table assumes that the Capitalisation Issue and the Share Offer become unconditional and the issue of Shares pursuant thereto is made as described herein. It takes no account of Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option or any options that may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares granted to our Directors as referred to below or otherwise.

Assuming the Offer Size Adjustment Option is exercised in full, then 22,500,000 additional Shares will be issued. In such circumstances, the issued share capital of our Company immediately after completion of the Capitalisation Issue and the Share Offer will be HK\$6,225,000 divided into 622,500,000 Shares.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of the total issued share capital of our Company in the hands of the public (as defined in GEM Listing Rules).

RANKING

The Offer Shares and the Shares that may be issued pursuant to exercise of the Offer Size Adjustment Option will rank *pari passu* in all respects with all other Shares now in issue or to be issued as mentioned in this prospectus, and will rank in full for all dividends and other distributions hereafter declared, paid or made on the Shares in respect of a record date which falls after the date of this prospectus save for any entitlement under the Capitalisation Issue.

SHARE CAPITAL

Except as disclosed in this prospectus, no share or loan capital of our Company or any of our subsidiaries is under any option or is agreed conditionally or unconditionally to be put under any option.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme on 11 November 2019. The principal terms of the Share Option Scheme are summarised in the paragraphs headed “D. Share Option Scheme” in Appendix IV to this prospectus. As at the Latest Practicable Date, no option has been granted under the Share Option Scheme.

CAPITALISATION ISSUE

Pursuant to the written resolutions of the Shareholders passed on 11 November 2019, subject to the share premium account of our Company being credited as a result of the issue Offer Shares pursuant to the Share Offer, our Directors were authorised to allot and issue a total of 449,999,960 Shares credited as fully paid to the holders of shares on the register of members of our Company at the close of business on 6 December 2019 (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of Capitalisation of the sum of HK\$4,499,999.60 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued Shares (other than the right to participate in the Capitalisation Issue).

GENERAL MANDATE TO ISSUE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with unissued Shares with an aggregate number of not exceeding 20% of the number of issued Shares immediately following the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued upon the exercise of any option that may be granted under the Share Option Scheme) and the aggregate number of Shares repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares as described below.

Our Directors may, in addition to the Shares which they are authorised to issue under the mandate, allot, issue and deal in the Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrants or convertible securities of our Company, scrip dividends or similar arrangements or the exercise of options granted under the Share Option Schemes or any other option scheme or similar arrangement for the time being adopted.

This mandate shall remain in effect until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any other applicable laws of the Cayman Islands; or

SHARE CAPITAL

- (iii) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate.

For further details of the general mandate for the allotment and issue of Shares, please refer to “Statutory and general information – A. Further information about our Company – 3. Written resolutions of our Shareholders” in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate number of not more than 10% of the aggregate number of issued Shares immediately following the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme).

This mandate relates only to repurchases made on the Stock Exchange or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in “Statutory and general information – A. Further information about our Company – 6. Repurchase by our Company of its own securities” in Appendix IV to this prospectus.

This mandate shall remain in effect until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any other applicable laws of the Cayman Islands; or
- (iii) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate.

For further details of the general mandate for the repurchase of Shares, see “Statutory and general information – A. Further information about our Company – 3. Written resolutions of our Shareholders” in Appendix IV to this prospectus.

SHAREHOLDERS’ GENERAL MEETING

Please refer to Appendix IV to this prospectus in respect of circumstances under which general meeting is required.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors aware, immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme), each of the following persons have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name	Capacity/Nature of interest	Number of Shares held immediately after completion of the Capitalisation Issue and the Share Offer <i>(Note 1)</i>	Approximate percentage of interests in our Company immediately after completion of the Capitalisation Issue and the Share Offer
Dato' Tan <i>(Note 2) (Note 3)</i>	Interest in a controlled corporation, interest of spouse	337,500,000 Shares (L)	56.25%
Ms. Kwong <i>(Note 4) (Note 5)</i>	Interest in a controlled corporation, interest of spouse	337,500,000 Shares (L)	56.25%
Advantage Sail <i>(Note 3)</i>	Beneficial owner	303,750,000 Shares (L)	50.625%
Robust Cosmos <i>(Note 5)</i>	Beneficial owner	33,750,000 Shares (L)	5.625%
Mr. Foo <i>(Note 6)</i>	Interest in a controlled corporation	112,500,000 Shares (L)	18.75%
Alpha Vision <i>(Note 6)</i>	Beneficial owner	112,500,000 Shares (L)	18.75%

Notes:

1. The letter "L" demonstrates long position.
2. Dato' Tan is the spouse of Ms. Kwong. Accordingly, Dato' Tan is deemed, or taken to be, interested in the Shares in which Ms. Kwong is interested for the purpose of the SFO.
3. Dato' Tan beneficially owns the entire issued shares of Advantage Sail. Therefore, Dato' Tan is deemed, or taken to be, interested in all the Shares held by Advantage Sail for the purpose of the SFO.
4. Ms. Kwong is the spouse of Dato' Tan. Accordingly, Ms. Kwong is deemed, or taken to be, interested in the Shares in which Dato' Tan is interested for the purpose of the SFO.
5. Ms. Kwong beneficially owns the entire issued shares of Robust Cosmos. Therefore, Ms. Kwong is deemed, or taken to be, interested in all the Shares held by Robust Cosmos for the purpose of the SFO.
6. Mr. Foo beneficially owns the entire issued shares of Alpha Vision. Therefore, Mr. Foo is deemed, or taken to be, interested in all the Shares held by Alpha Vision for the purpose of the SFO.

SUBSTANTIAL SHAREHOLDERS

For details of the Director's interests in the Shares immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account of any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme), please refer to the paragraphs headed "C. Further information about Directors, management and staff – 1. Directors" in Appendix IV this prospectus.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the completion of the Capitalisation Issue and the Share Offer (without taking account of the Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the options that may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which fail to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

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You should read this section in conjunction with our audited consolidated financial information as at and for FY2017 and FY2018 and FY2019, including the notes thereto, as set out in “Appendix I – Accountants’ Report” to this prospectus. The consolidated financial information has been prepared in accordance with IFRSs. You should read the whole of the Accountants’ Report included as Appendix I to this prospectus and not rely merely on the information contained in this section.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those anticipated in the forward-looking statements. Factors that might cause future results to differ significantly from those anticipated in the forward-looking statements include those discussed in “Risk Factors”.

OVERVIEW

Our Group is a well-established managed internet service (MIS) provider in Malaysia, providing customised (i) network support services mainly encompassing network infrastructure design and hardware installation, network management and security services; and (ii) network connectivity services that focus on providing intranet and internet connectivity solutions with metro Ethernet and broadband that is subscribed from third-party telecommunication companies and value-added services. These two kinds of managed internet services are complementary to each other to facilitate seamless data transmission and management. By providing the network support services and network connectivity services on a single platform, we are the single point of contact for the end-to-end managed internet service network solutions to our customers.

BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in “History, Reorganisation and corporate structure” in this prospectus, our Company became the holding company of the companies now comprising our Group on 28 June 2018. Our Group comprising our Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of our Group for the Track Record Period have been prepared as if the group structure upon completion of the Reorganisation has been in existence throughout the Track Record Period, or since their date of incorporation, where there is a shorter period. The consolidated statements of financial position of our Group as at 30 June 2017, have been prepared to present the assets and liabilities of the companies now comprising our Group as if the group structure upon completion of the Reorganisation has been in existence at those dates taking into account the respective date of incorporation, where applicable.

We have prepared our consolidated financial information for the Track Record Period in accordance with IFRSs issued by the IASB. Such consolidated financial information has been prepared under historical cost convention.

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Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by a number of factors, including those set out below:

Cost of sales and services

Our major cost includes (i) telecommunication and network subscription and (ii) network equipment and hardware. Our major cost may fluctuate, depending on the market supply and demand conditions and the price set by the suppliers, which therefore affects our results of operations. During the Track Record Period, our major cost accounted for approximately 73.6%, 72.4% and 67.3% of our cost of sales and services for FY2017, FY2018 and FY2019, respectively. Should there be any increase in our major cost which cannot be passed on to our customers, our business, results of operations, financial condition and profitability will be adversely affected. The following sensitivity analysis illustrates the changes in our profit before tax for FY2017, FY2018 and FY2019 for hypothetical fluctuations in our major cost, while all other factors remain unchanged.

To illustrate the potential effect on our financial performance, the sensitivity analysis below shows the impact of hypothetical fluctuations in our major cost on our profit before tax during the Track Record Period, assuming the fluctuations of our major cost to be 5% and 10% during FY2017, FY2018 and FY2019 with other variables remained constant:

	Decrease/Increase in profit before tax Year ended 30 June		
	2017	2018	2019
	RM	RM	RM
Hypothetical fluctuation of the major cost:			
Hypothetical increase/decrease of 5%	-/+460,746	-/+741,956	-/+815,860
Hypothetical increase/decrease of 10%	-/+921,492	-/+1,483,912	-/+1,631,719

Availability of tax exemptions

As the Government of Malaysia granted MSC status to IP Core with effect from 4 April 2014 and was eligible for the pioneer status, pursuant to the relevant Pioneer Status Certificate, IP Core is entitled to enjoy tax incentives for the first five years or such period as the Minister of the Ministry of International Trade and Industry may allow after the end of tax relief period of first five years.

Under the Pioneer Status Incentive Scheme, our Group could enjoy 100% income tax exemption on statutory income by performing the qualifying activities specified in the certificate issued by Ministry of International Trade and Industry Malaysia. During FY2017, FY2018 and FY2019, our Group was entitled to the tax incentive of approximately RM2.6 million, RM3.4 million and RM4.1 million, respectively. There is

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no assurance that our Group will be granted any further tax exemptions at all or with similar benefits. Should the relevant tax exemption be not available to our Group, the income of our Group will be subject to the statutory tax rate which, for the year ended 30 June 2019, will be of 17% for the first RM500,000 taxable income; and 24% for any sum in excess of RM500,000 and the profit for the year of our Group will be affected after its expiration on 3 April 2019.

In particular, on 12 June 2018, the Government of Malaysia announced its participation in the Organisation for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) taxation initiatives whereby Malaysia in principle has committed to implement the BEPS Action Plan which is an international taxation standard. As such, the Government of Malaysia will streamline all relevant tax incentives for Malaysia to be consistent with the minimum standard under the BEPS Action 5. Following the announcement on OECD, the Government of Malaysia has issued certain MSC Malaysia related regulations and orders whereby for the qualifying companies which have been granted with the pioneer status under the PIA 1986, certain income has to be disregarded for the purpose of tax relief. For details, please refer to the paragraphs headed “Regulatory overview – Overview of Malaysia laws and regulations – (I) Laws and regulations relating to IT”.

According to our Company’s Malaysia Legal Advisers, as at the Latest Practicable Date, any application for extension of income tax exemption period will be put on hold until further notice by MDEC. As such, IP Core’s application for extension of income tax exemption period was yet to be approved as at the Latest Practicable Date. Please refer to the paragraphs headed “Regulatory overview – Overview of Malaysia laws and regulations – (IV) Laws and regulations relating to taxation” in this prospectus for more information relating to the tax incentive for companies with “Pioneer Status” in Malaysia.

Market demand for network connectivity services

In FY2017, FY2018 and FY2019, our revenue derived from network connectivity services were approximately RM11.9 million, RM14.1 million and RM20.6 million, respectively, which represented approximately 55.7%, 38.4% and 49.7% of our total revenue, respectively.

As a significant part of our revenue is derived from the network connectivity services, our results of operations will be affected by the market demand for the network connectivity services in Malaysia. Such demand is determined by an interplay of a number of factors such as the demand of setting up network security management system from Malaysia enterprises and the general conditions and prospects of the local economy in Malaysia. According to the F&S Report, the market size by revenue of network connectivity services industry is expected to grow at a CAGR of approximately 5.4% from 2019 to 2023, amounting to approximately RM2,621.6 million by 2023. Our Directors believe that our Group will benefit from the continuous growth in demand for the network connectivity services.

Our ability to anticipate and respond to changes in technologies or needs

The market for managed internet services is characterised by rapidly-changing technology and introduction of new products and services. Our success depends on our technical know-how on new technology in the provision of both network support services and network connectivity services, our ability to respond and adapt quickly to technology changes and our capability to understand the changing needs, preferences and requirements of our customers. There is no assurance that we will be able to offer, on a

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timely basis, new solutions or enhancements of existing technologies that will address the changing needs of our customers. We may experience unanticipated delays in the availability of new solutions and enhancements and fail to meet customer expectations with respect to the timing of such availability. Our existing range of solutions may also become obsolete due to rapid technological changes. If our Group does not quickly respond to the rapidly changing and rigorous needs of our customers by making available, on a timely basis, new solutions and enhancements to our existing solutions that can respond to advanced threats and our customers' needs, our competitive position, profitability and business prospects will be adversely affected.

Our ability to secure new contracts

We operate in a competitive market where it is difficult to predict when or if our Group can secure new contracts. Our ability to generate revenue is to a large extent dependent on our ability to secure new contracts from both new and existing customers for the provision of network support services and network connectivity services for a term ranging from one year to 10 years.

However, there is no assurance that we will be able to secure new contracts of a similar value or profit margins or our contracts will not be terminated by our customers before expiration. If we are unable to secure such new contracts or our contracts are being terminated, our results of operations, profitability and financial condition may be adversely affected.

Competition and pricing

We face intense competition from multinational corporations and local operators which are able to offer network support services and network connectivity services. The MIS industry is competitive and characterised by rapid changes in technology, customer requirements, industry standards and frequent new product introductions and improvements. As a consequence, the service we provide may become obsolete, and we may not have sufficient resources or be responsive enough to react to new technologies and product developments.

The level of competition also impacts our ability to price our services at a desired level so as to achieve our targeted profitability. We may face price-cutting pressures from our competitors in their attempt to maintain or expand their market share. Potential customers may also prefer to purchase from their existing suppliers rather than a new supplier regardless of performance. As a result, even if the quality of our services is superior, such customers may not choose our services. Our current and potential competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their resources. There is no assurance that we will be able to compete successfully in the future against our existing or potential competitors or that our business, financial position and results of operations will not be adversely affected by increased competition.

General social political and economic conditions in Malaysia

Our Group's business, prospects, financial position and results of operations may be adversely affected by any changes in the laws and regulations, social, political and economic developments and changes in Malaysia government policies. All our business operations are located in Malaysia, which will continue in the foreseeable future. Our operations will be subject to the risks of regional conflicts, terrorism,

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extremism, nationalism, changes in interest rates, imposition of capital controls, changes in government policies or introduction of new rules or regulations concerning IT industries and telecommunication and MIS industries or environmental regulations and methods of taxation in Malaysia. Any negative developments in the Malaysia economy may have a material adverse effect on business.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

During the Track Record Period, we have consistently applied all IFRSs that are effective for the financial year beginning on 1 July 2017 throughout the Track Record Period and have applied IFRS 15 *Revenue from Contracts with Customers* in advance of its effective date. In addition, we have identified certain accounting policies that are significant to the preparation of our consolidated financial statements in accordance with IFRSs. The Accountants' Report in Appendix I to this prospectus set forth these significant accounting policies in note 3. Some of our accounting policies involve subjective assumptions and estimates, as well as judgments relating to accounting items. Our estimates are based on historical experience, latest information and other assumptions that we believe to be reasonable under the circumstances. Actual results may differ under different assumptions and conditions. We believe the following accounting policies, estimates and judgements are of critical importance to us in the preparation of our consolidated financial statements.

Property, plant and equipment

Property, plant and equipment, including leasehold land and buildings, motor vehicles, internet services equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasehold land and building

When our Group makes payments for a property interest which includes both leasehold land and building elements, our Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to our Group, unless it is clear that both elements are operating leases in which case the entire

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property is accounted as an operating lease. Specifically, the entire considerations (including any lump sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at initial recognition.

When the lease payments cannot be allocated reliably between the leasehold land and building elements, the entire lease is generally classified as finance lease and accounted for as property, plant and equipment.

The items of property, plant and equipment are depreciated on a straight line basis at the following rates per annum:

Leasehold land and buildings	Over remaining lease period
Staff quarters	2%
Furniture and fittings	10%
Office equipment	10%
Renovations and signboards	10%
Computers	40%
Motor vehicles	20%
Internet service equipment	33 – 50%

Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which our Group expects to be entitled in exchange for those goods or services.

Specifically, our Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Our Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to customers.

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Control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if:

- the customer simultaneously receives and consumes the benefits provided by our Group's performance as our Group performs;
- our Group's performance creates and enhances an asset that the customer controls as our Group performs; or
- our Group's performance does not create an asset with an alternative use to our Group and our Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point of time when the customer obtains control of the asset.

Our Group recognises revenue from the following major sources which arise from contracts with customers:

- Sales of hardware;
- On-site installation of hardware;
- Network management and security services;
- Network connectivity services; and
- Lease of hardware.

(a) Sales of hardware

For sales of hardware, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the specific location. A receivable is recognised by our Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

(b) On-site installation of hardware

For installation of hardware, our Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced, thus our Group satisfies a performance obligation and recognises revenue over time based on input method, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of date of measurement as a percentage of total estimated costs for each contract, that best depict our Group's performance in transferring control of goods or services.

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(c) *Network management and security services; and network connectivity services*

For network management and security services, and network connectivity services, the customer simultaneously receives and consumes the benefits provided by our Group's performance as our Group performs, thus our Group satisfies a performance obligation and recognises revenue over time.

(d) *Lease of hardware*

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.

Under IFRS 15, contracts are required to be unbundled according to the performance obligations identified and its transaction price reallocated using the allocation method determined by our Group. The timing difference between payment for the goods or services and when control of the goods or services passes to the customer had result in the recognition of contract assets and contract liabilities.

(e) *Contract costs*

Incremental costs of obtaining a contract are those costs that our Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Our Group recognises such costs (sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

(f) *Contract liabilities*

A contract liability represents our Group's obligation to transfer goods or services to a customer for which our Group has received consideration (or an amount of consideration is due) from the customer.

(g) *Impact of the adoption of IFRS 15*

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a

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contract. Under IFRS 15, revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time.

Control of the asset is transferred over time if our Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as our Group performs; or
- does not create an asset with an alternative use to our Group and our Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

Our Group has consistently applied IFRS 15, which is effective for the accounting period beginning on 1 January 2018, throughout the Track Record Period. Since there are certain bundled contracts with provision of multiple services, certain revenue streams which are not separately accounted for under IAS 18 are split and being separately recognised by considering the relative standalone selling prices under IFRS 15, resulting in the change in timing for revenue recognition. Although IFRS 15 affects the timing of revenue and selling expense recognition, and recognition of contract liabilities and contract costs, which is different for the requirements of IAS 18, taking into account the impact disclosed below, our Directors consider that the adoption of IFRS 15 would have an insignificant impact on our financial position and performance for the years ended 30 June, 2017 and 2018.

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If we had applied IAS 18 for the years ended 30 June 2017 and 2018, the estimated impact on our financial position for the years ended 30 June 2017 and 2018 affected by the adoption of IFRS 15 is as follows:

Net profit/(losses) for the year	Amounts as reported <i>RM</i>	Effects of the adoption of IFRS 15 <i>RM</i>	Amounts without the adoption of IFRS 15 <i>RM</i>
Year ended 30 June 2017	6,032,701	343,943	6,376,644
Year ended 30 June 2018	9,666,815	(20,976)	9,645,839

Total equity	Amounts as reported <i>RM</i>	Effects of the adoption of IFRS 15 <i>RM</i>	Amounts without the adoption of IFRS 15 <i>RM</i>
As at 30 June 2017	8,044,376	(1,207,939)	6,836,437
As at 30 June 2018	15,011,192	(1,228,915)	13,782,277

With respect to the rendering of network management and security, and network connectivity services, it is recognised when the service is performed under IAS 18, while it is recognised over time throughout the contract period because the customer simultaneously receives and consumes the benefits provided by our Group's performance as our Group performs under IFRS 15. In addition, with respect to the recognition of selling expenses, it has been capitalised as contract costs and subsequently amortised to profit or loss on a systematic basis under IFRS 15, while it is recognised in profit or loss as incurred without adoption of IFRS 15.

Contract assets is recognised as unbilled receivables under trade receivables under IAS 18, our Group opted to use the term unbilled trade receivables as the accounting standards allowed. Contract liabilities is recognised as deferred income under IAS 18, our Group opted to use the new term to describe such balances.

Our Group appoints sales representatives to assist in obtaining sales contracts and the agents are remunerated by way of commission. These commissions were recognised in profit or loss upon payments under IAS 18. Under IFRS 15, the commissions represent contract costs in obtaining a contract and should be capitalised and amortised over the period during which the contract revenue is transferred to the customer.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on weighted-average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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Impairment of trade receivables

(a) Before application of IFRS 9 on 1 July 2018

Our Group assesses at the end of each reporting period whether there is any objective evidence that a trade receivable is impaired. The provision policy for bad and doubtful receivables of our Group is based on the evaluation of collectability and aging analysis of trade receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of our Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

(b) Upon application of IFRS 9 on 1 July 2018

Our Group uses provision matrix to calculate expected credit losses ("ECL") for trade receivables. The provision matrix is based on nature, size and past-due status as groupings of various debtors that have similar loss patterns. The measurement of ECL is based on our Group's historical default rates taking into consideration the historical data adjusted by forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually.

(c) Impact of the adoption of IFRS 9

In FY2019, our Group has applied IFRS 9, which is effective for the accounting period beginning on 1 January 2018, and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and other items and 3) general hedge accounting.

Our Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 July 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. The difference between carrying amounts as at 30 June 2018 and the carrying amounts as at 1 July 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

The application of IFRS 9 did not have a material impact on the financial position and performance of our Group compared to the requirement of IAS 39.

(i) Classification and measurement of financial assets

All financial assets and financial liabilities continue to be measured on the same bases as were previously measured under IAS 39.

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(ii) Impairment under ECL model

Our Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, balances are grouped based on similar credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Our Group has therefore estimated the expected loss rates for the trade receivables and the contract assets on the same basis.

ECL for other financial assets at amortised cost, including other receivables, amounts due from a director and related parties, restricted bank balance, pledged bank deposits and bank balances, are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition.

Our Directors considered that the measurement of ECL has no material impact to our Group's retained profits at 1 July 2018.

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RESULTS OF OPERATIONS

The following table summarises the selected items in our consolidated statements of profit or loss for the Track Record Period, extracted from the Accountants' Report in Appendix I to this prospectus.

	For the year ended 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
Revenue	21,443,939	36,631,786	41,353,125
Cost of sales and services	<u>(12,514,781)</u>	<u>(20,481,688)</u>	<u>(24,256,866)</u>
Gross profit	8,929,158	16,150,098	17,096,259
Other income	42,114	63,559	68,453
Other gain and losses	15,541	(66,364)	(102,383)
Selling expenses	(319,528)	(465,127)	(898,622)
Administrative expenses	(2,586,844)	(3,439,002)	(5,304,696)
Listing expenses	–	(2,002,619)	(3,812,652)
Finance costs	<u>(198,197)</u>	<u>(378,955)</u>	<u>(430,744)</u>
Profit before tax	5,882,244	9,861,590	6,615,615
Income tax credit (expense)	<u>150,457</u>	<u>(194,775)</u>	<u>1,925,467</u>
Profit and total comprehensive income for the year	<u><u>6,032,701</u></u>	<u><u>9,666,815</u></u>	<u><u>8,541,082</u></u>
Profit (loss) and total comprehensive income (expense) for the year attributable to:			
Owners of the Company	6,032,701	9,666,815	8,618,524
Non-controlling interest	<u>–</u>	<u>–</u>	<u>(77,442)</u>
	<u><u>6,032,701</u></u>	<u><u>9,666,815</u></u>	<u><u>8,541,082</u></u>

DESCRIPTION OF SELECTED ITEMS IN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

We generated our revenue from the provision of comprehensive and customised (i) network support services and (ii) network connectivity services during the Track Record Period. For FY2017, FY2018 and FY2019, our revenue were approximately RM21.4 million, RM36.6 million and RM41.4 million, respectively.

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The following table sets out the details of our revenue by business segments during the Track Record Period:

	For the year ended 30 June					
	2017		2018		2019	
	Revenue <i>RM</i>	Percentage of segment revenue %	Revenue <i>RM</i>	Percentage of segment revenue %	Revenue <i>RM</i>	Percentage of segment revenue %
Network support services	9,495,135	44.3	22,558,437	61.6	20,799,355	50.3
Network connectivity services	11,948,804	55.7	14,073,349	38.4	20,553,770	49.7
	<u>21,443,939</u>	<u>100.0</u>	<u>36,631,786</u>	<u>100.0</u>	<u>41,353,125</u>	<u>100.0</u>

Revenue from network support services

Our network support services include the provision of (a) network infrastructure design and hardware installation, (b) bandwidth management, (c) hardware monitoring and maintenance, and (d) internet security services.

During the course of rendering our network support services, we generated the revenue from the combination of (i) sales and installation of hardware; (ii) lease of hardware; (iii) provision of other network support services through the hardware installed by us, and the breakdown of which is as follows:

	For the year ended 30 June					
	2017		2018		2019	
	<i>RM</i>	%	<i>RM</i>	%	<i>RM</i>	%
Network Support Services						
One-off						
– Sales and installation of hardware	4,444,074	46.8	15,004,599	66.5	7,381,338	35.5
Recurring						
– Lease of hardware	2,848,630	30.0	3,932,953	17.4	5,208,566	25.0
– Provision of other network support services	2,202,431	23.2	3,620,885	16.1	8,209,451	39.5
Total	<u>9,495,135</u>	<u>100.0</u>	<u>22,558,437</u>	<u>100.0</u>	<u>20,799,355</u>	<u>100.0</u>

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For FY2017, FY2018 and FY2019, our revenue from network support services were approximately RM9.5 million, RM22.6 million and RM20.8 million, respectively, and represented approximately 44.3%, 61.6% and 50.3% of our total revenue, respectively.

Revenue from network connectivity services

Our network connectivity services provide solutions for setting up and managing intranet and internet with metro Ethernet using the IPVPN technology to ensure dedicated, reliable and responsive transmission over a private and secured network. Occasionally, we also provide solutions on broadband connectivity to our customers as alternative internet connection for network redundancy when used in conjunction with direct internet access on metro Ethernet, or cost-efficient primary internet connection. For FY2017, FY2018 and FY2019, our revenue derived from network connectivity services were approximately RM11.9 million, RM14.1 million and RM20.6 million, respectively, which accounted for approximately 55.7%, 38.4% and 49.7% of the total revenue, respectively.

Cost of sales and services

Our cost of sales and services mainly comprises telecommunication and network subscription, network equipment and hardware, cabling, staff costs and depreciation. The following table sets forth a breakdown of our cost of sales and services for the periods indicated:

	For the year ended 30 June					
	2017		2018		2019	
	<i>RM</i>	%	<i>RM</i>	%	<i>RM</i>	%
Telecommunication and network subscription	7,814,481	62.4	9,385,662	45.8	14,193,967	58.5
Network equipment and hardware	1,400,436	11.2	5,453,459	26.6	2,123,227	8.8
Cabling	1,066,069	8.5	1,915,258	9.4	3,185,876	13.1
Staff costs	1,484,694	11.9	1,801,549	8.8	1,962,662	8.1
Depreciation of property, plant and equipment	731,838	5.9	1,702,447	8.3	2,518,102	10.4
Others	17,263	0.1	223,313	1.1	273,032	1.1
	<u>12,514,781</u>	<u>100.0</u>	<u>20,481,688</u>	<u>100.0</u>	<u>24,256,866</u>	<u>100.0</u>

For FY2017, FY2018 and FY2019, our cost of sales and services was approximately RM12.5 million, RM20.5 million and RM24.3 million, respectively.

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Telecommunication and network subscription

Telecommunication and network subscription represents the amounts paid and payable to the telecommunication service providers for network connection. We subscribe to bandwidth from local service providers for wired network services for domestic internet connectivity. We also subscribe to international gateway access to connect to the internet internationally. For FY2017, FY2018 and FY2019, telecommunication and network subscription accounted for approximately 62.4%, 45.8% and 58.5% of our cost of sales and services, respectively.

Network equipment and hardware

Network equipment and hardware represents our cost of hardware and software appliances such as routers, appliance-based firewalls load balancers, switches, wireless access points, network traffic analysers and others. For FY2017, FY2018 and FY2019, network equipment and hardware accounted for approximately 11.2%, 26.6% and 8.8% of our cost of sales and services, respectively.

Cabling

Cabling represents our cost of cabling used in our network connectivity services. For FY2017, FY2018 and FY2019, cabling accounted for approximately 8.5%, 9.4% and 13.1% of our cost of sales and services, respectively.

Staff costs

Staff costs represent the salaries and other staff benefits for our direct labour who are directly involved in the provision of our managed internet services. For FY2017, FY2018 and FY2019, staff costs accounted for approximately 11.9%, 8.8% and 8.1% of our cost of sales and services, respectively.

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Gross profit and gross profit margin

The following table sets forth a breakdown of our gross profit and gross profit margin by service type for the periods indicated:

	For the year ended 30 June					
	2017		2018		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RM</i>	%	<i>RM</i>	%	<i>RM</i>	%
Network Support Services						
One-off						
- Sales and installation of hardware	1,321,509	29.7	6,340,838	42.3	1,688,449	22.9
Recurring						
- Lease of hardware	1,696,262	59.5	1,881,156	47.8	2,095,347	40.2
- Provision of other network support services	<u>1,877,296</u>	85.2	<u>3,343,976</u>	92.4	<u>7,179,878</u>	87.5
	4,895,067	51.6	11,565,970	51.3	10,963,674	52.7
Network connectivity Services	<u>4,034,091</u>	33.8	<u>4,584,128</u>	32.6	<u>6,132,585</u>	29.8
	<u><u>8,929,158</u></u>	41.6	<u><u>16,150,098</u></u>	44.1	<u><u>17,096,259</u></u>	41.3

Our overall gross profit was approximately RM8.9 million, RM16.2 million and RM17.1 million for FY2017, FY2018 and FY2019, respectively, with our overall gross profit margin of approximately 41.6%, 44.1% and 41.3% for the respective periods.

We provide comprehensive one stop solution package to our customers, from the provision of network support services and network connectivity services including sales and installation of hardware, lease of hardware, provision of network management and security services and provision on intranet and internet connectivity solutions. Together with good quality services, experienced and competent management team, proven track record and extensive knowledge and experience in the industry, our value-added service has enabled us to build customer loyalty and differentiate ourselves from competitors, leading to our higher gross profit margin and profitability.

Other income

Other income mainly consists of interest income from bank deposits. For FY2017, FY2018 and FY2019, other income amounted to RM42,114, RM63,559 and RM68,453, respectively.

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Other gain and losses – net

Net other gain and losses consists of gain on disposal of property, plant and equipment, written off of property, plant and equipment, impairment loss recognised on trade receivables and net foreign exchange gain or losses.

Selling expenses

Our selling expenses primarily comprise amortisation of contract costs in relation to incremental commission paid or payable to our sales representatives for obtaining contracts. For FY2017, FY2018 and FY2019, our selling expenses were approximately RM0.3 million, RM0.5 million and RM0.9 million, respectively.

Administrative expenses

Our administrative expenses primarily comprise employee benefit expenses for administrative and management personnel including directors' emoluments, depreciation, staff costs, vehicle expenses and others.

The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	For the year ended 30 June					
	2017		2018		2019	
	<i>RM</i>	%	<i>RM</i>	%	<i>RM</i>	%
Depreciation	552,760	21.4	676,069	19.7	702,517	13.2
Staff costs	1,217,077	47.1	1,862,234	54.1	2,528,327	47.7
Vehicle expenses	238,937	9.2	278,340	8.1	345,841	6.5
Others	578,070	22.3	622,359	18.1	1,728,011	32.6
	<u>2,586,844</u>	<u>100.0</u>	<u>3,439,002</u>	<u>100.0</u>	<u>5,304,696</u>	<u>100.0</u>

Other administrative expenses comprise bank charges, rental expenses, contribution to Universal Service Provider Fund (“USP”) to Malaysian Communications and Multimedia Commission (“MCMC”) and allowance for doubtful debts.

The USP Fund was established under the provision of Section 204 of the Communications and Multimedia Act (CMA) 1998. The Communications & Multimedia (Universal Service Provision) Regulations 2002 (the USP Regulations) stipulate that contributions from licensees shall be based on three factors including (i) the list of designated services; (ii) weightage factors; and (iii) six per cent of weighted net revenue.

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Pursuant to Regulation 27 of the Amended USP Regulations, all licensees except Content Applications Service Provider (CASP) licence holders, whose weighted net revenue derived from the designated services exceeds RM2.0 million in a calendar year (minimum revenue threshold) shall contribute 6% of its weighted net revenue to the USP Fund.

For FY2017, FY2018 and FY2019, our administrative expenses were approximately RM2.6 million, RM3.4 million and RM5.3 million, respectively.

Listing expenses

Listing expenses represent various professional fees and other fees and expenses incurred in connection with the Listing. For FY2018 and FY2019, listing expenses of approximately RM2.0 million and RM3.8 million, respectively, were recognised in profit or loss.

Finance costs

Finance costs comprise interest charges on our interest-bearing bank borrowings and interests on obligations under finance leases. Our finance costs amounted to approximately RM0.2 million, RM0.4 million and RM0.4 million for FY2017, FY2018 and FY2019, respectively.

The following table sets forth the breakdown of our finance costs for the periods indicated:

	For the year ended 30 June		
	2017	2018	2019
	RM	RM	RM
Interests on bank borrowings	120,314	273,732	251,960
Interests on obligations under finance leases	<u>77,883</u>	<u>105,223</u>	<u>178,784</u>
	<u>198,197</u>	<u>378,955</u>	<u>430,744</u>

Income tax credit (expense)

Income tax credit (expense) represents Malaysia Corporate Income Tax paid or payable at the applicable tax rates in accordance with the relevant laws and regulations in Malaysia, set off by or include the deferred taxation due to the temporary differences arising from the accelerated accounting depreciation, provision for contract costs and contract liabilities.

Our Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdiction in which members of our Group domicile or operate.

(i) Cayman Islands

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty.

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(ii) Hong Kong profits tax

No Hong Kong profits tax has been provided for as our Group did not have any assessable profits arising in Hong Kong during the Track Record Period.

(iii) Malaysia Corporate Income Tax

Malaysia Corporate Income Tax is calculated at the statutory tax rate on the estimated assessable profits for each of the assessable year during the Track Record Period.

The Finance Act, 2017 which was gazetted on 16 January, 2017, enacts that the incremental portion of chargeable income compared to the immediate preceding year of assessment enjoys reduced income tax rate as follows with effect for the years of assessment 2017 and 2018 in Malaysia:

Percentage of increase in chargeable income as compared to the immediate preceding year of assessment	Percentage point of reduction in tax rate	Tax rate after reduction
	%	
Less than 5%	Nil	24
5% – 9.99%	1	23
10% – 14.99%	2	22
15% – 19.99%	3	21
20% and above	4	20

The above changes are effective for the years of assessment 2017 and 2018 only. The above changes ceased to be effective from the year of assessment 2019, where the corporate income tax rate is 24%.

Our Group is entitled to the tax benefit schemes as mentioned in the two paragraphs below. There were no further chargeable income available to benefit from percentage point of reduction in tax rate.

Under the Income Tax Act 1967 of Malaysia, small and medium enterprises in Malaysia with paid-up capital amounting to RM2,500,000 or less are subject to income tax at the rate of 18% for the years ended 30 June 2017 and 30 June 2018, and 17% for the year ended 30 June 2019, respectively, on chargeable income amounting to RM500,000 or less. For chargeable income in excess of RM500,000, the corporate income tax rate is 24%.

The amount represents a tax incentive provided to a subsidiary of our Company by the Malaysian Investment Development Authority (“MIDA”) for 5 plus 5 years in respect to entities providing or engaged in connectivity and multimedia services. That subsidiary is using the value added income method for pioneer status tax incentive, in which the income tax expense is derived from inflation adjusted statutory income for the preceding year multiplied by one plus the rate of inflation for the basis year. On 3 April 2019, the tax pioneer status of that subsidiary expired as MIDA has ceased to renew existing tax pioneer status.

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For FY2017, our income tax credit was approximately RM0.2 million. For FY2018, our income tax expense was approximately RM0.2 million and our effective tax rate for the same period was 2.0%. For FY2019, our income tax credit was approximately RM1.9 million. For FY2017 and FY2018, our effective tax rates were -2.6% and 2.0%, respectively. Negative effective tax rates in FY2017 was mainly resulted from the deferred tax credit mainly due to the temporary differences arising from the provision for contract costs. The effective tax rates increased in FY2018 was mainly resulted from the impact of underprovision of Malaysia Corporate Income Tax in prior years.

For FY2018 and FY2019, our effective tax rates were 2.0% and -29.1%, respectively. The decrease in the effective tax rates in FY2019 was mainly due to the deferred tax credit in relation to the temporary differences arising from the contract liabilities which were taxable under the Malaysia Corporate Income Tax at the time of receipts from customers, net of the Malaysia corporate income tax expense.

During the Track Record Period and up to the Latest Practicable Date, we had fulfilled all our income tax obligations and have not had any unresolved income tax issues or disputes with the relevant tax authorities.

(iv) Deferred tax assets (liabilities)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which our Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and our Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss.

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The following table sets forth the deferred tax assets (liabilities) recognised by our Group and movements thereon during the Track Record Period.

	Accelerated accounting depreciation <i>RM</i>	(Contract costs)/ Provision for contract costs <i>RM</i>	Contract liabilities <i>RM</i>	Tax losses <i>RM</i>	Total <i>RM</i>
At 1 July 2016	(359,739)	169	42,117	–	(317,453)
Credit to profit or loss	<u>–</u>	<u>193,138</u>	<u>23,319</u>	<u>–</u>	<u>216,457</u>
At 30 June 2017	(359,739)	193,307	65,436	–	(100,996)
(Charged) credited to profit or loss	<u>–</u>	<u>(50,980)</u>	<u>12,450</u>	<u>–</u>	<u>(38,530)</u>
At 30 June 2018	(359,739)	142,327	77,886	–	(139,526)
Credited (charged) to profit or loss	<u>598,316</u>	<u>(338,553)</u>	<u>1,599,287</u>	<u>184,585</u>	<u>2,043,635</u>
At 30 June 2019	<u><u>238,577</u></u>	<u><u>(196,226)</u></u>	<u><u>1,677,173</u></u>	<u><u>184,585</u></u>	<u><u>1,904,109</u></u>

Our Group had unused tax losses of approximately RM3,078,000, RM2,328,000 and RM769,000, and deductible temporary differences arising from contract liabilities of approximately RM1,167,000, RM1,035,000 and RM6,988,000 available for offset against future profits as at 30 June 2017, 30 June 2018 and 30 June 2019, respectively. A deferred tax asset has been recognised in respect of unused tax losses and deductible temporary differences arising from contract liabilities of approximately RM769,000 and RM6,988,000, respectively, as at 30 June 2019. No deferred tax has been recognised in respect of unused tax losses of approximately RM3,078,000 and RM2,328,000 and deductible temporary differences arising from contract liabilities of approximately RM1,167,000 and RM1,035,000, as at 30 June 2017 and 30 June 2018, respectively, due to unpredictable of future profit streams and it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised. Under Malaysia Finance Act 2018 gazetted on 27 December 2018, the unused tax losses of approximately RM769,000 as at 30 June 2019 can be carried forward for another 7 consecutive years of assessment (i.e. from year of assessment 2020 to 2026), where these unused tax losses were classified as “no expiry period” as at 30 June 2017 and 2018.

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REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Year ended 30 June 2019 compared to year ended 30 June 2018

Revenue

Our revenue increased by approximately RM4.8 million or 13.1% from approximately RM36.6 million for FY2018 to approximately RM41.4 million for FY2019. Such increase was mainly attributable to the approximately 46.1% increase in revenue from network connectivity services projects and offset by approximately 8.0% decrease in revenue from network support services during FY2019.

Revenue from network support services

Our revenue from network support services decreased by approximately RM1.8 million or 8.0% from approximately RM22.6 million for FY2018 to approximately RM20.8 million for FY2019. Such decrease was mainly attributable to the decrease of our one-off revenue from sales and installation of hardware by approximately RM7.6 million or 50.7%, from approximately RM15.0 million for FY2018 to approximately RM7.4 million for FY2019 and offset by the increase of our recurring revenue by approximately RM5.8 million or 76.3%, from approximately RM7.6 million for FY2018 to approximately RM13.4 million for FY2019. The decline of our Group's one-off revenue from sales and installation of hardware was mainly due to the fact that an increasing number of customers were inclined to lease rather than purchase network equipment and hardware. Revenue from leasing of hardware increased by approximately RM1.3 million or 33.3% from approximately RM3.9 million in FY2018 to approximately RM5.2 million in FY2019. Revenue from leasing of hardware, being recognised on a straight-line basis over the term of the relevant leases, is lower than the revenue recognised from the outright sale of the same hardware. The increase of our Group's recurring income under network support services was mainly due to the increase of our revenue from provision of other network support services by approximately RM4.6 million or 126.7% from approximately RM3.6 million for FY2018 to approximately RM8.2 million for FY2019, primarily due to the Phase 2 stage of the Nationwide Project focused on the provision of network support services including hardware monitoring and maintenance services and internet security services at approximately 2,800 sites with the contract value of approximately RM7.4 million.

Revenue from network connectivity services

Our revenue generated from network connectivity services increased by approximately RM6.5 million or 46.1% from approximately RM14.1 million for FY2018 to approximately RM20.6 million for FY2019. Such increase was mainly attributable to the subscription fees revenue received from (i) new contracts from our existing channel partners including Supplier A and a subsidiary, Supplier D, Digicity (M) Sdn. Bhd., and AIMS Data Centre Sdn. Bhd. and a group company of approximately RM3.2 million, (ii) new contracts from our existing direct customers including Customer D and Customer G of approximately RM2.7 million, as well as (iii) provision of network connectivity services to 10 new direct customers engaged in various industries such as logistics, information technology and hotel of approximately RM0.4 million.

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Cost of sales and services

Our cost of sales and services increased by approximately RM3.8 million or 18.5% from approximately RM20.5 million for FY2018 to approximately RM24.3 million for FY2019, which was mainly attributable to the net effect of (i) increase in cost of telecommunication and network subscription, (ii) increase in cost of cabling, offset by (iii) decrease in cost of network equipment and hardware. During FY2019, the cost of telecommunication and network subscription increased by approximately RM4.8 million or 51.1% from approximately RM9.4 million for FY2018 to approximately RM14.2 million FY2019. The increase in telecommunication and network subscription was in line with our increase of revenue from the network connectivity services of approximately 46.1% during FY2019.

The cost of network equipment and hardware and cabling decreased by approximately RM2.1 million or 28.4% from approximately RM7.4 million for FY2018 to approximately RM5.3 million for FY2019. The decrease in the cost of network equipment and hardware and cabling was mainly because of the approximately RM7.6 million or 50.7% decrease in revenue from sales and installation of hardware from approximately RM15.0 million in FY2018 to RM7.4 million in FY2019. The Nationwide Project was in the Phase 2 stage during FY2019, which focused on the provision of network support services including hardware monitoring and maintenance services and internet security services with less work on sales and installation of hardware.

On the other hand, in order to meet the deadline of the Phase 2 stage, most of the work done for installation of hardware in Phase 2 stage was subcontracted to third parties. Therefore, the cabling cost, which included, among other things, the subcontracting cost for cabling works, incurred during this period of time increased. For more information about Phase 2 of the Nationwide Project, please refer to the paragraphs headed “Review of historical results of operations – Year ended 30 June 2018 compared to year ended 30 June 2017 – The Nationwide Project” of this section.

Our staff costs for direct labour remained stable at approximately RM1.8 million and RM2.0 million for FY2018 and FY2019, respectively.

Gross profit and gross profit margin

Our overall gross profit increased by approximately RM0.9 million or 5.6% from approximately RM16.2 million for FY2018 to approximately RM17.1 million for FY2019 due to the increase in revenue.

Our overall gross profit margin decreased from approximately 44.1% for FY2018 to approximately 41.3% for FY2019, which was mainly due to the change in revenue mix between network support services and network connectivity services.. Our network support services accounted for approximately 61.6% and 50.3% of total revenue for FY2018 and FY2019, respectively. The gross profit margin of network support services increased from approximately 51.3% to 52.7% for the corresponding periods. The increase was primarily due to the increase in proportion of gross profit contributed from provision of other network support services from approximately RM3.3 million for FY2018 to approximately RM7.2 million for FY2019 which had a gross profit margin of approximately 87.5% as the Phase 2 stage of the Nationwide Project during FY2019 focused on hardware monitoring and maintenance services and internet security services.

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Meanwhile, the gross profit margin of the sales and installation of hardware dropped from approximately 42.3% for FY2018 to approximately 22.9% for FY2019. Such decrease was mainly due to lower profit margin in connection with installation services rendered in FY2019 for Phase 2 of the Nationwide Project with higher installation cost resulting from engaging sub-contractors rather than in-house staff for the case of Phase 1 of the Nationwide Project in FY2018 staff given the tight time frame.

Our network connectivity services accounted for approximately 38.4% and 49.7% of our total revenue for FY2018 and FY2019, respectively. The gross profit margin of network connectivity services decreased from approximately 32.6% for FY2018 to approximately 29.8% for FY2019 mainly due to the increase of telecommunication and network subscription cost by approximately RM4.8 million or 51.1% from approximately RM9.4 million for FY2018 to approximately RM14.2 million for FY2019.

Other income

Our other income increased by RM4,894 or 7.7% from RM63,559 for FY2018 to RM68,453 for FY2019. This increase was primarily due to increase in interest income from bank deposits.

Other gain and losses – net

Our other net losses increased from RM66,364 for FY2018 to RM102,383 for FY2019. The increase in net other loss was mainly due to the impairment loss recognised on trade receivables of RM366,403 for FY2019 and the amount of RM90,087 written off on property, plant and equipment in FY2019 partially offset by the net foreign exchange gain of RM354,107 for FY2019.

Selling expenses

Our selling expenses increased by approximately RM0.4 million or 80.0% from approximately RM0.5 million for FY2018 to approximately RM0.9 million for FY2019. Such increase was primarily due to increased commission paid to our sales representatives for securing contracts with new customers during FY2019.

Administrative expenses

Our administrative expenses increased by approximately RM1.9 million or 55.9% from approximately RM3.4 million for FY2018 to approximately RM5.3 million for FY2019. The increase was primarily due to (a) increase in contribution to the USP Fund and allowance for doubtful debts of approximately RM0.7 million and RM0.4 million respectively and (b) increase in staff costs for administrative and management personnel from approximately RM1.9 million for FY2018 to approximately RM2.5 million for FY2019. The number of sales and marketing staff members, and accounting and finance staff members of IP Core increased from 13 in FY2018 to 17 in FY2019 in order to cope with our expanded business volume, which reflected in (i) the increase of the salary of the administrative and management personnel staff (excluding directors) from approximately RM0.6 million in FY2018 to approximately RM0.8 million in FY2019; and (ii) the increase of directors' remuneration from approximately RM0.7 million in FY2018 to approximately RM1.2 million in FY2019.

FINANCIAL INFORMATION

Finance costs

Our finance costs mainly represented interests on bank borrowings and interests on obligations under finance leases and remained stable at approximately RM0.4 million for FY2019 as compared with approximately RM0.4 million for FY2018.

Income tax credit (expense)

Our income tax changed from an income tax expense of approximately RM0.2 million for FY2018 to an income tax credit of approximately RM1.9 million for FY2019. Income tax credit for FY2019 was mainly attributable to the deferred tax credit of approximately RM2.0 million in relation to the temporary differences arising from the contract liabilities which were taxable under the Malaysia Corporate Income Tax at the time of receipts from customers, net of the Malaysia corporate income tax expense of RM118,168. Income tax expense for FY2018 mainly represented the Malaysia current corporate income tax expense of RM66,600 and prior years' underprovision of RM89,645.

Profit for the year

Our total net profit decreased by approximately RM1.2 million or 12.4% from approximately RM9.7 million for FY2018 to approximately RM8.5 million for FY2019. Such decrease was mainly due to (i) the lower gross profit margin in FY2019 due to the change in revenue mix between our network support services and network connectivity services; (ii) increase in administrative expenses resulted from the increase in our contribution to the USP Fund and the increase in staff costs for administrative and management personnel; and (iii) the increase of listing expenses incurred from approximately RM2.0 million in FY2018 to approximately RM3.8 million in FY2019. Our net profit margin decreased from approximately 26.4% for FY2018 to approximately 20.7% for FY2019 which was mainly due to the listing expenses of approximately RM3.8 million incurred during FY2019.

Year ended 30 June 2018 compared to year ended 30 June 2017

Revenue

Our revenue increased by approximately RM15.2 million or 71.0% from approximately RM21.4 million for FY2017 to approximately RM36.6 million for FY2018. Such increase was mainly attributable to the 137.9% increase in revenue from network support services and 18.5% increase in revenue from network connectivity service projects in FY2018.

Revenue from network support services

Our revenue from network support services increased by approximately RM13.1 million or 137.9% from approximately RM9.5 million in FY2017 to approximately RM22.6 million in FY2018. Such increase was mainly attributable to the increase of one-off revenue from the sales and installation of hardware following our network infrastructure design and recurring revenue from subscription fees. The one-off revenue increased by approximately RM10.6 million or 240.9%, from approximately RM4.4 million in FY2017 to approximately RM15.0 million in FY2018. In addition, our recurring revenue increased by approximately RM2.5 million or 49.0%, from approximately RM5.1 million in FY2017 to approximately

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RM7.6 million in FY2018. The growth of our Group's network support services business was mainly due to the fact that our Group expanded its sales and marketing effort targeted at its channel partners to explore more end-user customers.

In FY2018, Supplier A and Supplier D, who are also our customers, had awarded the Nationwide Project to us with an initial contract sum of approximately RM4.7 million and RM2.2 million. In this connection, we generated substantial revenue from the sale and installation of hardware at the inception stage of the Nationwide Project, which had subsequently completed in FY2018 and the entire contract sum of which had been recognised in FY2018. As such, our Directors expect that we would proceed to the provision of network monitoring and security services and enter a separate contract with these customers in this respect. These were two of the major customers orders that led to our revenue derived from sales and installation of equipment and hardware increased by approximately RM10.6 million or 240.9% from approximately RM4.4 million in FY2017 to approximately RM15.0 million in FY2018.

The Nationwide Project

In November 2017, Supplier A and our Group jointly entered into negotiation with Supplier D to obtain a new project involving the nationwide delivery and installation of equipment across Malaysia to Supplier D's customers within a period of six months, being the initial phase ("**Phase 1**") of the Nationwide Project. The end-users of the Nationwide Project cover different industries such as convenience store chains, household supplies chains, groceries, food and beverage chains, clothing outlets, healthcare chains, jewellery and watches boutiques and lottery stations across Malaysia. Historically, many of these end-users engaged different MIS providers ("**Decentralised IT policy**") and there was no single point of contact whenever technical issues arise. The Nationwide Project was initiated by the end-users who considered it an appropriate time to implement centralised IT policy and engage one MIS provider as the single point of contact to render IT services for all their outlets in Malaysia. Supplier D then commenced this project to cater for its customers' needs.

As to the reason of Supplier D's engagement of our Group for provision of network support services in the Nationwide Project, our Directors believe that it was because Supplier D was satisfied with the quality of our services in one of its projects where we provided network support services to one of its customers who operates a number of fashion outlets in different cities across Malaysia. Our Group has deployed a group of engineers to station in different states in Malaysia to provide prompt services to our customers and the end-users of our services and it serves as a single point of contact when the end-users have technical issues to address. Thus Supplier D outsourced the project to our Group.

In Phase 1, Supplier D would provide network connectivity services to its customer in areas where it has network coverage, and the same time, it contracted with Supplier A to provide network connectivity services in areas where Supplier D did not have coverage. Supplier A and Supplier D placed purchase orders and/or service order forms with our Group pursuant to the contracts entered into with Supplier A and Supplier D, key terms of which can be found in the paragraph "Business – Our customers – Key agreement terms with our channel partners" of this prospectus. Our service scope involved the installation of network connectivity devices and the verification of connection to wifi using certain testing methods for configuring data centre in order to support the network support services and installation of hardware services in relation to their respective areas of coverage, including the physical installation, configuration, setup and

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implementation of hardware provided by Supplier D's suppliers, as well as the establishment of secured IPVPN connection, at over 1,800 and 900 end-user destinations in Malaysia, respectively, with contract sums of approximately RM4.7 million and RM2.2 million, respectively.

Among the end-user destinations, there were over 1,400 convenience store chains, over 300 household supplies chains, over 300 food and beverage chains, over 200 health care chains, over 100 lottery stations, over 70 groceries, over 40 clothing outlets and over 30 jewellery and watches boutiques. At each end-user destination, on average, we sent one engineer or IT technician to install hardware, including router, wifi access point, uninterruptible power supply and desktop and notebook computers as per the network infrastructure design provided by Supplier D, and to configure such hardware and the computers at the end-user destination in order to establish both local connection and IPVPN connection to remote servers. Typically, an engineer or IT technician could complete the entire installation process in approximately 1.5 hours which is in line with industry practice according to the F&S report.

The following table sets forth the number and location of the end-user destinations of the Nationwide Project by the corporate end-users of Supplier A and Supplier D.

End-user	Description	Number of end-user destinations of the Nationwide Project														Sub-total
		Central Region <i>(Note 1)</i>			Northern Region <i>(Note 2)</i>			Eastern Coast Region <i>(Note 3)</i>			Southern Region <i>(Note 4)</i>		East Malaysia <i>(Note 5)</i>			
		KUL	PJ	CJ	KDH	PNG	PRK	KTN	TRG	PHG	NSN	MLK	JB	SBH	SWK	
A	An 24-hour convenience store chain listed on Bursa Malaysia with international headquarters in the U.S.	97	69	6	56	83	83	86	72	85	89	68	54	58	34	940
B	A convenience store chain and press listed on Bursa Malaysia	-	-	-	-	16	-	-	-	-	-	-	-	-	-	16
C	A 24-hour convenience store chain in Malaysia	-	-	-	-	8	-	-	-	-	-	-	-	-	-	8
D	A chain of small grocery outlets and convenience stores in Malaysia	81	56	3	-	-	61	-	-	15	111	51	71	60	1	510
E	A multinational home improvement retailer selling hardware, household, furnishing and other products	42	17	1	18	19	40	20	20	39	21	14	28	33	35	347

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End-user	Description	Number of end-user destinations of the Nationwide Project														Sub-total
		Central Region			Northern Region			Eastern Coast Region			Southern Region		East Malaysia			
		<i>(Note 1)</i>			<i>(Note 2)</i>			<i>(Note 3)</i>			<i>(Note 4)</i>		<i>(Note 5)</i>			
	KUL	PJ	CJ	KDH	PNG	PRK	KTN	TRG	PHG	NSN	MLK	JB	SBH	SWK		
F	A retailer of hardware, food and beverages and household products	-	-	-	-	-	-	-	10	-	-	-	-	-	-	10
G	A leading supermarket retailer chain in Malaysia	7	21	-	4	4	4	-	7	-	2	-	8	2	-	59
H	A British multinational groceries and general merchandise retailer	-	-	-	2	4	4	1	-	-	3	2	1	-	-	17
I	An international fast food chain offering fried chicken and other fast foods originated in the U.S.	26	19	6	2	7	3	4	18	2	4	2	5	2	20	120
J	An international pizza restaurant chain originated in the U.S.	-	16	96	21	16	-	20	13	10	4	-	-	-	21	217
K	An international pizza restaurant chain originated in the U.S.	5	3	-	1	2	3	-	4	1	2	4	3	-	-	28
L	A large integrated poultry operators specializing in the processing and retailing of chicken for local and export markets	-	-	-	-	-	-	-	2	-	-	-	-	-	-	2
M	A chain of dessert and beverage outlets	-	-	-	-	-	-	-	10	-	-	-	-	-	-	10
N	A Japanese international clothing retailer	9	12	-	1	2	2	-	-	2	-	2	4	2	2	38
O	A Swedish international clothing retailer	3	-	-	-	1	1	-	-	-	-	-	1	-	2	8
P	A multinational chain of pharmacies and retailers of beauty, health and personal care products	-	20	19	23	7	-	13	7	22	3	-	-	-	1	115

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End-user	Description	Number of end-user destinations of the Nationwide Project														Sub-total
		Central Region			Northern Region			Eastern Coast Region			Southern Region		East Malaysia			
		<i>(Note 1)</i>			<i>(Note 2)</i>			<i>(Note 3)</i>			<i>(Note 4)</i>		<i>(Note 5)</i>			
KUL	PJ	CJ	KDH	PNG	PRK	KTN	TRG	PHG	NSN	MLK	JB	SBH	SWK			
Q	Pharmacies and retailers of health and personal care products in Malaysia	1	1	-	-	2	1	1	1	-	1	1	4	-	1	14
R	Pharmacies and retailers of beauty, health and personal care products in Malaysia	-	11	13	17	10	-	6	12	13	1	-	-	-	15	98
S	A multinational dispensaries of Chinese medicine and health products in the Asia region	-	13	12	1	3	-	-	-	1	3	-	-	-	5	38
T	A Malaysia retailer of health, beauty, personal care, household and other products	-	-	-	8	-	1	5	9	-	-	-	-	-	-	23
U	A retailer of nutrition and wellness, energy, beauty, personal care and home living products operating under a well-known international direct selling brand	-	-	-	1	-	-	-	-	2	-	-	-	-	3	6
V	A retailer of timepieces operating under a well-known Asian brand	-	8	11	1	4	-	1	2	2	1	-	-	-	2	32
W	A jewellery retailer selling precious metal jewellery with diamond and other gemstones	-	-	-	-	1	-	2	-	-	-	-	-	-	-	3
X	A gaming company that operates gaming kiosks and outlets in Malaysia	-	3	67	18	20	-	-	-	35	2	-	-	-	-	145
Total		271	269	234	174	209	203	159	187	229	247	144	179	157	142	2,804

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Notes:

1. The areas covered Central Region of Malaysia including Kuala Lumpur (KUL), Petaling Jaya (PJ) and Cyberjaya (CJ).
2. The areas covered Northern Region of Malaysia including Kedah (KDH), Penang (PNG) and Perak (PRK).
3. The areas covered Eastern Coast Region of Malaysia including Kelantan (KTN), Terengganu (TRG) and Pahang (PHG).
4. The areas covered Southern Region of Malaysia including Negeri Sembilan (NSN), Melaka (MLK) and Johor Bahru (JB).
5. The areas covered East Malaysia including Sabah (SBH) and Sarawak (SWK).

Installation of hardware for Phase 1 commenced in January 2018 and was eventually completed in June 2018 at all end-user destinations. All user acceptance tests were carried out with Supplier A and Supplier D in June 2018. Invoices covering the total contract sum of approximately RM4.7 million were issued by our Group to Supplier A in August 2018 and they were subsequently settled in full by Supplier A between September and November 2018. Meanwhile, invoices covering the total contract sum of approximately RM2.2 million were issued by our Group to Supplier D in August 2018 and they were subsequently settled in full by Supplier D in September 2018.

Second phase of the Nationwide Project (“Phase 2”) involves the installation of additional hardware, i.e. a network switch which enables remote monitoring of network and hardware from our NOC. This additional hardware was subsequently installed after completion of Phase 1 as it was Supplier D’s policy to grant Phase 2 to us after it had evaluated our capabilities and the quality of services in undertaking the works in Phase 1. The provision of the said installation services in respect of all of the approximately 2,800 sites has completed in August 2018 and our network support services commenced after completion of the installation services. Our services have covered 14 areas in Malaysia including Perak, Penang, Kelantan, Pahang, Terengganu, Kedah, Sabah, Sarawak, Kuala Lumpur, Cyberjaya, Petaling Jaya, Negeri Sembilan, Melaka and Johor Bahru.

AIMS Data Centre Sdn. Bhd., AIMS Cyberjaya Sdn. Bhd. and Customer G

Furthermore, the increase in revenue in FY2018 was also partially contributed by the aggregate increase in revenue from other customers including AIMS Data Centre Sdn. Bhd. and AIMS Cyberjaya Sdn. Bhd., and Customer G, as well as 37 new customers of our network support services, contributing an increase of approximately RM2.7 million, RM1.2 million and RM0.9 million, respectively, to our revenue in FY2018. The increase in revenue generated from network support services for AIMS Data Centre Sdn. Bhd. and AIMS Cyberjaya Sdn. Bhd. was mainly due to revenue generated from 26 new contracts for different ultimate customers.

Due to our competitive pricing, we were able to obtain Customer G’s engagement to provide managed internet services. To the best knowledge and belief of the Directors after making all reasonable enquiries, the Directors note that Customer G’s contracts with one of its existing suppliers for network support and network connectivity services at some of its facilities was going to expire in FY2018, whereby other suppliers like our Group would have chance to bid for the contract with Customer G at that time. The

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Directors then approached Customer G and subsequently won a new contract with Customer G due to our Company's competitive pricing terms and past proven track record with Customer G. In fact, Customer G had been gradually switching to our Company for provision of network connectivity services to some of its facilities over the years. Our Company first provided network connectivity services to two of Customer G's branches in FY2017. We later extended our network connectivity services to its headquarters and other branches and also provided network support services in FY2018.

Revenue from network connectivity services

Our revenue from network connectivity services increased by approximately RM2.2 million or 18.5% from approximately RM11.9 million in FY2017 to approximately RM14.1 million in FY2018. Such increase was fully attributable to the increase in subscription fees received which was mainly due to increasing demand from new customers.

The increase in revenue of approximately RM2.2 million, or 18.5%, recorded in FY2018 is partially attributed to a revenue of approximately RM0.9 million generated from provision of network connectivity services to 10 new customers in FY2018 mainly consisting of manufacturers and companies in the construction and accounting services industries located in Selangor, Penang, Melaka, as well as other states in Malaysia. The average original contract sum of our contracts with these new customers amounts to approximately RM0.2 million, with a contract duration of up to 5 years.

Cost of sales and services

Our cost of sales and services increased by approximately RM8.0 million or 64.0% from approximately RM12.5 million in FY2017 to approximately RM20.5 million in FY2018, which is in line with our 71.0% increase in revenue. During FY2018, the cost of telecommunication and network subscription increased by approximately RM1.6 million or 20.5% from approximately RM7.8 million in FY2017 to approximately RM9.4 million in FY2018. The increase in telecommunication and network subscription is in line with our increase of revenue from the network connectivity services at approximately 18.5% in FY2018.

The cost of network equipment and hardware increased by approximately RM4.1 million or 292.9% from approximately RM1.4 million in FY2017 to approximately RM5.5 million in FY2018. The significantly percentage increase in the cost of network equipment and hardware was mainly due to the network infrastructure design and hardware installation phase of the three network support services projects from AIMS Cyberjaya Sdn. Bhd. and Customer G covered the sales and installation of a large number of network equipment and hardware. The increase in the cost of network equipment and hardware is in line with our increase of revenue from sales and installation of equipment and hardware under network support services at approximately 240.9% in FY2018.

Our staff costs for direct labour increased by approximately RM0.3 million or 20.0% from approximately RM1.5 million in FY2017 to approximately RM1.8 million for in FY2018. The increase was mainly due to the combined effect of increase in (i) salaries of employees and (ii) the number of employees of our Group.

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Gross profit and gross profit margin

Our overall gross profit increased by approximately RM7.3 million or 82.0% from approximately RM8.9 million in FY2017 to approximately RM16.2 million in FY2018 due to the corresponding increase in revenue. Our overall gross profit margin increased from approximately 41.6% for FY2017 to approximately 44.1% for FY2018, which was mainly due to the increase in the revenue generated from our network support services with a higher profit margin. Our network support services represented approximately 44.3% of our total revenue in FY2017 and approximately 61.6% of our total revenue in FY2018.

Our gross profit margin of network support services maintained relatively stable at approximately 51.6% in FY2017 and approximately 51.3% in FY2018. Our gross profit margin of network connectivity services maintained relatively stable at approximately 33.8% in FY2017 and approximately 32.6% in FY2018.

Other income

Our other income increased from RM42,114 in FY2017 to RM63,559 in FY2018 primarily due to increase in interest income from bank deposits.

Other gain and losses – net

Our net other gain and losses decreased by RM81,905 from a gain of RM15,541 in FY2017 to a loss of RM66,364 in FY2018. Other gains and losses decreased mainly due to a write-off of property, plant and equipment and net foreign exchange losses.

Selling expenses

Our selling expenses increased by approximately RM0.2 million or 66.7% from approximately RM0.3 million in FY2017 to approximately RM0.5 million in FY2018. Such increase was due to increased commission paid to our sales representatives for securing contracts with new customers in FY2018.

Administrative expenses

Our administrative expenses increased by approximately RM0.8 million or 30.8% from approximately RM2.6 million in FY2017 to approximately RM3.4 million in FY2018. The increase was primarily due to our increase in employee benefit expenses for administrative and management personnel including directors' emoluments increased from approximately RM1.2 million in FY2017 to approximately RM1.9 million in FY2018.

Finance costs

Our finance costs increased by approximately RM0.2 million or 100.0% from approximately RM0.2 million in FY2017 to approximately RM0.4 million in FY2018, primarily due to the increase in interests on bank borrowings and interests on obligations under finance leases.

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Income tax credit (expense)

Our income tax changed from an income tax credit of approximately RM0.2 million in FY2017 to an income tax expense of approximately RM0.2 million in FY2018. Income tax credit in FY2017 was mainly resulted from the deferred tax credit of RM216,457 mainly due to the temporary differences arising from the provision for contract costs. Income tax expense in FY2018 was mainly resulted from the impact of underprovision of Malaysia Corporate Income Tax of RM89,645 in prior years.

Profit for the year

Our total net profit increased by approximately RM3.7 million or 61.7% from approximately RM6.0 million for FY2017 to approximately RM9.7 million for FY2018. Such increase was mainly due to the increase in revenue and the higher gross profit margin in FY2018 resulted from the corresponding increase in revenue generated from our network support services with a higher profit margin. Our network support services represented approximately 44.3% of our total revenue in FY2017 and approximately 61.6% of our total revenue in FY2018. Our net profit margin decreased from approximately 28.1% in FY2017 to approximately 26.4% in FY2018 which was mainly due to the listing expenses of approximately RM2.0 million incurred during FY2018.

LIQUIDITY AND CAPITAL RESOURCES

Our use of cash primarily relates to operating activities, capital expenditure and repayment of bank borrowings. We have historically financed our operations primarily through a combination of capital contribution from our Shareholders, cash flow generated from our operation and bank borrowings. We were able to repay our obligations under bank borrowings when they became due. We did not experience any difficulties in rolling over our bank borrowings during the Track Record Period. We currently expect that there will not be any material change in the sources and uses of cash of our Group, except that we would have additional funds from proceeds of the Share Offer for implementing our future plans as detailed under the section headed “Future plans and use of proceeds” in this prospectus.

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Cash Flow

The following table sets forth a summary of our consolidated cash flows for the periods indicated:

	For the year ended 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
Net cash from operating activities	4,285,215	7,129,476	16,503,713
Net cash used in investing activities	(4,973,572)	(4,911,672)	(15,877,747)
Net cash from financing activities	<u>73,045</u>	<u>176,997</u>	<u>4,164,528</u>
Net (decrease)/increase in cash and cash equivalents	(615,312)	2,394,801	4,790,494
Cash and cash equivalents at beginning of year	943,298	327,986	2,735,410
Effect of exchange rate differences	<u>–</u>	<u>12,623</u>	<u>2,149</u>
Cash and cash equivalents at end of year	<u><u>327,986</u></u>	<u><u>2,735,410</u></u>	<u><u>7,528,053</u></u>

Operating activities

Our net cash from operating activities comprises profit before tax adjusted for non-cash and non-operating items, such as amortisation of contract costs, depreciation, gain on disposal of property, plant and equipment, impairment losses recognised on trade receivables and finance costs, and adjusted for the changes in working capital. During our Track Record Period, our cash inflow from operating activities was principally from receipt of sales. Our cash outflow used in operating activities was principally for purchases of inventories and payment of operating expenses.

In FY2019, our net cash from operating activities was approximately RM16.5 million, as a result of operating cash flow before movements in working capital of approximately RM11.6 million adjusting for the increase in working capital of approximately RM5.3 million and net tax payment of approximately RM0.4 million. Net increase in working capital was primarily the net effects of (i) the increase in contract liabilities of approximately RM1.4 million; (ii) increase in trade and other payables and accrued expenses of approximately RM2.8 million; and (iii) the decrease in trade and other receivables, deposits and prepayments of approximately RM2.2 million.

In FY2018, our net cash from operating activities was approximately RM7.1 million, as a result of operating cash flow before movements in working capital of approximately RM13.1 million adjusting for the decrease in working capital of approximately RM5.8 million and net tax payment of approximately RM0.2 million. Net decrease in working capital was primarily the net effects of (i) the increase in trade and other receivables, deposits and prepayments of approximately RM7.8 million; and offset by (ii) the increase in trade and other payables and accrued expenses of approximately RM1.5 million.

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In FY2017, our net cash from operating activities was approximately RM4.3 million, as a result of operating cash flow before movements in working capital of approximately RM7.6 million adjusting for the decrease in working capital of approximately RM3.2 million and tax payment of approximately RM0.1 million. Net decrease in working capital was primarily the net effects of (i) the increase in trade and other receivables, deposits and prepayments of approximately RM3.2 million; (ii) the increase in inventories of approximately RM1.0 million; and offset by (iii) the increase in contract liabilities of approximately RM1.6 million.

Investing activities

Our cash outflow in investing activities mainly consists of the payment for purchase of property, plant and equipment, the placement of pledged bank deposits, the deposit paid for property, plant and equipment and the advance to a director. Our cash inflow from investing activities mainly represents the proceeds from disposal of property, plant and equipment and the repayment from a director.

In FY2019, our net cash used in investing activities was approximately RM15.9 million, which primarily consisted of the deposit paid for property, plant and equipment of approximately RM11.6 million and the payment for the purchase of property, plant and equipment of approximately RM4.4 million.

In FY2018, our net cash used in investing activities was approximately RM4.9 million, which primarily consisted of the deposit paid for property, plant and equipment as a staff quarter of approximately RM1.0 million, the payment for the purchase of property, plant and equipment of approximately RM2.0 million and the advance to a director of approximately RM2.1 million. The cash outflow was partially offset by the repayment from a director of approximately RM0.3 million.

In FY2017, our net cash used in investing activities was approximately RM5.0 million, which primarily consisted of the payment of purchase of property, plant and equipment of approximately RM3.4 million, the placement of pledged bank deposits of approximately RM0.9 million and the advance to a director of approximately RM1.8 million. The cash outflow was partially offset by the proceeds from disposal of property, plant and equipment of approximately RM0.6 million and the repayment from a director of RM0.7 million.

Financing activities

Our cash inflow from financial activities mainly consist of new bank borrowings and the advance from a director. Our cash used in financing activities mainly consist of payment of interest on the bank borrowings, repayments of bank borrowings, repayments of obligations under finance leases, repayment to a director and the share issue costs paid.

In FY2019, our net cash from financing activities was approximately RM4.2 million, which primarily consisted of proceeds from issuance of shares of approximately RM7.7 million and advance from a director of RM3,734, less repayments of bank borrowings of approximately RM0.2 million, payments of interest on the bank borrowings and finance leases of approximately RM0.4 million, repayments of obligations under finance leases of approximately RM0.7 million, repayment to a director of approximately RM1.4 million and the share issue costs paid of approximately RM0.9 million.

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In FY2018, our net cash from financing activities was approximately RM0.2 million, which primarily consisted of new bank borrowings of approximately RM1.0 million and the advance from a director of approximately RM1.6 million, less repayments of bank borrowings of approximately RM1.1 million, payments of interest on the bank borrowings and finance leases of approximately RM0.4 million, repayments of obligations under finance leases of approximately RM0.3 million, repayment to a director of approximately RM0.2 million and the share issue costs paid of approximately RM0.4 million.

In FY2017, our net cash from financing activities was RM73,045, which primarily consisted of new bank borrowings of approximately RM1.1 million, and the advances from related parties of RM32,066 less repayments of obligations under finance leases of approximately RM0.7 million, repayments of bank borrowings of approximately RM0.1 million and payments of interest on the bank borrowings and finance leases of approximately RM0.2 million.

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Net Current Assets

The table below sets forth our current assets and current liabilities as of the dates indicated:

	At 30 June			At
	2017	2018	2019	30 September
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Current Assets				
Inventories	1,105,434	395,183	508,703	553,820
Contract costs	1,194,049	1,242,200	1,310,833	1,083,337
Trade and other receivables, deposits and prepayments	8,283,581	16,489,609	14,863,810	14,228,411
Amounts due from a director and related parties	885,358	52,734	–	126,264
Tax recoverable	–	–	174,834	324,876
Restricted bank balance	50,000	50,000	50,000	50,000
Pledged bank deposits	1,587,165	1,635,930	1,686,989	1,686,989
Bank balances and cash	<u>1,437,393</u>	<u>4,007,821</u>	<u>9,307,471</u>	<u>8,112,331</u>
 Total current assets	 <u><u>14,542,980</u></u>	 <u><u>23,873,477</u></u>	 <u><u>27,902,640</u></u>	 <u><u>26,166,028</u></u>
Current Liabilities				
Amounts due to a director and related parties	82,066	1,481,591	6,836	–
Contract liabilities	1,843,980	1,694,501	6,264,406	5,906,907
Trade and other payables and accrued expenses	2,268,347	3,781,646	6,620,610	4,948,794
Bank borrowings	2,285,929	2,354,633	1,968,060	1,770,492
Obligations under finance leases	241,307	718,718	770,365	–
Lease liabilities	–	–	–	857,947
Tax payable	<u>71,899</u>	<u>60,780</u>	<u>–</u>	<u>–</u>
 Total current liabilities	 <u><u>6,793,528</u></u>	 <u><u>10,091,869</u></u>	 <u><u>15,630,277</u></u>	 <u><u>13,484,140</u></u>
 Net Current Assets	 <u><u>7,749,452</u></u>	 <u><u>13,781,608</u></u>	 <u><u>12,272,363</u></u>	 <u><u>12,681,888</u></u>

Our net current assets increased by approximately RM6.1 million, or 79.2%, from approximately RM7.7 million as at 30 June 2017 to approximately RM13.8 million as at 30 June 2018. The increase was primarily due to the significant increase in trade and other receivables, deposits and prepayments of approximately RM8.2 million as a result of business expansion and bank balances and cash of approximately RM2.6 million which was mainly generated from business operations, respectively, partially offset by the

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increase in trade and other payables and accrued expenses of approximately RM1.5 million, obligations under finance leases of approximately RM0.5 million and amounts due to a director and related parties of approximately RM1.4 million under current liabilities.

Our net current assets decreased by approximately RM1.5 million or 10.9%, from approximately RM13.8 million as at 30 June 2018 to approximately RM12.3 million as at 30 June 2019, primarily attributable to (i) the significant increase in contract liabilities of approximately RM4.6 million as a result of business expansion, (ii) trade and other payables and accrued expenses of approximately RM2.8 million which was mainly generated from business operations and (iii) the decrease in trade and other receivables, deposits and prepayments of approximately RM1.6 million, partially offset by (iv) the decrease in amounts due to a director and related parties of approximately RM1.5 million, and (v) increase in bank balances and cash of approximately RM5.3 million.

Our net current assets increased by approximately RM0.4 million or 3.3%, from approximately RM12.3 million as at 30 June 2019 to approximately RM12.7 million as at 30 September 2019, primarily attributable to the decrease in contract liabilities, bank borrowings and trade and other payables and accrued expenses of approximately RM0.4 million, RM0.2 million and RM1.7 million, respectively, partially offset by decrease in contract costs, trade and other receivables, deposits and prepayments, and bank balances and cash of approximately RM0.2 million, RM0.7 million and RM1.2 million, respectively and increase in inventories, amounts due from a director and related parties and tax recoverable of approximately RM0.1 million, RM0.1 million and RM0.1 million, respectively.

DESCRIPTION OF SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Property, Plant and Equipment

The following table sets out the carrying values of our property, plant and equipment as at the dates indicated:

	Leasehold land and buildings <i>RM</i>	Staff quarters <i>RM</i>	Furniture and fittings <i>RM</i>	Office equipment <i>RM</i>	Renovation and signboards <i>RM</i>	Computers <i>RM</i>	Motor vehicles <i>RM</i>	Internet services equipment <i>RM</i>	Total <i>RM</i>
At 30 June 2017	811,812	-	89,987	39,603	232,490	40,072	2,261,702	2,586,926	6,062,592
At 30 June 2018	803,083	-	79,637	37,120	201,637	29,419	1,899,056	4,134,989	7,184,941
At 30 June 2019	794,354	1,543,073	77,333	35,993	234,138	21,816	1,294,711	4,233,362	8,234,780

The increase in our Group's property, plant and equipment of approximately RM1.1 million, or 18.0% from approximately RM6.1 million as at 30 June 2017 to approximately RM7.2 million as at 30 June 2018 which was mainly due to purchase of internet hardware and equipment, which were held by us for leasing to customers under operating lease arrangements.

FINANCIAL INFORMATION

The increase in our Group's property, plant and equipment of approximately RM1.0 million or 13.9% from approximately RM7.2 million as at 30 June 2018 to approximately RM8.2 million as at 30 June 2019 was mainly due to the addition of staff quarters.

Inventories

Our inventories principally comprise network equipment and hardware. The balance of our inventories accounted for approximately 7.6%, 1.7% and 1.8% of our total current assets as at 30 June 2017, 2018 and 2019, respectively.

The following table sets forth a summary of our inventory balance as at the dates indicated:

	As at 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
Finished goods	<u>1,105,434</u>	<u>395,183</u>	<u>508,703</u>

Our balance of inventories decreased by approximately RM0.7 million or 63.6% from approximately RM1.1 million as at 30 June 2017 to approximately RM0.4 million as at 30 June 2018 because we stock up our inventory near 30 June 2017 in anticipation of three purchase orders amounting to approximately RM1.6 million that would start soon after 30 June 2017.

Our balance of inventories increased by approximately RM0.1 million or 25.0% from approximately RM0.4 million as at 30 June 2018 to approximately RM0.5 million as at 30 June 2019 because we purchased new equipment to cater for the expected increase in customers' demand.

We semi-annually review our inventory levels for slow moving inventory, obsolescence or declines in market value. Allowance is made against when the net realisable value of inventories falls below the cost or any of the inventories is identified obsolete. No provision for impairment of inventories were recorded as at 30 June 2017, 2018 and 2019, respectively.

The following table sets forth the turnover days of our inventories for the periods indicated.

	For the year ended 30 June		
	2017	2018	2019
Inventory turnover days ⁽¹⁾	<u>90.6</u>	<u>37.2</u>	<u>36.4</u>

Note (1): Inventory turnover days is calculated using the average balance of inventory divided by the sum of the cost of network equipment and hardware and cabling less subcontracting costs for the relevant period and multiplied by number of days in the relevant period. Average balance of inventory is calculated as the sum of the beginning and the ending balance for the relevant period, divided by two.

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As we stock up our inventory near 30 June 2017 in anticipation of forthcoming customer orders in the coming year, our inventory turnover days decreased from approximately 90.6 days in FY2017 to approximately 37.2 days in FY2018. Our inventory turnover days of FY2018 was close to the inventory turnover days in FY2019.

As at 30 September 2019, our inventories with carrying amount of RM254,762, representing 50.1% of our inventory balance as at 30 June 2019, had been sold or utilised. The majority part of the remaining inventories consisting mainly of spare parts used for hardware replacement in the course of our provision of network support service projects.

Contract Costs

Contract costs primarily related to costs to obtain contracts relate to incremental commission fees paid to sales representatives as a result of obtaining contracts. The following table sets forth a summary of our contract costs as at the dates indicated:

	At 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
Costs to obtain contracts	<u>1,194,049</u>	<u>1,242,200</u>	<u>1,310,833</u>

Deposits paid for property, plant and equipment

Deposits paid for property, plant and equipment primarily related to advance payment made by our Group in capital expenditure. Deposits paid for property, plant and equipment increased from approximately RM1.0 million as at 30 June 2018 to approximately RM12.6 million as at 30 June 2019 mainly due to deposits paid for the purchase of staff quarter and equipment for building the cloud-based network data content management infrastructure.

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Trade and other receivables, deposits and prepayments

The following table sets forth the components of our trade and other receivables, deposits and prepayments as of the dates indicated:

	At 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
Billed trade receivables			
– goods and services	5,019,450	4,417,998	5,198,882
– operating lease receivables	1,466,566	1,155,438	2,616,996
Less: Allowance for doubtful debts	<u>(11,943)</u>	<u>(12,897)</u>	<u>(366,403)</u>
	6,474,073	5,560,539	7,449,475
Unbilled trade receivables (<i>Note</i>)			
– goods and services	1,119,391	9,114,656	3,063,468
– operating lease receivables	<u>401,836</u>	<u>526,290</u>	<u>1,799,621</u>
	<u>1,521,227</u>	<u>9,640,946</u>	<u>4,863,089</u>
Total trade receivables	7,995,300	15,201,485	12,312,564
Other receivables	60,020	265,604	300,075
Refundable deposits	45,068	82,998	67,560
Prepayments	41,599	139,719	260,576
Deferred issue costs and prepaid listing expenses	–	696,921	1,822,406
Goods and services tax receivable	<u>141,594</u>	<u>102,882</u>	<u>100,629</u>
	<u><u>8,283,581</u></u>	<u><u>16,489,609</u></u>	<u><u>14,863,810</u></u>

Note: Unbilled trade receivables represent the remaining balances of receivables for services rendered but not yet billed before the end of the respective years.

(i) Trade receivables

Our trade receivables primarily relate to receivables for services rendered and goods sold to our customers.

Our trade receivables increased by approximately RM7.2 million, or 90.0%, from approximately RM8.0 million as at 30 June 2017 to approximately RM15.2 million as at 30 June 2018 was mainly due to increase in number of network support services and network connectivity services projects undertaken by us during FY2018 which led to an increase in our revenue. Our trade receivables further decreased by approximately RM2.9 million, or 19.1%, to approximately RM12.3 million as at 30 June 2019, mainly due to the Phase 2 stage of the Nationwide Project that our Company engaged in during the year ended 30 June 2019.

FINANCIAL INFORMATION

(a) Unbilled trade receivables

As at 30 June 2017, the unbilled receivables amounted to approximately RM1.5 million which was increased to approximately RM9.6 million as at 30 June 2018, with an increase of approximately RM8.1 million and as at 30 June 2019, there was a unbilled trade receivables of approximately RM4.9 million, representing a decrease of approximately RM4.7 million. As at 30 September 2019, approximately RM0.8 million or 16.3% of unbilled receivables as at 30 June 2019 were subsequently issued with invoices to our customers.

Unbilled trade receivables are the balances of receivables for the performance obligations having been satisfied according to the contracts with the customers but the invoices to the customers are yet issued. The increase in unbilled receivables during the Track Record Period was attributable to the completion of the Nationwide Project close to 30 June 2018 whereas the billings have yet to be made to the customers.

Although the user acceptance test (UAT) is usually completed shortly which signify the completion of the performance obligation and recognition of revenue thereof, there are normally two situations in which the passage of time is required before invoicing the customers and classifying the unbilled trade receivables to billed trade receivables.

The first case is that our Company would need to follow the customers' agreed payment application procedures to bill the customers. In some cases, the usual business practice with large customers such as Supplier A is that the customers will acknowledge the completion of UAT and report to the head office so that the relevant departments like the procurement and accounting, can begin to validate the UAT and process the payment application procedures. Once the internal approval process is completed, the customers will acknowledge our Company to issue invoice to them. As confirmed by the Directors, it takes approximately 90 days to 120 days for the customers to complete its internal process and acknowledge our Company to issue the invoices. By then, the unbilled receivables become billed receivables.

The second case is that the billing of a performance obligation under the accounting treatment depends on the invoicing of other performance obligations of a contract in the case that one performance obligation is free of charge like installation of hardware while the other performance obligations are satisfied over a period of time like network connectivity services. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When our Company satisfies one of the performance obligations in a contract like the installation of hardware which fees have been waived by our Company, our Company recognises the revenue of such performance obligation upon the satisfaction of the performance obligation, that is, the completion of installation of hardware according to the transaction price allocated and records the amount as unbilled receivables. No separate invoice for such free of charge performance obligation is issued and such unbilled receivables are then amortised over the period of other performance obligations like network connectivity services and converted to billed receivables. Accordingly, such unbilled receivables become billed trade receivables upon the issuance of invoices for other performance obligations in the contract like network connectivity services which performance obligations are satisfied over a period of time. As such, the period that the unbilled receivables to be converted to billed receivables is same as the period of time in which the other performance obligations in the contract are satisfied and invoiced. The normal length of time of such revenue billing, as confirmed by the Directors, is approximately 2 to 3 years.

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During the Track Record Period, no dispute on billing was noted despite the relatively long billing period as the billing milestones in each project had been agreed with our customers in advance when they entered into contracts with us.

The breakdown of unbilled receivables as at 30 June 2019 by type of customers:

Customers Types	Unbilled receivables as at 30 June 2019 RM	% of unbilled receivables as at 30 June 2019 %
Channel partners	4,328,237	89
Direct customers	<u>534,852</u>	<u>11</u>
	<u><u>4,863,089</u></u>	<u><u>100.0</u></u>

The breakdown of unbilled receivables as at 30 June 2019 by types of services:

Services Types	Unbilled receivables as at 30 June 2019 RM	% of unbilled receivables as at 30 June 2019 %
Network support services	3,677,581	76
Network connectivity services	399,562	8
Both services	<u>785,946</u>	<u>16</u>
	<u><u>4,863,089</u></u>	<u><u>100.0</u></u>

The breakdown of unbilled receivables as at 30 June 2019 by types of billing arrangements:

	Unbilled receivables as at 30 June 2019 RM	% of unbilled receivables as at 30 June 2019 %
Case 1 (UAT processing)	357,425	7
Case 2 (free services of a multiple performance obligations)	<u>4,505,664</u>	<u>93</u>
	<u><u>4,863,089</u></u>	<u><u>100.0</u></u>

FINANCIAL INFORMATION

Since the billings of unbilled receivables do not bear any relationship of the bargaining power between our Group and our customers but depend on the duration of other performance obligations, our Directors take the view that it is reasonable to adopt an expected time period to contract completion analysis for analysing the aging of approximately RM4.96 million, being the unbilled receivables as at 30 June 2019, since this method measures the remaining time that the unbilled receivables will be billed according to completion of other performance obligations of their corresponding contracts. Our analysis is shown below:

Remaining year from completion as at 30 June 2019	Unbilled receivables as at 30 June 2019 RM	% of unbilled receivables as at 30 June 2019 %
Case 1 (UAT processing)	357,425	8
Case 2 (free services of a multiple performance obligations)		
<i>Within 1 year</i>	343,060	7
<i>Over 1 year to 3 years</i>	2,543,564	52
<i>Over 3 years to 5 years</i>	1,333,035	27
<i>Over 5 years</i>	286,005	6
	4,863,089	100.0

According to the F&S Report, the subscription period for contracts like network connectivity services and/or network support services as the core services provided by MIS companies in Malaysia normally lasts between one and three years. The weighted average completion period of the unbilled receivables related projects for Case 2 as of 30 June 2019 is 1.93 years, which is consistent with the industry norm based on the F&S Report.

(b) Billed trade receivables

Before accepting any new customers, our Group will apply an internal credit assessment policy to assess the potential customer's credit quality and define credit limit by customer. We generally granted a period of 30 days from the date of invoice for our major customers. We may extend the credit period or allow grace period for settlement up to 60 days or more for some selected customers with good credit history and long-term relationship. Besides, the credit period is granted consistently to all customers irrespective whether they are government or private customers. Each customer has a maximum credit limit. We seek to maintain strict control over our outstanding receivables to minimise the credit risk. We typically do not require any collateral as security. As at 30 June 2019, the billed trade receivables amounted to approximately RM7.4 million. As at 30 September 2019, approximately RM6.3 million or 85.1% of our billed trade receivables outstanding as at 30 June 2019 were settled.

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The following table sets forth the aging analysis of our trade receivables (net of allowance for doubtful debts) presented based on the invoice date, which approximate the respective revenue recognition dates, at the end of each reporting period:

	At 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
0 to 30 days	3,594,197	2,457,572	3,535,506
31 to 60 days	1,519,392	1,091,808	1,041,077
Over 60 days	<u>1,360,484</u>	<u>2,011,159</u>	<u>2,872,892</u>
Not yet billed	6,474,073	5,560,539	7,449,475
	<u>1,521,227</u>	<u>9,640,946</u>	<u>4,863,089</u>
	<u><u>7,995,300</u></u>	<u><u>15,201,485</u></u>	<u><u>12,312,564</u></u>

Our trade receivables aged over 60 days increased by approximately RM0.6 million or 42.9%, from approximately RM1.4 million as at 30 June 2017 to approximately RM2.0 million as at 30 June 2018, primarily due to the increasing proportion of sales via channel partners. It generally takes us longer time to collect payments for projects with channel partners as they need to collect payments from their end-users before settling our bills. Our trade receivables aged over 60 days increased by approximately RM0.9 million or 45.0%, from approximately RM2.0 million as at 30 June 2018 to approximately RM2.9 million as at 30 June 2019, primarily due to increasing sales amount of approximately RM26.4 million in FY2018 to approximately RM28.6 million in FY2019 via channel partners who would pay our Company only after they had received payments from the end customers.

Our policy for impairment on trade receivables due from third parties is based on an evaluation of collectability and aging analysis of the receivables that requires the use of judgment and estimates of our management. Provisions would apply to the receivables when there are events or changes in circumstances which indicate that the balances may not be collectible. We closely review the trade receivables balances and any overdue balances on an ongoing basis, and assessments are made by our management on the collectability of overdue balances. After fully considering the nature of trade receivables and their collectability on a case-by-case basis, we have made provisions for the impairment of certain overdue trade receivables in order to ensure the quality of our assets. We did not experience any material payment defaults from our customers during the Track Record Period. As at 30 June 2017, 2018 and 2019, our provision for impairment of trade receivables were RM11,943, RM12,897 and RM366,403, respectively.

The table below sets forth our turnover days of trade receivables (excluding unbilled trade receivables) for the periods indicated:

	Year ended 30 June		
	2017	2018	2019
Turnover days of billed trade receivables ⁽¹⁾	<u>80.1</u>	<u>81.4</u>	<u>65.1</u>

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Note (1): The number of turnover days of billed trade receivables is calculated using the average balance of trade receivables (exclude unbilled trade receivables) divided by revenue (exclude unbilled trade receivables) for the relevant period and multiplied by the number of days in the relevant period. The average balance of billed trade receivables is calculated as the sum of the beginning and the ending balance for the relevant period, divided by two.

Note (2): For illustration purpose only, the number of turnover days of trade receivables (including unbilled trade receivables) for FY2017, FY2018 and FY2019 will increase to 107.2 days, 115.6 days and 121.4 days respectively. The number of turnover days of trade receivables (including unbilled trade receivables) is calculated using the average balance of trade receivables (include unbilled trade receivables) divided by revenue for the relevant period and multiplied by the number of days in the relevant period. The average balance of trade receivables (including unbilled trade receivables) is calculated as the sum of the beginning and the ending balance for the relevant period, divided by two.

Note (3): The trade receivables turnover days (including unbilled trade receivables) increased from approximately 107.2 days for FY2017 to approximately 115.6 days for FY2018 mainly due to increased unbilled trade receivables in FY2018 resulted from the Phase 1 stage of the Nationwide Project as the installation of hardware services which completed near the year end of FY2018 and the corresponding invoices are issued after FY2018. The trade receivable turnover days (including unbilled trade receivables) increased slightly from approximately 115.6 days for FY2018 to approximately 121.4 days for FY2019 mainly due to increased average trade receivables in FY2019 which resulted from the increased revenues from Phase 1 and Phase 2 stage of the Nationwide Project.

The billed trade receivables turnover days of FY2017 was close to the billed trade receivable turnover days of FY2018. The billed trade receivable turnover days decreased from approximately 81.4 days for FY2018 to approximately 65.1 days for FY2019 mainly due to increasing portion of sales via direct customers from approximately 28.0% of total revenue in FY2018 to approximately 30.7% of total revenue in FY2019 who usually settle our Group's earlier than the channel partners. Our Group generally takes longer time to collect payments for projects with channel partners as they need to collect payments from their end-customers before settling our Group's bill.

Our trade receivable turnover days during the Track Record Period were longer than our credit terms granted to customers mainly because our channel partners paid us after they received payment from the end customers.

FINANCIAL INFORMATION

Trade and other payables and accrued expenses

The following table sets forth the components of our trade and other payables and accrued expenses as at the dates indicated:

	At 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
Trade payables	1,125,157	1,913,826	2,851,830
Other payables	73,495	174,724	933,670
Accrued expenses	341,427	526,235	428,004
Accrued listing expenses and issue costs	–	927,419	1,704,648
Accrued selling expenses	422,663	219,164	493,228
Sales and services tax payable	–	–	209,230
Goods and services tax payable	305,605	20,278	–
	<u>2,268,347</u>	<u>3,781,646</u>	<u>6,620,610</u>

(i) *Trade payables*

Our trade payables primarily consist of balances with suppliers for trade purchases and ongoing costs.

Our trade payables increased by approximately RM0.8 million, or 72.7%, from approximately RM1.1 million as at 30 June 2017 to approximately RM1.9 million as at 30 June 2018, which was in line with the growth in our Group's network support services business which require network equipment and hardware for project implementation. Our trade payables further increased by approximately RM1.0 million, or 52.6%, to approximately RM2.9 million as at 30 June 2019, due to the increase in the volume of our purchase near the period end catering for the expected increase in subsequent customers' demand.

Our suppliers generally offer us trade credit periods from 30 to 60 days. The table below sets forth, as of the end of reporting periods indicated, the aging analysis of our trade payables (based on the invoice date):

	At 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
0 to 30 days	1,056,176	800,499	1,424,871
31 to 60 days	45,302	832,598	1,202,472
61 to 90 days	7,197	134,239	160,953
Over 90 days	16,482	146,490	63,534
	<u>1,125,157</u>	<u>1,913,826</u>	<u>2,851,830</u>

FINANCIAL INFORMATION

The following table sets out our turnover days of trade payables for the periods indicated:

	Year ended 30 June		
	2017	2018	2019
Turnover days of trade payables ⁽¹⁾	<u>42.4</u>	<u>32.7</u>	<u>44.0</u>

Note (1): Turnover days of trade payables is calculated using the average balance of trade payables divided by cost of sales and services less staff cost and depreciation for the relevant period and multiplied by number of days in the relevant period. Average balance of trade payables is calculated as the sum of the beginning and the ending balance for the relevant period, divided by two.

The trade payable turnover days of FY2017 was higher for FY2018 mainly due to the increase in volume of purchase from suppliers close to the end of FY2017 as we build up our inventory while anticipating demand from forthcoming projects in FY2018. The trade payable turnover days increased from approximately 32.7 days for FY2018 to approximately 44.0 days for FY2019 mainly due to the increase in volume of purchase near the period end 30 June 2019 as we purchase new equipment catering for the expected increase in subsequent customers' demand.

In light of the discrepancies between the trade receivables turnover days and trade payables turnover days, our Company had experienced cash flow mismatches during the Track Record Period. Normally, we used our existing working capital resources to maintain sufficient liquidity to operate our business. In addition, we had also obtained banking facilities from financial institutions to provide enough working capital to our business operation in case any significant cash flow mismatch occurs.

As at the Latest Practicable Date, all of our trade payables outstanding as at 30 June 2019 had been subsequently settled.

Contract liabilities

Contract liabilities represents the receipts from customers based on contract terms and exceed the revenue recognised up to the respective period end date. As at 30 June 2017, 30 June 2018 and 30 June 2019, our total contract liabilities amounted to approximately RM5.3 million, RM5.6 million, and RM7.0 million, respectively, of which approximately RM1.8 million, RM1.7 million, and RM6.3 million, respectively, were classified as current liabilities. The increase in contract liabilities from approximately RM5.6 million as at 30 June 2018 to approximately RM7.0 million as at 30 June 2019 was mainly due new contracts signed with customers for render of network management and security service and network connectivity services as our Group typically receives six months to two years of service fee in advance from customers on acceptance of contracts. The advance payment schemes result in contract liabilities being recognised throughout contracted service period.

Amounts due from (to) a director and related parties

Our amounts due from a director and related parties amounted to RM885,358, RM52,734, nil and RM126,264 as at 30 June 2017, 30 June 2018, 30 June 2019 and 30 September 2019, respectively.

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Our amounts due to a director and related parties amounted to RM82,066, approximately RM1.5 million, RM6,836 and nil as at 30 June 2017, 30 June 2018, 30 June 2019 and 30 September 2019, respectively.

The amounts due from (to) a director are non-trade in nature, unsecured, interest-free and repayable on demand. Our Directors have represented that all the amounts due from (to) directors will be settled upon listing of our Company's Shares.

Non-trade amounts due from related parties are non-trade in nature, mainly arising from the expenses paid on behalf of these related companies. Non-trade amounts due to related parties arose mainly from expenses paid on behalf by the related parties. All the balances due from (to) related parties are unsecured, interest-free and repayable on demand.

For further details of related party balances and transactions, please refer to "Accountants' Report – Notes 19 and 29" in Appendix I to this prospectus.

INDEBTEDNESS

Bank borrowings

The following table sets forth our bank borrowings as at the dates indicated:

	2017	At 30 June 2018	2019	At 30 September 2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Current – secured				
Bank overdrafts	1,109,407	1,272,411	1,779,418	1,577,746
Bank acceptance	878,173	–	–	–
Term loans	<u>298,349</u>	<u>1,082,222</u>	<u>188,642</u>	<u>192,746</u>
Total current	2,285,929	2,354,633	1,968,060	1,770,492
Non-current – secured				
Term loans	<u>681,639</u>	<u>652,630</u>	<u>1,369,487</u>	<u>1,319,965</u>
Total	<u><u>2,967,568</u></u>	<u><u>3,007,263</u></u>	<u><u>3,337,547</u></u>	<u><u>3,090,457</u></u>

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The maturities of borrowings as at 30 June 2017, 30 June 2018, 30 June 2019 and 30 September 2019 are as follows:

		At 30 June		At
	2017	2018	2019	30 September
	<i>RM</i>	<i>RM</i>	<i>RM</i>	2019
				<i>RM</i>
Within one year	2,136,659	1,453,567	1,968,060	1,770,492
Within a period of more than one year but not more than two years	65,059	188,643	383,458	211,287
Within a period of more than two years but not more than five years	168,721	601,294	452,967	562,533
More than five years	<u>597,129</u>	<u>763,759</u>	<u>533,062</u>	<u>546,145</u>
Total	<u>2,967,568</u>	<u>3,007,263</u>	<u>3,337,547</u>	<u>3,090,457</u>

We mainly used proceeds from our bank borrowings to finance our working capital requirement and capital expenditure. All our bank borrowings during the Track Record Period were secured by our fixed bank deposits, leasehold land and buildings and personal guarantee by the directors.

At the close of business on 30 September 2019, being the latest practicable date for the purpose of this indebtedness statement, we had outstanding bank borrowings of approximately RM3.1 million, which was secured by our fixed bank deposits and leasehold land and buildings and guaranteed by a director and a shareholder of our holding company. All such guarantees provided will be released before Listing.

At 30 June 2018, we had bank borrowings of approximately RM3.0 million of which approximately RM1.1 million that were in breach of a financial covenant as stipulated in the relevant bank loan agreement, out of which, approximately RM0.9 million were reclassified from non-current liabilities to current liabilities. During FY2019, we obtained waivers from the banks concerned with respect to compliance of the stipulated financial covenants for a total of the said RM1.1 million loans. Pursuant to the financial covenants, IP Core shall obtain prior written consent from the bank before any declaration or payment of dividends to the shareholders if there are monies under the facility due and payable. IP Core had declared dividend payment for the year ended 30 June 2016 and FY2017 in breach of such covenants. However, the bank has subsequently acknowledged and consented to such breach in writing. On that basis, the said breach shall not be deemed as a non-compliance of the financial covenant. Further, the bank's acknowledgment and consent shall be tantamount to a variation of the terms of the original loan documents and as such, there shall be no breach on the part of IP Core and it shall not have any material adverse impact on our Group.

At 30 June 2017, we had bank borrowings of approximately RM3.0 million of which approximately RM0.2 million that were in breach of a financial covenant as stipulated in the relevant bank loan agreement, in which approximately RM0.1 million were reclassified from non-current liabilities to current liabilities. During FY2018, the management had restructured our Group's financial position and our Group then complied with the financial covenants for these bank borrowings.

FINANCIAL INFORMATION

The bank overdrafts bear interest at Malaysia Base Lending Rate (“BLR”) plus 1.00% to 2.25% per annum as at 30 June 2017, 30 June 2018 and 30 June 2019.

The bank acceptance bears interest at BLR plus 1.50% per annum as at 30 June 2017.

The term loans bear interest at BLR plus 1.25% to 4.00% per annum as at 30 June 2017, 30 June 2018 and 30 June 2019.

As at 30 September 2019, we had unutilised banking facilities for short term financing of approximately RM2.2 million.

During the Track Record Period, we did not experience any delay or default in payment of trade and non-trade payables and of bank borrowings nor experience any difficulties in obtaining banking facilities with terms that are commercially acceptable to us. As of the date of this prospectus, we did not have any plan for material external debt financing.

Obligations under finance leases/Lease liabilities

Our Group leases certain of its motor vehicles and internet services equipment. The lease obligations of approximately RM0.9 million, RM0.9 million, RM0.8 million and RM1.0 million as at 30 June 2017, 30 June 2018, 30 June 2019 and 30 September 2019 are guaranteed by a Director and secured by the leased assets, respectively, while the remaining lease obligations are unguaranteed and secured by the leased assets.

The future lease payments under the finance leases as at the dates indicated are due as follows:

	At 30 June			At
	2017	2018	2019	30 September
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Obligation under finance leases				
Present value of minimum lease payments:				
Not later than one year	241,307	718,718	770,365	–
Later than one year	<u>1,507,531</u>	<u>2,231,893</u>	<u>1,452,320</u>	<u>–</u>
	<u>1,748,838</u>	<u>2,950,611</u>	<u>2,222,685</u>	<u>–</u>

The amount of obligations under finance leases was approximately RM1.7 million, RM3.0 million and RM2.2 million as at 30 June 2017, 30 June 2018 and 30 June 2019, respectively.

Our Group has adopted IFRS 16 for accounting period beginning on or after 1 January, 2019 as stated in note 2 of the Accountants’ Report in Appendix I to this Prospectus. As such, our Group recategorised the carrying amounts of the relevant assets which were under finance lease as right-of-use assets, and

FINANCIAL INFORMATION

reclassified the obligations under finance leases to lease liabilities. As at 30 September 2019, the current and non-current portion of our lease liabilities amounted to approximately RM0.9 million and RM1.5 million, respectively.

The following are the carrying value of the lease liabilities as at 30 June 2017, 30 June 2018, 30 June 2019 and 30 September 2019, respectively:

		At 30 June		At
	2017	2018	2019	30 September
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Lease liabilities				
Current	-	-	-	857,947
Non-current	-	-	-	1,473,880
	-	-	-	2,331,827
	-	-	-	2,331,827

The following are the carrying value of the assets held under finance leases as at 30 June 2017, 30 June 2018, 30 June 2019 and 30 September 2019 included in property, plant and equipment/right-of-use assets:

		At 30 June		At
	2017	2018	2019	30 September
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Motor vehicles	2,163,622	1,822,926	1,240,529	1,447,526
Internet services equipment	-	1,197,246	732,430	627,070
	2,163,622	3,020,172	1,972,959	2,074,596
	2,163,622	3,020,172	1,972,959	2,074,596

It is our Group's policy to lease certain of its motor vehicles and internet services equipment. The directors of our Company determined the leases to be finance leases as the ownership of the relevant assets will be transferred to our Group upon the payment of the last instalment of the individual agreement. The average lease term as at 30 June 2017, 30 June 2018 and 30 June 2019 ranges from 2 to 7 years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 2.53% to 2.87% per annum, 2.28% to 4.25% per annum and 2.28% to 4.25% per annum for the years ended 30 June 2017, 30 June 2018 and 30 June 2019, respectively.

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Working Capital

Our Directors confirm that, taking into consideration the financial resources presently available to us, including our existing cash and cash equivalents, cash flows from operations, available banking facilities and the estimated net proceeds from the Share Offer, we have sufficient working capital for our present requirements and for at least next 12 months from the date of the prospectus.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as at each of the dates indicated:

	Year ended 30 June		
	2017	2018	2019
Gross Profit Margin ⁽¹⁾	41.6%	44.1%	41.3%
Net Profit Margin ⁽²⁾	28.1%	26.4%	20.7%
Return on equity ⁽³⁾	75.0%	64.4%	27.5%
Return on total assets ⁽⁴⁾	29.3%	30.2%	16.9%
Interest coverage ⁽⁵⁾	30.7	27.0	16.4
	As at 30 June		
	2017	2018	2019
Current ratio ⁽⁶⁾	2.1	2.4	1.8
Quick ratio ⁽⁷⁾	2.0	2.3	1.8
Gearing ratio ⁽⁸⁾	58.6%	39.7%	17.7%
Net debt to equity ratio ⁽⁹⁾	20.4%	1.8%	net cash

Notes:

- (1) Gross profit margin was calculated on gross profit divided by turnover for the respective year. Please refer to the paragraphs headed "Review of historical results of operations" in this section for more details on our gross profit margins.
- (2) Net profit margin was calculated on net profit divided by turnover for the respective year. Please refer to the paragraphs headed "Review of historical results of operations" in this section for more details on our net profit margins.
- (3) Return on equity equals profit/annualised profit attributable to owners of our Company for the respective year divided by equity attributable to owners of our Company as of the end of the respective year and multiplied by 100%.
- (4) Return on total assets equals profit/annualised profit for the respective year divided by total assets as of the end of the respective year and multiplied by 100%.
- (5) Interest coverage equals profit before interest and tax divided by interest expenses in the respective year.
- (6) Current ratios is calculated as the total current assets divided by the total current liabilities.
- (7) Quick ratio is calculated as total current assets less inventories and divided by total current liabilities.
- (8) Gearing ratios is calculated as the total debt (including bank borrowings and obligations under finance leases) divided by total equity and multiplied by 100%.
- (9) Net debt to equity ratios is calculated as total debt (including bank borrowings and obligations under finance leases) net of bank balances and cash, pledged bank deposits and restricted bank balance, and divided by total equity and multiplied by 100%.

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Return on equity

Our return on equity decreased from approximately 75.0% in FY2017 to approximately 64.4% in FY2018, primarily due to the increase in our total equity from approximately RM8.0 million as at 30 June 2017 to approximately RM15.0 million as at 30 June 2018 resulting from the fact that the total equity recorded a higher growth than the net profit, resulting from (i) significant increase of approximately 55.6% in total assets mainly attributable to increased trade and other receivables, deposits and prepayments and (ii) relatively slower increase of approximately 35.7% in total liabilities mainly due to increase in trade and other payables and accrued expenses and obligations under finance leases.

Our return on equity decreased from approximately 64.4% for FY2018 to approximately 27.5% for FY2019, primarily due to the fact that our equity attributable to owners of our Company recorded a higher growth than the net profit, resulting from (i) significant increase of approximately 57.9% in total assets mainly attributable to the increased bank balances and cash, and the deposits paid for property, plant and equipment and (ii) relatively slower increase of approximately 12.5% in total liabilities mainly due to increase in contract liabilities, trade and other payables and accrued expenses and partially offset by the decrease in amounts due to a director and related parties.

Return on total assets

Our return on total assets remained relatively stable at approximately 29.3% in FY2017 and approximately 30.2% in FY2018.

Our return on total assets decreased from approximately 30.2% for FY2018 to approximately 16.9% for FY2019, primarily due to our assets recorded a higher growth than the net profit, representing an increase of approximately RM18.6 million or 57.9% of our total assets from approximately RM32.1 million as at 30 June 2018 to approximately RM50.6 million as at 30 June 2019, mainly resulting from the increase in bank balance and cash and the deposits paid for property, plant and equipment.

Interest coverage

Our interest coverage decreased from approximately 30.7 times in FY2017 to approximately 27.0 times in FY2018 mainly due to increased interests on bank borrowings by approximately 127.5% and increased interests on obligations under finance leases by approximately 35.1% in FY2018.

Our interest coverage further decreased from approximately 27.0 times for FY2018 to approximately 16.4 times for FY2019 mainly due to the listing expenses incurred for FY2019 of approximately RM3.8 million which reduced the rate of increase in profit before interest and tax. Excluding the effect of the listing expenses, the interest coverage for FY2019 would increase to approximately 25.2 times.

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Current ratio

Our current ratio increased from approximately 2.1 times as at 30 June 2017 to approximately 2.4 times as at 30 June 2018, reflected by the improvement in our net current assets position. Such increase was due to the fact that our current assets increased at approximately 64.2% which is a higher rate than our current liabilities increase of approximately 48.6% primarily because of increased trade and other receivables, deposits and prepayments in FY2018.

Our current ratio decreased from approximately 2.4 times as at 30 June 2018 to approximately 1.8 times as at 30 June 2019, mainly due to the fact that our current liabilities increased at approximately 54.9% which is a higher rate than our increase in current assets of approximately 16.9%, primarily due to the increase in contract liabilities in FY2019.

Quick ratio

Our quick ratio was approximately 2.0 times, 2.3 times and 1.8 times as at 30 June 2017, 30 June 2018 and 30 June 2019, respectively. The movement in quick ratio was consistent with our movement in current ratio, primarily due to same reason as the current ratio above.

Gearing ratio

Our gearing ratio decreased from approximately 58.6% as at 30 June 2017 to approximately 39.7% as at 30 June 2018, and further decreased to approximately 17.7% as at 30 June 2019, primarily due to the significant increase in our total equity resulting from accumulation of profit during FY2018 and FY2019, and issue of shares during the year ended 30 June 2019.

Net debt to equity ratio

Our net debt to equity ratio decreased from approximately 20.4% as at 30 June 2017 to approximately 1.8% as at 30 June 2018, primarily due to the increase in our profit before tax from approximately RM5.9 million for FY2017 to approximately RM9.9 million for FY2018. We had net cash position as at 30 June 2019.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to market risks from changes in market rates and prices, such as interest rates, credit and liquidity.

(a) Interest rate risk

Other than bank balances with variable interest rate, our Group has no other significant interest-bearing assets. Our management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

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Our Group is exposed to cash flow interest rate risk in relation to variable rate bank borrowings. Interest charged on our Group's borrowings is mainly variable rates and is mainly at the interest rate at Malaysia Base Lending Rate. Our Group currently does not have a policy on cash flow hedges of interest rate risk. However, our management monitors interest rate exposure and will consider hedging changes in market interest rates should the need arise.

(b) Credit risk

Our Group is exposed to credit risk in relation to its cash and cash equivalents, bank deposits and trade receivables.

For cash and cash equivalents and bank deposits, our management manages the credit risk by placing all the bank balances in state-owned financial institutions or reputable banks which are all high- credit-quality financial institutions.

For trade receivables, our Group performs ongoing credit evaluations of our debtors' financial condition and does not require collateral from the debtors on the outstanding balances. Based on the expected recoverability and timing for collection of the outstanding balances, our Group maintains a provision for doubtful accounts and actual losses incurred have been within management's expectations.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities.

Our Group's primary cash requirements have been for additions of property, plant and equipment and payment for purchases and operating expenses. Our Group finances our working capital requirements through a combination of internal resources and bank borrowings, as necessary.

Our Group's policy is to regularly monitor current and expected liquidity requirements to ensure we maintain sufficient cash and cash equivalents and have available funding through adequate amount of committed credit facilities to meet our working capital requirements.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENT

As at the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

For details of related party transactions, see Note 29 to the Accountants' Report in Appendix I to the prospectus. Our Directors confirm that these transactions were conducted in the ordinary and usual course of business and on normal commercial terms. Our Directors are of the view that the related party transactions did not cause any distortion of our results of operations or make our historical results non- reflective in the Track Record Period.

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PROPERTY INTERESTS

Our Directors confirm that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rule 8.01A of the GEM Listing Rules. As at the Latest Practicable Date, we had no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets.

CAPITAL EXPENDITURE AND COMMITMENT

Capital expenditure

Our capital expenditure for FY2017, FY2018 and FY2019 was approximately RM4.6 million, RM3.5 million and RM4.4 million, respectively, which principally represented the additions to property, plant and equipment. We have financed our capital expenditure primarily through cash flow generated from operating activities, finance leases and bank borrowings.

Capital commitments

Our capital commitments primarily related to the acquisition of property, plant and equipment contracted for but not provided as at the end of the reporting period. The following table sets forth the total amounts of our capital commitments as at the dates indicated:

	As at 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
Property, plant and equipment	—	466,812	1,456,327

Operating lease commitments

As lessee

As at the end of the reporting periods, we had outstanding commitments for future minimum lease payments payable in respect of certain of our office premises and staff quarters under non-cancellable operating lease arrangements, which fall due as follows:

	As at 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
Within one year	50,417	35,727	7,800
In the second to fifth year inclusive	36,727	1,000	—
	<u>87,144</u>	<u>36,727</u>	<u>7,800</u>

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As lessor

At the end of the reporting period, we had contracted with lessees for the following future minimum lease receivables in respect of lease of hardware:

	At 30 June		
	2017	2018	2019
	RM	RM	RM
Within one year	3,932,953	4,258,619	4,991,554
In the second to fifth year inclusive	<u>10,751,300</u>	<u>6,492,681</u>	<u>5,451,279</u>
	<u>14,684,253</u>	<u>10,751,300</u>	<u>10,442,833</u>

DIVIDENDS

Our Board has not adopted any fixed dividend policy for the time being and does not have any pre-determined dividend ratio. At the discretion of our Board, we will consider the relevant factors when determining the dividends to be declared, if any. During the year FY2017, a subsidiary of our Company declared and fully settled dividends of RM900,000 and during the year FY2018, a subsidiary of our Company declared and fully settled dividends of RM2.7 million. For the year ended 30 June 2019, our Company declared and fully settled interim dividends of RM500,000 and RM850,000 as at the Latest Practicable Date. Save for disclosed above, we have not paid or declared any dividends prior to the Listing.

The recommendation of the payment of dividend is subject to the absolute discretion of our Board, and, after listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders. Our Group does not have any dividend policy. Our Directors may recommend a payment of dividend in the future after taking into account our operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of the dividend will be subject to (a) our constitutional documents; (b) the Cayman Companies Law; (c) the approval of our Shareholders; (d) the Companies Act 2016 which stipulates the requirements that dividend can only be distributed out of profit and when the company is solvent; as well as relevant loan covenants with banks under which the declaration of dividends by IP Core is currently capped at not more than 25% of its net profit after tax.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 5 June 2018 and is an investment holding company. There were no reserves available for distribution to our Shareholders as at the Latest Practicable Date.

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CONTINGENT LIABILITIES

As at 30 September 2019, being the latest practicable date for the purpose of the indebtedness statement, we did not have any material contingent liabilities or guarantees.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission, SFC transaction levy and Stock Exchange trading fee incurred in connection with the Share Offering and the Listing. Assuming an Offer Price of HK\$0.37 per Offer Share (being the mid-point of the indicative Offer Price range) and that the Offer Size Adjustment Option is not exercised, our total listing expenses are estimated to be approximately HK\$27.5 million, of which approximately HK\$9.2 million is directly attributable to the issue of new Shares and to be accounted for as a deduction from the equity, and the remaining amount of approximately HK\$18.3 million has been or will be reflected in our consolidated statements of profit or loss and other comprehensive income. Listing expenses of approximately RM2.0 million (equivalent to approximately HK\$3.9 million) and RM3.8 million (equivalent to approximately HK\$7.2 million) in relation to services already performed by relevant parties were reflected in our consolidated statements of profit or loss and other comprehensive income in FY2018 and FY2019, respectively, and additional listing expenses of approximately RM3.9 million (equivalent to approximately HK\$7.3 million) are expected to be charged in our consolidated statements of profit or loss and other comprehensive income subsequent to the Track Record Period and upon Listing. As such, our results of operations in the year ending 30 June 2020 are expected to be adversely affected by the one-off listing expenses to be incurred in that year.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

Please refer to Appendix II of this Prospectus for the unaudited pro forma adjusted net tangible assets.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 17.15 to 17.21 of the GEM Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

For details of the events after 30 June 2019, being the date to which our latest audited financial information was prepared, see Note 36 to the Accountants' Report set out in the Appendix I to this prospectus.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed, after performing all the due diligence work which the Directors consider appropriate, that save as disclosed under the paragraphs headed "Summary – Recent development and material adverse change" in this prospectus, there is no event which could materially affect the

FINANCIAL INFORMATION

information shown in our consolidated financial information included in the Accountants' Report set forth in Appendix I to this prospectus since 30 June 2019, and as of the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects.

FUTURE PLANS AND USE OF PROCEEDS

BUSINESS OBJECTIVES AND STRATEGIES

Please refer to the paragraphs headed “Business – Business strategies” in this prospectus for details of our business objectives and strategies.

IMPLEMENTATION PLANS

In pursuance of the above business objectives, the implementation plans of our Group are set forth below from the Listing Date to 31 December 2019 and for each of the six-month periods until 31 December 2021. Investors should note that the following implementation plans are formulated on the bases and assumptions referred to in the paragraph headed “Bases and assumptions” in this section below. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors set forth in the section headed “Risk factors” of this prospectus. Therefore, there is no assurance that our Group’s business plans will materialise in accordance with the estimated time frame and that our future plans will be accomplished at all.

Based on the Offer Price of HK\$0.37 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$0.34 per Offer Share to HK\$0.40 per Offer Share, the net proceeds from the Share Offer to our Company (after deduction of underwriting fees and estimated expenses payable by us in relation to the Share Offer and assuming the Offer Size Adjustment Option is not exercised at all) are estimated to be approximately HK\$28.0 million. Our Directors presently intend to apply such net proceeds as follows:

(a) From the Listing Date to 31 December 2019

Business strategies	Implementation activities	Proceeds HK\$'000
Implementing cloud-based data content management solution	To purchase software and engage professional services required for implementing Data Content Management Hub	40
Acquiring additional hardware and software to provide cloud-based internet security services	To purchase hardware required for providing Secure Cloud Service To purchase software and engage professional services required	4,091 4,014
Establishing a disaster recovery centre and backup data centre and becoming a holder of network service provider licence	To purchase hardware and software required for establishing disaster recovery centre	4,678
		<hr/> 12,823 <hr/>

FUTURE PLANS AND USE OF PROCEEDS

(b) From 1 January 2020 to 30 June 2020

Business strategies	Implementation activities	Proceeds <i>HK\$'000</i>
Implementing cloud-based data content management solution	To purchase software and engage professional services required for implementation of Data Content Management Hub	3,750
Acquiring additional hardware and software to provide cloud-based internet security services	To purchase software and engage professional services required for providing Secure Cloud Service	1,769
Establishing a disaster recovery centre and backup data centre and becoming a holder of network service provider licence	To purchase data centre space facilities of backup data centre	730
Establishing a branch office and a backup data centre in Kuala Lumpur	To pay the rental of a new property with approximately 3,000 sq. ft. that will house our branch office, our disaster recovery centre and backup data centre in Kuala Lumpur, Malaysia	235
	To renovate the property	473
Expanding and strengthening our manpower to cater for the anticipated expansion plans	To recruit new staff:	
	• Two IT specialist engineers	227
	• One service delivery manager	114
	• One compliance manager	113
Promoting our business to capture more market share in the MIS industry	• Two senior sales executives	181
	To redesign and maintain our website	294
	To expand and explore more effective online marketing strategies	250
	To conduct market campaigns for promotion and building up brand awareness	301
		8,437

FUTURE PLANS AND USE OF PROCEEDS

(c) **From 1 July 2020 to 31 December 2020**

Business strategies	Implementation activities	Proceeds <i>HK\$'000</i>
Implementing cloud-based data content management solution	To maintain hardware required for implementing Data Content Management Hub	210
	To maintain software required	615
Acquiring additional hardware and software to provide cloud-based internet security services	To maintain hardware required for providing Secure Cloud Service	514
	To maintain software required	624
Establishing a disaster recovery centre and backup data centre and becoming a holder of network service provider licence	To maintain hardware and software required for establishing disaster recovery centre	742
	To purchase data centre space facilities of backup data centre	117
Establishing a branch office and a backup data centre in Kuala Lumpur	To pay the rental of our branch office in Kuala Lumpur, Malaysia	235
Expanding and strengthening our manpower to cater for the anticipated expansion plans	Salaries for staff recruited under this strategy:	
	• Two IT specialist engineers	227
	• One service delivery manager	114
	• One compliance manager	113
	• Two senior sales executives	181
Promoting our business to capture more market share in the MIS industry	To expand and explore more effective online marketing strategies	100
	To conduct market campaigns for promotion and building up brand awareness	301
	<hr/>	4,093 <hr/> <hr/>

FUTURE PLANS AND USE OF PROCEEDS

(d) From 1 January 2021 to 30 June 2021

Business strategies	Implementation activities	Proceeds HK\$'000
Establishing a branch office and a backup data centre in Kuala Lumpur	To pay the rental of our branch office in Kuala Lumpur, Malaysia	235
Expanding and strengthening our manpower to cater for the anticipated expansion plans	Salaries for staff recruited under this strategy: <ul style="list-style-type: none"> • Two IT specialist engineers • One service delivery manager • One compliance manager • Two senior sales executives 	227 114 113 181
Promoting our business to capture more market share in the MIS industry	To expand and explore more effective online marketing strategies	100
	To conduct market campaigns for promotion and building up brand awareness	301
		1,271

(e) From 1 July 2021 to 31 December 2021

Business strategies	Implementation activities	Proceeds HK\$'000
Establishing a branch office and a backup data centre in Kuala Lumpur	To pay the rental of our branch office in Kuala Lumpur, Malaysia	235
Expanding and strengthening our manpower to cater for the anticipated expansion plans	Salaries for staff recruited under this strategy: <ul style="list-style-type: none"> • Two IT specialist engineers • One service delivery manager • One compliance manager • Two senior sales executives 	266 133 132 209
Promoting our business to capture more market share in the industry	To expand and explore more effective online marketing strategies	100
	To conduct market campaigns for promotion and building up brand awareness	301
		1,376

FUTURE PLANS AND USE OF PROCEEDS

BASES AND ASSUMPTIONS

Our Directors have adopted the following principal assumptions in the preparation of the implementation plan up to 31 December 2021.

- (a) There will be no material change in the existing political, legal, fiscal, social or economic conditions in Malaysia, Hong Kong or in any other places in which any member of our Group carries on its business or will carry on its business;
- (b) Our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- (c) There will be no material change in the funding requirements for each of our Group's future plans described in this prospectus from the amount as estimated by our Directors.
- (d) There will be no material change in existing laws and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in which our Group operates.
- (e) There will be no change in the effectiveness of the licences, permits and qualifications obtained by our Group.
- (f) Save for the expiry of our Group's tax exemption status since 3 April 2019, there will be no material change in the bases or rates of taxation applicable to the activities of our Group.
- (g) Our Group will be able to retain our customers and suppliers.
- (h) Our Group will be able to retain key staff in the management and the main operational departments.
- (i) There will be no disaster, natural, political or otherwise, which would materially disrupt the businesses or operations of our Group.
- (j) Our Group will not be materially affected by the risk factors as set out under the section headed "Risk factors" in this prospectus.

REASONS FOR THE LISTING

Reasons For Listing In Hong Kong

Our Group had considered and evaluated different listing venues including Hong Kong and Malaysia and concluded that, notwithstanding that our business is primarily based in Malaysia, Hong Kong is the suitable venue for us to pursue a listing for the following reasons:

FUTURE PLANS AND USE OF PROCEEDS

(A) Favourable environment gives us long-term advantages to our business expansion

The Listing in Hong Kong gives long-term advantages to our business expansion due to the favourable environment in Hong Kong, including its well-established legal system, high level of internationalisation, freedom of flow of capital and information, and its maturity in the global financial market. Our Directors believe that the access to international funding will underpin our Group's future sustainable growth by providing us with diversified means to fund our future expansion plans. In contrast, the sole reliance on organic growth funding via our operation will impose constraints on the overall growth of our Group.

(B) The Stock Exchange is a premier exchange that offers a trusted platform for us to reach a broad range of investors

Our Directors consider that as the Stock Exchange is a premier exchange that offers a trusted and premier platform for our Company to reach a broad range of investors, and the Listing in Hong Kong would provide our Company with the opportunity to enhance our profile internationally, strengthen our presence among international corporations, and attract investors from the established institutional investors based in Hong Kong, thereby expanding our Company's shareholder base. As such, our Directors believe that once there is liquidity of our Shares through the Listing in Hong Kong and our shareholder base has been broadened, we can diversify our capital-raising activities, rather than being reliant on the revenue generated from our business operation and debt financing. Hence, our Directors take the view that the Listing in Hong Kong can therefore attract more capital for our Group's business expansion and would benefit our Group in the long run.

(C) High liquidity and trading volume enable us to raise funds for future business development more easily

The Stock Exchange, being one of the premier exchanges with established infrastructure, attracts diverse and global investors, and provides a more liquid market and active secondary market for companies in equity financing.

On the other hand, our Directors consider that the liquidity and trading volume of a stock exchange that can attract diverse and global investors and has a more sophisticated asset management infrastructure are the key factors for us to seek listing on the Stock Exchange. These attributes indicate the ease of conducting secondary fund raising exercises after the Listing. Hong Kong topped the world's initial public offering market in 2018 with IPO equity funds raised totalling approximately USD36,563 million, as compared to the IPO equity funds raised in Bursa Malaysia, the stock exchange of Malaysia, in 2018 of approximately USD171 million. According to the data compiled by the World Bank, the total value of stocks traded in Bursa Malaysia for the year ended 31 December 2018 was approximately US\$135.3 billion (equivalent to approximately HK\$1.1 trillion). In comparison, the total value of stocks traded on the Stock Exchange for the year ended 31 December 2018 was approximately US\$2,266.8 billion (equivalent to approximately HK\$17.7 trillion). Further, the relevant average daily trading liquidity of the listed companies involved in the MIS and related industries in Hong Kong was approximately 0.15% versus that of approximately 0.08% in Malaysia based on a non-exhaustive list of Malaysia companies and Hong Kong companies engaged in MIS industry. The average daily trading liquidity is calculated by dividing its average daily trading volume from 3 January 2017 to 31 December 2018 by the issued shares of the listed companies

FUTURE PLANS AND USE OF PROCEEDS

involved in the MIS industry and illustrated in percentage. In addition, the average daily trading volume of the listed MIS companies in Hong Kong was approximately HK\$160.4 million versus that of approximately HK\$84.3 million in Malaysia. With such liquidity and reputation as an international financial market, our Directors believe that the Listing in Hong Kong will give our Group access to future funding options, such as debt financing and secondary fund raising, in a more liquid market having more ready and willing buyers and sellers.

For the year ended 31 December 2018, the average daily turnover of stocks in Hong Kong was approximately HK\$107.4 billion. Given its reputation as an international financial centre and its active trading activities in comparison with its regional peers, the Directors believe that: (i) the Stock Exchange has higher liquidity and greater exposure to a broader analyst and investment community which enable our Group to gain access to the capital market in Hong Kong for cost effective capital raising for future expansion and corporate finance exercises; and (ii) our Company's enhanced corporate profile through the Listing in Hong Kong could facilitate our customer diversification. With such liquidity and reputation as an international financial market, our Directors believe that the Listing in Hong Kong will give us access to future funding options, such as secondary placement of Shares, in a more liquid market having more ready and willing buyers and sellers and offering a high level of pricing transparency and flexibility for selling of investments when necessary.

(D) Stable currency pegged to US\$

Furthermore, given that Hong Kong has a stable currency pegged to US\$, the Listing will enable our Group to have access to a stable capital market for future fund raising should such need arises. Owing to the aforementioned reasons, our Directors are of the view that the Listing would enable our Group to strengthen our funding source with a stable currency exchange rate and no restrictive foreign exchange control. This will enable us to mitigate our risks in conducting business in Malaysia.

Other Reasons For Listing

Apart from the reasons for the Listing in Hong Kong as set out above, our Directors further believe that the Listing will strengthen our financial position and will enable our Group to implement our business strategies set out in the paragraph headed "Business – Business strategies" in this prospectus and to capture the anticipated growth of the MIS market. The reasons of the Listing are set out herein below:

(A) Expected growth in the MIS industry in Malaysia, which is highly relevant to the growth of our business

According to the F&S Report, the development of Malaysia economy has boosted the increase of network penetration in various industries. The usage of computer, internet and web presence in Malaysia in 2018 has reached 74.0%, 62.2% and 29.5%, respectively. Managed internet services have become one of the largest considerations for companies. The complex network architecture and constantly changing network threat environment are challenging for companies to maintain an effective security posture. It is crucial for companies in Malaysia to pay more attention to cyber security issues and equip their network systems with advanced and up-to-date security management tools including network firewalls, web application firewalls, etc. Network security management helps reduce sophisticated internal and external network threats and risks for enterprises' networks. Besides, an increasing number of enterprises are seeking integrated services of

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managing internet access activities in order to optimise the bandwidth usage efficiency and create a steady and efficient network environment through tools like load balancers, network traffic analysers, etc. Moreover, network connectivity issues can affect productivity of enterprises. Hence, having a well-established network security system would significantly improve network performance and assist companies to achieve higher efficiency and productivity at all times. With all the benefits set out above, the market has an increasing demand for managed internet services which further prompts the development of this industry.

In the light of the aforementioned development, it is expected that network support service providers and network connectivity service providers will thrive to provide quality services to meet the growing demands from the MIS industry in Malaysia. Our Directors envisage that there would be considerable business opportunities and growth drivers which justify our Group's expansion plans.

(B) *Necessity of implementing our business plans to capture more market share in the industry*

i. Expansion of service offering

According to the F&S Report, the market size by revenue of the MIS industry in Malaysia reached approximately RM3,141.5 million in 2018, at a CAGR of 5.9% from 2013. At the same time, the market size by revenue of the network support services sector in Malaysia reached approximately RM1,154.3 million in 2018, at a CAGR of approximately 5.8% from 2013. A growing number of enterprises in Malaysia have become aware of the importance of a well-established corporate network system, which could enhance their operational efficiency, facilitate much freer internal and external communication as well as strengthen the security management of their crucial business data and information. Also, with the development of emerging technologies such as Big Data and Cloud Computing, there would be further demand for network management and security services in the next few years so that the working efficiency and flexibility could be enhanced with powerful network infrastructure products installed and attentive system monitoring service delivered. Furthermore, the development of Big Data concerns significant transmission flow of data traffic which would require more comprehensive and professional security management services along the whole process. Hence, the market size by revenue of network support services sector in Malaysia is expected to further grow and reach approximately RM1,397.4 million by 2023, at a CAGR of 4.0% from 2019.

Therefore, our Directors are of the view that by utilising the net proceeds from the Share Offer to expand our Group's business in automated network analysing solution and network management content, our Group will be able to further expand our customer base by capturing the increasing demand in the MIS industry. In addition, our Directors also believe that our Group can leverage on the market trend of companies outsourcing their ICT needs to reduce their in-house staff cost for managing and maintaining their network.

Meanwhile, the expansion of cloud-based security services will allow our Group to expand our customer base by offering options to potential customers whose priority is to minimise the cost of investment in hardware.

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- ii. *There are growing demands for cloud-based content management solutions and the cloud-based internet security services*

Digital data is an integral part of people's daily life, but the amount of data is so massive nowadays that it is becoming increasingly difficult to manage and avoid data loss. More people and enterprises are turning to "cloud computing", which is a method for delivering on-demand data processing and computing services that are hosted on remote servers over the internet rather than on a local server or computer.

According to the F&S Report, driven by the increasing awareness of preventing cyber threats and the rising demand for handling large amount of data effectively, enterprises, especially SMEs in Malaysia, are expected to fuel the growth of cloud deployments in the next few years. The market size by revenue of the planned cloud-based data content management solution was RM128.5 million in 2018 and was expected to reach RM170.0 million in 2022, representing a CAGR of 7.2%. The market size by revenue of the cloud-based internet security services was RM97.6 million in 2018 and forecasted to reach 135.0 million in 2022, representing a CAGR of 8.4%.

Our Directors therefore consider that cloud-based data content management solution and internet security services are the future trends of the whole IT industry. In fact, our Directors also note that many of our Group's peers increased investment in this area over the past years to purchase hardware and equipment for the provision of cloud storage and cloud computing services.

We are currently establishing our own data management cloud-based content management known as the "Data Content Management Hub", which is capable of handling a large amount of data from network traffic effectively such as processing of Big Data for extraction and analysis and examining a large amount of data containing a wide range of data types to achieve business intelligence by uncovering hidden patterns, unknown correlation, other insights, etc. Our Company has received four enquiries about its cloud-based data content management hub services and made corresponding quotations with a total contract sum of over RM8 million, each with a contract term of three years. As the establishment of Data Content Management Hub is still at the inception stage, our Company has not entered into any agreement with the potential customers in relation to these four enquiries.

As concerns our cloud-based internet security services, we plan to offer our customers alternative cloud-based internet security services known as "Secure Cloud Service", which are provided through centralised internet security infrastructure at the internet exchange owned and maintained by us at our data centre and can detect and protect our customers' network from external malicious threats at the internet exchange before they reach our customers' network. Our Secure Cloud Service does not require the installation of security hardware on our customers' sites and thus, the internet services used by our customers can be scalable and more flexible and, at the same time, allow our IT engineering team to have a better control and more efficient management in the provision of internet security services in our network infrastructure.

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For details, please refer to the respective paragraphs headed “Business – Business Strategies – (I) Implementing cloud-based data content management solution” and “Business – Business strategies – (II) Acquiring additional hardware and software to provide cloud-based internet security services” in this prospectus.

iii. Establishment of branch office and data centre in Kuala Lumpur

According to the F&S Report, the market size by revenue of MIS industry in Kuala Lumpur was approximately RM963.2 million for the year 2018, representing a CAGR of approximately 7.1% from 2013 to 2018 and accounting for approximately 30.6% of the total MIS industry market in Malaysia during the same year. Moving forward, since Kuala Lumpur Internet City (KLIC) is one of the core components of Digital Free Trade Zone (DFTZ) that was envisioned and initiated as a satellite services hub in Bandar Malaysia and a digital hub for more than 1,000 global and local internet companies with a gross development value of RM5 billion from 2017, the internet ecosystem will be developed rapidly in Kuala Lumpur and thus the demand for MIS adoption to enterprises, especially SMEs in Kuala Lumpur, is expected to increase in the next few years. According to the F&S Report, the market size by revenue of MIS industry in Kuala Lumpur is expected to reach RM1,311.0 million in 2023, at a CAGR of 6.2% from 2019 to 2023.

Our Directors believe that in order to increase our market share in the MIS market in Kuala Lumpur, to align with our business growth and capture the business opportunities arising from the expected growth in demand for managed internet services in Malaysia, as well as to build up a close relationship with our customers and potential customers in these regions, it is imperative for our Group to establish our presence in Kuala Lumpur, the capital of Malaysia, by the establishment of our branch office in Kuala Lumpur where we can hold physical meetings with, and provide regular seminars and trainings to, our customers.

iv. There are increasing demands for our Group’s services that require the establishment of a disaster recovery centre and backup centre

As we currently hold an ASP licence granted by the MCMC, we intend to expand our business and customer base by applying for an NSP licence from MCMC. In this connection, having a disaster recovery centre and backup centre will put our Group in a good position to obtain an NSP licence and this will enable us, as a network support services provider, to meet the requirements for tendering for an large-scale network connectivity services projects in Malaysia. Furthermore, according to the F&S Report, it is industry norm for the MIS industry in Malaysia to have disaster recovery plans in case of disruption of services. Many enterprise customers value service uptime of service providers greatly and any record of downtime may result in loss of business of the services providers and may have an adverse effect on the service providers’ reputation and financial performance. Without a disaster recovery centre and backup data centre, any problems with the network connectivity to a MIS provider’s data centre or the hardware and/or software therein may disrupt its operations and smooth delivery of services to its customers. The establishment of disaster recovery centre and backup data centre can immediately redirect all the services in case of disruption to a MIS provider primary data centre, and will virtually eliminate any possibility of downtime in the services provided by the MIS provider, and is therefore important for our continuous growth. The Directors respectfully submit that

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it is particularly important when our Group's network support services continue to grow. For details, please refer to the paragraphs headed "Business – Business strategies – (III) Establishing a disaster recovery centre and becoming a holder of network service provider licence" in this prospectus.

v. *Expanding and strengthening our Group's manpower*

Aligning with the expansion of our business, we intend to expand our operation team by recruiting two additional experienced IT specialist engineers to assist in our pre-sales and after-sales technical support, one experienced service delivery manager to oversee the project delivery, one compliance manager to enhance our internal procedure and two senior sales executives to assist in the strengthening of the marketing and branding of our Group's services. Our Directors believe that the recruitment of additional staff members is imperative for us to capture the business opportunities in the MIS industry in Malaysia.

vi. *Promoting our business to capture more market share in the industry*

To enhance the awareness of our Group and our services through different marketing activities and promote our enhanced services in the market, we plan to redesign and maintain our website, expand and explore more effective online marketing strategies, and conduct marketing campaigns to promote our services to existing and potential customers. For details, please refer to the paragraphs headed "Business – Business strategies – (VI) Promoting our business to capture more market share in the industry" in this prospectus.

(C) *Our needs for equity financing*

Our Group's significant cash outflow exposure and our funding needs

Although our business generated net operating cash inflow, it does not necessarily mean that our Group has no imminent needs to raise funds in order to implement our business strategies. As at 30 June 2017, 30 June 2018 and 30 June 2019, we recorded billed trade receivables amounted to approximately RM6.5 million, RM5.6 million and RM7.4 million, respectively, and the number of average billed trade receivables turnover days was approximately 80.1 days, 81.4 days and 65.1 days, respectively. On the other hand, as at 30 June 2017, 30 June 2018 and 30 June 2019, our trade payables amounted to approximately RM1.1 million, RM1.9 million and RM2.9 million, respectively, and the number of average trade payables turnover days was approximately 42.4 days, 32.7 days and 44.0 days, respectively. It is possible that we may experience a cash flow deficit if the settlement schedule of our customers falls far behind our payment schedule to our suppliers. Taking into account the facts that (i) our Group only had bank balances and cash of approximately RM9.3 million as at 30 June 2019, part of which will be used to support our Group's daily operation such as payment for salaries; and (ii) our Group's cash outflow exposure including the mismatch in the time between receipt of payments from our customers and payments to our suppliers and staff costs, our Directors believe our Group may not have sufficient internal generated funds to finance our expansion plans while at the same time maintaining sufficient working capital for our Group's operations.

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On the other hand, although our Group has obtained banking facilities from a few banks, our Directors believe that it is necessary for us to maintain a disciplined financial strategy without exposing our Group to aggressive gearing in order to achieve sustainable growth; and a cash level sufficient to support our Group's existing operations. It is noteworthy that our unutilised banking facilities as at 30 September 2019 were approximately RM2.2 million. In light of the above, our Directors consider that it is necessary to keep surplus cash in our Group and the current financial resources available to our Group are only sufficient for the present scale of our business turnover. As such, there are funding needs to finance our expansion plans while maintaining sufficient working capital for our Group's operations.

Our gearing ratio as at 30 June 2017, 30 June 2018 and 30 June 2019 was approximately 58.6%, 39.7% and 17.7% respectively. During the Track Record Period, our Group was able to successfully expand our business using internally generated funds i.e. operation cash flow and bank borrowings, and was able to reduce our gearing ratio. All our bank borrowings during the Track Record Period were secured by our fixed bank deposits, leasehold land and buildings and personal guarantee by our Directors. Our Group prefers equity fund raising over bank borrowing to fund our future growth as the latter will inevitably place undue financial burden on our Group in terms of cash flow for both repayment and interest expenses. Our Directors are also aware of the risk of calling loan on demand by the banks under the terms of the current facilities letters. If the loans are demanded in a short period of time, our Group's current liabilities will increase, which will negatively affect our financial position. The bank borrowing entails contractual principal repayment and interest payment obligations. In contrast, equity financing does not involve recurring interest expenses and repayment of principal, allowing our Group to have better control over the cash flow for business expansion.

Our Directors believe that our Group will be able to reduce our interest expenses by debt financing in Hong Kong due to generally lower interest rate in Hong Kong. As of the Latest Practicable Date, the Malaysia Base Lending Rate as quoted from the MayBank is 6.65% per year while the one year HIBOR rate quoted from the Hang Seng Bank is 2.42%. Since debt financing from banks or financial institutions normally requires collaterals, we therefore intend to repay our existing loan in Malaysia using part of the net proceeds in order to free up the existing collaterals used to secure the same, while also increasing our credit ratings, and subsequently obtain loans from banks or financial institutions in Hong Kong. All in all, debt financing in Hong Kong instead of Malaysia would be beneficial to our Group to lower our interest expenses and increase the returns to our shareholders in the long run.

It is our Group's capital structure policy to keep an optimal capital structure under which we can ensure the long-term survival of our Company and maintain a high degree of financial independence, being able to finance internally and minimise outside financing. Our Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of our Group consists of bank borrowings and equity, comprising issued share capital and reserves. Our Directors review the capital structure periodically, where our Directors consider the cost of capital, the risks associated with each class of capital and the cost of bank borrowings. Our Group will balance its overall capital structure through the payment of dividends,

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new share issues, issue of new debt and loan borrowings from the bank, if necessary. For further details, please refer to the paragraphs headed “Notes to the historical financial information – 27. Capital risk management” in Appendix I of this prospectus.

(D) Commercial rationale for listing

i. Strengthening our Group’s competitiveness

Our Directors believe that a listing status will enhance our credibility with suppliers, customers and other business partners, as well as our ability to recruit, motivate and retain key management personnel. The increased level of information transparency after the Listing will also give our existing and prospective customers and suppliers public access to our Group’s corporate and financial information, which could generate further confidence in our Group among them. With the status of a listed company, we will be in a better position to compete, to attract more potential customers, and to solicit more businesses upon the Listing.

ii. The listing status provides an equity fund raising platform for our Group

Although our Group was able to successfully expand our business using internally generated funds and short-term and long-term bank borrowings during the Track Record Period and has been able to repay bank loans as they fell due in the past, our Group still plans to seek equity fund raising instead of debt financing due to the following reasons:

- (a) debt financing from banks or financial institutions normally requires collaterals, such as cash deposits, properties and/or personal guarantees from our Controlling Shareholders in order to secure bank borrowings to our Group, which would increase our reliance on our Controlling Shareholders and negatively affect our liquidity of cash. Although our Company can apply for additional banking facilities, our Directors are of the view that additional debt financing may, apart from increasing our interest expenses and gearing, also impose restrictive covenants with respect to our Group’s future fund raising exercise and other financial and operational matters. To secure our current banking facilities and financial lease arrangements, Dato’ Tan, our executive Director, had provided personal guarantee to the banks. On the other hand, our Directors consider that as a group of private companies, it would be difficult for our Group, without a listing status, to obtain bank borrowings at a competitive rate without providing guarantee by our Controlling Shareholders. Taking into account the upsides of maintaining a disciplined financial strategy without exposing our Group to aggressive gearing and a cash level sufficient to support our existing operation, our Directors consider that using the net proceeds from the Share Offer for the implementation of our business plans would benefit our Group as opposed to debt financing; and
- (b) heavy reliance on debt financing would subject our Group to the inherent risks of higher interest rate and finance costs. Our Group’s financial performance and liquidity may be negatively affected if market uncertainty suddenly occurs, such as increase in interest rate or any unexpected deterioration in the prevailing market condition in the MIS industry in Malaysia resulting in the imposition of further stringent requirements on

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debt financing. Further, during FY2017, FY2018 and FY2019, our interest expenses from banks and other borrowings on normal commercial terms amounted to approximately RM0.2 million, RM0.4 million and RM0.4 million, respectively. Our Directors consider that our financial performance and liquidity may be negatively affected due to principal and interest payments if we proceed with debt financing to fund our business expansion; and

- (c) the Listing, which allows us to access the capital market for fund raising, will assist our future business development and strengthen our competitiveness. While we will continue to obtain a certain amount of banking facilities after the Listing alongside with equity financing, our Directors believe that we would be in a better position to negotiate with banks and financial institutions if we are a listed company with an enlarged capital.

By strengthening our financial position through equity fund raising upon Listing, our Directors believe that we will be able to maintain a lower level of gearing ratio as compared to the gearing ratio of approximately 17.7% as at 30 June 2019, which will benefit our Group and Shareholders as a whole, and enhance our capital structure. Our Directors therefore believe that the use of equity financing would avoid the risk of high interest rates generally associated with debt financing, which will expose our Group to increasing financial costs in the future.

iii. Diversification of shareholder base and enhancing liquidity in trading of Shares

Our Directors take the view that the Listing will enhance the liquidity of the Shares which will be freely traded on the Stock Exchange when compared to the limited liquidity of shares that are privately held before the Listing. Hence, our Directors consider that the Share Offer will enlarge and diversify our shareholder base and potentially lead to a more liquid market in the trading of our Shares. For further details, please refer to the paragraphs headed “Reasons for the Listing – Reasons for Listing in Hong Kong” in this section.

Although the amount of expenses for the Listing represents a significant proportion of the gross proceeds from the Listing, such expenses are non-recurring in nature which we would not have to pay following the completion of the Listing. For the reasons stated above, our Directors believe that the Share Offer is beneficial to us in the long run.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price range stated in this prospectus.

To the extent that the net proceeds from the Share Offer are not immediately required for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds in short-term deposits with licensed banks or authorised financial institutions for so long as it is in our best interests.

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Should our Directors decide to re-allocate the intended use of proceeds to other business plans and/or new projects of our Group to a material extent and/or there is to be any material modification to the use of proceeds as described above, our Group will issue an announcement in accordance with the GEM Listing Rules.

USE OF PROCEEDS

Assuming the Offer Price of HK\$0.37 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$0.34 per Offer Share to HK\$0.40 per Offer Share, we will receive a gross proceeds of approximately HK\$55.5 million. The net proceeds from the Share Offer are estimated to be approximately HK\$28.0 million, after deducting the underwriting commission and other estimated expenses payable by our Company in relation to the Offer. We intend to apply such net proceeds from the Share Offer as follows:

- approximately 16.4% of the net proceeds, or approximately HK\$4.6 million, will be used for implementing cloud-based data content management solution. With reference to the quotations obtained from the software suppliers in Malaysia, we intend to use a sum of approximately HK\$4.6 million for the purchase of software and professional services required for implementing cloud-based data content management solution, details of which are as follows:

Software and professional services	Amounts allocated <i>HK\$'000</i>
System-to-system interface software	65
Real-time filtering software, central monitoring software and data retention software	2,800
Professional fees	1,750

- approximately 39.3% of the net proceeds, or approximately HK\$11.0 million, will be used for acquiring additional hardware to provide cloud-based security services. With reference to the quotations obtained from the hardware and software suppliers in Malaysia, we intend to use a

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sum of approximately HK\$4.6 million for the purchase of hardware; and a sum of approximately HK\$6.4 million for the purchase of software and engagement of professional services required for providing cloud-based security services, details of which are as follows:

Hardware	No. of units	Amounts allocated <i>HK\$'000</i>
Core router	1	1,257
Core switch	1	1,361
Cloud firewall	1	1,077
Server and storage space	1	911
 Software and professional services		 Amounts allocated <i>HK\$'000</i>
System-to-system interface software		6,237
Professional fees		170

- approximately 22.5% of the net proceeds, or approximately HK\$6.3 million, will be used for establishing a disaster recovery centre and backup data centre, and becoming an NSP. With reference to the quotations obtained from the hardware and software suppliers in Malaysia, we intend to use a sum of approximately HK\$5.4 million for the purchase and maintenance of

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hardware and related software for establishing the disaster recovery centre; and a sum of approximately HK\$0.9 million for the purchase and maintenance of data centre space facilities for the backup data centre. Details of which are as follows:

Hardware and software	No. of units	Amounts allocated <i>HK\$'000</i>
Core router	1	1,757
Core network switch	1	2,087
Firewall	1	862
Network management software	1	374
Reporting analyser	1	340
 Date centre space facilities		 Amounts allocated <i>HK\$'000</i>
Raised-floor platform		284
Backup generator uninterruptible power supply		113
Renting fiber cable from telecommunications company		136
Centralised cooling system		189
Fire suppressant system		125

- approximately 5.0% of the net proceeds, or approximately HK\$1.4 million, will be used for establishing a branch office, which will also house our backup data centre, in Kuala Lumpur, Malaysia. With reference to the quotations obtained from a few estate agents in Malaysia and the quotation for renovation, we intend to use a sum of approximately HK\$0.9 million for rental of our branch office in an office premises with MSC status in Kuala Lumpur; and a sum of approximately HK\$0.5 million for renovation and fitting;
- approximately 9.6% of the net proceeds, or approximately HK\$2.7 million, will be used for expanding and strengthening our manpower to cater for the anticipated expansion plans. With reference to the market information of the salary of staff of similar position in the MIS industry in Malaysia and our internal salary range, we intend to use a sum of approximately HK\$2.5 million to hire two additional experienced IT specialist engineers, one experienced

FUTURE PLANS AND USE OF PROCEEDS

service delivery manager, one compliance manager and two senior sales executives. It is expected that the salary expenses will be funded by the proceeds of the Share Offer for up to approximately 26 months until at least 31 December 2021, details of which are as follows:

Position	No. of new staff	Functions	Amounts allocated <i>HK\$'000</i>
IT specialist engineer	2	To design the network infrastructure as per individual customers' requirements and carry out the installation and implementation of the infrastructure, and provide technical support in our pre-sales and after-sales services in both our network support services and network connectivity services. To work with our existing staff in implementing cloud-based data content management solution and the provision of cloud-based internet security services.	947
Service delivery manager	1	To oversee project delivery and implementation of both our network support services and network connectivity services and maintain regular communications with our customers after delivery of our services. To work with our existing staff in implementing cloud-based data content management solution and the provision of cloud-based internet security services.	475
Compliance manager	1	To ensure our internal policies and procedures are in line with regulatory and ethical standards and ensure execution of compliance standards within our Group. To work with our existing staff in implementing cloud-based data content management solution and the provision of cloud-based internet security services.	471
Senior sales executive	2	To strengthen our customer base in Kuala Lumpur, in particular after the setting up of our branch office and backup data centre in Kuala Lumpur, and other regions where we had not established our footprint yet.	752

- approximately 7.2% of the net proceeds, or approximately HK\$2.0 million, will be used for promoting our business to capture more market share in the industry;

FUTURE PLANS AND USE OF PROCEEDS

For the period from the Listing Date to 31 December 2021, our net proceeds from the Share Offer will be used as follows:

	From the Listing Date to 31 December 2019 <i>HK\$'000</i>	From 1 January 2020 to 30 June 2020 <i>HK\$'000</i>	From 1 July 2020 to 31 December 2020 <i>HK\$'000</i>	From 1 January 2021 to 30 June 2021 <i>HK\$'000</i>	From 1 July 2021 to 31 December 2021 <i>HK\$'000</i>	Total amount of proceeds to be expended <i>HK\$'000</i>
Implementing cloud-based data content management solution	40	3,750	825	–	–	4,615
Acquiring additional hardware and software to provide cloud-based internet security services	8,105	1,769	1,138	–	–	11,012
Establishing a disaster recovery centre and a backup data centre and becoming a holder of network service provider licence	4,678	730	859	–	–	6,267
Establishing a branch office in Kuala Lumpur	–	708	235	235	235	1,413
Expanding and strengthening our manpower to cater for the anticipated expansion plans	–	635	635	635	740	2,645
Promoting our business to capture more market share in the industry	–	845	401	401	401	2,048
	<u>12,823</u>	<u>8,437</u>	<u>4,093</u>	<u>1,271</u>	<u>1,376</u>	<u>28,000</u>

UNDERWRITING

PUBLIC OFFER UNDERWRITERS

GLAM Capital Limited
Enlighten Securities Limited
Opus Capital Limited
Innovax Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is offering the Public Offer Shares for subscription by members of the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to the Stock Exchange granting listing of, and permission to deal in, our Shares in issue and the Offer Shares and any options that may be granted under the Share Option Scheme and to certain other conditions set out in the Public Offer Underwriting Agreement and the Placing Underwriting Agreement having been duly executed and delivered and having become unconditional in accordance with their respective terms, the Underwriters have agreed severally to subscribe or procure subscribers to subscribe for, their respective applicable proportions of the Public Offer Shares which are being offered but are not taken up under the Public Offer on the terms and subject to the conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

Grounds for Termination

The obligations of the Public Offer Underwriters to subscribe or procure subscriptions for the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination. The Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) may in its absolute discretion, upon giving notice in writing to our Company, terminate the Public Offer Underwriting Agreement with immediate effect at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (the “**Termination Time**”) if any of the following events shall occur prior to the Termination Time:

- (a) there develops, occurs, exists or comes into force:
 - (i) any change (whether permanent or not) in national, regional, international, financial, military, industrial or economic conditions or prospects, stock market, fiscal or political conditions, any of regulatory or market conditions and matters and/or disasters in Hong Kong, Malaysia, the U.S., the Cayman Islands, the BVI or any other jurisdictions in which any member of our Group operates or from which it derives income (each a “**Relevant Jurisdiction**”); or
 - (ii) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in any Relevant Jurisdiction; or

UNDERWRITING

- (iii) any event, or series of events, beyond the control of the Public Offer Underwriters (including, without limitation, acts of government, strikes, lockout, fire, explosion, flooding, civil commotion, acts of war or acts of God or accident), which would or might have a material adverse effect on any member of our Group; or
- (iv) any litigation or claim of material importance to the business, financial or operations of our Group being threatened or instituted against any member of our Group; or
- (v) the imposition of any moratorium, suspension, or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (vi) any material adverse change or development involving a prospective change in taxation or in exchange controls (or the implementation of any exchange control) on any member of our Group in any of the Relevant Jurisdictions; or
- (vii) the imposition of economic sanctions, in whatever form, directly or indirectly, in any of the Relevant Jurisdictions which would or might have a material adverse effect on any member of our Group; or
- (viii) any governmental or regulatory commission, board, body, authority or agency, or any stock exchange, self-regulatory organisation or other non-government regulatory authority, or any court, tribunal or arbitrator, whether national, central, federal, provincial, state, regional, municipal, local, domestic or foreign, or a political body or organisation in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any members of our Group or directors thereof; or
- (ix) order or petition for the winding up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or
- (x) and any such event, which, individually, or in the aggregate, (i) has or will or may have a material adverse effect on the assets, liabilities, business, prospects, trading or financial position of our Group as a whole; or (ii) makes it inadvisable or impracticable to proceed with the Share Offer; or (iii) has or will or may have the effect of making any part of the Public Offer Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof; or

UNDERWRITING

- (b) there comes to the notice of the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) any matter or event showing (i) any of the representations and warranties contained in the Public Offer Underwriting Agreement to be untrue or inaccurate in any material respect, or, if repeated immediately after the occurrence thereof, would be untrue or inaccurate in any material respect or (ii) any of the obligations or undertakings expressed to be assumed by or imposed on our Company or our Controlling Shareholders or our executive Directors under the Public Offer Underwriting Agreement not to have been complied with in any respect; or
- (c) there comes to the notice of the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) any material breach on the part of our Company or any of our Controlling Shareholders or any of our executive Directors of any provisions of the Public Offer Underwriting Agreement in any material respect; or
- (d) any statement contained in the Public Offer Documents (as defined in the Public Offer Underwriting Agreement) or the Placing Documents (as defined in the Placing Underwriting Agreement) or the submissions reasonably considered to be material by the Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) has become or been discovered to be untrue, incorrect, incomplete or misleading in any material respect; or
- (e) matters have arisen or have been discovered which would, if the Public Offer Documents or the Placing Documents or the submissions were issued at that time, constitute a material omission of such information; or
- (f) there is any material adverse change or prospective material adverse change in the business or in the financial or trading position or prospects of our Group; or
- (g) the approval of the Stock Exchange of the listing of, and permission to deal in, the Shares in issue, the Shares to be issued and the Shares to be issued pursuant to the Capitalisation Issue is refused or not granted, other than subject to customary conditions, on or before the Termination Time, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (h) any expert, who has given opinion or advice which is contained in this prospectus, has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters, opinions or advices and references to its name included in the form and context in which it respectively appears prior to the issue of this prospectus; or
- (i) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Share Offer) or the Share Offer; or

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- (j) there comes to the notice of the Joint Bookrunners or any of the Underwriters any information, matter or event which:
 - (i) is inconsistent in any material respect with any information contained in the declaration and undertaking given by any Directors pursuant to the Share Offer; or
 - (ii) would cast any serious doubt on the integrity or reputation of any Director or the reputation of our Group.

Placing

In connection with the Placing, our Company expects to enter into the Placing Underwriting Agreement with, among others, our Controlling Shareholders, our executive Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Placing Underwriters, on the terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set out therein, the Placing Underwriters are expected to severally, but not jointly, agree to act as agents of our Company to procure subscribers for the Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and our Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the paragraphs headed “Underwriting – Undertakings pursuant to the Underwriting Agreements” in this prospectus.

Commissions and expenses

The Underwriters will receive an underwriting commission on the aggregate Offer Price of all the Offer Shares initially offered under the Share Offer, out of which they will pay any sub-underwriting commission. For unsubscribed Public Offer Shares reallocated to the Placing, we will pay an underwriting commission at the rate applicable to the Placing and such commission will be retained by the Placing Underwriters.

Such underwriting commission will be determined based on our historical consolidated profit attributable to owners of the Company for the year ended 30 June 2019 (excluding listing expenses incurred) as follows:

- (i) if the final Offer Price is less than 9.5 multiples of the price/earning ratio, underwriting commission will be payable at the rate of 5.5%; or
- (ii) if the final Offer Price is 9.5 to less than 10 multiples of the price/earning ratio, underwriting commission will be payable at the rate of 8.0%; or

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- (iii) if the final Offer Price is 10 multiples or above of the price/earning ratio, underwriting commission will be payable at the rate of 10.5%.

The aggregate commissions and fees, together with the Stock Exchange listing fees, SFC transaction levy and Stock Exchange trading fee in respect to the Offer Shares offered by us, legal and other professional fees and printing and other expenses relating to the Share Offer are estimated to amount to HK\$27.5 million in total (based on the Offer Price of HK\$0.37, being the mid-point of the indicative Offer Price range between HK\$0.34 and HK\$0.40) and will be payable by us.

UNDERTAKINGS TO THE STOCK EXCHANGE PURSUANT TO THE GEM LISTING RULES

Undertaking by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, our Company has undertaken to the Stock Exchange that save as pursuant to the Capitalisation Issue, the Share Offer, the Offer Size Adjustment Option and the Share Option Scheme, no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) will be issued by our Company or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities of our Company will be completed within six months from the Listing Date) except in certain circumstances prescribed by Rule 17.29 of the GEM Listing Rules.

Undertaking by our Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that he/she/it shall not and shall procure that the relevant registered Shareholder(s) shall not:

- (i) in the period commencing on the date of this prospectus and ending on the date which is twelve months from the Listing Date (the “**First Twelve-Month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner; or
- (ii) in the period of twelve months commencing on the date on which the period referred to in (i) above expires (the “**Second Twelve-Month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, the Controlling Shareholders would cease to be the controlling shareholders or a group of Controlling Shareholders (as defined in the GEM Listing Rules).

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Pursuant to Rule 13.19 of the GEM Listing Rules, each of our Controlling Shareholders has also undertaken to the Stock Exchange and our Company to comply with the following requirements:

- (i) in the event that he/she/it pledges or charges any direct or indirect interest in relevant Shares in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), as security for a bona fide commercial loan pursuant to Rule 13.18(1) or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the period commencing on the date of this prospectus and ending on the date which is twelve months from the Listing Date, he/she/it must inform our Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and
- (ii) having pledged or charged any interest in Shares under (i) above, he/she/it must inform our Company immediately in the event that he/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of Shares affected.

Our Company will inform the Stock Exchange as soon as we have been informed of such matters and must forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 17.43 of the GEM Listing Rules.

UNDERTAKINGS PURSUANT TO THE UNDERWRITING AGREEMENTS

Undertaking by our Company

Our Company has undertaken to the Sole Sponsor and the Joint Bookrunners (for themselves and on behalf of the Underwriters) that, and our Controlling Shareholders and our executive Directors have undertaken to procure that, our Company will not, without the Joint Bookrunners' prior written consents (such consent not to be unreasonably withheld) and unless in compliance with the GEM Listing Rules, during the period (the "**First Six-Month Period**") commencing from the date of the Public Offer Underwriting Agreement up to and including the date falling six months after the date on which dealings in the Shares commence on the Stock Exchange:

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of, or agree to transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any share capital or other securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase, any such share capital or any other securities of our Company, as applicable), or deposit any share capital or other securities of our Company, as applicable, with a depositary in connection with the issue of depositary receipts; or repurchase any share capital or other securities of our Company, as applicable; or

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- (ii) enter into any swap or other arrangement that transfers to any third party other than any member of our Group, in whole or in part, any of the economic consequences of ownership of such share capital or other securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any such share capital or other securities of our Company, as applicable); or
- (iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or
- (iv) offer to or agree to or announce any intention to enter into, any transaction described in paragraphs (i), (ii) or (iii) above,

whether any of the foregoing transactions described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities of our Company, in cash or otherwise (whether or not the issue of such share capital or such other securities will be completed within the First Six-Month Period), provided that the foregoing restrictions shall not apply to the issue of Shares by our Company pursuant to the Capitalisation Issue, Share Offer or the exercise of the Offer Size Adjustment Option or any options granted or to be granted under the Share Option Scheme.

Undertaking by our Controlling Shareholders

Each of our Controlling Shareholders has jointly and severally undertaken with our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Manager and all the Public Offer Underwriters that, except with the prior written consents of the Sole Sponsor and the Joint Bookrunners (such consents not to be unreasonably withheld), and unless in compliance with the requirements of the GEM Listing Rules:

- (a) he/she/it will not, and will procure that his/her/its close associates will not, during the First Twelve-Month Period, (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any share capital or any other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any such share capital or any other securities of our Company, as applicable) (the foregoing restriction is expressly agreed to include our Controlling Shareholders engaging in any hedging or other transactions which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of any share capital or any other securities of our Company even if such share capital would be disposed of by someone other than our Controlling Shareholders, respectively. Such prohibited hedging or other transactions would include without limitation any put or call option with respect to any share capital or any other securities of our Company or with respect to any security that includes, relates to or derives any significant part of its value from such share capital), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of share capital or any other securities of our

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Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any share capital), or (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities of our Company or shares or other securities of such other members of our Group, as applicable, or in cash or otherwise (whether or not the issue of share capital or such other securities will be completed within the aforesaid period);

- (b) he/she/it will not, during the Second Twelve-Month Period, enter into any of the transactions specified in (i), (ii) or (iii) under paragraph (a) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, he or it will cease to be a Controlling Shareholder or cease to hold, directly or indirectly, a controlling interest of over 30% or such lower amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer, in any of the companies controlled by him/her/it and/or any of his/her/its close associate which owns such share capital or interests as aforesaid; and
- (c) during the First Twelve-Month Period and the Second Twelve-Month Period, in the event that he/she/it enters into any of the transactions specified in (i), (ii) or (iii) under paragraph (a) above or offers to or agrees to or announces any intention to effect any such transaction, he/she/it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

provided that the restriction shall not apply to any pledge or charge of Shares by our Controlling Shareholders in favour of an authorised institution as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan in accordance with the GEM Listing Rules.

SOLE SPONSOR'S AND UNDERWRITERS' INTEREST IN OUR COMPANY

Save as provided for under the Underwriting Agreements, none of the Underwriters has any shareholding interests in any member of our Group nor has any right or option to subscribe for or nominate persons to subscribe for any Shares.

Save as provided for under the Underwriting Agreements, neither the Sole Sponsor nor any of its associates has or may have, as a result of the Share Offer, any interest in any securities of our Company or any other member of our Group (including rights to subscribe for such securities).

Neither the Sole Sponsor nor any of its associates have accrued any material benefit as a result of the successful outcome of the Share Offer, other than the following:

- (a) by way of documentation and financial advisory fee to be paid to the Sole Sponsor for acting as the sole sponsor of the Share Offer and praecipium to be paid to the Sole Sponsor under the Underwriting Agreements; and

UNDERWRITING

- (b) the Sole Sponsor has been appointed as the compliance adviser of our Company for the purpose of the GEM Listing Rules for a fee from the Listing Date to the date on which our Company distributes the annual report for the second full financial year commencing after the Listing Date in accordance with Rule 18.03 of the GEM Listing Rules, or until the compliance adviser agreement is otherwise terminated upon the terms and conditions set out therein.

None of the directors and employees of the Sole Sponsor has any directorship in our Company or any member of our Group.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 6A.07 of the GEM Listing Rules.

MINIMUM PUBLIC FLOAT

Our Directors will ensure that at least 25.0% of the total issued Shares will be held in public hands in accordance with Rule 11.23 of the GEM Listing Rules after completion of the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

The Share Offer comprises the Placing and the Public Offer. A total of initially 150,000,000 Offer Shares will be made available under the Share Offer, of which 135,000,000 Placing Shares (subject to reallocation and the Offer Size Adjustment Option), representing 90% of the Offer Shares, will initially be conditionally placed with selected professional, institutional and private investors under the Placing. The 15,000,000 Public Offer Shares (subject to reallocation), representing 10% of the Offer Shares, will initially be offered to members of the public in Hong Kong under the Public Offer. The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. The Public Offer Underwriters have agreed to underwrite the Public Offer Shares under the terms of the Public Offer Underwriting Agreement. The Placing Underwriters will underwrite the Placing Shares pursuant to the terms of the Placing Underwriting Agreement. Further details of the underwriting are set out in the section headed “Underwriting” in this prospectus. Investors may apply for Offer Shares under the Public Offer or indicate an interest for Offer Shares under the Placing, but may not do both.

The Placing

Our Company is expected to offer initially 135,000,000 Placing Shares (subject to reallocation and the Offer Size Adjustment Option) at the Offer Price under the Placing. The number of Placing Shares expected to be initially available for application under the Placing represents 90% of the total number of Offer Shares being initially offered under the Share Offer, and approximately 22.5% of our Company’s enlarged issued share capital immediately after completion of and the Capitalisation Issue and the Share Offer. The Placing is expected to be fully underwritten by the Placing Underwriters (subject to satisfaction or waiver of the other conditions provided in the Placing Underwriting Agreement).

It is expected that the Placing Underwriters or selling agents nominated by them, on behalf of our Company, will conditionally place the Placing Shares at the Offer Price with selected professional, institutional and private investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to acquire further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and its shareholders as a whole. Investors to whom Placing Shares are offered will be required to undertake not to apply for Shares under the Public Offer.

The Public Offer

Our Company is initially offering 15,000,000 Public Offer Shares for subscription (subject to reallocation) by members of the public in Hong Kong under the Public Offer, representing 10% of the total number of Offer Shares offered under the Share Offer, and approximately 2.5% of our Company’s enlarged issued share capital immediately after completion of the Capitalisation Issue and the Share Offer. The Public Offer is fully underwritten by the Public Offer Underwriters (subject to satisfaction or waiver of the other

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

conditions provided in the Public Offer Underwriting Agreement). Applicants for the Public Offer Shares are required on application to pay the maximum Offer Price of HK\$0.40 per Offer Share plus 1% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee on each Offer Share.

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. An applicant for Shares under the Public Offer will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it has not applied for nor taken up any Shares under the Placing nor otherwise participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by an applicant is breached and/or is untrue (as the case may be), such applicant's application under the Public Offer is liable to be rejected. Multiple applications or suspected multiple applications and any application made for more than 100% of our Shares initially comprised in the Public Offer (i.e. 15,000,000 Public Offer Shares) are liable to be rejected.

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. When there is oversubscription under the Public Offer, allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

REALLOCATION OF THE OFFER SHARES BETWEEN PLACING AND PUBLIC OFFER

The allocation of the Offer Shares between the Placing and the Public Offer is subject to reallocation on the following basis:

- (a) In the event that the Placing Shares are fully subscribed or oversubscribed under the Placing:
 - (i) if the Public Offer Shares are undersubscribed, the Joint Bookrunners at their absolute discretion, may reallocate all or any of the unsubscribed Public Offer Shares from the Public Offer to the Placing;
 - (ii) if the Public Offer Shares are fully subscribed or oversubscribed and the number of Shares validly applied for under the Public Offer represents less than 15 times the number of Shares initially available for subscription under the Public Offer, then up to 15,000,000 Shares may be reallocated to the Public Offer from the Placing, so that the total number of Shares available for subscription under the Public Offer will be increased to 30,000,000 Shares, representing 20% of the total number of Offer Shares initially available for subscription under the Share Offer (before any exercise of the Offer Size Adjustment Option);
 - (iii) if the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Shares initially available for subscription under the Public Offer, then 30,000,000 Shares will be reallocated to the Public Offer from the Placing, so that the total number of Shares available for subscription under the Public Offer will be increased to 45,000,000 Shares, representing 30% of the number of the Offer Shares initially available for subscription under the Share Offer (before any exercise of the Offer Size Adjustment Option);

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- (iv) if the number of Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Shares initially available for subscription under the Public Offer, then 45,000,000 Shares will be reallocated to the Public Offer from the Placing, so that the total number of Shares available for subscription under the Public Offer will be increased to 60,000,000 Shares, representing 40% of the total number of the Offer Shares initially available for subscription under the Share Offer (before any exercise of the Offer Size Adjustment Option); and
 - (v) if the number of Shares validly applied for under the Public Offer represents 100 times or more the number of Shares initially available for subscription under the Public Offer, then 60,000,000 Shares will be reallocated to the Public Offer from the Placing, so that the total number of Shares available for subscription under the Public Offer will be increased to 75,000,000 Shares, representing 50% of the total number of the Offer Shares initially available for subscription under the Share Offer (before any exercise of the Offer Size Adjustment Option).
- (b) In the event that the Placing Shares are undersubscribed under the Placing:
- (i) if the Public Offer Shares are undersubscribed, the Share Offer shall not proceed unless fully underwritten by the Underwriters pursuant to the Underwriting Agreements; and
 - (ii) if the Public Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, then 15,000,000 Shares may be reallocated to the Public Offer from the Placing, so that the total number of Shares available for subscription under the Public Offer will be increased to 30,000,000 Shares, representing 20% of the total number of Offer Shares initially available for subscription under the Share Offer (before any exercise of the Offer Size Adjustment Option).

In the event of reallocation of Offer Shares between the Public Offer and the Placing in the circumstances described in paragraph (a)(ii) or (b)(ii) above, the final Offer Price shall be fixed at the low-end of the indicative Offer Price range (i.e. HK\$0.34 per Offer Share).

If reallocation of Shares from the Placing to the Public Offer is done other than pursuant to the clawback mechanism under Practice Note 6 to the GEM Listing Rules (including the circumstances specified under paragraph (a)(iii), (a)(iv) or (a)(v) above), the Offer Shares to be offered in the Public Offer and the Placing may be reallocated as between these offerings at the discretion of the Joint Bookrunners (for themselves and on behalf of the Underwriters), subject to the maximum total number of Offer Shares that may be allocated to the Public Offer, being 30,000,000 Shares, representing twice the number of Offer Shares initially allocated to the Public Offer, in accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange.

In the event of a reallocation of Offer Shares from the Placing to the Public Offer in circumstances under paragraph (a)(ii), (a)(iii), (a)(iv), (a)(v) and (b)(ii) above, the number of Offer Shares allocated to the Placing will be correspondingly reduced.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Details of any reallocation of Offer Shares between the Public Offer and the Placing will be disclosed in the results announcement of the Share Offer, which is expected to be published on Friday, 6 December 2019.

PRICING OF THE SHARE OFFER

The Underwriters will be soliciting from prospective investors indications of interest in acquiring the Offer Shares. Prospective professional, institutional and other investors will be required to specify the number of Offer Shares they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to the Price Determination Date.

The Offer Price will be fixed by agreement between the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date, when market demand for the Shares will be determined, which is expected to be on or about Friday, 29 November 2019 or such later date as may be agreed between the Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters), and the number of Shares to be allocated under various offerings will be determined shortly thereafter. If, for any reason, the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by the Price Determination Date or such later date as agreed by our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters), the Share Offer will not proceed and will lapse immediately.

The Offer Price will not be more than HK\$0.40 per Offer Share and is expected to be not less than HK\$0.34 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer. Applicants under the Public Offer must pay, on application, the maximum Offer Price of HK\$0.40 per Offer Share plus 1% brokerage fee, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee amounting to a total of HK\$2,424.18 per board lot of 6,000 Shares. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus. If the Offer Price, as finally determined in the manner described below, is lower than HK\$0.40, being the maximum price, we will refund the respective difference (including the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus money) to successful applicants, without interest. For further details, please refer to the section headed “How to apply for the Public Offer Shares” in this prospectus.

The Joint Bookrunners, (for themselves and on behalf of the Underwriters), may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the number of Public Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, our Company will, as soon as practicable following the decision to make the reduction, and in any event not later than the morning of the last day for lodging applications under the Public Offer, publish on the website of the Stock Exchange at (www.hkexnews.hk) and the website of our Company at (www.nomad-holdings.com) notices of the reduction in the number of Public Offer Shares and/or the indicative Offer Price range and a supplemental prospectus. Upon issue of these notices, the revised Offer Price range will be final and conclusive between our Company and the Joint Bookrunners; and the Offer Price, if agreed upon by the Joint Bookrunners (for themselves and on behalf of the Underwriters) and us, will be fixed within this

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Public Offer Shares and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Public Offer. The notices will also include confirmation or revision, as appropriate, of the working capital statement and the Share Offer statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. Applicants under the Public Offer should note that if an application for the Public Offer Shares before the last day for lodging applications under the Public Offer have been submitted, applicants will not be allowed to subsequently withdraw their application. However, if the number of Offer Shares and/or the Offer Price Range is reduced, applicants will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

In the event of a reduction in the number of Offer Shares, the Joint Bookrunners may, at its discretion, reallocate the number of Offer Shares to be offered in the Public Offer and the Placing, provided that the number of Offer Shares comprised in the Public Offer shall not be less than 10% of the total number of Offer Shares available under the Share Offer.

Announcement of final Offer Price and basis of allocation

The applicable final Offer Price, the level of indications of interest in the Share Offer and the basis of allocations of the Public Offer Shares are expected to be announced on Friday, 6 December 2019 on the website of the Stock Exchange (www.hkexnews.hk) and the website of our Company (www.nomad-holdings.com).

Results of allocations in the Public Offer, including the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants (where applicable) and the number of Public Offer Shares successfully applied for under **WHITE** and **YELLOW** Application Forms, or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider will be made available through a variety of channels as described in the paragraphs headed “How to apply for the Public Offer Shares – 11. Publication of results” in this prospectus.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect their rights and interests. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

OFFER SIZE ADJUSTMENT OPTION

In connection with the Placing, our Company granted to the Joint Bookrunners (for themselves and on behalf of the Placing Underwriters) the Offer Size Adjustment Option to cover over-allocations under the Placing (if any). Pursuant to the Offer Size Adjustment Option, our Company may be required to allot and issue, at the final Offer Price, up to an aggregate of 22,500,000 additional new Shares, representing 15% of the Offer Shares initially available under the Share Offer.

The Offer Size Adjustment Option can only be exercised by the Joint Bookrunners (for themselves and on behalf of the Underwriters) at or before 12:00 noon (Hong Kong time) on Thursday, 5 December 2019; otherwise it will lapse. The Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option will not be used for price stabilisation purpose and are not subject to the Securities and Futures (Price Stabilising) Rules of the SFO (Chapter 571W of the Laws of Hong Kong).

If the Offer Size Adjustment Option is exercised in full, the additional Offer Shares will represent approximately 3.61% of the enlarged issued share capital of our Company in issue following completion of the Capitalisation Issue, the Share Offer and the exercise of the Offer Size Adjustment Option but without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme.

The additional gross proceeds that we would receive if the Offer Size Adjustment Option is exercised in full (assuming the Offer Price of HK\$0.37 per Offer Share (being the mid-point of the indicative Offer Price range)) are estimated to be HK\$8.3 million. The additional net proceeds received from the exercise of the Offer Size Adjustment Option will be applied to the respective uses on a pro rata basis as disclosed in the paragraphs headed “Future plans and use of proceeds – Implementation plans” in this prospectus.

We will disclose in the allotment results announcement whether the Offer Size Adjustment Option is exercised.

DEALING

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, 9 December 2019, it is expected that dealings in the Shares on GEM of the Stock Exchange will commence at 9:00 a.m. on Monday, 9 December 2019.

Shares will be traded in board lot of 6,000 Shares each and the stock code for our Shares is 8645.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares will be conditional on, among other things:

- (i) the Stock Exchange granting the listing of, and permission to deal in, our Shares in issue, the Offer Shares and any additional Shares which may be issued upon the exercise of the Offer Size Adjustment Option and any options that may be granted under the Share Option Scheme (subject only to allotment), and such listing and permission not having been revoked prior to the commencement of dealings in Shares on the Stock Exchange;

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- (ii) the Offer Price having been duly determined on or about the Price Determination Date;
- (iii) the execution and delivery of the Placing Underwriting Agreement on or about the Price Determination Date; and
- (iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Joint Bookrunners, on behalf of the Underwriters) and not having been terminated in accordance with the terms of the respective agreements;

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Joint Bookrunners (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by the Price Determination Date or such later date as agreed by our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters), the Share Offer will not proceed and will lapse immediately.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived by the Joint Bookrunners (for themselves and on behalf of the Underwriters) prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. We will publish a notice of the lapse of the Share Offer on the website of the Stock Exchange (www.hkexnews.hk) and the website of our Company (www.nomad-holdings.com) on the next Business Day immediately following such lapse. In such eventuality, all application money will be returned, without interest, on the terms set out in the section headed “How to apply for the Public Offer Shares”. In the meantime, all application money will be held in (a) separate bank account(s) with the receiving bank or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance, Chapter 155 of the Laws of Hong Kong (as amended).

We expect to issue share certificates for the Offer Shares on Friday, 6 December 2019. Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on Monday, 9 December 2019 provided that (i) the Share Offer has become unconditional in all respects and (ii) the right of termination as described in the paragraph headed “Underwriting – Underwriting arrangements and expenses – Public Offer – Grounds for termination” has not been exercised.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service by the **IPO App** or at **www.hkeipo.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

Except where you are a nominee and provide the required information in your application, you or your joint applicant(s) may not make more than one application.

Our Company, the Joint Bookrunners, or **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Joint Bookrunners may accept or reject it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Public Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any of our subsidiaries;
- a Director or chief executive officer of our Company and/or any of our subsidiaries;
- a connected person (as defined in the GEM Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Share Offer; or
- an associate (as defined in the GEM Listing Rules) of any of the above;
- have been allocated or have applied for or indicated an interest in any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR THE PUBLIC OFFER SHARES

Which application channel to use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through the **IPO App** or **www.hkeipo.hk**.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to collect the **WHITE** and **YELLOW** Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 am on Monday, 25 November 2019 to 12:00 noon on Thursday, 28 November 2019 from:

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(a) any of the following addresses of the Underwriters:

Name	Address
GLAM Capital Limited	Rooms 908-11, 9/F, Nan Fung Tower, 88 Connaught Road Central & 173 Des Voeux Road Central Central, Hong Kong
Enlighten Securities Limited	6/F, Jubilee Centre, 18 Fenwick Street / 46 Gloucester Road, Wan Chai, Hong Kong
Opus Capital Limited	18/F Fung House, 19-20 Connaught Road Central, Central, Hong Kong
Innovax Securities Limited	Unit A-C, 20/F Neich Tower, 128 Gloucester Road, Wan Chai, Hong Kong

(b) or at any of the following branches of Bank of China (Hong Kong) Limited, the receiving bank:

District	Branch name	Address
Hong Kong Island	North Point (King's Centre) Branch	193-209 King's Road, North Point, Hong Kong
Kowloon	Kowloon Plaza Branch	Unit 1, Kowloon Plaza, 485 Castle Peak Road, Kowloon
New Territories	Kwai Cheong Road Branch	40 Kwai Cheong Road, Kwai Chung, New Territories

You can collect a **YELLOW** Application Form and a prospectus from:

- (a) The Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong during normal business hours from 9:00 a.m. on Monday, 25 November 2019 until 12:00 noon on Thursday, 28 November 2019; or
- (b) Your stockbroker, who may have such Application Forms and this prospectus available.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Forms, together with a cheque or a bankers' cashier order attached and marked payable to "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED – NOMAD TECHNOLOGIES PUBLIC OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of receiving bank listed above under the paragraphs headed "3. Applying for the Public Offer Shares – Where to collect the **WHITE** and **YELLOW** Application Forms" in this section at the following times:

Monday, 25 November 2019 – 9:00 a.m. to 5:00 p.m.

Tuesday, 26 November 2019 – 9:00 a.m. to 5:00 p.m.

Wednesday, 27 November 2019 – 9:00 a.m. to 5:00 p.m.

Thursday, 28 November 2019 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 28 November 2019, the last application day or such later time as described in the paragraphs headed "10. Effect of bad weather on the opening of the application lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Bookrunners (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and the Articles of Association;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making the application and will not rely on any other information or representations except those in any supplement to this prospectus;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- confirm that you are aware of the restrictions on the Share Offer in this prospectus;
- agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Public Offer Underwriters, their respective directors, officers, employees, partners, agents, advisers or any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate any interest for, any Placing Shares under the Placing nor participated in the Placing;
- agree to disclose to our Company, the Sole Sponsor, our Hong Kong Branch Share Registrar, the receiving bank, the Joint Bookrunners, the Joint Lead Managers, the Public Offer Underwriters and/or their respective advisers and agents any personal data which they may require about you or the person(s) for whose benefit you have made the application;
- if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters nor any of their respective officers or advisers will breach any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- agree that your application will be governed by the laws of Hong Kong;
- represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- warrant that the information you have provided is true and accurate;
- agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or our agents to send any share certificate(s) or deposit any share certificate(s) into CCASS and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- understand that our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters and/or their respective directors, officers or representatives or any other person or party involved in the Share Offer will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person;
- (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

(a) General

Individuals who meet the criteria in the subsection headed “– 2. Who Can Apply” in this section, may apply through the **HK eIPO White Form** service for the Public Offer Shares to be allotted and registered in their own names through the **IPO App** or the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are in the **IPO App** or on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the **IPO App** or the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

(b) Time for Submitting Applications under the HK eIPO White Form Service

You may submit your application through the **HK eIPO White Form** service in the **IPO App** or at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, 25 November 2019 until 11:30 a.m. on Thursday, 28 November 2019 and the latest time for

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 28 November 2019 or such later time under the paragraph headed “– 10. Effect of bad weather on the opening of the application lists” in this section.

(c) No Multiple Applications

If you apply by means of **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instructions** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

(d) Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and our Hong Kong Branch Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - **agree** that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - **agree** to accept the Public Offer Shares applied for or any lesser number allocated;
 - **undertake** and **confirm** that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;
 - (If the electronic application instructions are given for your benefit) **declare** that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) **declare** that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- **confirm** that you understand that our Company, our Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, their respective directors, officers or representatives or any other person or party involved in the Share Offer will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
- **authorise** our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- **confirm** that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- **agree** that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- **agree** to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving bank(s), the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents;
- **agree** (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- **agree** that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- **agree** that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- **agree** to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;
- **agree** with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- **agree** that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 6,000 Public Offer Shares. Instructions for more than 6,000 Public Offer Shares must be in one of the numbers set out in the table on the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Monday, 25 November 2019 – 9:00 a.m. to 8:30 p.m.⁽¹⁾
- Tuesday, 26 November 2019 – 8:00 a.m. to 8:30 p.m.⁽¹⁾
- Wednesday, 27 November 2019 – 8:00 a.m. to 8:30 p.m.⁽¹⁾
- Thursday, 28 November 2019 – 8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 25 November 2019 until 12:00 noon on Thursday, 28 November 2019.

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 28 November 2019, the last application day or such later time as described in “10. Effect of bad weather on the opening of the application lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Sole Sponsor, the Hong Kong Branch Share Registrar, the receiving bank, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, 28 November 2019.

8. HOW MANY APPLICATIONS YOU MAY MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each such beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“**Unlisted company**” means a company with no equity securities listed on the Stock Exchange. “**Statutory control**” in relation to a company means you:

- control the composition of the board of directors of that company; or
- control more than half of the voting power of that company; or
- hold more than half of the issued share capital of that company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The maximum Offer Price is HK\$0.40 per Public Offer Share. You must also pay brokerage of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005% in full. This means that for every board lot of 6,000 Public Offer Shares, you will pay approximately HK\$2,424.18. The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Public Offer Shares.

You must pay the maximum Offer Price, plus brokerage fee of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005% in full upon application for Public Offer Shares by a cheque or a banker’s cashier order in accordance with the terms set out on the Application Forms (if you apply by an Application Form).

You must submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 6,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 6,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified in the **IPO App** or on the designated website at www.hkeipo.hk.

If your application is successful, brokerage of 1% is paid to participants of the Stock Exchange, the SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% are paid to the Stock Exchange (in the case of the SFC transaction levy of 0.0027%, collected by the Stock Exchange on behalf of the SFC).

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

For further details on the Offer Price, see the paragraphs headed “Structure and conditions of the Share Offer – Pricing of the Share Offer” in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists of the Public Offer will not open if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 28 November 2019. Instead they will be open from 11:45 a.m. to 12:00 noon on the next business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, 28 November 2019, or if there is a tropical cyclone warning signal number 8 or above or “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected timetable” in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indications of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Friday, 6 December 2019 on our Company’s website at **www.nomad-holdings.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company’s website at **www.nomad-holdings.com** and the website of the Stock Exchange at **www.hkexnews.hk** by no later than 8:30 a.m. on Friday, 6 December 2019;
- from our designated results of allocations website at **www.tricor.com.hk/ipo/result** (alternatively: **www.hkeipo.hk/iporesult**) or the “Allotment Result” function in the **IPO App** with a “search by ID Number/Business Registration Number” function on a 24-hour basis from 8:00 a.m. on Friday, 6 December 2019 to 12:00 midnight on Thursday, 12 December 2019;
- by telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Friday, 6 December 2019 to Wednesday, 11 December 2019 (excluding Saturday, Sunday and Public Holiday);

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- in the special allocation results booklets which will be available for inspection during opening hours from Friday, 6 December 2019 to Tuesday, 10 December 2019 at designated branches of the receiving bank at the addresses set out in the paragraphs headed “3. Applying for the Public Offer Shares – Where to collect the **WHITE** and **YELLOW** Application Forms” in this section.

If our Company accepts your offer to purchase (in whole or in part), which we may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed “Structure and conditions of the Share Offer” in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED THE PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(i) **If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application will be notified that they are required to confirm their application(s). If applicant(s) have been so notified but have not confirmed their application(s) in accordance with the procedure to be notified, all unconfirmed application(s) will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation in the manner as described in the paragraphs headed “11. Publication of results” in this section and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(ii) If our Company or our agents exercise our discretion to reject your application:

Our Company, the Joint Bookrunners, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of the Public Offer Shares is void:

The allotment of the Public Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within **three** weeks from the closing date of the application lists, or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person(s) for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) the Public Offer Shares and the Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website or in the **IPO App**;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Bookrunners believe(s) that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 100% of the Public Offer Shares initially offered under the Public Offer.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$0.40 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with the paragraphs headed “Structure and conditions of the Share Offer – Conditions of the Share Offer” in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on Friday, 6 December 2019.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all the Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Public Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and Stock Exchange trading fee but without interest). Part of your Hong Kong identity card number or passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number or passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number or passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Friday, 6 December 2019. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier order(s).

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Share certificates will only become valid at 8:00 a.m. on Monday, 9 December 2019 provided that the Share Offer has become unconditional and the right of termination described in the section headed “Underwriting” in this prospectus has not been exercised. Investors who trade shares prior to the receipt of share certificates becoming valid do so at their own risk.

Personal collection

(i) If you apply using a WHITE Application Form:

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 6 December 2019 or such other date as notified by us.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation’s chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Friday, 6 December 2019, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form:

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above for the collection of refund cheque(s). If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Friday, 6 December 2019, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant’s stock account as stated in your Application Form on Friday, 6 December 2019, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(iii) If you apply through a designated CCASS Participant (other than a CCASS Investor Participant):

For Public Offer Shares credited to your designated CCASS Participant's stock account (other than a CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS Participant.

(iv) If you are applying as a CCASS Investor Participant:

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in the paragraph headed "11. Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 6 December 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System.

(v) If you apply through the HK eIPO White Form Service

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from our Hong Kong Branch Share Registrar from 9:00 a.m. to 1:00 p.m. on Friday, 6 December 2019, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates, e-Auto Refund payment instructions or refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Friday, 6 December 2019 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(vi) *If you apply via electronic application instruction to HKSCC:*

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Friday, 6 December 2019, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the paragraph headed "10. Publication of results" above on Friday, 6 December 2019. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 6 December 2019 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Friday, 6 December 2019. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, 6 December 2019.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for inclusion in this prospectus, received from the independent reporting accountants of the Company, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong. As described in the section headed "Documents delivered to the Registrar of Companies in Hong Kong and available for inspection" in Appendix V to this prospectus, a copy of the accountants' report is available for inspection.

Deloitte.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF NOMAD TECHNOLOGIES HOLDINGS LIMITED AND PULSAR CAPITAL LIMITED

Introduction

We report on the historical financial information of Nomad Technologies Holdings Limited (formerly known as Nomad Holdings Limited) (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-3 to I-54, which comprises the consolidated statements of financial position of the Group as at 30 June 2017, 30 June 2018 and 30 June 2019, the statements of financial position of the Company as at 30 June 2018 and 30 June 2019, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 30 June 2019 (the "**Track Record Period**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-3 to I-54 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 25 November 2019 (the "**Prospectus**") in connection with the initial listing of shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' Responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 30 June 2017, 30 June 2018 and 30 June 2019, of the Company's financial position as at 30 June 2018 and 30 June 2019, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on GEM of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 13 to the Historical Financial Information which contains information about the dividends declared and payable by the Company, and dividends declared and paid by IP Core Sdn. Bhd., a subsidiary of the Company, in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 November 2019

HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”) and were audited by Deloitte PLT, Chartered Accountants registered in Malaysia, in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (“**Underlying Financial Statements**”).

The Historical Financial Information is presented in Malaysia Ringgit (“**RM**”) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 30 June		
		2017 RM	2018 RM	2019 RM
Revenue	5	21,443,939	36,631,786	41,353,125
Cost of sales and services		<u>(12,514,781)</u>	<u>(20,481,688)</u>	<u>(24,256,866)</u>
Gross profit		8,929,158	16,150,098	17,096,259
Other income	6	42,114	63,559	68,453
Other gain and losses	7	15,541	(66,364)	(102,383)
Selling expenses		(319,528)	(465,127)	(898,622)
Administrative expenses		(2,586,844)	(3,439,002)	(5,304,696)
Listing expenses		–	(2,002,619)	(3,812,652)
Finance costs	8	<u>(198,197)</u>	<u>(378,955)</u>	<u>(430,744)</u>
Profit before tax	9	5,882,244	9,861,590	6,615,615
Income tax credit (expense)	10	<u>150,457</u>	<u>(194,775)</u>	<u>1,925,467</u>
Profit and total comprehensive income for the year		<u><u>6,032,701</u></u>	<u><u>9,666,815</u></u>	<u><u>8,541,082</u></u>
Profit (loss) and total comprehensive income (expense) for the year attributable to:				
Owners of the Company		6,032,701	9,666,815	8,618,524
Non-controlling interest		<u>–</u>	<u>–</u>	<u>(77,442)</u>
		<u><u>6,032,701</u></u>	<u><u>9,666,815</u></u>	<u><u>8,541,082</u></u>
Earnings per share				
– Basic (RM cents)	14	<u><u>1.79</u></u>	<u><u>2.86</u></u>	<u><u>1.95</u></u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	2017 RM	At 30 June 2018 RM	2019 RM
Non-current Assets				
Property, plant and equipment	15	6,062,592	7,184,941	8,234,780
Deposits paid for property, plant and equipment	15	–	996,426	12,576,583
Deferred tax assets	16	–	–	1,904,109
		<u>6,062,592</u>	<u>8,181,367</u>	<u>22,715,472</u>
Current Assets				
Inventories	17	1,105,434	395,183	508,703
Contract costs	21(b)	1,194,049	1,242,200	1,310,833
Trade and other receivables, deposits and prepayments	18	8,283,581	16,489,609	14,863,810
Amounts due from a director and related parties	19	885,358	52,734	–
Tax recoverable		–	–	174,834
Restricted bank balance	20	50,000	50,000	50,000
Pledged bank deposits	20	1,587,165	1,635,930	1,686,989
Bank balances and cash	20	1,437,393	4,007,821	9,307,471
		<u>14,542,980</u>	<u>23,873,477</u>	<u>27,902,640</u>
Current Liabilities				
Amounts due to a director and related parties	19	82,066	1,481,591	6,836
Contract liabilities	21(a)	1,843,980	1,694,501	6,264,406
Trade and other payables and accrued expenses	22	2,268,347	3,781,646	6,620,610
Bank borrowings	23	2,285,929	2,354,633	1,968,060
Obligations under finance leases	24	241,307	718,718	770,365
Tax payable		71,899	60,780	–
		<u>6,793,528</u>	<u>10,091,869</u>	<u>15,630,277</u>
NET CURRENT ASSETS		<u>7,749,452</u>	<u>13,781,608</u>	<u>12,272,363</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,812,044</u>	<u>21,962,975</u>	<u>34,987,835</u>
Non-current Liabilities				
Deferred tax liabilities	16	100,996	139,526	–
Contract liabilities	21(a)	3,477,502	3,927,734	723,816
Bank borrowings	23	681,639	652,630	1,369,487
Obligations under finance leases	24	1,507,531	2,231,893	1,452,320
		<u>5,767,668</u>	<u>6,951,783</u>	<u>3,545,623</u>
NET ASSETS		<u>8,044,376</u>	<u>15,011,192</u>	<u>31,442,212</u>
CAPITAL AND RESERVES				
Share capital	25	700,000	–	–
Share premium and reserves		7,344,376	15,011,192	31,369,654
Equity attributable to owners of the Company		8,044,376	15,011,192	31,369,654
Non-controlling interest		–	–	72,558
TOTAL EQUITY		<u>8,044,376</u>	<u>15,011,192</u>	<u>31,442,212</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>NOTES</i>	At 30 June 2018 <i>RM</i>	At 30 June 2019 <i>RM</i>
Non-current Asset			
Investments in subsidiaries	26	<u>17,013,811</u>	<u>17,013,811</u>
Current Assets			
Deferred issue costs and prepaid listing expenses		696,921	1,822,406
Amount due from a subsidiary	19	<u>—</u>	<u>7,955,955</u>
		<u>696,921</u>	<u>9,778,361</u>
Current Liabilities			
Accrued listing expenses and issue costs		927,419	1,704,648
Amounts due to subsidiaries	19	<u>1,772,121</u>	<u>5,860,042</u>
		<u>2,699,540</u>	<u>7,564,690</u>
NET CURRENT (LIABILITIES) ASSETS		<u>(2,002,619)</u>	<u>2,213,671</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>15,011,192</u></u>	<u><u>19,227,482</u></u>
CAPITAL AND RESERVES			
Share capital	25	—	—
Share premium and reserve	26	<u>15,011,192</u>	<u>19,227,482</u>
TOTAL EQUITY		<u><u>15,011,192</u></u>	<u><u>19,227,482</u></u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company				Total RM	Non- controlling interest RM	Total RM
	Share capital RM	Share premium RM (Note a)	Merger reserve RM (Note b)	Retained profits RM			
At 1 July 2016	700,000	-	-	2,211,675	2,911,675	-	2,911,675
Profit and total comprehensive income for the year	-	-	-	6,032,701	6,032,701	-	6,032,701
Dividend paid (note 13)	-	-	-	(900,000)	(900,000)	-	(900,000)
At 30 June 2017	700,000	-	-	7,344,376	8,044,376	-	8,044,376
Profit and total comprehensive income for the year	-	-	-	9,666,815	9,666,815	-	9,666,815
Issue of share upon incorporation of a subsidiary	1	-	-	-	1	-	1
Issue of shares of the Company upon incorporation (note 25)	-*	-	-	-	-	-	-
Effect of Group Reorganisation (as defined in note 1)	(700,001)	17,013,811	(16,313,810)	-	-	-	-
Dividend paid (note 13)	-	-	-	(2,700,000)	(2,700,000)	-	(2,700,000)
At 30 June 2018	-*	17,013,811	(16,313,810)	14,311,191	15,011,192	-	15,011,192
Profit (loss) and total comprehensive income (expense) for the year	-	-	-	8,618,524	8,618,524	(77,442)	8,541,082
Issue of shares of the Company	-*	7,739,938	-	-	7,739,938	-	7,739,938
Contribution from non-controlling interest	-	-	-	-	-	150,000	150,000
At 30 June 2019	-*	24,753,749	(16,313,810)	22,929,715	31,369,654	72,558	31,442,212

* Less than RM1.00

Notes:

- Share premium at 30 June 2019 comprises (i) the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the share capital and other reserves of IP Core Sdn. Bhd. ("IP Core"), Metro Direct Carrier (M) Sdn. Bhd. ("MDC") and Nomad (HK) Limited ("Nomad (HK)") of RM17,013,811 and (ii) the difference between the nominal amount of the share capital issued by the Company during the year ended 30 June 2019 and the subscription price of HK\$15,000,000 (equivalent to RM7,739,938).
- Merger reserve represents the difference between the amount of share capital and share premium of the Company issued, and the share capital of IP Core, MDC and Nomad (HK) exchanged in connection with the Group Reorganisation.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 30 June		
	2017 RM	2018 RM	2019 RM
OPERATING ACTIVITIES			
Profit before tax	5,882,244	9,861,590	6,615,615
Adjustments for:			
Amortisation of contract costs	319,528	465,127	898,622
Depreciation of property, plant and equipment	1,284,598	2,378,516	3,220,619
Finance costs	198,197	378,955	430,744
Gain on disposal of property, plant and equipment	(39,757)	–	–
Impairment losses recognised on trade receivables	11,943	954	366,403
Interest income from bank deposits	(29,141)	(49,256)	(61,280)
Property, plant and equipment written off	12,273	48,575	90,087
Operating cash flows before movements in working capital	7,639,885	13,084,461	11,560,810
(Increase) decrease in trade and other receivables, deposits and prepayments	(3,174,818)	(7,782,635)	2,221,270
(Increase) decrease in inventories	(1,037,108)	710,251	(113,520)
Increase in contract costs	(934,132)	(513,278)	(967,255)
Increase in contract liabilities	1,633,256	300,753	1,365,987
Increase in trade and other payables and accrued expenses	472,516	1,500,676	2,836,815
Decrease in amounts due to related parties	(172,049)	(3,388)	(46,612)
Cash generated from operations	4,427,550	7,296,840	16,857,495
Income tax paid	(142,335)	(177,364)	(382,433)
Income tax refunded	–	10,000	28,651
NET CASH FROM OPERATING ACTIVITIES	4,285,215	7,129,476	16,503,713
INVESTING ACTIVITIES			
Interest received	29,141	49,256	61,280
Deposits paid for property, plant and equipment	–	(996,426)	(11,580,157)
Purchase of property, plant and equipment	(3,432,058)	(2,048,361)	(4,360,545)
Proceeds from disposal of property, plant and equipment	585,518	–	–
Advances to related parties	(192,722)	(65,410)	–
Repayments from related parties	–	–	52,734
Advance to a director	(1,764,706)	(2,073,524)	(159,938)
Repayment from a director	748,754	271,558	159,938
Placement of pledged bank deposits	(947,499)	(48,765)	(51,059)
NET CASH USED IN INVESTING ACTIVITIES	(4,973,572)	(4,911,672)	(15,877,747)

	Year ended 30 June		
	2017	2018	2019
	RM	RM	RM
FINANCING ACTIVITIES			
Interest paid	(198,197)	(378,955)	(430,744)
Proceeds from issuance of shares	–	–	7,739,938
Issue of share upon incorporation of a subsidiary	–	1	–
Contribution from non-controlling interest	–	–	150,000
Share issue costs paid	–	(424,347)	(961,874)
New bank borrowings raised	1,079,393	1,000,000	–
Repayments of bank borrowings	(120,948)	(1,123,309)	(176,723)
Repayments of obligations under finance leases	(719,269)	(299,306)	(727,926)
Advances from related parties	32,066	–	3,062
Repayments to related parties	–	(13,569)	(18,497)
Advance from a director	–	1,567,334	3,734
Repayment to a director	–	(150,852)	(1,416,442)
NET CASH FROM FINANCING ACTIVITIES	<u>73,045</u>	<u>176,997</u>	<u>4,164,528</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(615,312)</u>	<u>2,394,801</u>	<u>4,790,494</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>943,298</u>	<u>327,986</u>	<u>2,735,410</u>
Effect of exchange rate differences	–	12,623	2,149
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>327,986</u></u>	<u><u>2,735,410</u></u>	<u><u>7,528,053</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash	1,437,393	4,007,821	9,307,471
Bank overdrafts	<u>(1,109,407)</u>	<u>(1,272,411)</u>	<u>(1,779,418)</u>
	<u><u>327,986</u></u>	<u><u>2,735,410</u></u>	<u><u>7,528,053</u></u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL AND BASIS OF PREPARATION AND PRESENTATION

The Company was incorporated on 5 June 2018 and registered in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands, and the ultimate controlling parties are Mr. Eric Tan Chwee Kuang (“**Dato’ Tan**”) and Ms. Kwong Shir Ling (“**Ms. Kwong**”), spouse of Dato’ Tan. The addresses of the registered office and the principal place of business of the Company are disclosed in the “Corporate information” section of this prospectus issued by the Company dated 25 November 2019 (the “**Prospectus**”).

The Company is an investment holding company and the Group is principally engaged in rendering of: (i) network management and security services; and (ii) network connectivity services, including installation, customisation and maintenance works, and sales and lease of related hardware.

In preparation for the proposed initial listing of the shares of the Company on GEM of the Stock Exchange, the Group underwent a reorganisation (the “**Group Reorganisation**”). For the details of the Group Reorganisation, please refer to the section “History, Reorganisation and corporate structure” of the Prospectus.

The Group Reorganisation involved the following steps:

- Advantage Sail Limited (“**Advantage Sail**”) was incorporated in the British Virgin Islands as a limited liability company on 16 April 2018. On 14 May 2018, Advantage Sail allotted and issued 1 share to Dato’ Tan at United States dollar (“**US\$**”) 1.00 per share;
- Robust Cosmos Limited (“**Robust Cosmos**”) was incorporated in the British Virgin Islands as a limited liability company on 9 April 2018. On 14 May 2018, Robust Cosmos allotted and issued 1 share to Ms. Kwong at US\$1.00 per share;
- Top Quantum Limited (“**Top Quantum**”) was incorporated in the British Virgin Islands as a limited liability company on 16 April 2018. On 14 May 2018, Top Quantum allotted and issued 1 share to each of Dato’ Tan and Ms. Kwong, respectively, at US\$1.00 per share; Subsequently on 11 June 2018, an additional 8 shares were allotted and issued to Dato’ Tan at consideration of US\$1.00;
- Nomad (HK) was incorporated in Hong Kong as a limited liability company on 8 May 2018. On the same date, Nomad (HK) allotted and issued 1 share to Dato’ Tan at Hong Kong Dollar (“**HK\$**”) 1.00 per share; On 25 June 2018, Dato’ Tan transferred 1 share in Nomad (HK) to Top Quantum at a nominal consideration of HK\$1.00 per share. After the said transfer, Nomad (HK) became a wholly-owned subsidiary of Top Quantum;
- IP Core was incorporated in Malaysia as a limited liability company on 13 June 2007. On 21 June 2018, Dato’ Tan transferred 450,000 shares, representing 90% of the entire issued share capital of IP Core, at consideration of RM1.00 and Ms. Kwong transferred 50,000 shares, representing 10% of the entire issued share capital of IP Core, at consideration of RM1.00, to Top Quantum. After the said transfer, IP Core became a wholly-owned subsidiary of Top Quantum;
- MDC was incorporated in Malaysia as a limited liability company on 19 June 2013. On 21 June 2018, Dato’ Tan transferred 100,000 shares, representing 50% of the entire issued share capital of MDC, at consideration of RM1.00 and Ms. Kwong transferred 100,000 shares, representing 50% of the entire issued share capital of MDC, at consideration of RM1.00, to Top Quantum. After the said transfer, MDC became a wholly-owned subsidiary of Top Quantum;

- The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 June 2018. On 5 June 2018, the Company allotted and issued 1 share to an initial subscriber and such share was transferred to Advantage Sail on the same date; Subsequently on the same date, additional 8 shares and 1 share were allotted and issued to Advantage Sail and Robust Cosmos, respectively, at HK\$0.01 per share; and
- On 28 June 2018, the Company entered into a share sale and purchase agreement with Dato' Tan and Ms. Kwong, whereby the Company acquired the entire issued share capital of Top Quantum, a company ultimately owned by Dato' Tan and Ms. Kwong. After the said transfer, Top Quantum became a wholly-owned subsidiary of the Company; Subsequently on the same date, additional 9 shares and 1 share were allotted and issued to Advantage Sail and Robust Cosmos, respectively, at HK\$0.01 per share.

The Group Reorganisation involved the setting up of the Company, Top Quantum and Nomad (HK), and interspersing the Company and Top Quantum between Nomad (HK), IP Core and MDC and Dato' Tan and Ms. Kwong, the directors and legal owners of the group entities. The Company, Top Quantum, Nomad (HK), IP Core and MDC were under common control by Dato' Tan and Ms. Kwong throughout the Track Record Period or since their respective dates of incorporation, where there is a shorter period. Upon completion of the Group Reorganisation on 28 June 2018, the Company became the holding company of the subsidiaries now comprising the Group. As there is no change in the owners, the Group Reorganisation has been accounted for as a combination of business under common control. The Group comprising the Company and its subsidiaries resulting from the Group Reorganisation is regarded as a continuing entity. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group have been prepared as if the group structure upon completion of the Group Reorganisation had been in existence throughout the Track Record Period, or since their date of incorporation, where there is a shorter period. The consolidated statement of financial position of the Group as at 30 June 2017 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the group structure upon completion of the Group Reorganisation had been in existence at that date taking into account the respective date of incorporation, where applicable.

The Historical Financial Information has been prepared based on the accounting policies set out in note 3 which conform with IFRSs issued by IASB and the principle of merger accounting conventions applicable for group reorganisation.

The Historical Financial Information is presented in RM, which is also the functional currency of the Group.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRSs, including but not limited to IFRS 15 *Revenue from Contracts with Customers*, that are effective for the accounting periods beginning on 1 July 2018 throughout the Track Record Period, except the Group adopted IFRS 9 *Financial Instruments* from 1 July 2018 and adopts IAS 39 *Financial Instruments Recognition and Measurement* for the two years ended 30 June 2018. The accounting policies for financial instruments under IAS 39 and IFRS 9, are set out in note 3.

IFRS 9 *Financial Instruments*

In the year ended 30 June 2019, the Group has applied IFRS 9 and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and other items and 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 July 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. The difference between carrying amounts as at 30 June 2018 and the carrying amounts as at 1 July 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Classification and measurement of financial assets

All financial assets and financial liabilities continue to be measured on the same bases as were previously measured under IAS 39.

Impairment under ECL model

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, balances are grouped based on similar credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore estimated the expected loss rates for the trade receivables and the contract assets on the same basis.

ECL for other financial assets at amortised cost, including other receivables, amounts due from related parties, amount due from a subsidiary, restricted bank balance, pledged bank deposits and bank balances, are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition.

The directors of the Company considered that the measurement of ECL has no material impact to the Group's retained profits at 1 July 2018.

New and amendments to IFRSs and Interpretations in issue but not yet effective

The Group has not applied the following new and amendments to IFRSs and Interpretations that have been issued but are not yet effective:

IFRS 16	Leases ¹
IFRS 17	Insurance Contracts ³
IFRIC 23	Uncertainty over Income Tax Treatments ¹
Amendments to IFRS 3	Definition of a Business ⁴
Amendments to IFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform ²
Amendments to IAS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to IAS 1 and IAS 8	Definition of Material ²
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to IAS 28	Long-term Interests in Associate and Joint Ventures ¹
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015 – 2017 Cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after 1 January 2020

³ Effective for annual periods beginning on or after 1 January 2021

⁴ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

⁵ Effective for annual periods beginning on or after a date to be determined

Except for the new IFRS mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs and Interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, IFRS 16 requires sales and leaseback transactions to be determined based on the requirements of IFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. IFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and are replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group. Upfront prepaid lease payments will be presented as investing or operating cash flows in accordance to the nature, as appropriate.

Under IAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is a lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to a lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 30 June 2019, the Group has non-cancellable operating lease commitments of RM7,800 as disclosed in note 30. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of IFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of RM16,650 as rights under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

Based on the facts and circumstances as at 30 June 2019, the directors of the Company expect that the adoption of IFRS 16 compared with the current accounting policy would not result in significant impact on the Group's right-of-use assets and related lease liability, and the adoption of IFRS 16 would not have a material impact on the financial performance of the Group.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply

this standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of IFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

3. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with accounting policies which conform with IFRSs issued by the IASB and the principle of merger accounting conventions applicable for group reorganisation. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared under the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

The principal accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Track Record Period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Merger accounting for business combination involving entities under common control

The Historical Financial Information incorporates the financial statement items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling parties.

The net assets of the combining entities are combined using the existing carrying amounts from the controlling parties' perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination, to the extent of the continuation of the controlling parties' interest.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statements of financial position at cost less any identified impairment losses. Results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable during the Track Record Period, if any.

Property, plant and equipment

Property, plant and equipment, including leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on tangible assets and contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets and contract costs to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible assets are estimated individually, when it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Before the Group recognises an impairment loss for assets capitalised as contract costs under IFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets (upon application of IFRS 9 on 1 July 2018)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets (upon application of IFRS 9 on 1 July 2018)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade and other receivables, amounts due from related parties, amount due from a subsidiary, restricted bank balance, pledged bank deposits, and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are made based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) *Significant increase in credit risk*

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) *Definition of default*

For internal credit risk management, the Group considers that an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) *Write-off policy*

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) *Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables are each assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on the amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Classification and subsequent measurement of financial assets (before application of IFRS 9 on 1 July 2018)

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related parties, restricted bank balance, pledged bank deposits, and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets (before application of IFRS 9 on 1 July 2018)

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity*Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised costs

Financial liabilities (including trade and other payables, amounts due to subsidiaries, a director and related parties, and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as obligations under finance leases.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policies below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire considerations (including any lump sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at initial recognition.

When the lease payments cannot be allocated reliably between the leasehold land and building elements, the entire lease is generally classified as finance lease and accounted for as property, plant and equipment.

Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to customers.

Control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point of time when the customer obtains control of the asset.

The Group recognises revenue from the following major sources which arisen from contracts with customers:

- Sales of hardware;
- On-site installation of hardware;
- Network management and security services; and
- Network connectivity services.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligation, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using

appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Contract costs

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. The Group has no further payment obligations once these contributions have been paid.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the end of the reporting period. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Impairment of trade receivables (upon application of IFRS 9 on 1 July 2018)

The Group uses provision matrix to calculate ECL for trade receivables. The provision matrix is based on nature, size and past-due status as groupings of various debtors that have similar loss patterns. The measurement of ECL is based on the Group's historical default rates taking into consideration the historical data adjusted by forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in note 28.

Impairment of trade receivables (before application of IFRS 9 on 1 July 2018)

The Group assesses at the end of each reporting period whether there is any objective evidence that a trade receivable is impaired. The provision policy for bad and doubtful receivables of the Group is based on the evaluation of collectability and ageing analysis of trade receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group are to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. The carrying amounts at the end of each reporting period for trade receivables are disclosed in note 18.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable from sales of hardware, lease of hardware, rendering of on-site installation of hardware, network management and security services, and network connectivity services, reduced for estimated customer returns, rebates, sales related tax (e.g. goods and services tax or sales and services tax) and other similar allowances.

Revenue

An analysis of the Group's revenue for the Track Record Period is as follows:

	Year ended 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
Sales of hardware	2,204,129	5,995,095	2,321,992
Rendering of services:			
– On-site installation of hardware	2,239,945	9,009,504	5,059,346
– Network management and security services	2,202,431	3,620,885	8,209,451
– Network connectivity services	11,948,804	14,073,349	20,553,770
	<u>18,595,309</u>	<u>32,698,833</u>	<u>36,144,559</u>
Total revenue from contracts with customers	18,595,309	32,698,833	36,144,559
Revenue from lease of hardware	2,848,630	3,932,953	5,208,566
	<u>21,443,939</u>	<u>36,631,786</u>	<u>41,353,125</u>

Timing of revenue recognition

	Year ended 30 June		
	2017	2018	2019
	RM	RM	RM
A point in time	2,204,129	5,995,095	2,321,992
Overtime	16,391,180	26,703,738	33,822,567
	<u>18,595,309</u>	<u>32,698,833</u>	<u>36,144,559</u>

Transaction price allocated to the remaining performance obligations

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of each reporting period.

	As at 30 June		
	2017	2018	2019
	RM	RM	RM
Rendering of network management and security services	12,273,151	8,652,266	6,913,558
Rendering of network connectivity services	41,435,986	27,362,637	30,476,201
	<u>53,709,137</u>	<u>36,014,903</u>	<u>37,389,759</u>

Based on the information available to the Group at the end of each reporting period, the management of the Group expects the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts in respect of rendering network management and security services and network connectivity services as of 30 June 2017, 30 June 2018 and 30 June 2019 will be recognised as revenue during the years ended/ending 30 June 2018 to 2020, 30 June 2019 to 2020 and 30 June 2020 to 2021, respectively.

Performance obligations for contracts with customers***Sales of hardware***

For sales of hardware, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the specific location. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

On-site installation of hardware

For installation of hardware, the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time based on input method, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of date of measurement as a percentage of total estimated costs for each contract, that best depict the Group's performance in transferring control of goods or services.

Network management and security services, and network connectivity services

For network management and security services, and network connectivity services, the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, thus the Group satisfies a performance obligation and recognises revenue over time.

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Segment information

Information is reported to Dato' Tan, an executive director of the Company, who is also the chief operating decision maker ("CODM") of the Group, for the purpose of resource allocation and performance assessment. The accounting policies are the same as the Group's accounting policies described in note 3. Other than revenue analysis, no other discrete financial information is available for the assessment of performance and allocation of resources. The CODM reviews the overall results and financial performance of the Group as a whole. Accordingly, the CODM has identified one operating segment and only entity-wide disclosures on revenue, geographical information and information about major customers are presented.

Geographical information

The Group's revenue from external customers is all derived from Malaysia. All non-current assets (excluding deferred tax assets) of the Group are located in Malaysia.

Information about major customers

Revenue from customers during the Track Record Period individually contributing over 10% of the total revenue of the Group is as follows:

	Year ended 30 June		
	2017	2018	2019
	RM	RM	RM
Customer A ¹	N/A ^(Note)	4,376,104	13,266,266
Customer B ¹	4,515,327	10,948,658	6,805,379
Customer C ²	3,301,096	7,654,881	7,371,183
Customer D ³	2,477,879	N/A ^(Note)	N/A ^(Note)

¹ Revenue from sales of hardware, rendering of services, and lease of hardware

² Revenue from sales of hardware and rendering of services

³ Revenue from on-site installation of hardware, rendering of management and security services and network connectivity services

Note: The customer did not contribute over 10% of the total revenue of the Group for the relevant year.

6. OTHER INCOME

	Year ended 30 June		
	2017	2018	2019
	RM	RM	RM
Interest income from bank deposits	29,141	49,256	61,280
Others	12,973	14,303	7,173
	<u>42,114</u>	<u>63,559</u>	<u>68,453</u>

7. OTHER GAIN AND LOSSES

	Year ended 30 June		
	2017	2018	2019
	RM	RM	RM
Gain on disposal of property, plant and equipment	39,757	–	–
Impairment losses recognised on trade receivables	(11,943)	(954)	(366,403)
Property, plant and equipment written off	(12,273)	(48,575)	(90,087)
Net foreign exchange (loss) gain	–	(16,835)	354,107
	<u>15,541</u>	<u>(66,364)</u>	<u>(102,383)</u>

8. FINANCE COSTS

	Year ended 30 June		
	2017	2018	2019
	RM	RM	RM
Interests on bank borrowings	120,314	273,732	251,960
Interests on obligations under finance leases	77,883	105,223	178,784
	<u>198,197</u>	<u>378,955</u>	<u>430,744</u>

9. PROFIT BEFORE TAX

	Year ended 30 June		
	2017	2018	2019
	RM	RM	RM
Profit before tax has been arrived at after charging:			
Auditors' remuneration	14,650	80,000	93,000
Cost of inventories recognised as expenses	1,400,436	5,453,459	2,123,227
Depreciation of property, plant and equipment	<u>1,284,598</u>	<u>2,378,516</u>	<u>3,220,619</u>
Directors' emoluments (<i>note 11</i>)	473,760	717,064	1,163,818
Other staff costs:			
– Salaries and other allowances	1,589,053	2,087,842	2,540,458
– Bonus	<u>412,710</u>	<u>508,684</u>	<u>438,993</u>
	2,475,523	3,313,590	4,143,269
– Contribution to Employees Provident Fund (“EPF”)	<u>226,248</u>	<u>350,193</u>	<u>347,720</u>
Total	<u>2,701,771</u>	<u>3,663,783</u>	<u>4,490,989</u>
Operating lease rentals	<u>51,222</u>	<u>57,580</u>	<u>76,544</u>

10. INCOME TAX (CREDIT) EXPENSE

	Year ended 30 June		
	2017	2018	2019
	RM	RM	RM
Malaysia Corporate Income Tax:			
Current year	66,000	66,600	78,742
Underprovision in prior years	<u>–</u>	<u>89,645</u>	<u>39,426</u>
	66,000	156,245	118,168
Deferred tax (<i>note 16</i>)	<u>(216,457)</u>	<u>38,530</u>	<u>(2,043,635)</u>
	<u>(150,457)</u>	<u>194,775</u>	<u>(1,925,467)</u>

Malaysia Corporate Income Tax is calculated at the statutory tax rate on the estimated assessable profits for each of the assessable year.

The income tax (credit) expense for the year can be reconciled from the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 30 June		
	2017	2018	2019
	RM	RM	RM
Profit before tax	5,882,244	9,861,590	6,615,615
Tax at Malaysia Corporate Income Tax rate of 24% (Note a)	1,411,738	2,366,781	1,587,748
Tax effect of expenses not deductible for tax purposes	921,074	1,346,153	1,189,711
Tax effect of income not taxable for tax purposes	(99,499)	(16,230)	(9,563)
Tax saving on first RM500,000 chargeable income (Note b)	(21,992)	(22,189)	(27,904)
Tax incentive (Note c)	(2,563,416)	(3,389,464)	(4,146,120)
Underprovision in prior years	-	89,645	39,426
Utilisation of tax losses previously not recognised	-	(179,921)	(558,765)
Tax effect of tax losses not recognised	201,638	-	-
Income tax (credit) expense for the year	(150,457)	194,775	(1,925,467)

Notes:

- a. The Finance Act, 2017 which was gazetted on 16 January 2017, enacts that the incremental portion of chargeable income compared to the immediate preceding year of assessment enjoys reduced income tax rate as follows with effect for the years of assessment 2017 and 2018 in Malaysia:

Percentage of increase in chargeable income as compared to the immediate preceding year of assessment	Percentage point of reduction in tax rate %	Tax rate after reduction
Less than 5%	Nil	24
5% – 9.99%	1	23
10% – 14.99%	2	22
15% – 19.99%	3	21
20% and above	4	20

The above changes are effective for the years of assessment 2017 and 2018 only.

The group entities are entitled to the tax benefit schemes as mentioned in notes b and c below. There were no further chargeable income available to benefit from percentage point of reduction in tax rate.

The above changes ceased to be effective from the year of assessment 2019, where the corporate income tax rate is 24%.

- b. Under the Income Tax Act 1967 of Malaysia, small and medium enterprises in Malaysia with paid-up capital amounting to RM2,500,000 or less are subject to income tax at the rate of 18% for the years ended 30 June 2017 and 30 June 2018, and 17% for the year ended 30 June 2019, respectively, on chargeable income amounting to RM500,000 or less. For chargeable income in excess of RM500,000, the corporate income tax rate is 24%.
- c. The amount represents a tax incentive provided to a subsidiary of the Company by the Malaysian Investment Development Authority ("MIDA") for 5 plus 5 years in respect of entities providing or engaged in connectivity and multimedia services. That subsidiary is using the value added income method for pioneer status tax incentive, in which the income tax expense is derived from inflation adjusted statutory income for the preceding year multiplied by one plus the rate of inflation for the basis year. On 3 April 2019, the tax pioneer status of the that subsidiary expired as MIDA has ceased to renew existing tax pioneer status.

Deferred tax is recognised based on the tax rates that are expected to apply to the period when the asset is likely to be realised or the liability is settled. Details of deferred taxation are set out in note 16.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid to executive directors of the Company for the Track Record Period are as follows:

Executive directors

For the year ended 30 June 2017

	Directors' fees <i>RM</i>	Basic salaries and allowances <i>RM</i>	Bonus <i>RM</i> <i>(Note a)</i>	Contribution to EPF <i>RM</i> <i>(note 33)</i>	Total <i>RM</i>
Dato' Tan	–	240,000	–	28,800	268,800
Mr. Saw Zhe Wei ("Mr. Saw")	–	120,000	63,000	21,960	204,960
	<u>–</u>	<u>360,000</u>	<u>63,000</u>	<u>50,760</u>	<u>473,760</u>

For the year ended 30 June 2018

	Directors' fees <i>RM</i>	Basic salaries and allowances <i>RM</i>	Bonus <i>RM</i> <i>(Note a)</i>	Contribution to EPF <i>RM</i> <i>(note 33)</i>	Total <i>RM</i>
Dato' Tan	–	420,000	–	50,400	470,400
Mr. Saw	–	143,000	77,000	26,664	246,664
	<u>–</u>	<u>563,000</u>	<u>77,000</u>	<u>77,064</u>	<u>717,064</u>

For the year ended 30 June 2019

	Directors' fees <i>RM</i>	Basic salaries and allowances <i>RM</i>	Bonus <i>RM</i> <i>(Note a)</i>	Contribution to EPF <i>RM</i> <i>(note 33)</i>	Total <i>RM</i>
Dato' Tan	–	600,000	225,000	99,000	924,000
Mr. Saw	–	163,920	50,160	25,738	239,818
	–	763,920	275,160	124,738	1,163,818

Notes:

- a. Certain executive directors of the Company are entitled to bonus payments which are determined based on the Group's performance for the year.
- b. Dato' Tan is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.
- c. The amounts represent emoluments paid or payable to the executive directors and chief executive of the Company (including emoluments for services as directors/employees of the subsidiaries of the Company prior to becoming the directors of the Company) by the Group during the Track Record Period.
- d. No independent non-executive directors were appointed by the Company during the Track Record Period.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the Track Record Period included 2 directors for each of the years ended 30 June 2017, 30 June 2018 and 30 June 2019, details of whose emoluments is set out in note 11. Details of the remuneration of the remaining 3 highest paid employees who are neither a director nor chief executive of the Company for each of the years ended 30 June 2017, 30 June 2018 and 30 June 2019 are as follows:

	Year ended 30 June		
	2017 <i>RM</i>	2018 <i>RM</i>	2019 <i>RM</i>
Basic salaries, allowances and benefits in kind	279,000	366,730	386,640
Bonus	72,678	85,336	55,500
Contribution to EPF	50,320	69,328	77,239
	401,998	521,394	519,379

The number of the highest paid employees who are neither an existing director nor chief executive of the Company whose remuneration fell within the following band is as follows:

	Year ended 30 June		
	2017	2018	2019
Nil to HK\$1,000,000	3	3	3

During the Track Record Period, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during the Track Record Period.

13. DIVIDENDS

An interim dividend of RM900,000 and RM2,700,000 was declared and paid by IP Core to its then shareholders during the years ended 30 June 2017 and 30 June 2018, respectively. The rate of dividend and number of shares ranking for the above dividends are not presented as such information is not considered meaningful having regard to the purpose of this report.

Interim dividends of RM500,000 (RM12,500 per share) and RM850,000 (RM21,250 per share) for the year ended 30 June 2019 were declared and payable by the Company on 17 July 2019 and 18 September 2019, respectively.

14. EARNINGS PER SHARE

The calculation of basic earnings per share for the Track Record Period are based on the profit for the year attributable to owners of the Company and the weighted average numbers of ordinary shares of 337,500,000 for years ended 30 June 2017 and 30 June 2018, and 441,986,301 for the year ended 30 June 2019, on the assumption that the Group Reorganisation and Capitalisation Issue as explained in the section headed "History, Reorganisation and corporate structure" in this prospectus and the paragraphs headed "A. Further information about our Company – 3. Written resolutions of our Shareholders" in Appendix IV to this prospectus had been effective on 1 July 2016.

No diluted earnings per share are presented for the Track Record Period as there are no potential ordinary shares in issue.

15. PROPERTY, PLANT AND EQUIPMENT/DEPOSITS PAID FOR PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RM	Staff quarters RM	Furniture and fittings RM	Office equipment RM	Renovation and signboards RM	Computers RM	Motor vehicles RM	Internet services equipment RM (Note)	Total RM
COST									
At 1 July 2016	838,000	-	80,049	43,651	304,789	76,805	1,889,447	934,347	4,167,088
Additions	-	-	32,243	26,651	4,052	55,066	1,933,949	2,580,097	4,632,058
Disposal	-	-	-	(6,945)	-	-	(940,021)	-	(946,966)
Write-off	-	-	(2,616)	(16,975)	-	(47,181)	-	-	(66,772)
At 30 June 2017	838,000	-	109,676	46,382	308,841	84,690	2,883,375	3,514,444	7,785,408
Additions	-	-	646	2,316	-	15,345	232,048	3,299,085	3,549,440
Write-off	-	-	-	-	-	-	-	(221,507)	(221,507)
At 30 June 2018	838,000	-	110,322	48,698	308,841	100,035	3,115,423	6,592,022	11,113,341
Additions	-	1,556,040	9,565	3,963	65,561	18,855	-	2,706,561	4,360,545
Write-off	-	-	-	-	-	(1,121)	-	(237,770)	(238,891)
At 30 June 2019	838,000	1,556,040	119,887	52,661	374,402	117,769	3,115,423	9,060,813	15,234,995
DEPRECIATION									
At 1 July 2016	17,459	-	9,657	13,153	45,497	66,002	546,474	195,680	893,922
Charge for the year	8,729	-	10,642	3,925	30,854	23,595	475,015	731,838	1,284,598
Eliminated upon disposal	-	-	-	(1,389)	-	-	(399,816)	-	(401,205)
Eliminated upon write-off	-	-	(610)	(8,910)	-	(44,979)	-	-	(54,499)
At 30 June 2017	26,188	-	19,689	6,779	76,351	44,618	621,673	927,518	1,722,816
Charge for the year	8,729	-	10,996	4,799	30,853	25,998	594,694	1,702,447	2,378,516
Eliminated upon write-off	-	-	-	-	-	-	-	(172,932)	(172,932)
At 30 June 2018	34,917	-	30,685	11,578	107,204	70,616	1,216,367	2,457,033	3,928,400
Charge for the year	8,729	12,967	11,869	5,090	33,060	26,457	604,345	2,518,102	3,220,619
Eliminated upon write-off	-	-	-	-	-	(1,120)	-	(147,684)	(148,804)
At 30 June 2019	43,646	12,967	42,554	16,668	140,264	95,953	1,820,712	4,827,451	7,000,215
CARRYING VALUES									
At 30 June 2017	811,812	-	89,987	39,603	232,490	40,072	2,261,702	2,586,926	6,062,592
At 30 June 2018	803,083	-	79,637	37,120	201,637	29,419	1,899,056	4,134,989	7,184,941
At 30 June 2019	794,354	1,543,073	77,333	35,993	234,138	21,816	1,294,711	4,233,362	8,234,780

Note: Internet services equipment represent equipment held by the Group for leasing to customers under operating lease arrangements. Included in the balances are equipment amounting to RM2,586,926, RM4,134,989 and RM3,781,578 as of 30 June 2017, 30 June 2018 and 30 June 2019, respectively, leased to customers under operating lease arrangements.

The above items of property, plant and equipment are depreciated on a straight line basis at the following rates per annum:

Leasehold land and buildings	Over remaining lease period
Staff quarters	2%
Furniture and fittings	10%
Office equipment	10%
Renovations and signboards	10%
Computers	40%
Motor vehicles	20%
Internet service equipment	33 – 50%

The following are the carrying value of the assets held under finance leases as at 30 June 2017, 30 June 2018 and 30 June 2019 included in property, plant and equipment:

	At 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
Motor vehicles	2,163,622	1,822,926	1,240,529
Internet services equipment	–	1,197,246	732,430
	<u>2,163,622</u>	<u>3,020,172</u>	<u>1,972,959</u>

As at 30 June 2017, 30 June 2018 and 30 June 2019, the Group has pledged leasehold land and buildings with carrying amounts of RM811,812, RM803,083 and RM794,354 respectively to secure bank borrowings granted to the Group.

As at 30 June 2017, 30 June 2018 and 30 June 2019, the Group has motor vehicles with carrying amount of RM1,451,167, RM1,132,321 and RM813,475 respectively held in trust under the name of a director.

Deposits paid for property, plant and equipment comprise deposits paid for the purchase of computer equipment to build the cloud-based network data content management infrastructure.

16. DEFERRED TAX ASSETS (LIABILITIES)

The followings are the deferred tax assets (liabilities) recognised by the Group and movements thereon during the Track Record Period.

	Accelerated accounting depreciation	(Contract costs)/Provision for contract costs	Contract liabilities	Tax losses	Total
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
At 1 July 2016	(359,739)	169	42,117	–	(317,453)
Credit to profit or loss	<u>–</u>	<u>193,138</u>	<u>23,319</u>	<u>–</u>	<u>216,457</u>
At 30 June 2017	(359,739)	193,307	65,436	–	(100,996)
(Charged) credited to profit or loss	<u>–</u>	<u>(50,980)</u>	<u>12,450</u>	<u>–</u>	<u>(38,530)</u>
At 30 June 2018	(359,739)	142,327	77,886	–	(139,526)
Credited (charged) to profit or loss	<u>598,316</u>	<u>(338,553)</u>	<u>1,599,287</u>	<u>184,585</u>	<u>2,043,635</u>
At 30 June 2019	<u><u>238,577</u></u>	<u><u>(196,226)</u></u>	<u><u>1,677,173</u></u>	<u><u>184,585</u></u>	<u><u>1,904,109</u></u>

The Group has unused tax losses of approximately RM3,078,000, RM2,328,000 and RM769,000, and deductible temporary differences arising from contract liabilities of approximately RM1,167,000, RM1,035,000 and RM6,988,000 available for offset against future profits as at 30 June 2017, 30 June 2018 and 30 June 2019, respectively. A deferred tax asset has been recognised in respect of unused tax losses and deductible temporary differences arising from contract liabilities of approximately RM769,000 and RM6,988,000, respectively, as at 30 June 2019. No deferred tax has been recognised in respect of unused tax losses of approximately RM3,078,000 and RM2,328,000 and deductible temporary differences arising from contract liabilities of approximately RM1,167,000 and RM1,035,000, as at 30 June 2017 and 30 June 2018, respectively, due to unpredictable of future profit streams and it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised. Under Malaysia Finance Act 2018 gazetted on 27 December 2018, the unused tax losses of approximately RM769,000 as at 30 June 2019 can be carried forward for another 7 consecutive years of assessment (i.e. from year of assessment 2020 to 2026), where these unused tax losses were classified as “no expiry period” as at 30 June 2017 and 2018.

17. INVENTORIES

	At 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
Finished goods – at cost	<u><u>1,105,434</u></u>	<u><u>395,183</u></u>	<u><u>508,703</u></u>

18. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
Billed trade receivables			
– goods and services	5,019,450	4,417,998	5,198,882
– operating lease receivables	1,466,566	1,155,438	2,616,996
Less: Allowance for doubtful debts	<u>(11,943)</u>	<u>(12,897)</u>	<u>(366,403)</u>
	<u>6,474,073</u>	<u>5,560,539</u>	<u>7,449,475</u>
Unbilled trade receivables (<i>Note</i>)			
– goods and services	1,119,391	9,114,656	3,063,468
– operating lease receivables	<u>401,836</u>	<u>526,290</u>	<u>1,799,621</u>
	<u>1,521,227</u>	<u>9,640,946</u>	<u>4,863,089</u>
Total trade receivables	7,995,300	15,201,485	12,312,564
Other receivables	60,020	265,604	300,075
Refundable deposits	45,068	82,998	67,560
Prepayments	41,599	139,719	260,576
Deferred issue costs and prepaid listing expenses	–	696,921	1,822,406
Goods and services tax receivable	<u>141,594</u>	<u>102,882</u>	<u>100,629</u>
	<u><u>8,283,581</u></u>	<u><u>16,489,609</u></u>	<u><u>14,863,810</u></u>

Note: Unbilled trade receivables represent the remaining balances of receivables for services rendered but not yet billed before the end of respective years.

As at 1 July 2018 and 30 June 2019, trade receivables from contracts with customers amounted to RM13,519,757 and RM7,895,947, respectively.

The credit period granted for the trade receivables of the Group is 30 days from the date of billing. No interest is charged on trade receivables. Before accepting any new customer, the Group will assess the potential customer's credit quality and defined credit rating and limits for each customer. Limits attributed to customers are reviewed once a year.

The following is an ageing analysis of trade receivables (net of allowance for doubtful debts) presented based on the invoice date, which approximate the respective revenue recognition dates, at the end of each reporting period.

	At 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
0 to 30 days	3,594,197	2,457,572	3,535,506
31 to 60 days	1,519,392	1,091,808	1,041,077
Over 60 days	<u>1,360,484</u>	<u>2,011,159</u>	<u>2,872,892</u>
Not yet billed	6,474,073	5,560,539	7,449,475
	<u>1,521,227</u>	<u>9,640,946</u>	<u>4,863,089</u>
	<u><u>7,995,300</u></u>	<u><u>15,201,485</u></u>	<u><u>12,312,564</u></u>

As at 30 June 2017 and 30 June 2018, impairment losses are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of the counterparties' current financial positions, and 56% and 44% of the trade receivables are neither past due nor impaired, respectively. These trade receivables are of good credit quality as long credit periods are granted to the respective customers, who have a long business relationship with the Group and a strong financial position.

As at 30 June 2017 and 30 June 2018, trade receivables of RM2,879,876 and RM3,102,967 are past due but not impaired, respectively. These relate to a number of diversified customers for whom there was no recent history of default and have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no allowance for impairment is necessary in respect of these balances as these balances were either subsequently settled or there has not been a significant change in credit quality and the balances are still considered recoverable. The Group does not hold any collateral over these balances.

As at 30 June 2019, included in the Group's trade receivables balance are debtors with an aggregate carrying amount of RM3,913,969 which are past due at the reporting date. Out of the past due balances, RM565,343 has been past due 90 days or more and is not considered as in default as the default risk of these debtors is low after considering the credit worthiness and past payment history of these debtors and forward-looking information available at the end of the reporting period.

The following is an analysis of trade receivables that are past due but not impaired at the end of each reporting period:

	At 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
Overdue:			
1 to 30 days	1,519,392	1,091,808	1,041,077
31 to 60 days	686,142	814,918	1,173,742
Over 60 days	<u>674,342</u>	<u>1,196,241</u>	<u>1,699,150</u>
	<u><u>2,879,876</u></u>	<u><u>3,102,967</u></u>	<u><u>3,913,969</u></u>

Movement in the allowance for doubtful debts is as follows:

	At 30 June		
	2017 <i>RM</i>	2018 <i>RM</i>	2019 <i>RM</i>
At beginning of the year	–	11,943	12,897
Impairment losses recognised	11,943	954	366,403
Write-offs	–	–	(12,897)
	<u>–</u>	<u>–</u>	<u>(12,897)</u>
At end of the year	<u>11,943</u>	<u>12,897</u>	<u>366,403</u>

Included in the allowance for doubtful debts are individually impaired trade receivables with aggregate balances of RM11,943 as at 30 June 2017 and RM12,897 as at 30 June 2018 which had been placed in severe financial difficulties. The Group does not hold any collateral over these balances.

The Group's other receivables balance mainly includes interest income receivables from deposits in banks and advances to employees for daily operations in which the directors of the Company consider that the ECL is insignificant to the Group.

Details of impairment assessment of trade and other receivables for the year ended 30 June 2019 are set out in note 28.

19. AMOUNTS DUE FROM (TO) A DIRECTOR, SUBSIDIARIES AND RELATED PARTIES

The Group

	At 30 June		
	2017 <i>RM</i>	2018 <i>RM</i>	2019 <i>RM</i>
Amount due from a director			
Dato' Tan	628,034	–	–
Amounts due from related parties			
Non-trade	<u>257,324</u>	<u>52,734</u>	<u>–</u>
Total	<u>885,358</u>	<u>52,734</u>	<u>–</u>
Amount due to a director			
Dato' Tan	<u>–</u>	<u>1,416,482</u>	<u>3,774</u>
Amounts due to related parties			
Trade	50,000	46,612	–
Non-trade	<u>32,066</u>	<u>18,497</u>	<u>3,062</u>
	<u>82,066</u>	<u>65,109</u>	<u>3,062</u>
Total	<u>82,066</u>	<u>1,481,591</u>	<u>6,836</u>

The maximum amounts outstanding in respect of amount due from a director during the Track Record Period are as follows:

	Year ended 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
Dato' Tan	<u>1,275,982</u>	<u>1,603,713</u>	<u>159,938</u>

The amount due from (to) a director is non-trade in nature, unsecured, interest-free and repayable on demand.

Related parties refer to a shareholder of a holding company of the Company and companies in which a director of the Company is also director and has significant financial interests.

Non-trade amounts due from related parties which arose mainly from expenses paid on behalf of the related parties. Non-trade amounts due to related parties arose mainly from expenses paid on behalf by the related parties. All the amounts due from (to) related parties are unsecured, interest-free and repayable on demand. The directors of the Company have represented that all the amounts due from (to) directors will be settled upon listing of the Company's shares.

The trade payables to the related parties were aged over 90 days based on the invoice date.

The Company

The amounts due from (to) subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

The Company considered that default risk of amount due from a subsidiary is low after considering the financial position of the subsidiary, past payment history and forward-looking information available at the end of the reporting period. Accordingly, the allowance of ECL is considered immaterial and no impairment allowance has been provided.

20. RESTRICTED BANK BALANCE, PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

Restricted bank balance represents a deposit maintained in a bank in relation to the security for settlement of vendors.

Pledged bank deposits represent bank deposits pledged to banks to secure bank borrowings of the Group. As at 30 June 2017, 30 June 2018 and 30 June 2019, the Group has pledged bank deposits amounting to RM66,366, RM68,423 and RM70,586, respectively, held in trust under the name of a director.

As at 30 June 2017, 30 June 2018 and 30 June 2019, fixed bank deposits with licensed banks carry interest at rates ranging from 3.00% to 3.15%, 3.00% to 3.35% and 3.00% to 3.35% per annum, respectively.

21. CONTRACT LIABILITIES AND CONTRACT COSTS

(a) Contract liabilities

	At 30 June		
	2017 RM	2018 RM	2019 RM
Contract liabilities related to rendering of network management and security services and network connectivity services (<i>Note</i>)	5,321,482	5,622,235	6,988,222
Analysed for reporting purpose as:			
Current liabilities	1,843,980	1,694,501	6,264,406
Non-current liabilities	3,477,502	3,927,734	723,816
	<u>5,321,482</u>	<u>5,622,235</u>	<u>6,988,222</u>

Note: Contract liabilities represents the receipts from customers based on contract terms and exceed the revenue recognised up to the respective period end date.

The movements in contract liabilities are as follows:

	Year ended 30 June		
	2017 RM	2018 RM	2019 RM
At the beginning of year	3,179,965	5,321,482	5,622,235
Receipts from customers	9,968,280	13,229,596	14,244,436
Revenue recognised	<u>(7,826,763)</u>	<u>(12,928,843)</u>	<u>(12,878,449)</u>
At the end of year	<u>5,321,482</u>	<u>5,622,235</u>	<u>6,988,222</u>

Revenue recognised during the years ended 30 June 2017, 30 June 2018 and 30 June 2019 amounted to RM1,133,057, RM1,843,980 and RM1,694,501, respectively, was included in the contract liabilities balance at the beginning of the respective years.

The Group typically receives six months to two years of service fee in advance from customers on acceptance of contracts. The advance payment schemes result in contract liabilities being recognised throughout contracted service period.

The increase in contract liabilities during the year ended 30 June 2019 was mainly due to new contracts signed with customers for the rendering of network management and security services and network connectivity services.

(b) Contract costs

	At 30 June		
	2017 RM	2018 RM	2019 RM
Costs to obtain contracts	<u>1,194,049</u>	<u>1,242,200</u>	<u>1,310,833</u>

Costs to obtain contracts relate to incremental commission fees paid to sales representatives as a result of obtaining contracts.

These costs are amortised on a straight-line basis over the contract period. During the years ended 30 June 2017, 30 June 2018 and 30 June 2019, amortisation amounting to RM319,528, RM465,127 and RM898,622, respectively, has been recognised in the profit or loss as selling expenses.

22. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
Trade payables	1,125,157	1,913,826	2,851,830
Other payables	73,495	174,724	933,670
Accrued expenses	341,427	526,235	428,004
Accrued listing expenses and issue costs	–	927,419	1,704,648
Accrued selling expenses	422,663	219,164	493,228
Sales and services tax payable	–	–	209,230
Goods and services tax payable	305,605	20,278	–
	<u>2,268,347</u>	<u>3,781,646</u>	<u>6,620,610</u>

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period granted to the Group for trade purchase ranges from 30 to 60 days.

The following is an ageing analysis of trade payables presented based on the invoice date at the end of each reporting period:

	At 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
0 to 30 days	1,056,176	800,499	1,424,871
31 to 60 days	45,302	832,598	1,202,472
61 to 90 days	7,197	134,239	160,953
Over 90 days	16,482	146,490	63,534
	<u>1,125,157</u>	<u>1,913,826</u>	<u>2,851,830</u>

23. BANK BORROWINGS

	At 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
Current – secured			
Bank overdrafts	1,109,407	1,272,411	1,779,418
Bank acceptance	878,173	–	–
Term loans	<u>298,349</u>	<u>1,082,222</u>	<u>188,642</u>
Total current	2,285,929	2,354,633	1,968,060
Non-current – secured			
Term loans	<u>681,639</u>	<u>652,630</u>	<u>1,369,487</u>
Total	<u><u>2,967,568</u></u>	<u><u>3,007,263</u></u>	<u><u>3,337,547</u></u>

The maturities of borrowings as at 30 June 2017, 30 June 2018 and 30 June 2019 are as follows:

	At 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
Within one year	2,136,659	1,453,567	1,968,060
Within a period of more than one year but not more than two years	65,059	188,643	383,458
Within a period of more than two years but not more than five years	168,721	601,294	452,967
More than five years	<u>597,129</u>	<u>763,759</u>	<u>533,062</u>
Total	<u><u>2,967,568</u></u>	<u><u>3,007,263</u></u>	<u><u>3,337,547</u></u>

The amounts due are based on scheduled repayment dates set out in the borrowing agreements. At the end of each reporting period save as disclosed below, no bank borrowings contained any repayment on demand clause.

At 30 June 2017, the Group had bank borrowings of RM2,967,568, of which RM184,698 that were in breach of a financial covenant as stipulated in the relevant bank loan agreement, RM149,270 of this amount was reclassified from non-current liabilities to current liabilities. During the year ended 30 June 2018, the management restructured the Group's financial position and the Group then complied with the financial covenants for these bank borrowings.

At 30 June 2018, the Group had bank borrowings of RM3,007,263, of which RM1,056,180 that were in breach of a financial covenant as stipulated in the relevant bank loan agreement, RM901,066 of this amount was reclassified from non-current liabilities to current liabilities. During the year ended 30 June 2019, the Group has obtained waivers from the banks concerned with respect to compliance of the stipulated financial covenants for the total loans of RM1,056,180.

The bank overdrafts bear interest at Malaysia Base Lending Rate (“BLR”) plus 1.00% to 2.25% per annum as at 30 June 2017, 30 June 2018 and 30 June 2019.

The bank acceptance bears interest at BLR plus 1.5% per annum as at 30 June 2017.

The term loans bear interest at BLR plus 1.25% to 4.00% per annum as at 30 June 2017, 30 June 2018 and 30 June 2019.

The bank borrowing facilities are secured by:

- (i) fixed bank deposits of RM1,587,165, RM1,635,930 and RM1,686,989 as at 30 June 2017, 30 June 2018 and 30 June 2019, respectively;
- (ii) leasehold land and buildings with a carrying amount of RM811,812, RM803,083 and RM794,354 (refer to note 15) as at 30 June 2017, 30 June 2018 and 30 June 2019, respectively; and
- (iii) personal guarantee by Dato' Tan, a director of the Company, and Ms. Kwong, a shareholder of a holding company of the Company.

24. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments			Present value of minimum lease payments		
	At 30 June			At 30 June		
	2017	2018	2019	2017	2018	2019
	RM	RM	RM	RM	RM	RM
Obligations under finance leases payable:						
Within one year	326,076	899,590	885,352	241,307	718,718	770,365
Within a period of more than one year but not more than two years	326,076	899,590	694,778	255,880	781,996	637,721
Within a period of more than two years but not more than five years	968,768	1,396,622	850,378	845,336	1,293,459	797,614
More than five years	420,835	159,993	17,181	406,315	156,438	16,985
	2,041,755	3,355,795	2,447,689	1,748,838	2,950,611	2,222,685
Less: future finance charges	(292,917)	(405,184)	(225,004)	-	-	-
Present value of lease obligations	<u>1,748,838</u>	<u>2,950,611</u>	<u>2,222,685</u>	1,748,838	2,950,611	2,222,685
Less: Amount due for settlement within twelve months (shown under current liabilities)				(241,307)	(718,718)	(770,365)
Amount due for settlement after twelve months				<u>1,507,531</u>	<u>2,231,893</u>	<u>1,452,320</u>

It is the Group's policy to lease certain of its motor vehicles and internet services equipment. The directors of the Company determined the leases to be finance leases as the ownership of the relevant assets will be transferred to the Group upon the payment of the last instalment of the individual agreement. The average lease term as at 30 June 2017, 30 June 2018 and 30 June 2019 ranges from 2 to 7 years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 2.53% to 2.87% per annum, 2.28% to 4.25% per annum and 2.28% to 4.25% per annum for the years ended 30 June 2017, 30 June 2018 and 30 June 2019, respectively.

As at 30 June 2017, 30 June 2018 and 30 June 2019, obligations under finance leases of RM869,895, RM941,709 and RM784,645 are secured by the personal guarantee of Dato' Tan, a director of the Company and the leased assets, respectively.

As at 30 June 2017, 30 June 2018 and 30 June 2019, the Group has obligations under finance leases amounting to RM445,631, RM391,347 and RM333,632, respectively, held in trust under the name of a director.

25. SHARE CAPITAL

Share capital of the Group as at 1 July 2016 and 30 June 2017 represented the issued share capital of IP Core and MDC with an aggregate amount of RM700,000.

Pursuant to the Group Reorganisation as disclosed in note 1, the Company became the holding company of the companies now comprising the Group on 28 June 2018. The share capital of the Group as at 30 June 2018 and 30 June 2019 represent the share capital of the Company with details as follow:

The Company

	Number of shares	Amount HK\$
Ordinary shares of HK\$0.01 each		
Authorised:		
At 5 June 2018 (date of incorporation), 30 June 2018 and 30 June 2019	38,000,000	380,000
Issued and fully paid:		
Issue of share at date of incorporation (Note (i))	1	—*
Issue of new shares during the period (Note (i))	19	—*
At 30 June 2018	20	—*
Issue of new shares during the year (Notes (ii) and (iii))	20	—*
At 30 June 2019	40	—*
Shown in the Historical Financial Information as		RM —*

* Less than HK\$1.00 or RM1.00

Notes: (i) On 5 June 2018, the Company was incorporated as an exempted company with limited liability in the Cayman Islands. The Company's authorised share capital is HK\$380,000, divided into 38,000,000 shares of HK\$0.01 each. As at the date of incorporation, 1 ordinary share was issued to the initial subscriber to provide initial capital to the Company. Subsequently on the same date, additional 9 shares were allotted and issued at HK\$0.01 per share. Furthermore, on 28 June 2018, additional 10 shares were allotted and issued at HK\$0.01 per share.

(ii) On 25 July 2018, 10 shares were issued with a par value of HK\$0.01 to the existing shareholder in consideration of HK\$0.01 each in cash.

(iii) On 27 July 2018, 10 shares were issued with a par value of HK\$0.01 to a new shareholder in consideration of HK\$15,000,000 (equivalent to RM7,739,938).

26. INFORMATION ON THE COMPANY

The followings are the movement in the Company's reserves from 5 June 2018 (date of its incorporation) to 30 June 2018 and for the year ended 30 June 2019:

	Share premium RM (Note)	Accumulated losses RM	Total RM
At date of incorporation	–	–	–
Issue of shares	17,013,811	–	17,013,811
Loss and total comprehensive expense for the period	–	(2,002,619)	(2,002,619)
At 30 June 2018	17,013,811	(2,002,619)	15,011,192
Loss and total comprehensive expense for the year	–	(3,523,648)	(3,523,648)
Issue of shares	7,739,938	–	7,739,938
At 30 June 2019	<u>24,753,749</u>	<u>(5,526,267)</u>	<u>19,227,482</u>

Note: Share premium at 30 June 2019 comprises (i) the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the share capital and other reserves of IP Core, MDC and Nomad (HK) of RM17,013,811 and (ii) the difference between the nominal amount of the share capital issued by the Company during the year ended 30 June 2019 and the subscription price of HK\$15,000,000 (equivalent to RM7,739,938).

As at the date of this report, the Company has the following subsidiaries comprising the Group:

Name of subsidiary	Place of incorporation	Date of incorporation	Issued and fully paid share capital			Equity interest attributable to the Group			Principal activities
			At 30 June			At 30 June			
			2017	2018	2019	2017	2018	2019	
Directly held:									
Top Quantum	British Virgin Islands	16 April 2018	–	US\$3	US\$3	–	100%	100%	Investment holding
Indirectly held:									
Nomad (HK)	Hong Kong	8 May 2018	–	HK\$1	HK\$1	–	100%	100%	Inactive
IP Core	Malaysia	13 June 2007	RM500,000	RM500,000	RM500,000	100%	100%	100%	Information, communication and technology
MDC	Malaysia	19 June 2013	RM200,000	RM200,000	RM200,000	100%	100%	100%	Information, communication and technology
IP Core Network Sdn. Bhd. ('IPCN')	Malaysia	16 July 2018	–	–	RM500,000	–	–	70%	Information, communication and technology

The Company and its subsidiaries have adopted 30 June as the financial year end date.

No statutory financial statements have been prepared for the Company and Top Quantum since their respective dates of incorporation as they were incorporated in jurisdictions where there is no statutory audit requirement.

No statutory financial statements of Nomad (HK) and IPCN have been prepared for the period from their respective dates of incorporation to 30 June 2019 as these financial statements are not yet due to be issued.

The statutory financial statements of IP Core prepared in accordance with Malaysian Financial Reporting Standards were audited by AA Associates, Chartered Accountants registered in Malaysia, for the year ended 30 June 2017, and in accordance with IFRSs were audited by Deloitte PLT, Chartered Accountants registered in Malaysia, for the years ended 30 June 2018 and 30 June 2019.

The statutory financial statements of MDC prepared in accordance with Malaysian Private Entities Reporting Standard were audited by AA Associates, Chartered Accountants registered in Malaysia, for the year ended 31 December 2017 and in accordance with IFRSs were audited by Deloitte PLT, Chartered Accountants registered in Malaysia, for the period from 1 January 2018 to 30 June 2018 and the year ended 30 June 2019. The financial year end date of MDC was changed from 31 December to 30 June during the period from 1 January 2018 to 30 June 2018 because the directors of MDC determined to bring its financial year end date in line with that of the other group companies.

27. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of bank borrowings, net of cash and cash equivalents, and equity, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and issue of new debt, if necessary.

28. FINANCIAL INSTRUMENTS

(i) Categories of financial instruments

	The Group At 30 June			The Company At 30 June	
	2017 RM	2018 RM	2019 RM	2018 RM	2019 RM
Financial assets					
Financial assets at amortised cost	–	–	18,861,570	–	7,955,955
Loans and receivables (including cash and cash equivalents)	10,539,478	11,655,626	–	–	–
	<u>10,539,478</u>	<u>11,655,626</u>	<u>–</u>	<u>–</u>	<u>–</u>
Financial liabilities					
Amortised cost	5,012,376	8,250,222	9,755,763	2,699,540	7,564,690
	<u>5,012,376</u>	<u>8,250,222</u>	<u>9,755,763</u>	<u>2,699,540</u>	<u>7,564,690</u>

(ii) Financial risk management objectives and policies

The Group's and the Company's major financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below.

*Interest rate risk**The Group*

The Group is exposed to cash flow interest rate risk as its bank balances and borrowings are subject to floating interest rates. The Group currently does not have an interest rate hedging policy. However, management closely monitors its exposure to future cash flow interest rate risk as a result of changes in market interest rates and will consider hedging changes in market interest rates should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to floating interest rates for bank borrowings at the end of each reporting period and assumed the amounts outstanding at the end of each reporting period were outstanding for the whole year and held constant throughout the Track Record Period. If interest rates on interest bearing bank borrowings had been 50 basis points higher/lower and all other variables were held constant, the profit for the years ended 30 June 2017, 30 June 2018 and 30 June 2019 would decrease/increase by approximately RM15,000, RM15,000 and RM17,000 respectively.

*Credit risk**The Group*

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statements of financial position.

The Group's credit risk is primarily attributable to its trade receivables. In order to minimise the credit risk, management extends credit to its customers based on careful evaluation of the customers' financial condition and credit history. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the directors of the Company consider that the Group's credit risk is significantly reduced.

In addition, the Group performs impairment assessment under ECL model upon application of IFRS 9 (30 June 2017 and 30 June 2018: incurred loss model) on trade and other receivable balances individually or based on provision matrix.

The credit risk on liquid funds of the Group is limited because the counterparties are banks with good credit ratings and the Group has limited exposure to any single financial institution.

As at 30 June 2017, 30 June 2018 and 30 June 2019, the Group has a concentration of credit risk as 28%, 21% and 33% of the total trade receivables were due from the Group's largest customer, respectively, and 78%, 68% and 78% of the total trade receivables was due from the five largest customers, respectively.

As part of the Group's credit risk management, the Group uses debtors' ageing to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Debtors with significant outstanding balances or credit-impaired with gross carrying amounts of RM4,705,601 and RM366,403, respectively, as at 30 June 2019 were assessed individually.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated. The estimated loss rates for debtors with significant outstanding balances are assessed to be less than

1%, while the estimated loss rate for those credit-impaired debtors is assessed to be 100%. Except for debtors with significant outstanding balances or credit-impaired that assessed individually, the average estimated loss rates for debtors that were assessed under provision matrix are assessed to be less than 1%.

The Group writes off trade receivables when there is information indicating that the debtors are in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtors have been placed under liquidation or have entered into bankruptcy proceedings, or when the trade receivables are over one year past due, whichever occurs earlier.

During the year ended 30 June 2019, the Group provided RM366,403 impairment allowance for credit-impaired debtors while the impairment allowance based on provision matrix is considered as insignificant to the Group.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
	<i>RM</i>	<i>RM</i>	<i>RM</i>
As at 30 June 2018 under IAS 39	12,897	–	12,897
– Transfer to credit-impaired	(12,897)	12,897	–
– Impairment losses recognised	–	366,403	366,403
– Write-offs	–	(12,897)	(12,897)
	<u> </u>	<u> </u>	<u> </u>
As at 30 June 2019	<u> </u> –	<u> </u> 366,403	<u> </u> 366,403

Liquidity risk

The Group

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings, ensures compliance with loan covenants and remedies for any breach of loan covenants. As at 30 June 2017, 30 June 2018 and 30 June 2019, the Group has available undrawn credit facilities of approximately, RM1,694,733, RM2,655,037 and RM2,136,371, respectively.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities which has been drawn up based on the undiscounted cash flows of the non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from prevailing market interest rate at the end of each reporting period.

	Weighted average effective interest rate %	On demand or within 1 year RM	1 to 5 years RM	More than 5 years RM	Total undiscounted cash flows RM	Total carrying amount RM
At 30 June 2017						
Trade and other payables	-	1,962,742	-	-	1,962,742	1,962,742
Amounts due to a director and related parties	-	82,066	-	-	82,066	82,066
Obligations under finance leases	2.68	326,076	1,294,844	420,835	2,041,755	1,748,838
Bank borrowings	6.63	2,357,816	201,577	884,400	3,443,793	2,967,568
Total		<u>4,728,700</u>	<u>1,496,421</u>	<u>1,305,235</u>	<u>7,530,356</u>	<u>6,761,214</u>
At 30 June 2018						
Trade and other payables	-	3,761,368	-	-	3,761,368	3,761,368
Amounts due to a director and related parties	-	1,481,591	-	-	1,481,591	1,481,591
Obligations under finance leases	3.42	899,590	2,296,212	159,993	3,355,795	2,950,611
Bank borrowings	7.84	1,579,233	1,118,232	1,036,308	3,733,773	3,007,263
Total		<u>7,721,782</u>	<u>3,414,444</u>	<u>1,196,301</u>	<u>12,332,527</u>	<u>11,200,833</u>
At 30 June 2019						
Trade and other payables	-	6,411,380	-	-	6,411,380	6,411,380
Amounts due to a director and related parties	-	6,836	-	-	6,836	6,836
Obligations under finance leases	3.22	885,352	1,545,156	17,181	2,447,689	2,222,685
Bank borrowings	8.74	2,077,678	1,068,360	787,920	3,933,958	3,337,547
Total		<u>9,381,246</u>	<u>2,613,516</u>	<u>805,101</u>	<u>12,799,863</u>	<u>11,978,448</u>

The Company

The amounts of the Company's financial liabilities represent the undiscounted cash flows that the Company is required to pay which are repayable on demand or within one year.

(iii) Fair value measurements of financial instruments

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the Historical Financial Information approximate their fair values.

The fair values of the financial assets and financial liabilities have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

29. RELATED PARTY TRANSACTIONS

During the Track Record Period, the Group entered into the following transactions with related parties:

- (a) During the year ended 30 June 2018, the Group received cabling services from a related party, a company which a director of the Company is also director and has financial interests, amounted to RM207,833. There were no related party transactions for the years ended 30 June 2017 and 30 June 2019.
- (b) During the Track Record Period, Dato' Tan, a director of the Company, and Ms. Kwong, a shareholder of a holding company of the Company, have provided personal guarantees to certain subsidiaries of the Group as disclosed in notes 23 and 24.
- (c) Balances with related parties are disclosed in note 19.
- (d) **Compensation of key management personnel**

The remuneration of key management personnel of the Group during the year was as follows:

	Year ended 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
Salaries and short-term benefits	547,575	817,530	1,235,025
Post-employment benefits	65,655	98,394	148,320
	<u>613,230</u>	<u>915,924</u>	<u>1,383,345</u>

The remuneration of key management personnel is determined with reference to the performance of the individuals and market trends.

30. OPERATING LEASE ARRANGEMENTS**The Group as lessee**

At the end of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
Within one year	50,417	35,727	7,800
In the second to fifth year inclusive	36,727	1,000	–
	<u>87,144</u>	<u>36,727</u>	<u>7,800</u>

Operating lease payments represent rentals payable by the Group for certain of its office premises and staff quarters. Leases are negotiated for terms ranging from 2 to 3 years and rentals are fixed over the term of the relevant leases.

The Group as lessor

At the end of the reporting period, the Group had contracted with lessees for the following future minimum lease receivables in respect of lease of hardware:

	At 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
Within one year	3,932,953	4,258,619	4,991,554
In the second to fifth year inclusive	<u>10,751,300</u>	<u>6,492,681</u>	<u>5,451,279</u>
	<u><u>14,684,253</u></u>	<u><u>10,751,300</u></u>	<u><u>10,442,833</u></u>

31. CAPITAL COMMITMENTS

	At 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the Historical Financial Information	<u>–</u>	<u>466,812</u>	<u>1,456,327</u>

32. PLEDGE OF ASSETS

Bank borrowings of RM2,967,568, RM3,007,263 and RM3,337,547 (set out in note 23) and obligations under finance leases of RM1,748,838, RM2,950,611 and RM2,222,685 (set out in note 24) outstanding as at 30 June 2017, 30 June 2018 and 30 June 2019, respectively, are secured by charges over the following assets of the Group:

	At 30 June		
	2017	2018	2019
	<i>RM</i>	<i>RM</i>	<i>RM</i>
Leasehold land and buildings	811,812	803,083	794,354
Motor vehicles and internet services equipment	2,163,622	3,020,172	1,972,959
Pledged bank deposits	<u>1,587,165</u>	<u>1,635,930</u>	<u>1,686,989</u>
	<u><u>4,562,599</u></u>	<u><u>5,459,185</u></u>	<u><u>4,454,302</u></u>

33. RETIREMENT BENEFITS PLANS

The Group is required by the Malaysian law to make monthly contributions to the EPF, a statutory defined contribution plan for all its eligible employees based on certain prescribed rates of the employees' applicable remuneration. Contributions are charged to profit or loss in the period in which they relate. The contributions to EPF are disclosed separately and the contributions to EPF are included in salaries, bonuses, allowances and other staff benefits. Once the contributions have been paid, the Group has no further payment obligations. Contributions to EPF of RM277,008, RM427,257 and RM472,458 are made by the Group during the years ended 30 June 2017, 30 June 2018 and 30 June 2019, respectively.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Accrued share issue costs <i>RM</i>	Bank borrowings (excluding bank overdrafts) <i>RM</i> <i>(note 23)</i>	Obligations under finance leases <i>RM</i> <i>(note 24)</i>	Amounts due to a director and related parties (non-trade) <i>RM</i>	Total <i>RM</i>
At 1 July 2016	–	899,716	1,268,107	–	2,167,823
Financing cash flows	–	838,131	(797,152)	32,066	73,045
<i>Non-cash changes</i>					
Finance costs	–	120,314	77,883	–	198,197
Purchase of property, plant and equipment under finance leases	–	–	1,200,000	–	1,200,000
At 30 June 2017	–	1,858,161	1,748,838	32,066	3,639,065
Financing cash flows	(424,347)	(397,041)	(404,529)	1,402,913	176,996
<i>Non-cash changes</i>					
Finance costs	–	273,732	105,223	–	378,955
Deferred issue costs incurred	656,202	–	–	–	656,202
Purchase of property, plant and equipment under finance leases	–	–	1,501,079	–	1,501,079
At 30 June 2018	231,855	1,734,852	2,950,611	1,434,979	6,352,297
Financing cash flows	(961,874)	(428,683)	(906,710)	(1,428,143)	(3,725,410)
<i>Non-cash changes</i>					
Finance costs	–	251,960	178,784	–	430,744
Deferred issue costs incurred	1,156,181	–	–	–	1,156,181
At 30 June 2019	426,162	1,558,129	2,222,685	6,836	4,213,812

35. MAJOR NON-CASH TRANSACTIONS

- (i) The Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the lease of RM1,200,000 and RM1,501,079 during the years ended 30 June 2017 and 30 June 2018, respectively, and no new finance lease arrangements have been entered during the year ended 30 June 2019.
- (ii) Dividends declared during the year ended 30 June 2017 of RM900,000 and 30 June 2018 of RM2,700,000 were settled through the current accounts with a director amounted to RM810,000, RM2,430,000 and a related party amounted to RM90,000 and RM270,000, respectively. The director and the related party were the shareholders of IP Core before the Group Reorganisation.

36. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the Historical Financial Information, subsequent events of the Group as detailed below.

- (a) The authorised share capital of the Company was increased to HK\$100,000,000, divided into 10,000,000,000 shares of HK\$0.01 each on 11 November 2019;
- (b) 449,999,960 shares were allotted and issued to existing shareholders, credited as fully paid at par by capitalising and applying a sum of HK\$4,499,999 standing to the credit of the share premium account of the Company on 11 November 2019;
- (c) Pursuant to the written resolution of the shareholders of the Company passed on 11 November 2019, the Company has conditionally adopted a share option scheme, the principal terms of which are set out in the paragraphs headed "D. Share Option Scheme" in Appendix IV to this prospectus.
- (d) The directors proposed single tier interim dividends amounting to RM500,000 and RM850,000 for the year ended 30 June 2019 which were approved by shareholders via written resolution dated on 17 July 2019 and 18 September 2019, respectively.

37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 30 June 2019.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set forth in this appendix does not form part of the accountants' report on the historical financial information of the Group for each of the three years ended 30 June 2019 (the "Accountants' Report") received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" and the "Accountants' Report" set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 7.31 of the GEM Listing Rules is set out below to illustrate the effect of Share Offer on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2019 as if the Share Offer had taken place on 30 June 2019.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2019 or at any future dates following the Share Offer. It is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2019 as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below:

Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2019	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2019	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2019	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2019 per Share	
<i>RM</i> <i>(Note 1)</i>	<i>RM</i> <i>(Note 2)</i>	<i>RM</i>	<i>RM</i>	<i>RM</i> <i>(Note 3)</i>	<i>Equivalent to HK\$</i>
Based on the minimum Offer Price of HK\$0.34 per Offer Share	31,369,654	18,431,455	49,801,109	0.08	0.15
Based on the maximum Offer Price of HK\$0.40 per Offer Share	31,369,654	21,359,491	52,729,145	0.09	0.17

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Notes

- (1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2019 is based on the audited consolidated net assets of the Group of RM31,369,654 as at 30 June 2019 as extracted from the Accountants' Report, the text of which is set out in Appendix I to this prospectus.
- (2) The adjustment to the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group reflects the estimated net proceeds from the Share Offer to be received by the Company. The estimated net proceeds from the Share Offer is based on 150,000,000 Shares at the Offer Price of HK\$0.34 and HK\$0.40 per Offer Share, being the low-end and high-end of the stated Offer Price range, respectively, after deduction of the estimated underwriting fees and other related expenses expected to be incurred by the Group (excluding listing expenses which have been charged to profit or loss up to 30 June 2019) and does not take into account of any Share which may be allotted and issued upon the exercise of any option that may be granted under the Share Option Scheme, or any Share which may be issued or repurchased pursuant to the Company's general mandate.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 30 June 2019 is calculated based on 600,000,000 Shares in issue assuming that the Capitalisation Issue and the Share Offer has been completed on 30 June 2019. It does not take into account of any Share which may be allotted and issued upon the exercise of any option that may be granted under the Share Option Scheme or any Share which may be allotted and issued or repurchased by the Company pursuant to the Company's general mandate.
- (4) Malaysian ringgit is converted into Hong Kong dollars at an exchange rate of RM1 to HK\$1.8801, which was the exchange rate prevailing on 30 June 2019. No representation is made that Malaysian ringgit amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate or at all.
- (5) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company in the table above has not been adjusted to show the effect of interim dividends of RM500,000 and RM850,000 declared and payable by the Company for the year ended 30 June 2019 on 17 July 2019 and 18 September 2019, respectively (the "Dividends"). The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company after taking into account of the Dividends is set out below. The per share effect is based on 600,000,000 Shares as set out in note (3) above.

	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company after taking into account effect of the Share Offer and the Dividends	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share after taking into account effect of the Share Offer and the Dividends	<i>Equivalent to</i> HK\$
	<i>RM</i>	<i>RM</i>	
Based on a minimum Offer Price of HK\$0.34 per Offer Share	48,451,109	0.08	0.15
Based on a maximum Offer Price of HK\$0.40 per Offer Share	51,379,145	0.09	0.17

- (6) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 June 2019.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILED OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the text of an assurance report from the reporting accountants of the Company, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong in respect of the unaudited pro forma financial information for the purpose of inclusion in this prospectus.

Deloitte.**德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILED OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of Nomad Technologies Holdings Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Nomad Technologies Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 June 2019 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 25 November 2019 (the “Prospectus”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Share Offer (as defined in the Prospectus) on the Group’s financial position as at 30 June 2019 as if the proposed Share Offer had taken place at 30 June 2019. As part of this process, information about the Group’s financial position has been extracted by the Directors from the historical financial information of the Group for each of the three years ended 30 June 2019, on which an accountants’ report set out in Appendix I to the Prospectus has been published.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 November 2019

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 June 2018 under the Cayman Companies Law. The Company's constitutional documents consist of the Memorandum of Association and the Articles of Association.

1. MEMORANDUM OF ASSOCIATION

1.1 The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

1.2 By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 11 November 2019 and will become effective on the Listing Date. A summary of certain provisions of the Articles is set out below.

2.1 Shares

2.1.1 Classes of shares

The share capital of the Company consists of ordinary shares.

2.1.2 Variation of rights of existing shares or classes of shares

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a

member being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.1.3 Alteration of capital

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; and (g) change the currency of denomination of its share capital.

2.1.4 Transfer of shares

Subject to the Cayman Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board

otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the GEM Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

2.1.5 Power of the Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

2.1.6 Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

2.1.7 Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the

Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

2.2 Directors

2.2.1 Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgement of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the

Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the “retirement by rotation” provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

- (a) resign;
- (b) dies;
- (c) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (d) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (e) he is prohibited from being or ceases to be a director by operation of law;
- (f) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (g) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (h) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

2.2.2 Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the

absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

2.2.3 Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

2.2.4 Borrowing powers

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

2.2.5 Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

2.2.6 Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

2.2.7 Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

2.2.8 Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (a) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (c) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (d) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and

does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

- (e) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

2.2.9 Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.3 Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

2.4 Meetings of member

2.4.1 Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

2.4.2 Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the GEM Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

- (a) at least two members;
- (b) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting;
or
- (c) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to

have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

2.4.3 Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

2.4.4 Requisition of general meetings

Extraordinary general meetings may be convened on the requisition of one or more members holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

2.4.5 Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the GEM Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (a) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

2.4.6 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

2.4.7 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the

Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

2.5 Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarised financial statements to members who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those members that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall at each annual general meeting appoint one or more firms of auditors to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board, but if an appointment is not made, the auditors in office shall continue in office until a successor is appointed. A Director, officer or employee of any such Director, officer or employee shall not be appointed auditors of the Company. The Board may fill any casual vacancy in the office of auditors, but while any such vacancy continues the surviving or continuing auditors (if any) may act. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The members may, at a general meeting remove the auditor(s) by a special resolution at any time before the expiration of the term of office of the auditor(s) and shall, by an ordinary resolution, at that meeting appoint new auditor(s) in place of the removed auditor(s) for the remainder of the term.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.6 Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- 2.6.1 all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- 2.6.2 all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

2.6.3 the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (b) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

2.7 Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

2.8 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarised in paragraph 3.6 of this Appendix.

2.9 Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

2.9.1 if the Company is wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively; and

2.9.2 if the Company is wound up and the surplus assets available for distribution among the members are insufficient to repay the whole of the paid-up capital, such assets shall be distributed, subject to the rights of any shares which may be

issued on special terms and conditions, so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

2.10 Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 5 June 2018 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

3.2 Share capital

Under Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- 3.2.1 paying distributions or dividends to members;
- 3.2.2 paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- 3.2.3 any manner provided in section 37 of the Cayman Companies Law;
- 3.2.4 writing-off the preliminary expenses of the company; and
- 3.2.5 writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

3.3 Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company’s or a subsidiary’s shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm’s-length basis.

3.4 Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

3.6 Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.7 Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

3.8 Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

Pursuant to section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Financial Secretary that:

3.10.1 no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

3.10.2 no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

- (a) on or in respect of the shares, debentures or other obligations of the Company; or
- (b) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2018 Revision).

The undertaking for the Company is for a period of 20 years from 27 June 2018.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

3.14 Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

3.15 Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

3.16 Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

3.17 Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for

their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

3.18 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

3.19 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 5 June 2018. Our Company has established a principal place of business in Hong Kong at 13/F, Wah Yuen Building, 149 Queen's Road Central, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 21 September 2018. In connection with such registration, Mr. Tam Chun Wai Edwin of 13/F, Wah Yuen Building, 149 Queen's Road Central, Hong Kong has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, it is subject to the Companies Law and its constitution documents comprise the Memorandum of Association and the Articles of Association. A summary of various parts of the constitution documents and relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

2. Changes in authorised and issued share capital of our Company

- (a) Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 5 June 2018 with an authorised share capital of HK\$380,000.00 divided into 38,000,000 Shares of par value HK\$0.01 each, of which one subscriber Share was allotted and issued as fully paid to an initial subscriber. Subsequently on the same date, the initial subscriber transferred one subscriber Share to Advantage Sail. On the same date, an additional eight Shares were allotted and issued as fully paid at par to Advantage Sail and one Share was allotted and issued as fully paid at par to Robust Cosmos.
- (b) On 28 June 2018, a Reorganisation Agreement was entered between Dato' Tan and Ms. Kwong together as vendors and the Company as purchaser, pursuant to which the Company acquired the entire issued shares of Top Quantum from Dato' Tan and Ms. Kwong. In consideration thereof, nine Shares and one Share were allotted and issued as fully paid to each of Advantage Sail and Robust Cosmos, respectively. Such transfers were properly and legally completed and settled. After the said transfer, Top Quantum becomes a wholly-owned subsidiary of the Company.
- (c) On 25 July 2018, nine Shares and one Share were allotted and issued as fully paid to Advantage Sail and Robust Cosmos.
- (d) On 27 July 2018, the Subscription Agreement aforementioned in the paragraphs headed "History, Reorganisation and corporate structure – Pre-IPO Investment – Investment" was entered into between the Company, Dato' Tan, Ms. Kwong and Alpha Vision, pursuant to which Alpha Vision agreed to subscribe for 10

Shares, representing 25% of the enlarged share capital of the Company at the subscription price of HK\$15,000,000. After the said allotment, the Company was owned as to 67.5% by Advantage Sail, 7.5% by Robust Cosmos, and 25% by Alpha Vision, respectively. The above subscription was irrevocably, properly and legally completed and settled on 27 July 2018.

- (e) Immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme and upon the exercise of Offer Size Adjustment Option), 600,000,000 Shares will be allotted and issued, all fully paid or credit as fully paid, and 9,400,000,000 Shares will remain unissued. Other than the Shares which may be issued pursuant to the exercise of the options which may fall to be granted under the Share Option Scheme and the exercise of the Offer Size Adjustment Option, or the exercise of the general mandate referred to in “A. Further information about our Company – 3. Written resolutions of our Shareholders” in this Appendix, our Directors have no present intention to issue any part of the authorised but unissued capital of our Company, and without the prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.
- (f) Save as disclosed above, there has been no alteration in the share capital of our Company since its incorporation.

3. Written resolutions of our Shareholders

Pursuant to the written resolutions of our Shareholders passed on 11 November 2019, among other things:

- (a) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of par value HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of par value HK\$0.01 each by the creation of an additional 9,962,000,000 Shares of par value HK\$0.01 each. Such Shares shall rank pari passu in all respects of the existing Shares;
- (b) conditional on the conditions as set out in the section headed “Structure and conditions of the Share Offer” of this prospectus:
 - (i) the Share Offer and the Offer Size Adjustment Option were approved and our Directors or any committee of the Board were authorised to (aa) allot and issue the Offer Shares pursuant to the Share Offer and the Offer Size Adjustment Option to rank pari passu with the then existing Shares in all respects; (bb) implement the Share Offer and the listing of Shares on GEM; and (cc) do all things and execute all documents in connection with

or incidental to the Share Offer and the Listing with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;

- (ii) conditional on the share premium account of our Company being credited as a result of the allotment and issue of the Offer Shares pursuant to the Share Offer, our Directors were authorised to capitalise a maximum amount of HK\$4,499,999.60 standing to the credit of the share premium account of our Company and to apply such amount in paying up in full at par an aggregate of 449,999,960 Shares for allotment and issue, credited as fully paid at par and rank pari passu in all respects with each other and the existing issued Shares (except entitlement to the Capitalisation Issue), to Advantage Sail, Robust Cosmos and Alpha Vision, and the Directors were authorised to give effect to such capitalisation and distribution;
- (iii) the rules of the Share Option Scheme, the principal terms of which are set out in “D. Share Option Scheme” in this Appendix, were approved and adopted and our Directors or any committee of the Board were authorised, subject to the terms and conditions of the Share Option Scheme, to implement the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of options that may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable expedient to implement the Share Option Scheme;
- (iv) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with, otherwise than by way of rights issues or an issue of Shares upon the exercise of any subscription rights attached to any warrants of our Company or pursuant to the exercise of any options which may be granted under the Share Option Scheme or under any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of our Company and/or any of our subsidiaries of shares or rights to acquire shares or any scrip dividend schemes or similar arrangements providing for the allotment and issue of shares of our Company in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association or a specific authority granted by our Shareholders in general meeting, Shares with a total nominal value not exceeding (1) 20% of the aggregate number of issued shares of our Company in issue immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares falling to be issued pursuant to the exercise of the Offer Size Adjustment Option and any options that may be granted under the Share Option Scheme);

and (2) the aggregate nominal value of shares repurchased under the Repurchase Mandate as defined in paragraph (v) below. Such mandate shall remain in effect until whichever is the earliest of:

- (1) the conclusion of the next annual general meeting of our Company;
 - (2) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any other applicable laws of the Cayman Islands; or
 - (3) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate;
- (v) a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate number of issued shares of our Company in issue immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares falling to be issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme), such mandate shall remain in effect until whichever is the earliest of:
- (1) the conclusion of the next annual general meeting of our Company;
 - (2) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any other applicable laws of the Cayman Islands;
 - (3) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate;
- (vi) the general unconditional mandate mentioned in paragraph (iv) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted, issued or dealt with by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the Repurchase Mandate referred to in paragraph (v) above provided that such extended amount shall not exceed 10% of the aggregate number of issued shares of our Company in issue immediately following the completion of the Capitalisation Issue and

the Share Offer excluding any Shares which may be issued upon exercise of the Offer Size Adjustment Option and any options that may be granted under the Share Option Scheme; and

- (vii) our Company approved and adopted the Memorandum of Association and Articles of Association, the terms of which are summarised in Appendix III to this prospectus, with effect upon the Listing.

4. Reorganisation

The companies comprising our Group underwent a Reorganisation in preparation for the Listing, details of which are set out in the paragraphs headed “History, Reorganisation and corporate structure – Reorganisation” of this prospectus. Following the Reorganisation, our Company became the holding company of our Group.

Diagrams showing our Group’s structure after the Reorganisation and immediately upon completion of the Capitalisation Issue and the Share Offer (assuming that no Share has been issued pursuant to the exercise of the Offer Size Adjustment Option and any option which may be granted under the Share Option Scheme) are set out in the paragraphs headed “History, Reorganisation and corporate structure – Reorganisation” of this prospectus.

5. Changes in share capital of subsidiaries

Our Company’s subsidiaries are referred to in the Accountants’ Report, the text of which is set out in Appendix I to this prospectus.

Save as mentioned in the paragraphs headed “History, Reorganisation and corporate structure – Establishment and development of our Company and its major subsidiaries”, there was no change in the share capital of the major subsidiaries of our Company during the two years preceding the date of this prospectus.

Save for the subsidiaries mentioned in Appendix I to this prospectus, our Company has no other subsidiaries.

6. Repurchase by our Company of its own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) *Provisions of the GEM Listing Rules*

The GEM Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) *Shareholders' approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on GEM must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by the Shareholders on 11 November 2019, the Repurchase Mandate was given to our Directors authorising our Directors to exercise all powers of our Company to purchase the Shares as described above in the paragraphs headed "A. Further information about our Company – 3. Written resolutions of our Shareholders" in this Appendix.

(ii) *Source of funds*

Any repurchases must be financed out of funds legally available for such purpose in accordance with the Memorandum of Association and Articles of Association and any applicable laws of the Cayman Islands. A listed company is prohibited from repurchasing its own securities on the GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Under the Cayman Islands law, any repurchases by our Company may be made out of profits of our Company or out of the proceeds of a fresh issue of share made for the purpose of the repurchase or, if authorised by the Articles of Association and subject to the Companies Law, out of capital and, in case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium accounts of our Company, or if authorised by the Articles of Association and subject to the Companies Law, out of capital.

(iii) *Trading restrictions*

A company is authorised to repurchase on GEM or on any other stock exchange recognised by the SFC in Hong Kong and the Stock Exchange the total number of shares which represent up to a maximum of 10% of the aggregate nominal value of the existing issued share capital of that company or warrants to subscribe for shares in that company representing up to 10% of the amount of warrants then outstanding at the date of the passing of the relevant resolution granting the repurchase mandate. A company may not issue or announce an issue of new securities of the type that have been repurchased for a

period of 30 days immediately following a repurchase of securities whether on GEM or otherwise (except pursuant to the exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to the repurchase) without the prior approval of the Stock Exchange. A company is also prohibited from making securities repurchase on GEM if the result of the repurchases would be that the number of the listed securities in hands of the public would be below the relevant prescribed minimum percentage for that company as required and determined by the Stock Exchange. A company shall not purchase its shares on GEM if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on GEM.

(iv) Status of repurchased securities

The listing of all repurchased securities (whether on GEM or otherwise) is automatically cancelled upon the repurchase and the relevant certificates must be cancelled and destroyed. Under the Cayman Islands law, a company's repurchased shares if not held by the Company as treasury shares, may be treated as cancelled and, if so cancelled, the amount of that company's issued share capital shall be reduced by the aggregate nominal value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(v) Suspension of repurchase

A listed company shall not make any repurchase of securities at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of a listed company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules) and (ii) the deadline for publication of an announcement of a listed company's results for any year, half-year or quarter-year period under the GEM Listing Rules, or any other interim period (whether or not required under the GEM Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances and provided that a waiver on all or any of the restrictions under the GEM Listing Rules has been granted by the Stock Exchange. In addition, the Stock Exchange may prohibit repurchases of securities on the GEM if a company has breached the GEM Listing Rules.

(vi) *Reporting requirements*

Repurchases of securities on GEM or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following trading day. In addition, a company's annual report and accounts are required to include a monthly breakdown of securities repurchases made during the financial year under review, showing the number of securities repurchased each month (whether on GEM or otherwise), the purchase price per share or the highest and lowest prices paid for all such repurchases and the total prices paid. The directors' report is also required to contain reference to the purchases made during the year and the directors' reasons for making such purchases. The company shall make arrangements with its broker who effects the purchase to provide the company in a timely fashion the necessary information in relation to the purchase made on behalf of the company to enable the company to report to the Stock Exchange.

(vii) *Core connected persons*

Under the GEM Listing Rules, a company shall not knowingly repurchase shares from a core connected person (as defined in the GEM Listing Rules) and a core connected person shall not knowingly sell his shares to the company.

(b) *Exercise of the Repurchase Mandate*

Exercise in full of the Repurchase Mandate, on the basis of 600,000,000 Shares in issue immediately after Listing, could accordingly result in up to 60,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(c) *Reasons for repurchases*

Repurchases of Shares will only be made when our Directors believe that such a repurchase will benefit our Company and Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share.

(d) *Funding of repurchases*

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with our Memorandum of Association and Articles of Association and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate was to be exercised in full, it

might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate or our Group.

(e) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, our Memorandum and Articles and the applicable laws of the Cayman Islands.

No core connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, in the event that the Repurchase Mandate is exercised.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of our Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeovers Code due to any repurchase made pursuant to the Repurchase Mandate immediately after the Listing.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules).

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP**1. Summary of material contracts**

The following contracts (not being contracts entered into the ordinary course of business of our Group) have been entered into by members of our Group within the two years immediately preceding the date of this prospectus and are or may be material:

- (a) the subscription agreement dated 27 July 2018 entered into between the Company, Dato' Tan, Ms. Kwong and Alpha Vision, pursuant to which Alpha Vision agreed to subscribe for 10 new shares of the Company, representing 25% of the enlarged share capital of the Company at the subscription price of HK\$15,000,000;
- (b) the Reorganisation Agreement;
- (c) the Deed of Indemnity; and
- (d) the Public Offer Underwriting Agreement.

2. Intellectual property rights of our Company**(a) Trademark**

As at the Latest Practicable Date, our Group had registered the following trademarks in Hong Kong which we believe are material to our business:

Trademark	Registered owner	Date of registration	Expiry date	Trademark number	Class ^(Note 1)
1.  ^(Note 2)	the Company	23 July 2018	22 July 2028	304606281	38, 42
2.  ^(Note 3)	the Company	23 July 2018	22 July 2028	304606281	38, 42

Note :

1. Class 38: cable television broadcasting; communications by cellular phones; communications by computer terminals; communications by fiber optic networks; communications by fibre optic networks; communications by telegrams; communications by telephone; computer aided transmission of messages and images; electronic bulletin board services telecommunications services; facsimile transmission; information about telecommunication; message sending; news agency services; paging services radio, telephone or other means of electronic communication; providing access to databases; providing internet chatrooms; providing online forums; providing telecommunication channels for teleshopping services; providing telecommunications connections to a global computer network; providing user access to global computer networks; radio broadcasting; radio communications; rental of access time to global computer networks; rental of facsimile apparatus; rental of message sending apparatus; rental

of modems; rental of telecommunication equipment; rental of telephones; satellite transmission; streaming of data; telecommunications routing and junction services; teleconferencing services; telegraph services; telephone services; television broadcasting; telex services; transmission of digital files; transmission of electronic mail; transmission of greeting cards online; transmission of telegrams; video-on-demand transmission; videoconferencing services; voice mail services; wireless broadcasting.

Class 42: cloud computing; cloud seeding; computer programming; computer rental; computer security consultancy; computer software consultancy; computer software design; computer system analysis; computer system design; computer technology consultancy; computer virus protection services; conducting technical project studies; construction drafting; consultancy in the design and development of computer hardware; conversion of computer programs and data, other than physical conversion; conversion of data or documents from physical to electronic media; creating and designing website-based indexes of information for others information technology services; creating and maintaining web sites for others; data encryption services; data security consultancy ;duplication of computer programs; electronic data storage; electronic monitoring of credit card activity to detect fraud via the internet; electronic monitoring of personally identifying information to detect identity theft via the internet; hosting computer sites web sites; information technology IT consultancy; installation of computer software; internet security consultancy; maintenance of computer software; monitoring of computer systems by remote access; monitoring of computer systems for detecting unauthorised access or data breach; monitoring of computer systems to detect breakdowns; off-site data backup; outsource service providers in the field of information technology; platform as a service PaaS; providing information on computer technology and programming via a web site; providing search engines for the internet; recovery of computer data; rental of computer software; rental of web servers; server hosting; software as a service SaaS; software development in the framework of software publishing; telecommunications technology consultancy; unlocking of mobile phones; updating of computer software; web site design consultancy.

2. The colours blue and grey were claimed as elements of the trademark.
3. The colours black and white were claimed as elements of the trademark.

(b) Domain name

As at the Latest Practicable Date, our Group had registered the following domain name:

Registrant	Domain name	Date of registration	Expiry date
IP Core	www.nomad-holdings.com	2 May 2018	2 May 2023
IP Core	www.ipcore.com.my	21 June 2007	21 June 2020
MDC	www.direct.net.my	10 August 2013	10 August 2023

Information contained in the above websites does not form part of this prospectus.

Save as disclosed herein, there are no other trade or service marks, patents, copyrights, other intellectual or industrial property rights which are or may be material to the business of our Group.

C. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF

1. Directors

(a) Disclosure of interests of Directors

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account the Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme and the Offer Size Adjustment Option), the interests and short positions of our Directors and chief executive of our Company in the Shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have taken under such provisions), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 and 5.67 of the GEM Listing Rules, will be as follows:

(i) Long position in the Shares

Name of Directors	Capacity	Number and class of securities	Approximate percentage of shareholding
Dato' Tan	Interest in a controlled corporation; interest of spouse	337,500,000 Shares (L)	56.25%

Notes:

- The letter "L" demonstrates long position.
- Dato' Tan beneficially owns the entire issued shares of Advantage Sail. Therefore, Dato' Tan is deemed, or taken to be, interested in all the Shares held by Advantage Sail for the purpose of the SFO.
- Ms. Kwong beneficially owns the entire issued shares of Robust Cosmos, therefore Ms. Kwong is deemed, or taken to be, interested in all the Shares held by Robust Cosmos for the purpose of the SFO. Dato' Tan is the spouse of Ms. Kwong. Accordingly, Dato' Tan is deemed, or taken to be, interested in the Shares in which Ms. Kwong is interested for the purpose of the SFO.

(ii) Long position in the ordinary shares of associated corporations

Name of Directors	Name of associated corporation	Capacity/ Nature	Number of shares held	Approximate percentage of interest
Dato' Tan	Advantage Sail	Beneficial owner	1 ordinary share	100%

(b) Particulars of service contracts

Each of Dato' Tan and Mr. Saw, our executive Directors, has entered into a service contract with our Company for an initial fixed term of three years commencing from the Listing Date until terminated by not less than three months' notice in writing served by either party. Commencing from the Listing Date, each of our executive Directors is entitled to an annual salary set out below, such salary to be reviewed annually by our Board and the Remuneration Committee.

In addition, each of our executive Directors may be entitled to, if so recommended by the Remuneration Committee and approved by the Board at its absolute discretion, a discretionary bonus, the amount of which is determined with reference to the operating results of our Group and the performance of the executive Director, provided that the relevant executive Director shall abstain from voting and not be counted in the quorum in respect of any resolution of our Board approving the amount of annual salary, discretionary bonus and other benefits payable to him. The basic annual salary of our executive Directors under the arrangements currently proposed, conditional upon the Listing, are as follows:

Name	Amount (HK\$)
Dato' Tan	1,500,000
Mr. Saw	400,000

Each of Mr. Lim, Mr. Phua and Mr. Yau being our independent non-executive Directors, has entered into a letter of appointment with our Company for an initial term of service commencing from 11 November 2019 and shall continue thereafter subject to a maximum of three years unless terminated by either party giving not less

than one month's notice in writing. Commencing from the Listing Date, under the arrangements currently proposed, conditional upon the Listing, each independent non-executive Director is entitled to an annual director's fee as set out below:

Name	Amount (HK\$)
Mr. Lim	168,000
Mr. Phua	168,000
Mr. Yau	168,000

Save as disclosed above, none of our Directors has or is proposed to enter into a service contract/letter of appointment with our Company or any of our subsidiaries (other than contracts expiring or determinable by our Group within one year without the payment of compensation (other than statutory compensation)).

(c) Directors' remuneration

Our Company's policies concerning remuneration of executive Directors are:

- (i) the amount of remuneration payable to our executive Directors will be determined on a case by case basis depending on the experience, responsibility, workload and the time devoted to our Group by the relevant Director;
- (ii) non-cash benefits may be provided to our Directors under their remuneration package; and
- (iii) our executive Directors may be granted, at the discretion of our Board, share options of our Company, as part of the remuneration package.

An aggregate sum of approximately RM0.5 million, RM0.7 million and RM1.2 million was paid to our Directors as remuneration by our Group for each of FY2017, FY2018 and FY2019, respectively.

An aggregate sum of approximately RM1.5 million will be paid to our Directors as annual Directors' fees and other emoluments by our Group for the year ending 30 June 2020 under the arrangements in force at the date of this prospectus excluding discretionary bonus.

2. Substantial shareholders

So far as our Directors are aware, immediately following the completion of the Capitalisation Issue and the Share Offer and taking no account of any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any option which may be granted under the Share Option Scheme, the following persons/entities (not

being our Directors or chief executive of our Company) will have an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of our Company required to be kept under section 336 of the SFO, or who will be, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group:

Long position in Shares, underlying Shares and debentures

Name	Capacity/Nature of interest	Number of Shares held immediately after completion of the Capitalisation Issue and the Share Offer (Note 1)	Approximate percentage of interests in our Company immediately after completion of the Capitalisation Issue and the Share Offer
Ms. Kwong (Note 3) (Note 4)	Interest in a controlled corporation, interest of spouse	337,500,000 Shares (L)	56.25%
Advantage Sail (Note 2)	Beneficial owner	303,750,000 Shares (L)	50.625%
Robust Cosmos (Note 4)	Beneficial owner	33,750,000 Shares (L)	5.625%
Mr. Foo (Note 5)	Interest in a controlled corporation	112,500,000 Shares (L)	18.75%
Alpha Vision (Note 5)	Beneficial owner	112,500,000 Shares (L)	18.75%

Notes:

1. The letter "L" demonstrates long position.
2. Dato' Tan beneficially owns the entire issued shares of Advantage Sail. Therefore, Dato' Tan is deemed, or taken to be, interested in all the Shares held by Advantage Sail for the purpose of the SFO.
3. Ms. Kwong is the spouse of Dato' Tan. Accordingly, Ms. Kwong is deemed, or taken to be, interested in the Shares in which Dato' Tan is interested for the purpose of the SFO.
4. Ms. Kwong beneficially owns the entire issued shares of Robust Cosmos. Therefore, Ms. Kwong is deemed, or taken to be, interested in all the Shares held by Robust Cosmos for the purpose of the SFO.
5. Mr. Foo beneficially owns the entire issued shares of Alpha Vision. Therefore, Mr. Foo is deemed, or taken to be, interested in all the Shares held by Alpha Vision for the purpose of the SFO.

Interest in other member of our Group

Name of member of our Group	Name of shareholder	Approximate percentage of shareholding
IP Core Network	Ms. Zainal Ariffin	30%

3. Related party transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this prospectus as mentioned in note 29 of the Accountants' Report set out in Appendix I to this prospectus.

4. Disclaimers

Save as disclosed in this Appendix and the section headed "Substantial Shareholders" of this prospectus:

- (a) and taking no account of any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any options that may be granted under the Share Option Scheme, our Directors are not aware of any person who immediately following completion of the Capitalisation Issue and the Share Offer will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of our Company or any other members of our Group;
- (b) none of our Directors and chief executive of our Company has for the purposes of Divisions 7 and 8 of Part XV of the SFO or the GEM Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, an interest or short position in the shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by our Company pursuant to section 352 of the SFO or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules once the Shares are listed on the Stock Exchange;
- (c) none of our Directors nor the experts named in "E. Other information – 7. Qualifications of experts" in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years

immediately preceding the issue of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

- (d) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group; and
- (e) none of the experts named in “E. Other information – 7. Qualifications of experts” in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

None of our Directors, their close associate or any shareholders of the Company (which to the knowledge of our Directors owns more than 5% of the Company’s issued capital) has any interest in our Group’s five largest suppliers and five largest customers.

D. SHARE OPTION SCHEME

1. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally approved by all Shareholders on 11 November 2019.

For the purpose of this section, unless the context otherwise requires:

“Board”	means our board of Directors from time to time or a duly authorised committee thereof;
“Business”	shall have the meaning ascribed to it under GEM Listing Rules;
“Eligible Person”	means, among others, any full-time or part-time employee of our Company or any member of our Group, including any executive, non-executive directors and independent non-executive directors, advisers, consultants of our Company or any of our subsidiaries;
“Exercise Price”	means the exercise price for any Share under the Share Option Scheme determined by the Board;
“Option(s)”	means an option to subscribe for Shares granted pursuant to the Share Option Scheme;

“Option Period”	means in respect of any particular Option, the period to be determined and notified by our Board to each Participant which the board may in its absolute discretion determined save that such period shall not exceed 10 years from the date of grant of such option;
“Other Schemes”	means any other share option schemes adopted by our Group from time to time pursuant to which options to subscribe for Shares may be granted;
“Participant”	means any Eligible Person who accepts or is deemed to have accepted the offer of any Option in accordance with the terms of the Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Participant;
“Shareholders”	means shareholders of our Company from time to time;
“Subsidiary”	means a company which is for the time being and from time to time a subsidiary (within the meaning of the GEM Listing Rules) of our Company, whether incorporated in Hong Kong or elsewhere; and
“Trading Day”	means a day on which trading of Shares take place on the Stock Exchange.

(a) Purpose of the Share Option Scheme

The Share Option Scheme enables our Company to grant Options to Eligible Persons as incentives or rewards for their contributions to our Group.

(b) Who may join

Our Board may, at its discretion, invite any Eligible Persons to take up Options at a price calculated in accordance with sub-paragraph (d) below. Upon acceptance of the Option, the Eligible Person shall pay HK\$1.00 to our Company by way of consideration for the grant. The Option will be offered for acceptance for a period of not less than five Business Days from the date on which the Option is granted.

(c) Grant an Option

Any grant of Options must not be made after inside information has come to the knowledge of our Company, until such inside information has been announced pursuant to the relevant requirements of the GEM Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of our Board meeting (as such date is first notified to the Stock Exchange in accordance

with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarter-year period or any other interim period (whether or not required under the GEM Listing Rules), and (b) the deadline for our Company to publish an announcement of its results for any year, half-year, quarter-year period or any interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement, no Option may be granted. The period during which no Option may be granted will cover any period of delay in the publication of results announcement. Our Directors may not grant any Option to an Eligible Person during the periods or times in which the Directors are prohibited from dealing in shares pursuant to Rules 5.48 to 5.67 prescribed by the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

The total number of Shares issued and to be issued upon exercise of the Options granted to a Participant under the Share Option Scheme and Other Schemes (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue from time to time, and provided that if approved by Shareholders in general meeting with such Participant and his close associates (or his associates if the participant is a connected person) abstaining from voting, our Company may make a further grant of Options to such Participant (the "**Further Grant**") notwithstanding that the Further Grant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted under the Share Option Scheme and Other Schemes to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1% of the Shares in issue from time to time. In relation to the Further Grant, our Company must send a circular to our Shareholders, which discloses the identity of the relevant Participant, the number and the terms of the Options to be granted (and Options previously granted to such Participant under the Share Option Scheme and Other Schemes) and the information required under the GEM Listing Rules. The number and terms (including the exercise price) of Options which is the subject of the Further Grant shall be fixed before the relevant Shareholders' meeting and the date of meeting of our Board for proposing the Further Grant should be taken as the date of grant for the purpose of calculating the relevant Exercise Price.

(d) Exercise Price

The Exercise Price subject to Options will be a price determined by our Board and notified to each Participant and shall be the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Options, which must be a Trading Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Trading Days immediately preceding the date of grant of the Options; and (iii) the nominal value of a Share.

For the purpose of calculating the subscription price, in the event that on the date of grant, our Company has been listed for less than five Trading Days, the Offer Price shall be used as the closing price for any Trading Day falling within the period before the Listing Date.

(e) *Maximum number of Shares*

- (i) The total number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and Other Schemes must not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (the “**Scheme Mandate Limit**”) unless approved by the Shareholders pursuant to the terms of the Share Option Scheme. Options lapsed in accordance with the terms of the Shares Option Scheme or Other Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of 600,000,000 Shares in issue on the Listing Date, the Scheme Mandate Limit will be equivalent to 60,000,000 Shares, representing 10% of the Shares in issue as at the Listing Date.
- (ii) Subject to the approval of Shareholders in general meeting, our Company may renew the Scheme Mandate Limit to the extent that the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and Other Schemes under the Scheme Mandate Limit as renewed must not exceed 10% of the Shares in issue as at the date of such Shareholders’ approval provided that Options previously granted under the Share Option Scheme and Other Schemes (including those outstanding, cancelled, exercised or lapsed in accordance with the terms thereof) will not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. In relation to the Shareholders’ approval referred to in this paragraph (ii), our Company shall send a circular to our Shareholders containing the information from time to time required by the GEM Listing Rules.
- (iii) Subject to the terms of the Share Option Scheme and the approval of Shareholders in general meeting, our Company may also grant Options beyond the Scheme Mandate Limit provided that Options in excess of the Scheme Mandate Limit are granted only to Eligible Persons specifically identified by our Company before such Shareholders’ approval is sought. In relation to the Shareholders’ approval referred to in this paragraph (iii), our Company shall send a circular to our Shareholders containing a generic description of the identified Eligible Persons, the number and terms of the Options to be granted, the purpose of granting Options to the identified Eligible Persons, an explanation as to how the terms of such Options serve the intended purpose and such relevant information from time to time required by the GEM Listing Rules.

- (iv) Notwithstanding the foregoing, our Company may not grant any Options if the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and Other Schemes exceeds 30% of the Shares in issue from time to time.
- (v) The exercise of any Option shall be subject to the Shareholders in general meeting approving any increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient but unissued share capital of the Company for purpose of allotment of shares upon exercise of Options.

(f) Time of exercise of Option

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Board to each Participant provided that the period within which the Option must be exercised shall not be more than 10 years from the date of the grant of Option. The exercise of an Option may be subject to the achievement of performance target and/or any other conditions to be notified by our Board to each Participant, which our Board may in its absolute discretion determine.

(g) Rights are personal to grantee

An Option shall be personal to the Participant and shall not be assignable or transferable and no Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest whether legal or beneficial in favour of any third party over or in relation to any Option. Any breach of the foregoing by the Participant shall entitle our Company to cancel any Option or any part thereof granted to such Participant (to the extent not already exercised) without incurring any liability on our Company.

(h) Rights on death

If a Participant dies before exercising the Options in full, his or her personal representative(s) may exercise the Options up to the Participant's entitlement (to the extent that it has become exercisable on the date of death and not already exercised) within a period of 12 months from the date of death, failing which such Options will lapse.

(i) Changes in capital structure

In the event of any alteration in the capital structure of our Company while an Option remains exercisable, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation, reclassification, subdivision or reduction of share capital of our Company, such corresponding alterations (if any) shall be made in the

number or nominal amount of Shares subject to the Options so far as unexercised, and/or the Exercise Price, and/or the method of exercise of the Options, and/or the maximum number of Shares subject to the Share Option Scheme.

Any adjustments required under this paragraph must give a Participant the same proportion of the equity capital as that to which that Participant was previously entitled and shall be made on the basis that the aggregate exercise price payable by Participant on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event, but no such adjustments may be made to the extent that Shares would be issued at less than nominal value and, unless with the prior approval of the Shareholders in general meeting, no such adjustments may be made to the advantage of the Participant. For the avoidance of doubt, the issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser of our Company or the auditors of our Company must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the GEM Listing Rules and the supplementary guidance set out in the letter issued by the Stock Exchange dated 5 September 2005 and any further guidance/interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time.

(j) *Rights on take-over*

If a general offer (whether by way of takeover offer as defined in the Takeovers Code or scheme of arrangement or otherwise in like manner) has been made to all our Shareholders (other than the offeror and/or any persons acting in concert with the offeror), to acquire all or part of the issued Shares, and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Participant shall be entitled to exercise his or her outstanding Option in full or any part thereof within 14 days after the date on which such offer becomes or is declared unconditional. For the purposes of this subparagraph, “acting in concert” shall have the meaning ascribed to it under the Takeovers Code as amended from time to time.

(k) *Rights on a compromise or arrangement*

- (i) In the event of a notice is given by our Company to our Shareholders to convene a Shareholders’ meeting for the purpose of considering and approving a resolution to voluntarily wind up our Company, our Company shall forthwith give notice thereof to the Participants and the Participants may, by notice in writing to our Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant Options (such notice to be received by our Company not later than two business days prior to the proposed meeting) exercise the outstanding Option either in full or in part and our Company

shall, as soon as possible and in any event no later than the business day immediately prior to the date of the proposed Shareholders' meeting, allot and issue such number of Shares to the Participants which falls to be issued on such exercise.

- (ii) In the event of a compromise or arrangement between our Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of our Company (other than any relocation schemes as contemplated in Rule 10.18(3) of the GEM Listing Rules), our Company shall give notice thereof to all Participants on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme of arrangement, and thereupon the Participants may, by notice in writing to our Company accompanied by the remittance for the total Exercise Price payable in respect of the exercise of the relevant Options (such notice to be received by our Company not later than two Business Days (excluding any period(s) of closure of our Company's share registers) prior to the proposed meeting) exercise the outstanding Option either in full or in part and our Company shall, as soon as possible and in any event no later than the Business Day (excluding any period(s) of closure of our Company's share registers) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Participants which falls to be issued on such exercise credited as fully paid and registered the Participants as holders thereof.

(l) *Lapse of Option*

An Option shall lapse forthwith and not exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the Option;
- (ii) subject to paragraphs (f), (h), (j), (k) and (p) and the terms of the Share Option Scheme, the expiry of the Option Period of the Option;
- (iii) subject to paragraph (k)(i), the date of commencement of the winding-up of our Company;
- (iv) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in paragraph (k)(ii);
- (v) in the event that the Participant was an employee or director of any member of our Group on the date of grant of Option to him or her, the date on which such member of our Group terminates the Participant's employment or removes the Participant from his or her office on the ground that the Participant has been guilty of misconduct, has committed

an act of bankruptcy or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty. A resolution of our Board or the board of directors of the relevant member of our Group to the effect that such employment or office has or has not been terminated or removed on one or more grounds specified in this subparagraph shall be conclusive;

- (vi) the happening of any of the following events, unless otherwise waived by our Board:
 - (1) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the asset or undertaking of the Participant (being a corporation); or
 - (2) the Participant (being a corporation) has ceased or suspended payment of its debts, become unable to pay its debts or otherwise become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with its creditors generally; or
 - (3) there is unsatisfied judgment, order or award outstanding against the Participant or our Company has reason to believe that the Participant is unable to pay or has no reasonable prospect of being able to pay his/her/its debts; or
 - (4) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of type mentioned in sub-paragraphs (1), (2) and (3) above; or
 - (5) a bankruptcy order has been made against the Participant or any director of the Participant (being a corporation) in any jurisdiction; or
 - (6) a petition for bankruptcy has been presented against the Participant or any director of the Participant (being a corporation) in any jurisdiction; or
- (vii) the date on which a situation as contemplated under paragraph (g) arises; or
- (viii) the date the Participant commits any breach of any terms or conditions attached to the grant of the Option, unless otherwise resolved to the contrary by our Board; or

- (vii) the date on which our Board resolves that the Participant has failed or otherwise is or has been unable to meet the continuing eligibility criteria as may be prescribed in accordance with the terms of the Share Option Scheme.

(m) Ranking of Shares

Shares allotted and issued upon the exercise of an Option will be subject to our Company's memorandum and articles of association in force as at the Allotment Date and will rank pari passu in all respects with the existing fully paid Shares in issue on the Allotment Date and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the Allotment Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore shall be on or before the Allotment Date. Any Share allotted upon the exercise of the Option shall not carry voting rights until the name of the Participant has been entered into the register of members of the Company as the holder thereof.

(n) Cancellation of Options granted

Any cancellation of Options granted in accordance with the Share Option Scheme but not exercised must be approved by the grantee concerned in writing.

In the event that our Board elects to cancel any Options and issue new ones to the same grantee, the issue of such new Options may only be made with available unissued Shares in the authorised share capital of our Company, and available ungranted Options (excluding the cancelled Options) within the Scheme Mandate Limit.

(o) Period of Share Option Scheme

The Share Option Scheme will be valid and effective for a period of 10 years commencing on the Listing Date, after which period no further Options may be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and Options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(p) Alteration to and termination of Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of our Board, except that the provisions of the Share Option Scheme relating to matters contained in Chapter 23 of the GEM Listing Rules shall not be altered to the advantage of the Participant or the prospective Participants without the prior approval of our Shareholders in general meeting (with the Eligible Persons, the Participants and their respective close associates abstaining from voting). No such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be

granted prior to such alteration unless with the approval of the Shareholders under our Memorandum and Articles of Association (as amended from time to time) for a variation of the rights attached to the Shares, except where such alterations take effect automatically under the existing terms of the Share Option Scheme.

Any alterations to the terms and conditions of the Share Option Scheme, which are of a material nature shall first be approved by the Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the Share Option Scheme.

Our Company may, by ordinary resolution in general meeting, at any time terminate the operation of the Share Option Scheme before the end of its life and in such event no further Options will be offered but the provisions of the Share Option Scheme shall remain in all other respects in full force and effect in respect of Options granted prior thereto but not yet exercised at the time of termination, which shall continue to be exercisable in accordance with their terms of grant. Details of the Options granted, including Options exercised or outstanding, under the Share Option Scheme, and (if applicable) Options that become void or non-exercisable as a result of termination must be disclosed in the circular to our Shareholders seeking approval for the first new scheme to be established after such termination.

(q) Granting of Options to a director, chief executive or substantial shareholder of our Company or any of their respective associates

Where Options are proposed to be granted to a director, chief executive or substantial shareholder of our Company or any of their respective associates, the proposed grant must be approved by all independent non-executive Directors (excluding any independent nonexecutive Director who is the proposed Participant).

If a grant of Options to a substantial shareholder of our Company or an independent non-executive Director, or any of their respective associates will result in the total number of the Shares issued and to be issued upon exercise of the Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person under the Share Option Scheme or Other Schemes in any 12-month period up to and including the date of the grant (i) representing in aggregate over 0.1% (or such other percentage as may from time to time specified by the Stock Exchange) of the Shares in issue from time to time, and (ii) having an aggregate value, based on the closing price of the Shares at the date of the grant, in excess of HK\$5 million, then the proposed grant of Options must be approved by our Shareholders on a poll in a general meeting. The Participant, his associates and all core connected persons of our Company must abstain from voting at such general meeting. The Company will send a circular to the Shareholders containing the information required under the GEM Listing Rules.

In addition, Shareholders' approval as described above will also be required for any change in terms of the Options granted to a Participant who is a substantial shareholder of our Company, an independent non-executive Director or their respective associates.

The circular must contain the following:

- (i) details of the number and terms of the Options (including the subscription price relating thereto) to be granted to each Eligible Person, which must be fixed before the relevant Shareholders' meeting, and the date of Board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the Exercise Price;
- (ii) a recommendation from our independent non-executive Directors (excluding any independent non-executive Director who is a proposed Participant of the Options) to independent Shareholders, as to voting; and
- (iii) all other information as required by the GEM Listing Rules from time to time.

For the avoidance of doubt, the requirements for the granting of Options to a Director or chief executive (as defined in the GEM Listing Rules) of our Company set out in this paragraph (q) do not apply where the Eligible Person is only a proposed Director or proposed chief executive of our Company.

(r) *Conditions of Share Option Scheme*

The Share Option Scheme is conditional on (i) the passing of a resolution to adopt the Share Option Scheme by our Shareholders in general meeting; and (ii) the Stock Exchange granting approval for the listing of and permission to deal in the Shares which may be issued and allotted pursuant to the exercise of Options.

Application has been made to the Stock Exchange for the listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of Options that may be granted under Share Option Scheme.

(s) *Present status of the Share Option Scheme*

As at the Latest Practicable Date, no options had been granted or agreed to be granted by our Company under the Share Option Scheme.

The terms of the Share Option Scheme are in compliance with Chapter 23 of the GEM Listing Rules.

E. OTHER INFORMATION**1. Tax and other indemnities**

Our Controlling Shareholders (the “**Indemnifiers**”) have entered into the Deed of Indemnity with and in favour of our Company (for itself and as trustee for its subsidiaries) (being the material contract referred to in “B. Further information about the business of our Group – 1. Summary of material contracts – (c) the Deed of Indemnity” in this Appendix) to provide indemnities on a joint and several basis, in respect of, among other matters, tax liabilities (including all actual fines, penalties, liabilities, costs, charges, expenses and interest in relation to any liability to taxation) which might be payable by any member of our Group in respect of any income, profits, gains earned, accrued, received on or before the Listing Date, or any transactions, events, matters or things entered into or occurring on or before the Listing Date, whether alone or in conjunction with any other circumstances whenever occurring and whether or not the tax liabilities are chargeable against or attributable to any other person, firm, company or corporation.

The Indemnifiers are under no liability under the Deed of Indemnity in respect of any taxation:

- (a) to the extent that provision or reserve has been made for such taxation in the audited accounts of any member of our Group for any accounting period up to 30 June 2019;
- (b) to the extent that such taxation or liability falling on any member of our Group in respect of their accounting periods commencing on 1 July 2019 and ending on the Listing Date, where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily entered into by any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers, other than any such act, omission or transaction carried out, made or entered into pursuant to a legally binding commitment created on or before 30 June 2019 or pursuant to any statement of intention made in the Prospectus; or
- (c) to the extent that such taxation liabilities or claim arise or are incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department, or any other relevant authority (whether in Hong Kong or any other part of the world) coming into force after the date of the Deed of Indemnity or to the extent such taxation claim or liability for such taxation arises or is increased by an increase in rates of taxation or claim after the date of the Deed of Indemnity with retrospective effect; or

- (d) to the extent that any provision or reserve made for taxation in the audited accounts of any member of our Group up to 30 June 2019 which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this paragraph to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

Under the Deed of Indemnity, each of the Indemnifiers has also undertaken to us that he/she/it will indemnify and at all times keeps us fully indemnified, on a joint and several basis, from any depletion in or reduction in value of its assets or any loss (including all legal costs and suspension of operation), cost, expenses, damages or other liabilities which any member of our Group may incur or suffer arising from or in connection with the implementation of the Reorganisation.

Pursuant to the Deed of Indemnity, the Indemnifiers have on a joint and several basis undertaken to indemnify each member of our Group, among other indemnities against:

- (a) any costs, claims, damages, expenses, losses, penalties, liabilities, actions and proceedings which such member of our Group may incur, suffer, accrue, directly or indirectly, from any act of such company arising from or in connection with any non-compliance of such company on or before the date of Listing, including not having paid all requisite tax or obtained all relevant or necessary approvals, permits, licences and/or certificates for conducting its businesses, including but not limited to the non-compliances as disclosed in this Prospectus or all litigation, arbitration, claims, counter-claims, actions, complaints, demands, judgments and/or legal proceedings by or against any of the members of our Group which was issued, accrued and/or arising from any act of any of such members at any time on or before the date of Listing; and
- (b) any penalty which may be imposed on any member of our Group, or any costs, expenses and losses which such company may suffer in connection with such penalty, due to such company's failure to duly make all relevant filings or reports and supply all other information required to be supplied to any relevant governmental authority, including but not limited to the relevant tax bureau and relevant administration of industry and commerce, or to observe any laws, regulations or rules in this regard;
- (c) any costs, claims, damages, expenses, losses, penalties, liabilities, actions and proceedings arising from the relocation by such company arising from or in connection with the lessors' lack of relevant title certificates or documents or the lessors' registration default in relation to the lease agreements to the extent that damages, if any, recovered from the relevant lessor are inadequate to cover the related costs of such member.

The provisions contained in the Deed of Indemnity are conditional on the conditions stated in the paragraphs headed “Structure and conditions of the Share Offer – Conditions of the Share Offer” of this prospectus being fulfilled or, to the extent permitted, waived by the relevant party. If such conditions are not fulfilled or, to the extent permitted, waived on or before the date falling 30 days from the date of this prospectus, or such later date as the parties under the Deed of Indemnity may agree, the Deed of Indemnity shall become null and void and cease to have effect.

Our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands or the BVI is likely to fall on the members of our Group.

2. Litigation

Save as disclosed in the paragraph headed “Business – Legal proceedings” in this prospectus, neither our Company nor any of our subsidiaries is engaged in any litigation or claims of material importance and no litigation or claims of material importance is known to our Directors to be pending or threatened by or against our Company or any of our subsidiaries, that would have a material adverse effect on our Group’s results of operations or financial condition.

3. Sole Sponsor

The Sole Sponsor has made an application for and on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, including the Offer Shares and any Shares which may fall to be allotted and issued pursuant to the Capitalisation Issue and the exercise of any options which may be granted under the Share Option Scheme.

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 6A.07 of the GEM Listing Rules.

4. Compliance adviser

In accordance with the requirements of the GEM Listing Rules, our Company has appointed Pulsar Capital Limited as compliance adviser to provide advisory services to our Company to ensure compliance with the GEM Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date or until the agreement is terminated, whichever is the earlier.

5. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately HK\$49,000 and are payable by our Company.

6. Promoter

Our Company has no promoter for the purpose of the GEM Listing Rules.

7. Qualifications of experts

The qualifications of the experts who have given reports, letter or opinions (as the case may be) in this prospectus are as follows:

Name	Qualification
Pulsar Capital Limited	A corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Appleby	Legal advisers to our Company as to Cayman Islands law
Frost & Sullivan International Limited	Industry consultant
David Lai & Tan	Legal advisers to our Company as to Malaysia law
Deloitte Touche Tohmatsu	Certified Public Accountants

8. Consents of experts

Each of the experts referred to above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports, letters, opinions or summaries thereof (as the case may be) and the references to its name included in this prospectus in the form and context in which it respectively appears.

9. Sponsor's fees

The Sole Sponsor will be paid by our Company a total fee of HK\$5.0 million to act as sponsor to our Company in connection with the Listing.

10. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penalty provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Miscellaneous

- (a) any taxation (which includes estate duty) or taxation claim in whatever part of the world which might be payable by any member of our Group resulting from or by reference to any income, profits or gains earned, accrued or received on or up to the date on which the conditions stated in the paragraphs headed “Structure and conditions of the Share Offer – Conditions of the Share Offer” of this prospectus being fulfilled (the “**Effective Date**”) or arising from the reorganisation of our Group described in the section headed “History, Reorganisation and corporate structure” of this prospectus on or before the Effective Date whether alone or in conjunction with any circumstances whenever occurring and whether or not such taxation or taxation claim is chargeable against or attributable to any other person, firm or company, save to the extent that:
- (i) no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (iii) no commission has been paid or payable (excluding commission payable to sub-underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares in our Company.
- (b) No share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.
- (c) No founder, management or deferred shares of our Company or any of our subsidiaries has been issued or agreed to be issued.
- (d) Our Directors confirm that, up to the date of this prospectus, save as disclosed in “Summary – Recent developments and material adverse change” of this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group since 30 June 2019 (being the date to which the latest audited combined financial statements of our Group were made up), and there had been no event since 30 June 2019 which would materially affect the information as shown in the Accountants’ Report set out in Appendix I of this prospectus.
- (e) There has not been any interruption in the business of our Group which has had a material adverse effect on the financial position of our Group in the 24 months preceding the date of this prospectus.

- (f) None of Pulsar Capital Limited, Appleby, Deloitte Touche Tohmatsu, Frost & Sullivan International Limited and David Lai & Tan:
 - (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.
- (g) No company within our Group is presently listed on any stock exchange or traded on any trading system and no part of the shares or loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek listing of, or permission to deal in, any part of its shares or loan capital on any other stock exchange.
- (h) Our Company has no outstanding convertible debt securities.
- (i) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.
- (j) There are no arrangements under which future dividends are waived or agreed to be waived.

12. Bilingual prospectus

The English language and the Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

13. Taxation of holders of Shares

(a) Hong Kong

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

Profits from dealings in Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) *Consultation with professional advisers*

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or parties involved in the Share Offer accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the Application Forms, the written consents referred to in the paragraph headed “E. Other information – 8. Consents of experts” in Appendix IV to this prospectus and copies of the material contracts referred to in the paragraph headed “B. Further information about the business of our Group – 1. Summary of material contracts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of TC & Co. of Units 2201-2203, 22nd Floor, Tai Tung Building, 8 Fleming Road, Wan Chai, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

1. the Memorandum and the Articles of Association;
2. the accountants’ report prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus;
3. the independent reporting accountants’ assurance report prepared by Deloitte Touche Tohmatsu on the unaudited pro forma financial information of our Group, the text of which are set out in Appendix II to this prospectus;
4. the audited consolidated financial statements of our Group for FY2017, FY2018 and FY2019 and the audited financial statements of our Company in FY2018 and FY2019;
5. the letter of advice prepared by Appleby, the legal advisers to our Company as to Cayman Islands Law, summarising certain aspects of the Companies Law referred to in Appendix III to this prospectus;
6. the Companies Law;
7. the legal opinion prepared by David Lai & Tan, the legal advisers to our Company as to Malaysia law, in respect of certain aspects of our Group;
8. the material contracts referred to in the paragraph headed “B. Further information about the business of our Group – 1. Summary of material contracts” in Appendix IV to this prospectus;
9. the service agreements and letters of appointment referred to in the paragraphs headed “C. Further information about Directors, management and staff – 1. Directors” in Appendix IV to this prospectus;

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE FOR INSPECTION**

10. the written consents referred to the paragraph headed “E. Other information – 8. Consents of experts” in Appendix IV to this prospectus;
11. the Share Option Scheme;
12. the F&S Report; and
13. the internal control report prepared by our Group’s internal control consultant.



Nomad Technologies Holdings Limited