

3. PROSPECTUS SUMMARY

THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING ON WHETHER TO INVEST IN OUR SHARES.

3.1 PRINCIPAL DETAILS OF OUR IPO

3.1.1 Allocation

Our IPO entails an offering of 137,200,000 IPO Shares at an IPO Price of RM[●] per IPO Share.

In summary, our IPO Shares will be allocated in the following manner, as set out in Section 4.3 of this Prospectus.

	Issue Shares		Offer Shares		Total	
	No. of Shares	(1) %	No. of Shares	(1) %	No. of Shares	(1) %
Retail offering						
- Malaysian Public (via balloting)	9,800,000	2.50	-	-	9,800,000	2.50
- Bumiputera Malaysian Public (via balloting)	9,800,000	2.50	-	-	9,800,000	2.50
- Eligible Persons	9,800,000	2.50	-	-	9,800,000	2.50
Private placement						
- Selected investors	68,600,000	17.50	39,200,000	10.00	107,800,000	27.50
Total	98,000,000	25.00	39,200,000	10.00	137,200,000	35.00

Note:

(1) Based on the enlarged issued share capital of 392,000,000 Shares after our IPO.

3.1.2 The principal statistics of our IPO

Share capital

Issued Shares as at the date of this Prospectus 294,000,000
 Shares to be issued pursuant to the Public Issue 98,000,000

Enlarged number of issued Shares upon Listing 392,000,000

IPO Price per Share (RM) [●]

Market capitalisation upon Listing based on the IPO Price (RM) [●]

Total gross proceeds to be raised by our Company from the Public Issue (RM) [●]

Total gross proceeds to be raised by our Offeror from the Offer for Sale (RM) [●]

Please refer to Section 4 of this Prospectus for further details of our IPO.

3.1.3 Moratorium on our Shares

In compliance with the Listing Requirements, our Specified Shareholder's entire shareholdings after IPO will be held under moratorium. Further information on moratorium restrictions is disclosed under Section 2.2 of this Prospectus. Save for the above, there is no other moratorium imposed on our Shares.

3. PROSPECTUS SUMMARY (CONT'D)

3.2 BACKGROUND INFORMATION OF OUR GROUP AND BUSINESS OPERATIONS

Our Company was incorporated in Malaysia on 22 November 2023 under the Act as a private company limited by shares under the name of VETECE Holdings Sdn Bhd and was subsequently converted into a public company on 8 December 2023.

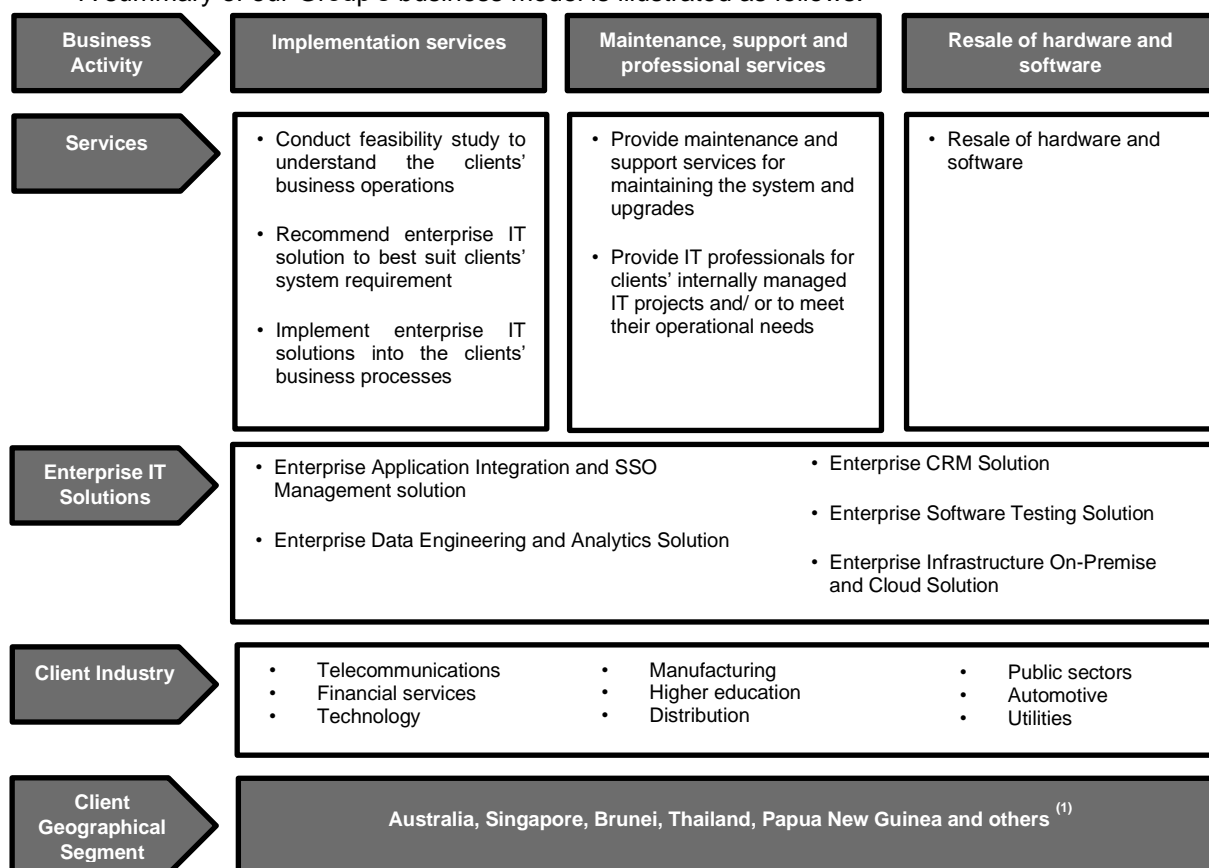
We are an investment holding company and through our Subsidiaries, we are principally involved in the following:

Name	Principal activities
VTCM	IT
VTCS	IT consulting and outsourcing, develop computer software

Further details of our Group structure and our Subsidiaries are set out in Section 6.3 and 6.4 of this Prospectus.

Our business operations are principally based in Malaysia and we are principally involved as an enterprise IT solutions provider where we provide implementation services, as well as maintenance, support and professional services, and the resale of hardware and software. Please refer to Section 7.2 of this Prospectus for further details.

A summary of our Group's business model is illustrated as follows:



Note:

(1) Others include Vietnam, Fiji, Hong Kong, India, New Zealand, Japan and South Korea.

Further details on our business model are set out in Section 7.3 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)

A summary of our Group's breakdown of revenue by geographical market for the Financial Years Under Review is set out below:

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	15,408	76.87	18,480	88.67	22,300	96.40
Australia	2,259	11.27	1,338	6.42	304	1.31
Singapore	163	0.81	187	0.90	204	0.88
Brunei	638	3.18	173	0.83	-	-
Thailand	583	2.91	28	0.13	-	-
Papua New Guinea	471	2.35	541	2.59	-	-
Others ⁽¹⁾	523	2.61	95	0.46	325	1.41
Total	20,045	100.00	20,842	100.00	23,133	100.00

Note:

- (1) Others include Vietnam, Fiji, Hong Kong, India, New Zealand, Japan and South Korea.
- The classifications of our Group's revenue by geographical market are based on the locations of our Group's customers.

Further details of our Group's breakdown of revenue for the Financial Years Under Review are set out in Sections 7.4 and 12.2.1(ii) of this Prospectus.

3.3 COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

(i) Established track record in the enterprise IT services industry

We have a track record of over 20 years in the enterprise IT services industry. Since commencing operations in July 2003, we have been providing IT solutions to our clients, beginning with Siebel CRM technology. Subsequently, we offered Oracle software solutions and later expanded our IT solution offerings by partnering with technology partners and vendors such as, amongst others, WSO2, Salesforce, Technology Partner A, Technology Partner B, Technology Vendor A.

(ii) Experienced management team

We have a dedicated and experienced management team in their respective fields. Our Non-Independent Executive Vice Chairman, Tee Chee Chiang, and our Non-Independent Executive Director and CEO, Chan Wai Hoong, have more than 25 years and 29 years of experience in the enterprise IT services industry. They are supported by our other Key Senior Management.

(iii) Internationally accredited quality services

We place an importance in providing our clients with satisfactory quality service and offering guidance on the IT solutions in which we offer. Hence, we have been certified with the ISO 9001:2015 Quality Management System for software design and installation by KVQA Assessment Pvt Ltd and TMMi Level 3 by Malaysia Software Testing Board for ensuring high-quality software testing and quality assurance practices.

3. PROSPECTUS SUMMARY (CONT'D)

(iv) We have a network of technology partners and vendors

We have established business relationships with our technology partners and/or vendors over the years of working together as well as collaborating in developing solutions which best suit our clients' requirements. The collaborative framework enables our Group to deliver customised solutions and enhance efficiency in our clients' business operations.

(v) Established software tools dedicated for enterprise application integration frameworks in the telecommunication industry and enterprise data engineering frameworks for the financial services industry

Through our collaborations with our technology partners and vendors, as well as customising and configuring enterprise IT solutions for our clients, we have developed established software tools which are designed for reusability, catering to the telecommunication and financial services industry.

Further details of our competitive strengths are set out in Section 7.6 of this Prospectus.

3.4 FUTURE PLANS AND BUSINESS STRATEGIES

A summary of our Group's future plans and business strategies is set out below:

(i) Expansion of our enterprise IT solutions portfolio to include AI driven data handling and analytic solutions

Given the impact of AI bringing improvements in efficiency, decision making and innovation across various industries, our Group intends to introduce AI driven data handling and analytic solutions to complement our existing enterprise application integration and data engineering solutions.

(ii) Continuous strengthening of our Group's enterprise application integration and enterprise data engineering and analytics solutions

Our Group intends to continue to strengthen its offering of enterprise application integration and enterprise data engineering and analytics solutions by expanding its client base upon our establishment of COE for software solutions and the strengthening of our Singapore operations to pursue opportunities overseas. Additionally, our Group is actively exploring products with new technology partners and continuously bidding for projects to further expand our product offerings aiming to broaden our client base both locally and overseas.

(iii) Establishment of a COE for software solutions

Our Group intends to establish a COE for software solutions which allows us to undertake projects for overseas clients remotely from our base of operation in Malaysia. By establishing a COE that adheres to international IT security standards, this is expected to address the requirement of our overseas clients who are seeking for cost-effective IT solutions without compromising data security, as well as for overseas clients that do not have their internal IT offices in Malaysia to accommodate our IT professionals to work in their premises.

(iv) Strengthening of our Singapore operations

Our Group through our subsidiary, VTCS maintains a presence in Singapore because of its role as a gateway to the Asia Pacific region, especially with the presence of many MNCs' regional offices in Singapore. The operations in Singapore have historically relied on our Group's Malaysia-based IT professionals who travel to Singapore for

3. PROSPECTUS SUMMARY (CONT'D)

implementation, maintenance and support services. The COVID-19 pandemic disrupted our Group's business, impeding our Group's ability to identify sales opportunities and implement solutions in Singapore. Recognising the potential for expansion in the Singapore market, our Group's business strategy is to strengthen our Group's Singapore operation by focusing on key areas such as marketing and client relations. As such, we intend to strengthen our Singapore operations through talent acquisition and establishing a Singapore office.

Further details of our business strategies and prospects, and the IMR report are set out in Sections 7.23 and 8 of this Prospectus respectively.

3.5 RISK FACTORS

Our business is subject to a number of risk factors, many of which may have a material adverse impact on our business operations, financial position and performance. Before deciding to invest in our Shares, you should carefully consider all the information contained in this Prospectus, including the risk factors set out in Section 9 of this Prospectus. A summary of the key risk factors is set out below:

(i) Our growth and profitability are dependent on our ability to continuously secure new and renewal of contracts

Due to the nature of our business operations, our future profitability and financial performance depend on our ability to consistently secure contracts for the provision of enterprise IT services particularly from existing and new clients. The tenure of our implementation services contracts with our clients ranges from 3 month to 2 years whilst our maintenance, support and professional services contracts with our clients ranges from 6 months to 5 years.

(ii) Our enterprise IT solution projects are exposed to unexpected delays or interruption that is beyond our control

Our business operations are subject to unexpected delays or interruptions caused by factors beyond our control. For example, our customers may delay the completion of projects due to unforeseen circumstances such as unavailability of key personnel at the customers' sites, hindering the smooth facilitation of project implementation. Additionally, difficulties in accessing our clients' infrastructure due to sudden breakdowns or unscheduled system maintenance may contribute to delays.

(iii) We are dependent on our Non-Independent Executive Vice Chairman, Non-Independent Executive Director and our Key Senior Management for continued success and growth of our business

The growth and future success of our Group is dependent on the continuous contribution from our Non-Independent Executive Vice Chairman, Tee Chee Chiang. Additionally, we also attribute our continuous success to the capabilities, skills, experience and efforts of our Non-Independent Executive Director/ CEO, Chan Wai Hoong. Further, we are dependent on the continued service of our other Key Senior Management who possess relevant knowledge in their respective fields of work to ensure smooth operation of our business.

(iv) We are dependent on Telekom Malaysia Berhad Group as our major client

We are dependent on Telekom Malaysia Berhad Group, the national connectivity and digital technology provider, providing a wide range of communication services and solutions in enterprise digitalisation, fixed (telephone and broadband), mobility content, Wi-Fi, ICT, cloud, data centre, cyber security, Internet of Things (IoT) and smart devices. We have been providing implementation, maintenance, support and

3. PROSPECTUS SUMMARY (CONT'D)

professional services to Telekom Malaysia Berhad Group since 2007, accounting for 15.74%, 22.81%, 45.60% of our total revenue for the FYE 2021, FYE 2022 and FYE 2023 respectively.

(v) We are dependent on our skilled IT employees to support our operations

The implementation of the respective enterprise IT solutions, as well as our maintenance, support and professional services requires the expertise of our IT solution delivery employees. For the Financial Years Under Review, our IT solution employees comprise 90.20%, 90.32% and 91.89% of our total workforce, respectively.

(vi) We are exposed to risk of security breaches and cyber attacks

In the course of offering our enterprise IT solutions and with the consent of our clients, we will have access to confidential information of our clients including information on our clients' operations, IT policies and IT systems. For implementation of our client's system, our scope of work is limited to the implementation of the enterprise IT solutions and does not encompass the design of our clients' security infrastructure. Instead, we adhere to our clients' security protocols during the implementation of our enterprise IT solutions into their system.

Further details on the full list of risk factors are set out in Section 9 of this Prospectus which should be considered before investing in our Shares.

3.6 IMPACT OF COVID-19

Malaysia

On 11 March 2020, the World Health Organisation declared COVID-19 a pandemic. As part of efforts to reduce and control the spread of COVID-19 in the country, the Government implemented several restrictive measures known as the MCO, commencing on 18 March 2020. These measures included restrictions on the movement of people within Malaysia and internationally, and restrictions on business, economic, cultural as well as recreational activities.

During the MCOs and lockdowns implemented throughout 2020 and 2021, all government and private premises were required to close, except those involved in essential services. As our Group serves mainly companies involved in essential services, i.e. telecommunications and financial services industries, we were able to resume operations. Our Group continued to carry out implementation services, maintenance and support as well as professional services remotely as well as at clients' premises in Malaysia (when it was allowed to do so). However, due to operating restrictions during certain MCO periods and strict standard operating procedures were imposed by some of our clients, our Group took longer to deliver/complete certain projects. Nonetheless, there were no project cancellations or penalties imposed by our Group's clients for any of these delays.

Overseas

Due to the border closures as well as travel restrictions that were imposed by various countries during the COVID-19 pandemic, we were unable to travel to our clients' premises located overseas. While we were able to provide our services remotely, the quality of services delivery was affected as certain project milestones required physical engagement at our clients' premises. Our Group's ability to resolve more complex issues were also affected as our employees were unable to troubleshoot the issues on-site. Furthermore, we were unable to travel to meet the clients and technology partners and vendors at their overseas location, which resulted in a lack of opportunities to secure projects from overseas clients. Whilst the travel restrictions were relaxed in the year 2022, our Group's revenue for overseas clients continued to reduce from RM4.64 million in FYE 2021 to RM2.36 million in FYE 2022 and to RM0.83

3. PROSPECTUS SUMMARY (CONT'D)

million in FYE 2023 as our Group focused on growing our business in Malaysia. As at the LPD, our Group has recommenced efforts into marketing our services in overseas markets.

Further details on the interruptions to our business and operations are set out in Section 7.22 of this Prospectus.

3.7 DIRECTORS AND KEY SENIOR MANAGEMENT OF OUR GROUP

As at the LPD, our Directors and Key Senior Management are as follows:

Name	Designation
<u>Directors</u>	
Thomas Chew Hock Hin	Independent Non-Executive Chairman
Tee Chee Chiang	Non-Independent Executive Vice Chairman
Chan Wai Hoong	Non-Independent Executive Director / CEO
Ng Kim Kiat	Independent Non-Executive Director
Lee Siew Mee	Independent Non-Executive Director
Tengku Munazirah binti Tengku Abdul Samad Shah	Independent Non-Executive Director
<u>Other Key Senior Management</u>	
Yeoh Kim Kooi	Chief Financial Officer
Fon Wai Kein	Head of Enterprise, Application Integration and SSO Management
Goh Yeh Hwang	Head of Enterprise, Infrastructure On-Premises and Cloud Solution
Wong Thean Chee	Head of Enterprise, Data Engineering, Analytics and CRM

Further details of our Directors and Key Senior Management are set out in Sections 5.2 and 5.4 of this Prospectus respectively.

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3. PROSPECTUS SUMMARY (CONT'D)

3.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDER OF OUR GROUP

The details of our Promoters and Substantial Shareholder and their respective shareholdings in our Company before our IPO and after our IPO are as follows:

Name	Nationality / Country of incorporation	Before our IPO ⁽¹⁾				After our IPO ⁽²⁾			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Promoter and Substantial Shareholder									
Tee Chee Chiang	Malaysian	279,580,624	95.10	-	-	240,380,624	61.32	-	-
Promoter									
Chan Wai Hoong	Malaysian	11,760,000	4.00	-	-	13,960,000 ⁽³⁾	3.56 ⁽³⁾	-	-

Notes:

(1) Based on the issued share capital of 294,000,000 Shares after the completion of the Acquisitions, and before our IPO.

(2) Based on the enlarged issued share capital of 392,000,000 Shares after our IPO.

(3) Assuming full subscription of the Pink Form Shares. Should the Pink Form Shares not be subscribed, he will hold 11,760,000 Shares representing 3.00% of the enlarged issued share capital of 392,000,000 Shares after our IPO.

Further details of our Promoters and Substantial Shareholder and their shareholdings in our Company as well as moratorium imposed on his Shares are set out in Sections 5.1.1 and 2.2 of this Prospectus.

3. PROSPECTUS SUMMARY (CONT'D)**3.9 USE OF PROCEEDS**

Based on the IPO Price of RM[●], the total gross proceeds of RM[●] million from the Public Issue will be used by our Group in the following manner:

Description of use	Amount of proceeds		Estimated timeframe for use upon Listing
	(RM'000)	%	
Roll out of new core products and services	[●]	[●]	Within 24 months
Strengthening of Singapore operation	[●]	[●]	Within 24 months
Establishment of a COE for software solutions	[●]	[●]	Within 24 months
Hardware and software licensing fee	[●]	[●]	Within 24 months
Loan repayment	[●]	[●]	Within 6 months
Estimated listing expenses	[●]	[●]	Within 1 month
Total Public Issue proceeds	[●]	[●]	

There is no minimum subscription to be raised from our IPO. Our Company will not receive any proceeds from the Offer for Sale.

Further details on the utilisation of proceeds are set out in Section 4.7 of this Prospectus.

3.10 FINANCIAL HIGHLIGHTS

The following table sets out a summary of the combined financial information of our Group for the Financial Years Under Review.

Combined statements of profit or loss and other comprehensive income	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000
Revenue	20,045	20,842	23,133
GP	5,875	7,046	9,739
Operating profit	4,264	5,667	8,872
PBT	4,128	5,529	8,700
PAT attributable to owners of the Company	3,139	4,152	6,564

3. PROSPECTUS SUMMARY (CONT'D)

Combined statements of cash flows	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000
Net cash from operating activities	3,496	4,192	1,107
Net cash used in investing activities	(56)	(457)	(120)
Net cash used in financing activities	(1,565)	(2,873)	(14,486)
Net increase / (decrease) in cash and cash equivalents	1,875	862	(13,499)
Effects of exchange rate charges on cash and cash equivalents	239	316	396
	13,837	15,951	17,129
Cash and cash equivalents at beginning of the financial year			
Cash and cash equivalents at end of the financial year	15,951	17,129	4,026
Other selected financial information	FYE 2021	FYE 2022	FYE 2023
EBITDA	4,426	5,804	9,030
GP margin (%)	29.31	33.81	42.10
PBT margin (%)	20.59	26.53	37.61
PAT margin (%)	15.66	19.92	28.38

Further details of our Group's financial information are set out in Section 12 of this Prospectus.

3.11 DIVIDEND POLICY

Our Board will consider the following factors (which may not be exhaustive) when recommending dividends for approval by our shareholders or when declaring any interim dividends:

- (i) the level of cash and level of indebtedness;
- (ii) required and expected interest expense, cash flows, profits, return on equity and retained earnings;
- (iii) our expected results of current and future level of operations;
- (iv) our projected levels of capital expenditure and other investment plans; and
- (v) the prior consent from our banking institutions, if any.

As at the LPD, save for any applicable financial covenants and the Act, and subject to the availability of distributable profits and reserves, there are no dividend restrictions imposed on VETECE or our Subsidiaries.

Further details of our dividend policy are set out in Section 12.15 of this Prospectus.